

Poughkeepsie City School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2024

Poughkeepsie City School District, New York

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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, 2024, 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, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2024, 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 November 7, 2024 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

November 7, 2024

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POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 \$221,515,537, deferred outflows of resources in the amount of \$33,433,652 and deferred inflows of resources in the amount of \$150,341,724.
- 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 \$11,246,699.
- 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 \$3,319,052.

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'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.

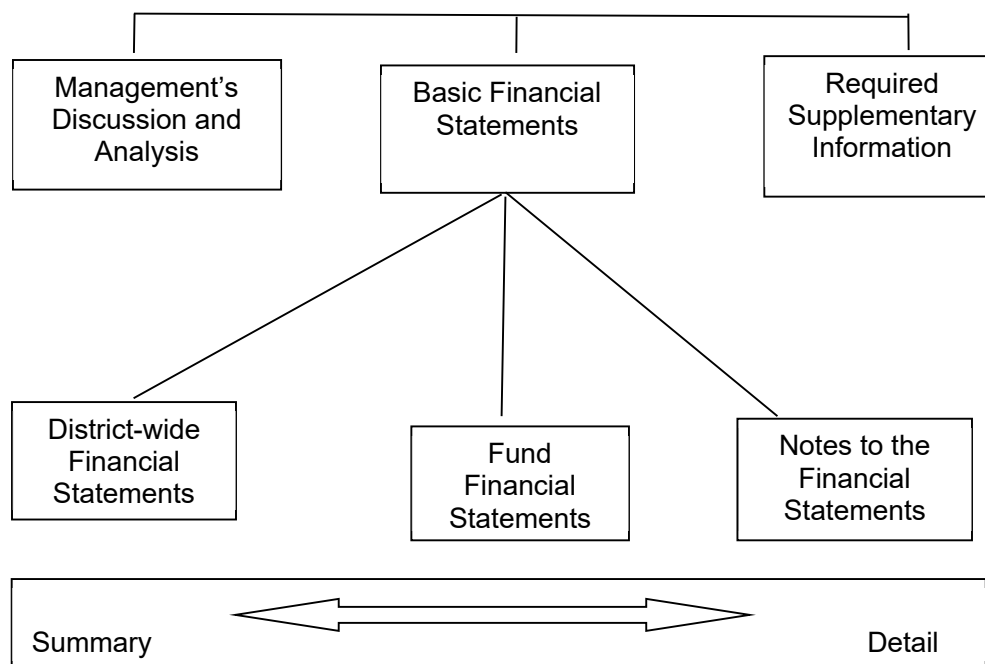


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure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

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- 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'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 Position

The following schedule shows the Net Position for the School District as of June 30, 2024:

Figure A-3

Condensed Statement of Net Position			
Governmental and Total School District Activities			
	2024	2023	% Change
<i>Assets</i>			
Current and Other Assets	\$ 76,765,875	\$ 68,002,954	12.9%
Capital Assets	88,553,447	60,808,428	45.6%
Total Assets	165,319,322	128,811,382	28.3%
Total Deferred Outflows of Resources	55,143,460	56,867,726	-3.0%
<i>Liabilities</i>			
Current Liabilities	34,363,939	15,365,640	123.6%
Non-Current Liabilities	276,418,686	295,101,703	-6.3%
Total Liabilities	310,782,625	310,467,343	0.1%
Total Deferred Inflows of Resources	154,376,953	150,542,863	2.5%
<i>Net Position</i>			
Net Investment in Capital Assets	26,928,295	18,056,640	49.1%
Restricted	36,758,340	26,741,759	37.5%
Unrestricted	(308,383,431)	(320,129,497)	-3.7%
Total Net Position	\$ (244,696,796)	\$ (275,331,098)	-11.1%

- Current and Other Assets: cash increased from the budget surplus, capital project financing, and increases in receivables from grants.
- Capital Assets: the increase is related to the School District's continuation of work on the \$98M capital bond project approved in October 2020 along with a increase in the amount spent for the SMART Schools Bond Act project.
- Deferred Outflows of Resources: relates to changes in estimates for OPEB and pensions.
- Current Liabilities: increase relates to the short-term capital borrowing of \$21.5M.
- 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 to resources being held in anticipation of future capital projects.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Governmental Activities/Changes in Net Position

Figure A-4

Change in Net Position from Operating Results			
Governmental and Total School District			
	Activities		
	2024	2023	% Change
<i>Revenues</i>			
Program Revenue:			
Charges for Services	\$ 801,968	\$ 250,370	220.3%
Operating Grants and Contributions	22,192,227	17,920,420	23.8%
Capital Grants and Contributions	973,553	910,009	7.0%
Total Program Revenues	23,967,748	19,080,799	25.6%
General Revenue:			
Property Taxes and Tax Items	34,764,145	33,332,160	4.3%
Use of Money and Property	1,448,973	1,950,101	-25.7%
State Formula Aid	93,756,137	81,097,424	15.6%
Other	1,348,512	3,010,767	-55.2%
Total General Revenues	131,317,767	119,390,452	10.0%
Total Revenues	155,285,515	138,471,251	12.1%
<i>Expenses</i>			
General support	16,839,272	14,533,299	15.9%
Instruction	95,732,749	93,254,875	2.7%
Pupil transportation	6,704,097	5,550,599	20.8%
Community services	241,287	169,189	42.6%
Cost of food sales	2,628,516	2,765,916	-5.0%
Other	7,892	10,325	-23.6%
Interest	2,497,400	1,826,811	36.7%
Total Expenses	124,651,213	118,111,014	5.5%
Change in Net Position	\$ 30,634,302	\$ 20,360,237	50.5%

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

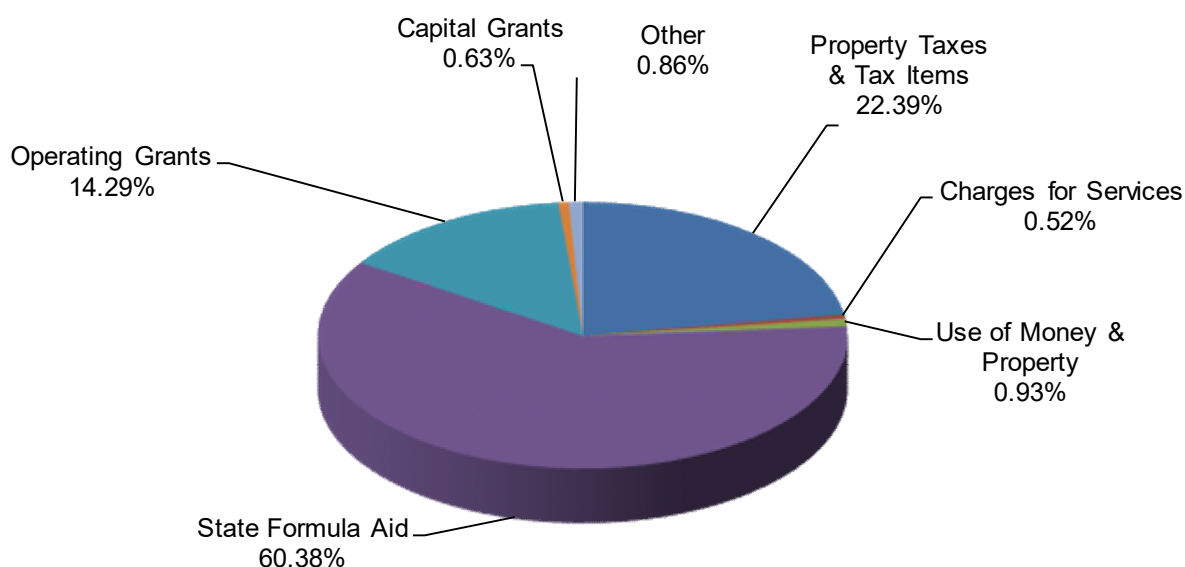
Changes in Net Position

The School District's 2024 revenue was \$155,285,515 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 22.39% and 60.38%, 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 \$124,651,213. For these expenses, (86.5%) 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 13.5% of total costs.

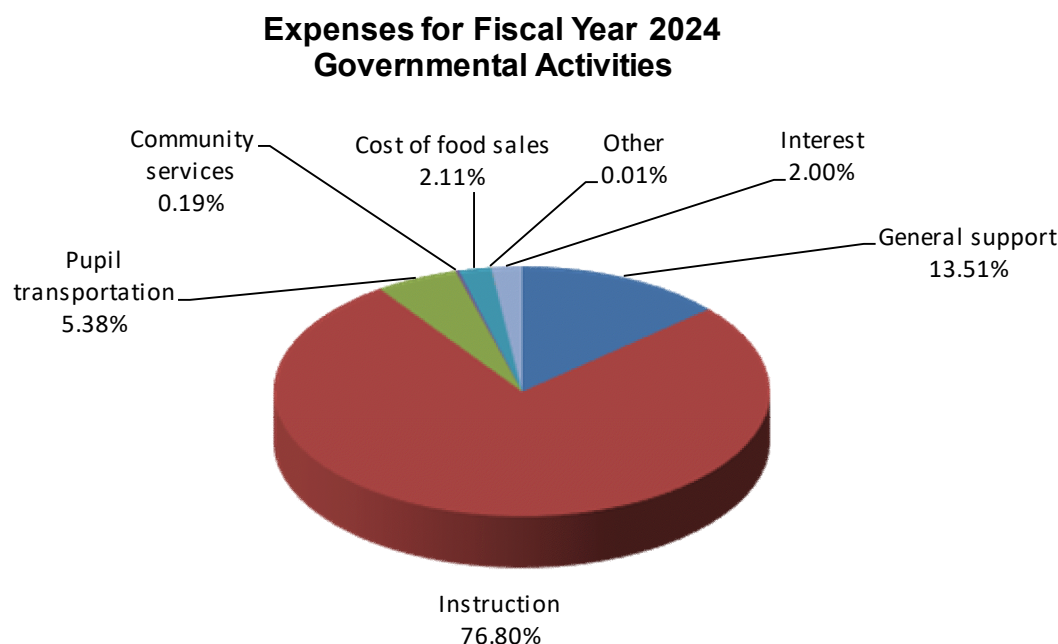
Net position increased during the year by \$30,634,302.

**Sources of Revenue for Fiscal Year 2024
Governmental Activities**



POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Figure A-6 – Expenses for the Fiscal Year 2024



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		
	2024	2023	% Change	2024	2023	% Change
General support	\$ 16,839,272	\$ 14,533,299	15.9%	\$ (16,806,596)	\$ (14,498,613)	15.9%
Instruction	95,732,749	93,254,875	2.7%	(75,275,186)	(77,538,852)	-2.9%
Pupil transportation	6,704,097	5,550,599	20.8%	(6,704,097)	(5,550,599)	20.8%
Community services	241,287	169,189	42.6%	(241,287)	(169,189)	42.6%
Cost of food sales	2,628,516	2,765,916	-5.0%	621,179	564,174	10.1%
Other	7,892	10,325	-23.6%	26,369	(10,325)	-355.4%
Interest	2,497,400	1,826,811	36.7%	(2,303,847)	(1,826,811)	26.1%
Total	\$ 124,651,213	\$ 118,111,014	5.5%	\$ (100,683,465)	\$ (99,030,215)	1.7%

Governmental Activities

Revenue for the School District's governmental activities totaled \$155,285,515 while total expenses were \$124,651,213. Accordingly, net position increased by \$30,634,302. 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 \$100,683,465.
- The users of the School District's programs financed \$801,968 of the cost.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- 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 \$38,745,820; a \$10,405,215 decrease from last year's ending fund balances of \$49,151,035.

Governmental Funds Highlights

The following is a brief description of the activity in the governmental funds for 2024:

- General Fund – The School District revenues increased due to an increase in State Aid of \$12.7M, and an increase in property taxes of \$1.7M.
- Special Aid Fund – Revenues increased \$4.8M primarily due to the an increase in both State and Federal funding.
- 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 \$26.9M in its building infrastructure during the year.
- 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 \$406,591.
- Debt Service Fund – The School District's debt obligations are increasing because of the projects mentioned above. In 2023-2024, debt payments increased by \$1.9M. These payments are now budgeted in the General Fund.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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	\$ 33,839,311	\$ 33,839,311	\$ 34,660,159	\$ 820,848
Charges for Services	6,200	6,200	96,040	89,840
Use of Money and Property	1,011,500	1,011,500	2,583,962	1,572,462
State Aid	98,335,842	98,335,842	94,368,646	(3,967,196)
Federal Aid	200,000	200,000	197,441	(2,559)
Miscellaneous and Other	510,000	510,000	1,348,512	838,512
Total Revenues	133,902,853	133,902,853	133,254,760	(648,093)
Expenditures				
General Support	10,794,127	15,200,474	12,578,632	2,621,842
Instruction	76,281,977	76,913,745	63,028,841	13,884,904
Pupil Transportation	7,965,829	7,583,804	5,405,892	2,177,912
Community Services	246,207	264,422	210,405	54,017
Employee Benefits	37,523,839	31,216,650	28,563,056	2,653,594
Debt Service	6,144,017	6,566,454	6,078,692	487,762
Total Expenditures	138,955,996	137,745,549	115,865,518	21,880,031
Excess (Deficiency) of Revenues Over Expenditures	(5,053,143)	(3,842,696)	17,389,242	21,231,938
Other Financing Sources (Uses)				
Transfers In	55,000	55,000	-	(55,000)
Transfers Out	(600,000)	(1,810,447)	(1,511,406)	299,041
Total Other Financing Uses	(545,000)	(1,755,447)	(1,511,406)	244,041
Net Change in Fund Balances	(5,598,143)	(5,598,143)	15,877,836	21,475,979
FUND BALANCES				
Beginning of Year	5,598,143	5,598,143	34,453,784	28,855,641
End of Year	\$ -	\$ -	\$ 50,331,620	50,331,620

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

- The General fund had an excess of revenue over expenditures, including other financing sources and uses, in 2024 of \$15,877,836. 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'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Capital Assets and Debt Administration

Capital Assets, Net

As of June 30, 2024, the School District had \$88,553,447 invested in buildings, computers, and other educational equipment.

The overall capital assets as of June 30, 2024, are given below in Figure A-9.

Figure A-9

Capital Assets (net of depreciation)

	Capital Assets		Percent Change
	2024	2023	
Land	\$ 146,072	\$ 146,072	0.00%
Construction	46,558,083	17,418,820	167.29%
Buildings and Improvements	80,545,895	80,486,791	0.07%
Machinery and Equipment	1,921,826	1,852,583	3.74%
Vehicles	1,448,131	1,501,884	-3.58%
Total	130,620,007	101,406,150	28.81%
Less: Accumulated Depreciation	(42,066,560)	(40,597,722)	3.62%
Net Capital Assets	<u>\$ 88,553,447</u>	<u>\$ 60,808,428</u>	<u>45.63%</u>

Long-Term Debt

As of June 30, 2024, the School District had \$276,418,686 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	
	2024	2023
General Obligation Bonds	\$ 37,100,000	\$ 39,910,000
Energy Performance Contracts	6,834,169	7,342,128
Other Long Term Liabilities	232,484,517	247,849,575
Total	<u>\$ 276,418,686</u>	<u>\$ 295,101,703</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Factors Bearing on the School District's Future

- The School District's financial position remains strong with a budget surplus of \$15.9M from General Fund operations for the 2023-24 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 School 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 expired June 30, 2024.
- 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 intervened 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.

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
Ken Silver
Assistant Superintendent for Business
18 South Perry Street
Poughkeepsie, NY 12603
(845) 451-4960

Poughkeepsie City School District, New YorkStatement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 12,659,693
Investments	45,364,586
Receivables	
Taxes	3,319,052
Accounts	418,370
State and Federal aid	14,518,519
Inventories	35,823
Prepaid expenses	449,832
Capital assets	
Not being depreciated	46,704,155
Being depreciated, net	41,849,292
Total Assets	<u>165,319,322</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	21,709,808
OPEB related	33,433,652
Total Deferred Outflows of Resources	<u>55,143,460</u>
LIABILITIES	
Accounts payable	3,460,094
Accrued liabilities	389,654
Bond anticipation notes payable	21,500,000
Due to other governments	2,017,215
Due to retirement systems	5,534,714
Employee payroll deductions	1,362
Unearned revenues	1,316,345
Accrued interest payable	144,555
Non-current liabilities	
Due within one year	10,768,083
Due in more than one year	265,650,603
Total Liabilities	<u>310,782,625</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	4,035,229
OPEB related	150,341,724
Total Deferred Inflows of Resources	<u>154,376,953</u>
NET POSITION	
Net investment in capital assets	26,438,295
Restricted	
Future capital projects	28,040,000
Capital projects	338,298
Tax certiorari	448,886
Unemployment benefits	234,428
Liability claims	3,396,469
ERS retirement system contributions	1,900,607
TRS retirement system contributions	2,288,642
Special purposes	
Extraclassroom activities	34,542
Other	76,468
Unrestricted	(307,893,431)
Total Net Position	<u>\$ (244,696,796)</u>

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

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Poughkeepsie City School District, New York

Statement of Activities
Year Ended June 30, 2024

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	\$ 16,839,272	\$ 32,676	\$ -	\$ -	\$ (16,806,596)
Instruction	95,732,749	418,353	19,259,210	780,000	(75,275,186)
Pupil transportation	6,704,097	-	-	-	(6,704,097)
Community services	241,287	-	-	-	(241,287)
Cost of food sales	2,628,516	316,678	2,933,017	-	621,179
Other	7,892	34,261	-	-	26,369
Interest	2,497,400	-	-	193,553	(2,303,847)
Total Governmental Activities	<u>\$ 124,651,213</u>	<u>\$ 801,968</u>	<u>\$ 22,192,227</u>	<u>\$ 973,553</u>	<u>(100,683,465)</u>
General revenues					
Real property taxes					30,463,002
Other tax items					
School tax relief reimbursement					1,748,168
Payments in lieu of taxes					674,542
Interest and penalties on real property taxes					138,379
Non-property taxes					
Non-property tax distribution from County					1,740,054
Unrestricted use of money and property					1,448,973
Sale of property and compensation for loss					62,840
Unrestricted State aid					93,756,137
Miscellaneous					<u>1,285,672</u>
Total General Revenues					<u>131,317,767</u>
Change in Net Position					30,634,302
Net Position - Beginning					<u>(275,331,098)</u>
Net Position - Ending					<u>\$ (244,696,796)</u>

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

Poughkeepsie City School District, New York

Balance Sheet
Governmental Funds
June 30, 2024

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 1,642,391	\$ 216,881	\$ 9,006,378
Investments	44,742,120	-	6,138
Receivables			
Taxes	3,319,052	-	-
Accounts	417,443	927	-
State and Federal aid	4,946,498	8,041,209	1,003,942
Due from other funds	8,158,224	770,301	489,250
Prepaid expenses	449,832	-	-
Inventories	-	-	-
Total Assets	\$ 63,675,560	\$ 9,029,318	\$ 10,505,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 2,061,255	\$ 415,085	\$ 927,116
Accrued liabilities	389,654	-	-
Bond anticipation notes payable	-	-	21,500,000
Due to other governments	2,017,215	-	-
Due to other funds	489,250	7,833,214	1,261,588
Due to retirement systems	5,525,841	-	-
Employee payroll deductions	1,362	-	-
Unearned revenues	62,634	781,019	-
Total Liabilities	10,547,211	9,029,318	23,688,704
Deferred inflows of resources			
Deferred tax revenues	2,796,729	-	-
Unavailable revenues - state aid	-	-	1,003,942
Total Deferred Inflows of Resources	2,796,729	-	1,003,942
Total Liabilities and Deferred Inflows of Resources	13,343,940	9,029,318	24,692,646
Fund balances (deficits)			
Nonspendable	449,832	-	-
Restricted	38,120,032	-	-
Assigned	6,213,941	-	-
Unassigned	5,547,815	-	(14,186,938)
Total Fund Balances (Deficits)	50,331,620	-	(14,186,938)
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 63,675,560	\$ 9,029,318	\$ 10,505,708

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

Non-Major Governmental	Total Governmental Funds
\$ 1,794,043	\$ 12,659,693
616,328	45,364,586
-	3,319,052
-	418,370
526,870	14,518,519
166,277	9,584,052
-	449,832
35,823	35,823
<u>\$ 3,139,341</u>	<u>\$ 86,349,927</u>

\$ 56,638	\$ 3,460,094
-	389,654
-	21,500,000
-	2,017,215
-	9,584,052
8,873	5,534,714
-	1,362
472,692	1,316,345

538,203	43,803,436
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-	2,796,729
-	1,003,942

-	3,800,671
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538,203	47,604,107
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35,823	485,655
517,838	38,637,870
2,047,477	8,261,418
-	(8,639,123)

2,601,138	38,745,820
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<u>\$ 3,139,341</u>	<u>\$ 86,349,927</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, 2024

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

Total Fund Balances - Governmental Funds	<u>\$ 38,745,820</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	46,704,155
Capital assets - depreciable	83,915,852
Accumulated depreciation	<u>(42,066,560)</u>
	<u>88,553,447</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	21,709,808
Deferred outflows - OPEB related	33,433,652
Deferred inflows - pension related	(4,035,229)
Deferred inflows - OPEB related	<u>(150,341,724)</u>
	<u>(99,233,493)</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	2,796,729
State aid	<u>1,003,942</u>
	<u>3,800,671</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	(37,100,000)
Energy performance contract payable	(6,834,169)
Compensated absences	(1,811,598)
Net pension liability - ERS	(3,830,432)
Net pension liability - TRS	(2,597,448)
Total OPEB liability	(221,515,537)
Accrued interest payable	<u>(144,555)</u>
	<u>(273,833,739)</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>(2,729,502)</u>
Net Position of Governmental Activities	<u><u>\$ (244,696,796)</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 Balances
Governmental Funds
Year Ended June 30, 2024

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 30,359,016	\$ -	\$ -
Other tax items	2,561,089	-	-
Non-property taxes	1,740,054	-	-
Charges for services	96,040	-	-
Use of money and property	2,583,962	-	-
Sale of property and compensation for loss	62,840	-	-
State aid	94,368,646	2,007,676	-
Federal aid	197,441	16,441,584	-
Food sales	-	-	-
Miscellaneous	1,285,672	-	-
Total Revenues	133,254,760	18,449,260	-
EXPENDITURES			
Current			
General support	12,578,632	-	-
Instruction	63,028,841	17,002,539	-
Pupil transportation	5,405,892	338,426	-
Community services	210,405	-	-
Employee benefits	28,563,056	2,619,701	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	3,317,959	-	-
Interest	2,760,733	-	-
Capital outlay	-	-	26,909,564
Total Expenditures	115,865,518	19,960,666	26,909,564
Excess (Deficiency) of Revenues Over Expenditures	17,389,242	(1,511,406)	(26,909,564)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,511,406	-
Transfers out	(1,511,406)	-	-
Total Other Financing Sources (Uses)	(1,511,406)	1,511,406	-
Net Change in Fund Balances	15,877,836	-	(26,909,564)
FUND BALANCES			
Beginning of Year	34,453,784	-	12,722,626
End of Year	\$ 50,331,620	\$ -	\$ (14,186,938)

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 30,359,016
-	2,561,089
-	1,740,054
-	96,040
235,171	2,819,133
-	62,840
52,790	96,429,112
2,841,415	19,480,440
316,678	316,678
83,121	1,368,793
<u>3,529,175</u>	<u>155,233,195</u>
-	12,578,632
-	80,031,380
-	5,744,318
-	210,405
-	31,182,757
2,843,104	2,843,104
59,558	59,558
-	3,317,959
-	2,760,733
-	26,909,564
<u>2,902,662</u>	<u>165,638,410</u>
<u>626,513</u>	<u>(10,405,215)</u>
-	1,511,406
-	(1,511,406)
-	-
<u>626,513</u>	<u>(10,405,215)</u>
<u>1,974,625</u>	<u>49,151,035</u>
<u>\$ 2,601,138</u>	<u>\$ 38,745,820</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, 2024

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (10,405,215)</u>
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.	
Capital outlay expenditures	29,471,433
Depreciation expense	<u>(1,726,414)</u>
	<u>27,745,019</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	<u>103,986</u>
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.	
Principal paid on general obligation bonds	2,810,000
Principal paid on energy performance contract	<u>507,959</u>
	<u>3,317,959</u>
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.	
Accrued interest	65,851
Compensated absences	(209,046)
Changes in pension liabilities and related deferred outflows and inflows of resources	(3,739,111)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	13,557,377
Amortization of premium on bonds	<u>197,482</u>
	<u>9,872,553</u>
Change in Net Position of Governmental Activities	<u><u>\$ 30,634,302</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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 30,052,028	\$ 30,182,143	\$ 30,359,016	\$ 176,873
Other tax items	2,437,283	2,307,168	2,561,089	253,921
Non-property taxes	1,350,000	1,350,000	1,740,054	390,054
Charges for services	6,200	6,200	96,040	89,840
Use of money and property	1,011,500	1,011,500	2,583,962	1,572,462
Sale of property and compensation for loss	10,000	10,000	62,840	52,840
State aid	98,335,842	98,335,842	94,368,646	(3,967,196)
Federal aid	200,000	200,000	197,441	(2,559)
Miscellaneous	500,000	500,000	1,285,672	785,672
Total Revenues	133,902,853	133,902,853	133,254,760	(648,093)
EXPENDITURES				
Current				
General support	10,794,127	15,200,474	12,578,632	2,621,842
Instruction	76,281,977	76,913,745	63,028,841	13,884,904
Pupil transportation	7,965,829	7,583,804	5,405,892	2,177,912
Community services	246,207	264,422	210,405	54,017
Employee benefits	37,523,839	31,216,650	28,563,056	2,653,594
Debt service				
Principal	3,979,875	3,743,788	3,317,959	425,829
Interest	2,164,142	2,822,666	2,760,733	61,933
Total Expenditures	138,955,996	137,745,549	115,865,518	21,880,031
Excess (Deficiency) of Revenues Over Expenditures	(5,053,143)	(3,842,696)	17,389,242	21,231,938
OTHER FINANCING SOURCES (USES)				
Transfers in	55,000	55,000	-	(55,000)
Transfers out	(600,000)	(1,810,447)	(1,511,406)	299,041
Total Other Financing Uses	(545,000)	(1,755,447)	(1,511,406)	244,041
Net Change in Fund Balances	(5,598,143)	(5,598,143)	15,877,836	21,475,979
FUND BALANCES				
Beginning of Year	5,598,143	5,598,143	34,453,784	28,855,641
End of Year	\$ -	\$ -	\$ 50,331,620	\$ 50,331,620

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

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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 at June 30, 2024 of \$45,364,586 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, 2024.

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, 2024

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, 2024, 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 \$62,634 in the General Fund for miscellaneous revenues collected, in advance, \$781,019 in the Special Aid Fund for State and Federal Aid received in advance and \$472,692 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 \$2,796,729 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, 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.

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 November 7, 2024.

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

- 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

D. Capital Projects Fund Project Deficits

The deficits in the District Wide Projects, District Wide Projects 23-24, SMART School Bond Act, Middle School Structural, Columbus Egress, Unit Ventilators, PMS HVAC, HS Kitchen & Hot Water, Kreiger Electrical Transformer and PMS Elevator 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. Capital Expenditures in Excess of Budget

The Smart School Bond Act and PMS Elevator capital projects exceeded their budgetary appropriations by \$2,201,129 and \$130,312, respectively.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at June 30, 2024 consisted of the following:

Current year	\$ 2,078,006
Prior years	<u>1,241,046</u>
	<u><u>\$ 3,319,052</u></u>

Taxes receivable in the fund financial statements are offset by deferred tax revenues of \$2,796,729, 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, 2024 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 8,158,224	\$ 489,250
Special Aid	770,301	7,833,214
Capital Projects	489,250	1,261,588
Non-Major Governmental	<u>166,277</u>	<u>-</u>
	<u><u>\$ 9,584,052</u></u>	<u><u>\$ 9,584,052</u></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.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)**C. Capital Assets**

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

Class	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets, not being depreciated:				
Land	\$ 146,072	\$ -	\$ -	\$ 146,072
Construction-in-Progress	17,418,820	29,139,263	-	46,558,083
Total Capital Assets, not being depreciated	<u>\$ 17,564,892</u>	<u>\$ 29,139,263</u>	<u>\$ -</u>	<u>\$ 46,704,155</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 80,486,791	\$ 59,104	\$ -	\$ 80,545,895
Machinery and Equipment	1,852,583	87,801	18,558	1,921,826
Vehicles	1,501,884	185,265	239,018	1,448,131
Total Capital Assets, being depreciated	<u>83,841,258</u>	<u>332,170</u>	<u>257,576</u>	<u>83,915,852</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	38,404,463	1,529,486	-	39,933,949
Machinery and Equipment	1,338,797	66,361	18,558	1,386,600
Vehicles	854,462	130,567	239,018	746,011
Total Accumulated Depreciation	<u>40,597,722</u>	<u>1,726,414</u>	<u>257,576</u>	<u>42,066,560</u>
Total Capital Assets, being Depreciated, net	<u>\$ 43,243,536</u>	<u>\$ (1,394,244)</u>	<u>\$ -</u>	<u>\$ 41,849,292</u>
Capital Assets, net	<u>\$ 60,808,428</u>	<u>\$ 27,745,019</u>	<u>\$ -</u>	<u>\$ 88,553,447</u>

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

General Support	\$ 455,157
Instruction	1,182,811
Pupil Transportation	63,878
Cost of Food Sales	<u>24,568</u>
Total Depreciation Expense	<u>\$ 1,726,414</u>

D. Accrued Liabilities

Accrued liabilities at June 30, 2024 were as follows:

	General Fund
Payroll and Employee Benefits	<u>\$ 389,654</u>

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

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, 2023	New Issues	Redemptions	Balance June 30, 2024
Facilities Improvements	2024	4.75 %	June, 2024	\$ -	\$ 12,000,000	\$ 12,000,000	\$ -
Facilities Improvements	2024	3.65	June, 2025	-	4,500,000	-	4,500,000
Facilities Improvements	2024	4.50	June, 2025	-	17,000,000	-	17,000,000
				<u>\$ -</u>	<u>\$ 33,500,000</u>	<u>\$ 12,000,000</u>	<u>\$ 21,500,000</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 \$492,941 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, 2024:

	Balance July 1, 2023	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2024	Due Within One-Year
General Obligation Bonds Payable	\$ 39,910,000	\$ -	\$ 2,810,000	\$ 37,100,000	\$ 3,165,000
Premium on General Obligation Bonds	2,926,984	-	197,482	2,729,502	-
Energy Performance Contract Payable	7,342,128	-	507,959	6,834,169	671,989
Other Non-current Liabilities:					
Compensated Absences	1,602,552	369,046	160,000	1,811,598	180,000
Net Pension Liability - ERS	4,638,665	-	808,233	3,830,432	-
Net Pension Liability - TRS	4,250,223	-	1,652,775	2,597,448	-
Other Postemployment Benefit Liability	234,431,151	-	12,915,614	221,515,537	6,751,094
Total Other Non-current Liabilities	244,922,591	369,046	15,536,622	229,755,015	6,931,094
Total Long-Term Liabilities	<u>\$ 295,101,703</u>	<u>\$ 369,046</u>	<u>\$ 19,052,063</u>	<u>\$ 276,418,686</u>	<u>\$ 10,768,083</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, 2024

Note 3 - Detailed Notes on All Funds (Continued)

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2024 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2024
General Obligation - Qualified School Construction Bonds	2012	\$ 5,000,000	June, 2028	4.750-4.875 %	\$ 1,415,000
General Obligation Bonds	2012	5,000,000	June, 2028	3.125-3.500	950,000
General Obligation Bonds	2016	3,200,000	June, 2031	2.000-2.500	1,420,000
Refunding Bond	2017	18,605,000	May, 2033	2.500-5.000	11,250,000
Dormitory Authority of the State of New York	2022	5,510,000	June, 2037	5.000	5,030,000
Dormitory Authority of the State of New York	2023	17,615,000	June, 2038	5.000	17,035,000
					<u>\$ 37,100,000</u>

Interest expenditures of \$2,021,550 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,756,649 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, 2024 is \$1,037,130.

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, 2024 is \$134,482.

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, 2024 is \$5,662,557.

Interest expenditures of \$246,242 were recorded in the fund financial statements in the General Fund. Interest expense of \$247,810 was recorded in the district-wide financial statements.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

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, 2024 including interest payments of \$13,143,532 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2025	\$ 3,165,000	\$ 1,662,010	\$ 671,989	\$ 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	2,840,000	1,115,525	337,356	148,370
2030-2034	14,000,000	3,553,801	1,869,560	559,068
2035-2039	7,310,000	913,873	2,215,010	213,618
	<u>\$ 37,100,000</u>	<u>\$ 11,446,260</u>	<u>\$ 6,834,169</u>	<u>\$ 1,697,272</u>

Year Ending June 30,	Total	
	Principal	Interest
2025	\$ 3,836,989	\$ 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	3,177,356	1,263,895
2030-2034	15,869,560	4,112,869
2035-2039	9,525,010	1,127,491
	<u>\$ 43,934,169</u>	<u>\$ 13,143,532</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.

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

Note 3 - Detailed Notes on All Funds (Continued)

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.

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

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2024 and TRS plan year ended June 30, 2024 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	15.0 %
	4 A15	15.0
	5 A15	13.0
	6 A15	9.6
TRS	1-6	9.76%

At June 30, 2024, 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, 2024	June 30, 2023
Net pension liability	\$ 3,830,432	\$ 2,597,448
School District's proportion of the net pension liability	0.0260148 %	0.227132 %
Change in proportion since the prior measurement date	0.0043833 %	0.005638 %

The net pension liability was measured as of March 31, 2024 for ERS and June 30, 2023 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, 2024, the School District recognized pension expense in the district-wide financial statements of \$9,072,681 (\$1,718,615 for ERS and \$7,354,066 for TRS). Pension expenditures for ERS of \$595,900, \$53,347, and \$268,320 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 \$4,025,202 and \$390,801 were recorded in the fund financial statements in the General Fund and Special Aid Fund, respectively

At June 30, 2024, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,233,779	\$ 104,446	\$ 6,298,121	\$ 15,565
Changes of assumptions	1,448,200	-	5,592,229	1,218,796
Net difference between projected and actual earnings on pension plan investments	-	1,871,146	1,327,764	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	498,224	156,403	563,742	668,873
School District contributions subsequent to the measurement date	331,746	-	4,416,003	-
	<u>\$ 3,511,949</u>	<u>\$ 2,131,995</u>	<u>\$ 18,197,859</u>	<u>\$ 1,903,234</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 7,531,900	\$ 120,011		
Changes of assumptions	7,040,429	1,218,796		
Net difference between projected and actual earnings on pension plan investments	1,327,764	1,871,146		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,061,966	825,276		
School District contributions subsequent to the measurement date	4,747,749	-		
	<u>\$ 21,709,808</u>	<u>\$ 4,035,229</u>		

\$331,746 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, 2025. The \$4,416,003 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, 2024. 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, ERS	June 30, TRS
2024	\$ -	\$ 999,893
2025	(663,283)	(1,392,362)
2026	812,064	10,542,634
2027	1,230,865	803,421
2028	(331,438)	569,129
Thereafter	-	355,907
	<u>\$ 1,048,208</u>	<u>\$ 11,878,622</u>

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:

	ERS	TRS
Measurement Date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
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 completed April 1, 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, 2024

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, 2024		TRS June 30, 2023	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.00 %	33 %	6.8 %
International Equity	15	6.65	15	7.6
Private Equity	10	7.25	9	10.1
Real Estate Equity	9	4.60	11	6.3
Domestic Fixed Income	-	-	16	2.2
Global Bonds	-	-	2	1.6
High Yield Bonds	-	-	1	4.4
Global Equity	-	-	4	7.2
Private Debt	-	-	2	6.0
Real Estate Debt	-	-	6	3.2
Opportunistic/ARS Portfolio	3	5.25	-	-
Credit	4	5.40	-	-
Real Assets	3	5.79	-	-
Fixed Income	23	1.50	-	-
Cash	1	0.25	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, 2024

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>\$ 12,043,269</u>	<u>\$ 3,830,432</u>	<u>\$ (3,028,991)</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>\$ 39,560,456</u>	<u>\$ 2,597,448</u>	<u>\$ (28,490,040)</u>

The components of the collective net pension liability as of the March 31, 2024 ERS measurement date and the June 30, 2023 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 240,696,851,000	\$ 138,365,121,961
Fiduciary net position	<u>225,972,801,000</u>	<u>137,221,536,942</u>
Employers' net pension liability	<u>\$ 14,724,050,000</u>	<u>\$ 1,143,585,019</u>
Fiduciary net position as a percentage of total pension liability	<u>93.88%</u>	<u>99.17%</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, 2024 represent the projected employer contribution for the period April 1, 2024 through June 30, 2024 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, 2024 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, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 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, 2024 were \$331,746 to ERS and \$5,202,968 to TRS, inclusive of \$786,965 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, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	435
Active employees	<u>547</u>
	<u>982</u>

The School District’s total OPEB liability of \$221,515,537 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2024.

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation increases	2.70%
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	4.21%
Healthcare cost trend rates	6.50% for 2025, decreasing per year to an ultimate rate of 4.14% 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, 2024

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2024 is as follows:

Total OPEB Liability - Beginning of Year	\$ 234,431,151
Service cost	7,961,392
Interest	9,872,812
Differences between expected and actual experience	(43,907,446)
Changes in assumptions or other inputs	19,908,722
Benefit payments	<u>(6,751,094)</u>
Total OPEB Liability - End of Year	<u>\$ 221,515,537</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 (3.21%) or 1 percentage point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	<u>\$ 261,793,038</u>	<u>\$ 221,515,537</u>	<u>\$ 194,029,095</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 (5.50% decreasing to 3.14%)	Current Healthcare Cost Trend Rates (6.50% decreasing to 4.14%)	1% Increase (7.50% decreasing to 5.14%)
Total OPEB Liability	<u>\$ 188,363,859</u>	<u>\$ 221,515,537</u>	<u>\$ 264,218,583</u>

For the year ended June 30, 2024, the School District recognized OPEB expense of (\$6,806,283) in the district-wide financial statements. At June 30, 2024, 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	\$ 31,517,002	\$ 59,072,192
Differences between expected and actual experience	<u>1,916,650</u>	<u>91,269,532</u>
	<u>\$ 33,433,652</u>	<u>\$ 150,341,724</u>

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

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,	
2025	\$ (24,640,488)
2026	(27,253,822)
2027	(27,253,826)
2028	(27,874,618)
2029	(6,456,928)
Thereafter	(3,428,390)
	<u>\$ (116,908,072)</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 Special Aid Fund
General Fund	<u>\$ 1,511,406</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.

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, 2024

Note 3 - Detailed Notes on All Funds (Continued)**I. Fund Balances**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable				
Inventories	\$ -	\$ -	\$ 35,823	\$ 35,823
Prepaid expenditures	449,832	-	-	449,832
Total Nonspendable	449,832	-	35,823	485,655
Restricted				
Tax certiorari	22,188	-	-	22,188
Tax certiorari - for subsequent year's expenditures	426,698	-	-	426,698
Unemployment	234,428	-	-	234,428
Liability claims and property loss	2,723,076	-	-	2,723,076
Liability claims and property loss - for subsequent year's expenditures	673,393	-	-	673,393
Employee benefit accrued liability	1,811,000	-	-	1,811,000
ERS retirement contributions	1,700,607	-	-	1,700,607
ERS retirement contributions - for subsequent year's expenditures	200,000	-	-	200,000
TRS retirement contributions	2,038,642	-	-	2,038,642
TRS retirement contributions - for subsequent year's expenditures	250,000	-	-	250,000
Future capital projects	28,040,000	-	-	28,040,000
Debt service	-	-	406,828	406,828
Special Purpose - Extraclassroom activities	-	-	34,542	34,542
Special Purpose - Other	-	-	76,468	76,468
Total Restricted	38,120,032	-	517,838	38,637,870
Assigned				
Purchases on order				
General government support	1,544,846	-	-	1,544,846
Instruction	2,662,573	-	-	2,662,573
Pupil transportation	6,522	-	-	6,522
	4,213,941	-	-	4,213,941
For subsequent year's expenditures	2,000,000	-	-	2,000,000
School Lunch Fund	-	-	2,047,477	2,047,477
Total Assigned	6,213,941	-	2,047,477	8,261,418
Unassigned	5,547,815	(14,186,938)	-	(8,639,123)
Total Fund Balance	\$ 50,331,620	\$ (14,186,938)	\$ 2,601,138	\$ 38,745,820

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.

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, 2024, 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 regarding complaints alleging the discrimination and harassment in employment based on race and color, with the EEOC. The School District continues to defend these cases.

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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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.

GASB Statement No. 102, "*Certain Risk Disclosures*", provides guidance on disclosures within government financial statements on risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

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Poughkeepsie City School District, New York

Notes to Financial Statements (Concluded)
June 30, 2024

Note 5 - Recently Issued GASB Pronouncements (Continued)

Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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, 2024 is as follows:

Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Poughkeepsie Landing LLC	\$ 12,000,000	\$ 15.4391	\$ 185,269	\$ 120,273	\$ 64,996
Eastman & Bixby Redevelopment Co, LLC	11,000,000	15.4391	169,830	67,464	102,366
400 Main LLC	7,200,700	15.4391	111,172	22,179	88,993
The Commons	7,074,375	15.4391	109,222	21,531	87,691
CNN Spruce	1,512,000	15.4391	23,344	9,523	13,821
Highbridge Gardens	8,664,000	15.4391	133,764	26,307	107,457
JM Development LLC	21,000,000	15.4391	324,221	39,069	285,152
Maple Street of Dutchess	3,500,000	15.4391	54,037	24,372	29,665
Queen City Lofts	7,200,000	15.4391	111,161	41,433	69,728
Woodside Associates	14,250,000	15.4391	220,007	59,180	160,827
Fallkill Commons	3,388,000	15.4391	52,308	39,047	13,261
31-39 Academy	725,100	15.4391	11,195	6,298	4,897
Crannell Square	2,750,000	15.4391	42,458	47,847	-
Vision Hotel	21,600,000	15.4391	333,484	63,987	269,497
Health Quest	24,000,000	15.4391	370,538	86,032	284,506
	<u>\$ 145,864,175</u>		<u>\$ 2,252,010</u>	<u>\$ 674,542</u>	<u>\$ 1,582,857</u>

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)

	2024	2023	2022
Total OPEB Liability:			
Service cost	\$ 7,961,392	\$ 9,068,338	\$ 18,044,554
Interest	9,872,812	8,888,035	9,225,207
Changes of benefit terms	-	-	(35,535,195)
Differences between expected and actual experience	(43,907,446)	2,362,937	(76,000,865)
Changes in assumptions or other inputs	19,908,722	(23,562,716)	(73,922,940)
Benefit payments	(6,751,094)	(8,588,377)	(9,143,577)
Net Change in Total OPEB Liability	(12,915,614)	(11,831,783)	(167,332,816)
Total OPEB Liability – Beginning of Year	234,431,151	246,262,934	413,595,750
Total OPEB Liability – End of Year	<u>\$ 221,515,537</u>	<u>\$ 234,431,151</u>	<u>\$ 246,262,934</u>
School District's covered-employee payroll	<u>\$ 43,132,416</u>	<u>\$ 45,497,456</u>	<u>\$ 45,901,577</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>513.57%</u>	<u>515.26%</u>	<u>536.50%</u>
Discount Rate	<u>4.21%</u>	<u>4.13%</u>	<u>3.54%</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.

2021	2020	2019	2018
\$ 17,095,514	\$ 4,058,980	\$ 4,078,684	\$ 3,959,887
8,950,195	14,230,418	13,800,220	13,503,389
-	(38,799,005)	-	-
533,957	(61,233,066)	-	-
3,811,590	76,913,075	-	-
(9,321,408)	(10,249,617)	(9,131,594)	(8,833,173)
21,069,848	(15,079,215)	8,747,310	8,630,103
392,525,902	407,605,117	398,857,807	390,227,704 (3)
<u>\$ 413,595,750</u>	<u>\$ 392,525,902</u>	<u>\$ 407,605,117</u>	<u>\$ 398,857,807</u>
<u>\$ 41,892,740</u>	<u>\$ 39,692,976</u>	<u>\$ 39,161,138</u>	<u>\$ 42,261,151</u>
<u>987.27%</u>	<u>988.91%</u>	<u>1040.84%</u>	<u>943.79%</u>
<u>2.16%</u>	<u>2.21%</u>	<u>3.50%</u>	<u>3.50%</u>

Poughkeepsie City School District, New York

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	2024 (3)	2023 (2)	2022 (3)	2021 (2)
School District's proportion of the net pension liability (asset)	0.227132%	0.221494%	0.220470%	0.234490%
School District's proportionate share of the net pension liability (asset)	\$ 2,597,448	\$ 4,250,223	\$ (38,206,084)	\$ 6,479,530
School District's covered payroll	\$ 42,975,662	\$ 39,108,786	\$ 40,056,976	\$ 41,482,140
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	6.04%	10.87%	(95.38)%	15.62%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.17%	98.57%	113.20%	97.76%
Discount Rate	6.95%	6.95%	6.95%	7.10%

Schedule of Contributions

	2024	2023	2022	2021
Contractually required contribution	\$ 4,482,730	\$ 4,422,196	\$ 3,566,275	\$ 3,526,280
Contributions in relation to the contractually required contribution	(4,482,730)	(4,422,196)	(3,566,275)	(3,526,280)
Contribution excess	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 45,929,611	\$ 42,975,662	\$ 39,108,786	\$ 40,056,976
Contributions as a percentage of covered payroll	9.76%	10.29%	9.12%	8.80%

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

(2) 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.

(3) 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.

See independent auditors' report.

2020	2019	2018	2017	2016	2015
<u>0.245120%</u>	<u>0.229420%</u>	<u>0.227270%</u>	<u>0.224420%</u>	<u>0.245410%</u>	<u>0.225760%</u>
<u>\$ (6,368,194)</u>	<u>\$ (4,148,472)</u>	<u>\$ (1,727,439)</u>	<u>\$ 2,403,660</u>	<u>\$ (25,489,936)</u>	<u>\$ (28,480,345)</u>
<u>\$ 42,043,946</u>	<u>\$ 37,439,630</u>	<u>\$ 36,499,611</u>	<u>\$ 35,964,100</u>	<u>\$ 36,866,400</u>	<u>\$ 37,766,800</u>
<u>(15.15)%</u>	<u>(11.08)%</u>	<u>(4.73)%</u>	<u>6.68%</u>	<u>(69.14)%</u>	<u>(75.41)%</u>
<u>102.17%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>
<u>7.10%</u>	<u>7.25%</u>	<u>7.25%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>8.00%</u>
2020	2019	2018	2017	2016	2015
<u>\$ 4,345,094</u>	<u>\$ 3,662,213</u>	<u>\$ 4,220,842</u>	<u>\$ 4,215,026</u>	<u>\$ 6,462,157</u>	<u>\$ 6,137,111</u>
<u>(4,345,094)</u>	<u>(3,662,213)</u>	<u>(4,220,842)</u>	<u>(4,215,026)</u>	<u>(6,462,157)</u>	<u>(6,137,111)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 41,482,140</u>	<u>\$ 42,043,946</u>	<u>\$ 37,439,630</u>	<u>\$ 36,499,611</u>	<u>\$ 35,964,100</u>	<u>\$ 36,866,400</u>
<u>10.47%</u>	<u>8.71%</u>	<u>11.27%</u>	<u>11.55%</u>	<u>17.97%</u>	<u>16.65%</u>

Poughkeepsie City School District, New York

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	2024 (3)	2023 (2)	2022 (3)	2021 (3)
School District's proportion of the net pension liability	0.0260148%	0.0216315%	0.0171052%	0.0190674%
School District's proportionate share of the net pension liability (asset)	\$ 3,830,432	\$ 4,638,665	\$ (1,398,280)	\$ 18,986
School District's covered payroll	\$ 9,209,956	\$ 8,536,719	\$ 6,730,478	\$ 5,187,139
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.59%	54.34%	(20.78)%	0.37%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%
Discount Rate	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2024	2023	2022	2021
Contractually required contribution	\$ 1,005,101	\$ 694,958	\$ 761,789	\$ 855,930
Contributions in relation to the contractually required contribution	(1,005,101)	(694,958)	(761,789)	(855,930)
Contribution excess	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 9,833,736	\$ 8,648,930	\$ 6,730,478	\$ 5,187,139
Contributions as a percentage of covered payroll	10.22%	8.04%	11.32%	16.50%

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

(2) 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.

(3) 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.

See independent auditors' report.

2020 (2)	2019	2018	2017	2016	2015
0.0215302%	0.0191157%	0.0197152%	0.0181661%	0.0222872%	0.0241647%
\$ 5,701,326	\$ 1,354,409	\$ 636,298	\$ 1,706,930	\$ 3,577,164	\$ 816,344
\$ 6,376,554	\$ 6,329,829	\$ 5,761,540	\$ 5,233,700	\$ 5,233,700	\$ 5,929,600
89.41%	21.40%	11.04%	32.61%	68.35%	13.77%
86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
2020	2019	2018	2017	2016	2015
\$ 884,975	\$ 813,420	\$ 806,049	\$ 807,400	\$ 806,100	\$ 1,009,600
(884,975)	(813,420)	(806,049)	(807,400)	(806,100)	(1,009,600)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,376,554	\$ 6,329,829	\$ 5,761,540	\$ 5,233,700	\$ 5,233,700	\$ 5,929,600
13.88%	12.85%	13.99%	15.43%	15.40%	17.03%

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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, 2024

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 30,052,028	\$ 30,182,143	\$ 30,359,016	\$	\$ 176,873
Other tax items	2,437,283	2,307,168	2,561,089		253,921
Non-property taxes	1,350,000	1,350,000	1,740,054		390,054
Charges for services	6,200	6,200	96,040		89,840
Use of money and property	1,011,500	1,011,500	2,583,962		1,572,462
Sale of property and compensation for loss	10,000	10,000	62,840		52,840
State aid	98,335,842	98,335,842	94,368,646		(3,967,196)
Federal aid	200,000	200,000	197,441		(2,559)
Miscellaneous	500,000	500,000	1,285,672		785,672
Total Revenues	133,902,853	133,902,853	133,254,760		(648,093)
EXPENDITURES					
Current					
General support					
Board of education	142,395	140,954	117,314	2,461	21,179
Central administration	343,375	364,515	359,413	-	5,102
Finance	1,505,921	1,764,337	1,534,645	131,439	98,253
Staff	1,205,259	1,281,483	1,037,484	150	243,849
Central services	6,126,694	10,157,991	8,083,314	1,410,796	663,881
Special items	1,470,483	1,491,194	1,446,462	-	44,732
Total General Support	10,794,127	15,200,474	12,578,632	1,544,846	1,076,996
Instruction					
Instruction, administration and improvement	5,827,966	5,897,615	5,054,395	14,655	828,565
Teaching - Regular school	35,256,616	36,809,168	32,155,349	1,848,528	2,805,291
Programs for students with disabilities	22,983,853	22,325,187	17,244,239	734,250	4,346,698
Occupational education	1,058,250	1,061,250	1,043,609	-	17,641
Teaching - Special schools	8,764	96,841	16,436	35,184	45,221
Instructional media	3,134,723	3,304,115	2,426,198	9,869	868,048
Pupil services	8,011,805	7,419,569	5,088,615	20,087	2,310,867
Total Instruction	76,281,977	76,913,745	63,028,841	2,662,573	11,222,331
Pupil transportation	7,965,829	7,583,804	5,405,892	6,522	2,171,390
Community services	246,207	264,422	210,405	-	54,017
Employee benefits	37,523,839	31,216,650	28,563,056	-	2,653,594
Debt service					
Principal	3,979,875	3,743,788	3,317,959	-	425,829
Interest	2,164,142	2,822,666	2,760,733	-	61,933
Total Expenditures	138,955,996	137,745,549	115,865,518	4,213,941	17,666,090
Excess (Deficiency) of Revenues Over Expenditures	(5,053,143)	(3,842,696)	17,389,242	(4,213,941)	17,017,997
OTHER FINANCING SOURCES (USES)					
Transfers in	55,000	55,000	-	-	(55,000)
Transfers out	(600,000)	(1,810,447)	(1,511,406)	-	299,041
Total Other Financing Uses	(545,000)	(1,755,447)	(1,511,406)	-	244,041
Net Change in Fund Balance	(5,598,143)	(5,598,143)	15,877,836	\$ (4,213,941)	\$ 17,262,038
FUND BALANCE					
Beginning of Year	5,598,143	5,598,143	34,453,784		
End of Year	\$ -	\$ -	\$ 50,331,620		

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	<u>\$ 30,052,028</u>	<u>\$ 30,182,143</u>	<u>\$ 30,359,016</u>	<u>\$ 176,873</u>
OTHER TAX ITEMS				
School tax relief reimbursement	1,878,283	1,748,168	1,748,168	-
Payments in lieu of taxes	525,000	525,000	674,542	149,542
Interest and penalties on real property taxes	<u>34,000</u>	<u>34,000</u>	<u>138,379</u>	<u>104,379</u>
	<u>2,437,283</u>	<u>2,307,168</u>	<u>2,561,089</u>	<u>253,921</u>
NON-PROPERTY TAXES				
Utilities gross receipts	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,740,054</u>	<u>390,054</u>
CHARGES FOR SERVICES				
Other student fees and charges	6,200	6,200	5,702	(498)
Health services - other districts	<u>-</u>	<u>-</u>	<u>90,338</u>	<u>90,338</u>
	<u>6,200</u>	<u>6,200</u>	<u>96,040</u>	<u>89,840</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	1,007,500	1,007,500	2,551,286	1,543,786
Rental of real property	<u>4,000</u>	<u>4,000</u>	<u>32,676</u>	<u>28,676</u>
	<u>1,011,500</u>	<u>1,011,500</u>	<u>2,583,962</u>	<u>1,572,462</u>
SALE OF PROPERTY AND COMP FOR LOSS				
Insurance recoveries	10,000	10,000	52,926	42,926
Sale of equipment	<u>-</u>	<u>-</u>	<u>9,914</u>	<u>9,914</u>
	<u>10,000</u>	<u>10,000</u>	<u>62,840</u>	<u>52,840</u>

STATE AID

Basic formula	78,290,131	78,290,131	60,608,578	(17,681,553)
Lottery aid	10,979,785	10,979,785	11,402,559	422,774
BOCES aid	2,315,504	2,315,504	2,131,283	(184,221)
Excess cost aid	5,205,107	5,205,107	18,411,317	13,206,210
Textbook aid	262,966	262,966	253,621	(9,345)
Computer software aid	147,929	147,929	138,441	(9,488)
Library aid	28,212	28,212	25,575	(2,637)
Charter school transitional	-	-	1,202,400	1,202,400
Other	1,106,208	1,106,208	194,872	(911,336)
	<u>98,335,842</u>	<u>98,335,842</u>	<u>94,368,646</u>	<u>(3,967,196)</u>

FEDERAL AID

Medical assistance	<u>200,000</u>	<u>200,000</u>	<u>197,441</u>	<u>(2,559)</u>
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MISCELLANEOUS

Refund of Medicare Part D expenditures	54,000	54,000	62,467	8,467
Refund of prior year's expenditures	-	-	526,588	526,588
Refund for BOCES aided services	300,000	300,000	332,967	32,967
Other	146,000	146,000	363,650	217,650
	<u>500,000</u>	<u>500,000</u>	<u>1,285,672</u>	<u>785,672</u>

TOTAL REVENUES

133,902,853	133,902,853	133,254,760	(648,093)
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OTHER FINANCING SOURCES

Transfers in				
Capital Projects Fund	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>

**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

<u>\$ 133,957,853</u>	<u>\$ 133,957,853</u>	<u>\$ 133,254,760</u>	<u>\$ (703,093)</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, 2024

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 46,356	\$ 38,630	\$ 34,730	\$ 2,461	\$ 1,439
District clerk	86,330	87,615	72,290	-	15,325
District meeting	9,709	14,709	10,294	-	4,415
Total Board of Education	142,395	140,954	117,314	2,461	21,179
CENTRAL ADMINISTRATION					
Chief school administrator	343,375	364,515	359,413	-	5,102
FINANCE					
Business administration	1,160,421	1,422,084	1,298,817	64,686	58,581
Auditing	149,000	148,566	79,490	51,500	17,576
Tax collection service	14,000	32,688	32,070	-	618
Treasurer	120,000	98,499	95,083	-	3,416
Purchasing	2,500	2,500	2,124	-	376
Fiscal agent fees	60,000	60,000	27,061	15,253	17,686
Total Finance	1,505,921	1,764,337	1,534,645	131,439	98,253
STAFF					
Legal	428,404	419,404	287,292	-	132,112
Personnel	628,105	701,729	661,408	150	40,171
Records management	4,500	16,100	7,187	-	8,913
Public information and services	144,250	144,250	81,597	-	62,653
Total Staff	1,205,259	1,281,483	1,037,484	150	243,849

CENTRAL SERVICES

Operation and maintenance of plant	5,591,531	9,613,530	7,801,889	1,410,796	400,845
Security of plant	5,138	7,138	1,435	-	5,703
Central printing and mailing	169,800	169,800	78,659	-	91,141
Central data processing	360,225	334,673	168,481	-	166,192
Central registration	-	32,850	32,850	-	-
Total Central Services	6,126,694	10,157,991	8,083,314	1,410,796	663,881

SPECIAL ITEMS

Unallocated insurance	578,000	642,955	642,883	-	72
School association dues	500	249	240	-	9
Judgements and claims	10,000	10,000	3,360	-	6,640
Assessments on school property	130,000	130,000	113,948	-	16,052
Refunds of real property taxes	47,017	3,024	3,024	-	-
Administrative charge - BOCES	704,966	704,966	683,007	-	21,959
Total Special Items	1,470,483	1,491,194	1,446,462	-	44,732
Total General Support	10,794,127	15,200,474	12,578,632	1,544,846	1,076,996

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	819,421	831,235	759,785	11,250	60,200
Supervision - Regular school	4,746,485	4,804,320	4,126,816	3,405	674,099
In-service training - Instruction	262,060	262,060	167,794	-	94,266
Total Instruction, Administration and Improvement	5,827,966	5,897,615	5,054,395	14,655	828,565

TEACHING - REGULAR SCHOOL

35,256,616	36,809,168	32,155,349	1,848,528	2,805,291
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PROGRAMS FOR STUDENTS WITH DISABILITIES

22,983,853	22,325,187	17,244,239	734,250	4,346,698
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OCCUPATIONAL EDUCATION

1,058,250	1,061,250	1,043,609	-	17,641
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TEACHING - SPECIAL SCHOOLS

8,764	96,841	16,436	35,184	45,221
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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, 2024

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 718,576	\$ 685,199	\$ 312,832	\$ 1,333	\$ 371,034
Computer assisted instruction	2,416,147	2,618,916	2,113,366	8,536	497,014
Total Instructional Media	3,134,723	3,304,115	2,426,198	9,869	868,048
PUPIL SERVICES					
Attendance - Regular school	108,569	108,818	55,692	-	53,126
Guidance - Regular school	1,057,736	747,766	680,763	-	67,003
Health services - Regular school	1,752,376	1,859,546	1,600,507	-	259,039
Psychological services - Regular school	662,395	696,541	467,901	-	228,640
Social work services - Regular school	679,625	588,934	118,721	-	470,213
Pupil personnel services - Special school	1,198,608	937,089	369,585	-	567,504
Pupil personnel services	376,900	285,283	125,722	-	159,561
Co-curricular activities - Regular school	1,083,919	1,001,566	697,530	-	304,036
Interscholastic athletics - Regular school	1,091,677	1,194,026	972,194	20,087	201,745
Total Pupil Services	8,011,805	7,419,569	5,088,615	20,087	2,310,867
Total Instruction	76,281,977	76,913,745	63,028,841	2,662,573	11,222,331
PUPIL TRANSPORTATION					
District transportation services	4,390,829	4,034,388	3,358,287	6,522	669,579
Contract and public carrier transportation	3,575,000	3,549,416	2,047,605	-	1,501,811
Total Pupil Transportation	7,965,829	7,583,804	5,405,892	6,522	2,171,390
COMMUNITY SERVICES					
Civic activities	246,207	264,422	210,405	-	54,017

EMPLOYEE BENEFITS

State retirement	1,637,179	1,637,179	595,900	-	1,041,279
Teachers' retirement	4,405,199	4,850,407	4,025,202	-	825,205
Social security	4,202,466	4,200,082	4,175,516	-	24,566
Life insurance	6,000	6,147	6,090	-	57
Hospital, medical and dental insurance	25,457,995	18,741,443	18,666,085	-	75,358
Workers' compensation benefits	750,000	750,000	406,872	-	343,128
Unemployment benefits	150,000	129,763	16,336	-	113,427
Other	915,000	901,629	671,055	-	230,574
	<u>37,523,839</u>	<u>31,216,650</u>	<u>28,563,056</u>	<u>-</u>	<u>2,653,594</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Serial bonds	3,471,350	3,235,829	2,810,000	-	425,829
Energy performance contract	508,525	507,959	507,959	-	-
	<u>3,979,875</u>	<u>3,743,788</u>	<u>3,317,959</u>	<u>-</u>	<u>425,829</u>
Interest					
Serial bonds	1,426,093	2,074,116	2,021,550	-	52,566
Energy performance contract	250,716	255,609	246,242	-	9,367
Bond anticipation note	487,333	492,941	492,941	-	-
	<u>2,164,142</u>	<u>2,822,666</u>	<u>2,760,733</u>	<u>-</u>	<u>61,933</u>
Total Debt Service	<u>6,144,017</u>	<u>6,566,454</u>	<u>6,078,692</u>	<u>-</u>	<u>487,762</u>

TOTAL EXPENDITURES

<u>138,955,996</u>	<u>137,745,549</u>	<u>115,865,518</u>	<u>4,213,941</u>	<u>17,666,090</u>
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	600,000	1,810,447	1,511,406	-	299,041
	<u>600,000</u>	<u>1,810,447</u>	<u>1,511,406</u>	<u>-</u>	<u>299,041</u>

**TOTAL EXPENDITURES AND OTHER
FINANCING USES**

<u>\$ 139,555,996</u>	<u>\$ 139,555,996</u>	<u>\$ 117,376,924</u>	<u>\$ 4,213,941</u>	<u>\$ 17,965,131</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, 2024

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
District-Wide Projects	\$ 98,791,306	\$ 21,941,683	\$ 17,675,518	\$ 39,617,201	\$ 59,174,105
District-Wide Projects 23-24	26,000,000	-	584,276	584,276	25,415,724
SMART School Bond Act	1,407,190	1,370,190	2,238,129	3,608,319	(2,201,129)
Middle School Structural	164,800	105,548	-	105,548	59,252
Smith Chimneys HVAC	400,000	84,712	-	84,712	315,288
Columbus Egress	196,500	144,168	291	144,459	52,041
Unit Ventilators	3,000,000	85,256	22,584	107,840	2,892,160
PMS HVAC	804,941	402,291	86,480	488,771	316,170
HS Kitchen & Hot Water	376,522	24,128	336,886	361,014	15,508
Energy Performance Contract	5,806,135	52,128	4,713,287	4,765,415	1,040,720
Kreiger Electrical Transformer	1,032,621	205,200	687,160	892,360	140,261
PMS Elevator	225,000	17,349	337,963	355,312	(130,312)
Warring Transformer	250,000	-	226,990	226,990	23,010
Totals	<u>\$ 138,455,015</u>	<u>\$ 24,432,653</u>	<u>\$ 26,909,564</u>	<u>\$ 51,342,217</u>	<u>\$ 87,112,798</u>

See independent auditors' report.

Proceeds of Obligations	Methods of Financing				Fund Balance (Deficit) at June 30, 2024	Bond Anticipation Note Outstanding at June 30, 2024
	Transfers In	State and Federal Aid	Other	Totals		
\$ 23,125,000	\$ 1,472,203	\$ -	\$ 2,923,701	\$ 27,520,904	\$ (12,096,297)	\$ 21,500,000
-	-	-	-	-	(584,276)	-
-	-	1,630,339	-	1,630,339	(1,977,980)	-
-	101,633	-	-	101,633	(3,915)	-
-	400,000	-	-	400,000	315,288	-
-	63,520	-	-	63,520	(80,939)	-
-	46,746	-	-	46,746	(61,094)	-
-	368,124	-	-	368,124	(120,647)	-
-	142,878	-	-	142,878	(218,136)	-
5,806,135	-	-	-	5,806,135	1,040,720	-
-	600,000	-	-	600,000	(292,360)	-
-	225,000	-	-	225,000	(130,312)	-
-	250,000	-	-	250,000	23,010	-
<u>\$ 28,931,135</u>	<u>\$ 3,670,104</u>	<u>\$ 1,630,339</u>	<u>\$ 2,923,701</u>	<u>\$ 37,155,279</u>	<u>\$ (14,186,938)</u>	<u>\$ 21,500,000</u>

Poughkeepsie City School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	\$ 1,567,032	\$ 70,566	\$ 156,445	\$ 1,794,043
Investments	491,668	40,554	84,106	616,328
Receivables				
State and Federal aid	526,870	-	-	526,870
Due from other funds	-	-	166,277	166,277
Inventories	35,823	-	-	35,823
Total Assets	\$ 2,621,393	\$ 111,120	\$ 406,828	\$ 3,139,341
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 56,528	\$ 110	\$ -	\$ 56,638
Due to retirement system	8,873	-	-	8,873
Unearned revenues	472,692	-	-	472,692
Total Liabilities	538,093	110	-	538,203
Fund balances				
Nonspendable	35,823	-	-	35,823
Restricted	-	111,010	406,828	517,838
Assigned	2,047,477	-	-	2,047,477
Total Fund Balances	2,083,300	111,010	406,828	2,601,138
Total Liabilities and Fund Balances	\$ 2,621,393	\$ 111,120	\$ 406,828	\$ 3,139,341

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, 2024

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	\$ 38,812	\$ 2,806	\$ 193,553	\$ 235,171
State aid	52,790	-	-	52,790
Federal aid	2,841,415	-	-	2,841,415
Food sales	316,678	-	-	316,678
Miscellaneous	-	83,121	-	83,121
Total Revenues	<u>3,249,695</u>	<u>85,927</u>	<u>193,553</u>	<u>3,529,175</u>
EXPENDITURES				
Current				
Cost of food sales	2,843,104	-	-	2,843,104
Other	-	59,558	-	59,558
Total Expenditures	<u>2,843,104</u>	<u>59,558</u>	<u>-</u>	<u>2,902,662</u>
Excess of Revenues Over Expenditures	406,591	26,369	193,553	626,513
FUND BALANCES				
Beginning of Year	<u>1,676,709</u>	<u>84,641</u>	<u>213,275</u>	<u>1,974,625</u>
End of Year	<u>\$ 2,083,300</u>	<u>\$ 111,010</u>	<u>\$ 406,828</u>	<u>\$ 2,601,138</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, 2024

Adopted Budget	\$ 135,957,853
Additions - Encumbrances	<u>3,598,143</u>
Original Budget	139,555,996
Budget Amendments	<u>-</u>
Final Budget	<u><u>\$ 139,555,996</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2024-25 Expenditure Budget	\$ 138,695,378
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 6,213,941
Unassigned fund balance	<u>5,547,815</u>
Total Unrestricted Fund Balance	11,761,756
Less	
Appropriated for subsequent year's budget	2,000,000
Encumbrances	<u>4,213,941</u>
Total Adjustments	<u><u>6,213,941</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,547,815</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, 2024

Capital Assets, net		\$ 88,553,447
Less		
General obligation bonds payable	\$ (37,100,000)	
Energy performance contract payable	(6,834,169)	
Bond anticipation notes payable	(21,500,000)	
Accounts payable	(927,116)	
Unamortized portion of issuance premium	<u>(2,729,502)</u>	(69,090,787)
Add		
Unexpended bond proceeds		<u>6,975,635</u>
Net Investment in Capital Assets		<u><u>\$ 26,438,295</u></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, 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, 2024, 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 November 7, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we considered to be a significant deficiency.

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*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

November 7, 2024



**Report on Compliance For Each Major Federal Program and Report
on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Poughkeepsie City School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

November 7, 2024

Poughkeepsie City School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through the New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 717,656
National School Lunch Program - Cash	10.555	N/A	-	2,054,306
Summer Food Service Program for Children	10.559	N/A	-	592
Fresh Fruit and Vegetable Program	10.582	N/A	-	57,503
Subtotal Child Nutrition Cluster			-	2,830,057
Child and Adult Care Food Program	10.558	N/A	-	11,358
Farm to School Grant Program	10.575	N/A	-	2,945
Total U.S. Department of Agriculture			-	2,844,360
<u>U.S. Department of Justice</u>				
Direct Program				
STOP School Violence	16.839	N/A	-	305,464
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through the New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0181	-	63,374
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0181	-	1,367,403
Special Education - Grants to States (ARP Supplemental 611)	84.027X	5532-22-0181	-	4,988
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0181	-	65,736
Subtotal Special Education Cluster			-	1,501,501
Adult Education - Basic Grants to States	84.002	N/A	-	6,910
Title I Grants to Local Educational Agencies	84.010	0021-22-0670	-	(4,479)
Title I Grants to Local Educational Agencies	84.010	0021-23-0670	-	28,986
Title I Grants to Local Educational Agencies	84.010	0021-24-0670	-	2,145,699
Title I Grants to Local Educational Agencies	84.010	0011-22-2166	-	1,911
Title I Grants to Local Educational Agencies	84.010	0011-23-2166	-	128,027
Title I Grants to Local Educational Agencies	84.010	0011-23-6007	-	15,395
Title I Grants to Local Educational Agencies	84.010	0011-24-6007	-	71,677
Title I Grants to Local Educational Agencies	84.010	0011-23-8378	-	29,423
Title I Grants to Local Educational Agencies	84.010	0011-24-2120	-	317,944
			-	2,734,583
Special Education - State Personnel Development	84.323	1035-23-1011	-	13,500
English Language Acquisition State Grants	84.365	0149-24-0670	-	8,806
English Language Acquisition State Grants	84.365	0293-24-0670	-	34,803
			-	43,609

(Continued)

Poughkeepsie City School District, New York

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education (Continued)</u>				
Supporting Effective Instruction State Grants	84.367	0147-22-0670	\$ -	\$ (20,400)
Supporting Effective Instruction State Grants	84.367	0147-23-0670	-	91,003
Supporting Effective Instruction State Grants	84.367	0147-24-0670	-	170,961
			-	241,564
Student Support and Academic Enrichment Program	84.424	0204-23-0670	-	(19,962)
Student Support and Academic Enrichment Program	84.424	0204-24-0670	-	121,169
			-	101,207
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-0670	-	378,212
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5870-23-9242	-	123,749
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5870-24-9242	-	1,287,229
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0670	-	6,925,525
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-0670	-	120,372
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-0670	-	483,183
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-0670	-	2,073,618
American Rescue Plan Homeless Children and Youth Fund	84.425W	5218-21-0670	-	58,789
American Rescue Plan Homeless Children and Youth Fund	84.425W	5219-21-0670	-	39,624
			-	11,490,301
Total U.S. Department of Education			-	16,133,175
Total Expenditures of Federal Awards			\$ -	\$ 19,282,999

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Poughkeepsie City School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Poughkeepsie City School District, New York ("School District") under programs of the federal government for the year ended June 30, 2024. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. Negative amounts reported in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as federal expenditures in prior years.

Note 3 - Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Poughkeepsie City School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☒ Yes ☐ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

84.425D

Elementary and Secondary School Emergency Relief (ESSER) Fund

84.425U

American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

84.425W

American Rescue Plan Homeless Children and Youth Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Poughkeepsie City School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2024

Section II - Financial Statement Findings

Finding 2024-001: Audit Readiness (*Significant Deficiency*)

Criteria: The year-end closing process should result in a complete and accurate record that supports the financial statements and supporting schedules in accordance with Generally Accepted Accounting Principles ("GAAP").

Condition: Numerous correcting journal entries were required to be posted as part of auditor identified journal entries.

Cause: The School District had significant turnover of accounting personnel before the time of the audit.

Effect or Potential Effect: The financial statements might not provide a complete and accurate record of the School District's financial statement and supporting schedules in accordance with GAAP.

Recommendation: The School District should establish more effective review and reconciliation policies and procedures as a customary part of the accounting process, including monthly reconciliations being performed throughout the fiscal year and investigating old outstanding transactions.

Management's Response: See corrective action plan.

Section III - Federal Award Findings and Questioned Costs

None

Poughkeepsie City School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Financial Statement Findings

Finding 2023-001: Reconciliation of Taxes Receivable *(Material Weakness)*

Condition: As part of the year-end audit procedures, for the total taxes owed to the School District of \$2,692,743, the reconciliation of the taxes by taxpayer and tax year could not be provided as a reconciliation is not performed on the taxes owed to the School District from the City.

Status: This condition is not a repeated finding in the current fiscal year. The taxes were reconciled to the books with the City in the current fiscal year.

Finding 2023-002: Special Aid Receivable Reconciliation *(Material Weakness)*

Condition: There was no reconciliation of old outstanding receivables performed and no project length schedule was prepared to reconcile the expenditures, revenues, receivables and unearned revenues by program. A total of \$839,941 of unidentified receivables older than one year was identified.

Status: This condition is not a repeated finding in the current fiscal year.

Finding 2023-003: Capital Fund Project Length Schedule *(Material Weakness)*

Condition: The School District has historically included a project length schedule within the financial statements, but the schedule was mathematically inaccurate.

Status: This condition is not a repeated finding in the current fiscal year.

Finding 2023-004: Audit Readiness *(Significant Deficiency)*

Condition: Numerous correcting journal entries were required to be posted as part of auditor identified journal entries.

Status: This condition continues and is repeated as finding 2024-001. The School District hired on a full accounting staff during the year and made strides in reconciling balances. However, the current year audit required numerous correcting journal entries.