

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

June 30, 2024

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 14
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Governmental Funds Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement Net Position	18
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
Notes to Financial Statements	21 - 55
Required Supplementary Information:	
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund	56 - 57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	58
Schedule of the District's Proportionate Share of Net Pension Asset/Liability	59
Schedule of the District's Pension Contributions	60

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Table of Contents, Continued

	Page
Other Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	61
Schedule of Project Expenditures - Capital Projects Fund	62
Net Investment in Capital Assets	63
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	64 - 65
Schedule of Findings and Questioned Costs	66 - 67
Corrective Action Plan	68 - 69

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Newburgh Enlarged City School District:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Newburgh Enlarged City School District (the District), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and additional information on pages 56 through 60 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents 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 GAAS. In our opinion, the other supplementary information is 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 December 20, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
December 20, 2024

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Management's Discussion and Analysis

June 30, 2024

As management of the Newburgh Enlarged City School District (the District), we offer the reader of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2024. We encourage readers to consider the information presented here, in conjunction with information provided in the financial statements. This management's discussion and analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

#### FINANCIAL HIGHLIGHTS

- Government-Wide net position of the District is \$(500,086,448).
- Government-Wide net position increased \$4,700,196 from June 30, 2023.
- The District continued to offer all programs, without reducing services.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of four parts: MD&A (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-Wide financial statements that provide both short-term and long-term information about the District's overall financial status. Because of this, the Statement of Net Position will include assets such as building and equipment and long-term balances due to the District as well as long-term liabilities such as bonds payable. In addition, payments for principal on long term bond obligations will be shown as a reduction of the liability and payments for buildings and equipment will be shown as additions to assets.
  - The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-Wide statements. The fund financial statements concentrate on the District's most significant funds.
  - 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. As such, in this presentation, payments for buildings and equipment will be shown as expenditures rather than an increase in assets, proceeds from new long-term borrowings will be shown as a source of revenue rather than a long-term liability, and principal payments on the long-term borrowings will be shown as expenditures.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data immediately following the financial statements. The statements are followed by a section of required supplementary information and then other supplementary information.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management’s Discussion and Analysis, Continued

These schedules further explain and support the financial statements with a comparison of the District’s budget for the year, a detailed capital project schedule, and other financial information. Table A-1 shows how the various sections of this annual report are arranged and related to one another.

Table A-1: Organization of the District’s Financial Report

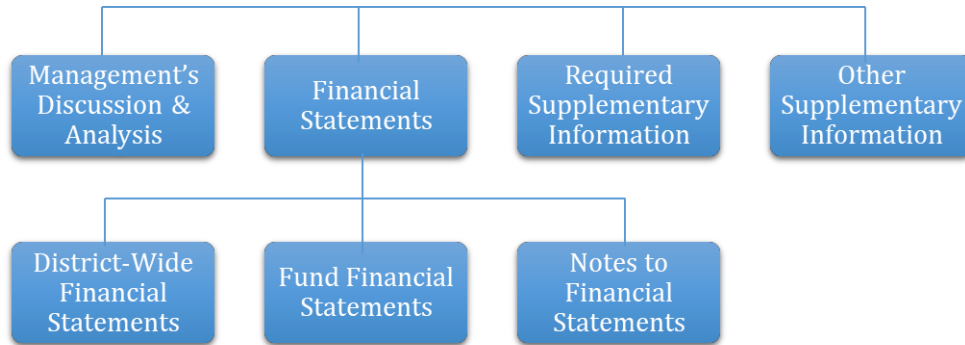


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Government-Wide and Fund Financial Statements

Description	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenue, expenditures and changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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



## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Management's Discussion and Analysis, Continued

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities and changes in net position regardless of when cash is received or paid.

The two Government-Wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation/amortization is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances).

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/amortize 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:
  - Net investment in capital assets.
  - Restricted net position is those assets 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, capital projects fund, library fund, and miscellaneous special revenue fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis below focuses on the net position (Table A-3) and changes in net position (Table A-4) of the District's governmental activities.

Table A-3: Condensed Statements of Net Position - Governmental Activities

	<u>2024</u>	<u>2023</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Current assets	\$ 159,476,949	147,126,981	12,349,968	8.4%
Noncurrent assets	<u>176,198,369</u>	<u>165,892,026</u>	<u>10,306,343</u>	6.2%
Total assets	<u>335,675,318</u>	<u>313,019,007</u>	<u>22,656,311</u>	7.2%
Deferred outflows of resources	<u>186,096,030</u>	<u>200,931,516</u>	<u>(14,835,486)</u>	(7.4%)
Liabilities:				
Current liabilities	59,321,872	44,360,374	14,961,498	33.7%
Long-term liabilities	<u>742,057,374</u>	<u>716,507,828</u>	<u>25,549,546</u>	3.6%
Total liabilities	<u>801,379,246</u>	<u>760,868,202</u>	<u>40,511,044</u>	5.3%
Deferred inflows of resources	<u>220,478,550</u>	<u>257,868,965</u>	<u>(37,390,415)</u>	(14.5%)

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>2024</u>	<u>2023</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Net position:				
Net investment in capital assets	\$ 119,807,935	115,021,176	4,786,759	4.2%
Restricted	55,441,229	69,947,897	(14,506,668)	(20.7%)
Unrestricted	<u>(675,335,612)</u>	<u>(689,755,717)</u>	<u>14,420,105</u>	2.1%
Total net position	<u>\$ (500,086,448)</u>	<u>(504,786,644)</u>	<u>4,700,196</u>	0.9%

In Table A-3, total assets at June 30, 2024 were approximately \$23 million more than at June 30, 2023. Noncurrent assets increased approximately \$10 million, due largely to capital assets. Current assets increased approximately \$12 million, due primarily to increases in cash and taxes receivable.

Deferred outflows of resources at June 30, 2024 were approximately \$15 million less than at June 30, 2023, due primarily to a decrease in pensions and other postemployment benefits (OPEB) related deferred outflows

Total liabilities increased by approximately \$41 million, due primarily to a \$15 million BAN issue and an increase in long-term liabilities of approximately \$26 million. Long-term liabilities increases due to an increase in OPEB liability, offset by a decrease in pension liabilities.

Deferred inflows of resources decreased by \$37 million due to a decrease in OPEB deferred inflows and a decrease in pensions deferred inflow.

CHANGES IN NET POSITION

Table A-4: Changes in Net Position from Operating Results Governmental Activities Only

	<u>2024</u>	<u>2023</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 558,436	697,102	(138,666)	(19.9%)
Operating grants	54,311,563	47,727,514	6,584,049	13.8%
Capital grants	2,158	-	2,158	100.0%
General revenue:				
Property and other taxes	124,011,255	122,481,186	1,530,069	1.2%
State sources	210,247,637	186,954,376	23,293,261	12.5%
Federal sources	623,821	797,019	(173,198)	(21.7%)
Use of money and property	7,120,508	3,301,436	3,819,072	115.7%
Sale of property and compensation for loss	158,154	260,139	(101,985)	(39.2%)
Miscellaneous	<u>5,208,157</u>	<u>2,468,635</u>	<u>2,739,522</u>	111.0%
Total revenue	<u>402,241,689</u>	<u>364,687,407</u>	<u>37,554,282</u>	10.3%

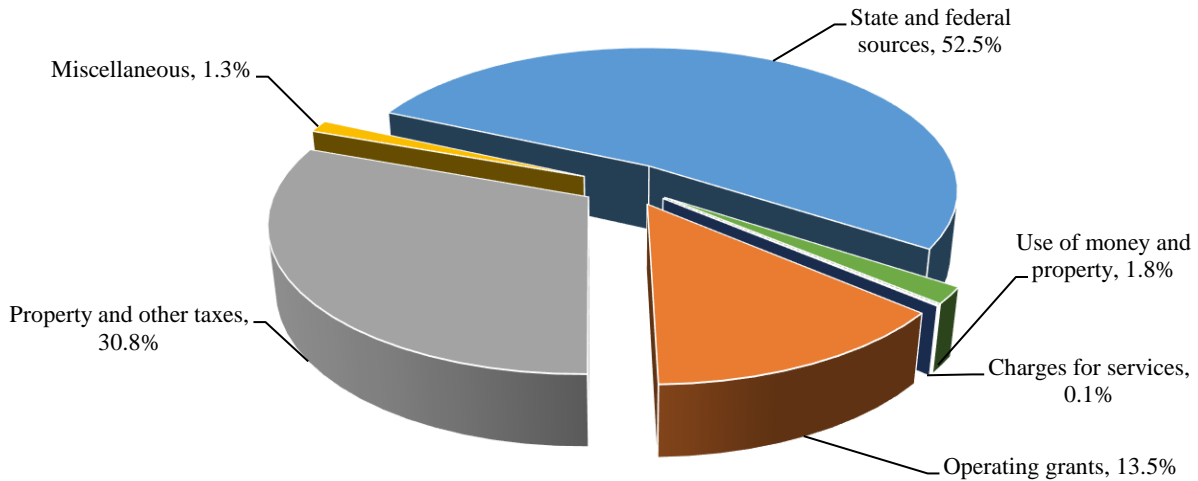
NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>2024</u>	<u>2023</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Expenses:				
General support	\$ 52,586,455	42,178,713	10,407,742	24.7%
Instruction	308,466,602	278,661,578	29,805,024	10.7%
Pupil transportation	24,612,130	21,413,666	3,198,464	14.9%
Interest and other debt expense	1,385,837	1,095,361	290,476	26.5%
Cost of sales	<u>10,490,469</u>	<u>11,346,394</u>	<u>(855,925)</u>	<u>(7.5%)</u>
Total expenses	<u>397,541,493</u>	<u>354,695,712</u>	<u>42,845,781</u>	12.1%
Change in net position	<u>\$ 4,700,196</u>	<u>9,991,695</u>	<u>(5,291,499)</u>	<u>(53.0%)</u>

The District's fiscal year 2024 revenue totaled \$402,241,689 (See Table A-4). Property taxes (including other tax items) and state and federal sources accounted for most of the District's revenue by contributing 30.8% and 52.5% respectively, of every dollar raised in 2024 (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

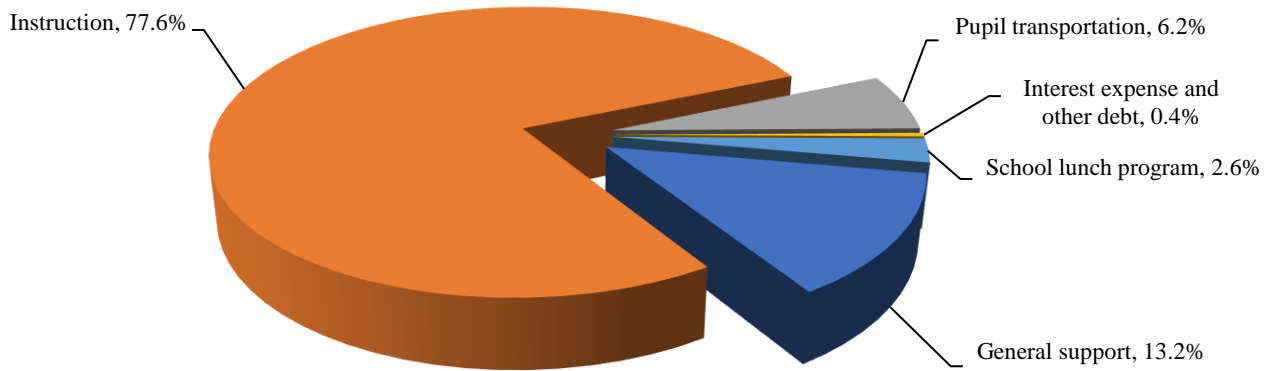
The total cost of all programs and services totaled \$397,541,493 for fiscal year 2024. These expenses are predominately related to general instruction, which account for 77.6% of District expenses (See Table A-6). The District's general support activities accounted for 13.2% of total expenses. The \$42.8 million increase in expenses over the prior year is substantially due to recognizing pension and other-employment benefits on a full accrual basis.

Table A-5: Sources of Revenue for Fiscal Year 2024



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Table A-6: Expenses for Fiscal Year 2024



GOVERNMENTAL FUNDS

Table A-7 presents the cost of the District's major programs or activities as well as each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions and is presented in the Statement of Activities.

Functions:	<u>Total cost of services 2024</u>	<u>Total cost of services 2023</u>	<u>Percentage change</u>	<u>(Net) cost of services 2024</u>	<u>(Net) cost of services 2023</u>	<u>Percentage change</u>
General support	\$ 52,586,455	42,178,713	24.7%	52,586,455	42,178,713	24.7%
Instruction	308,466,602	278,661,578	10.7%	264,212,141	241,009,452	9.6%
Pupil transportation	24,612,130	21,413,666	14.9%	24,612,130	21,413,666	14.9%
Debt service - interest	1,385,837	1,095,361	26.5%	1,385,837	1,095,361	26.5%
Cost of sales	10,490,469	11,346,394	(7.5%)	(127,227)	573,904	(122.2%)
Total	<u>\$ 397,541,493</u>	<u>354,695,712</u>	12.1%	<u>342,669,336</u>	<u>306,271,096</u>	11.9%

- The total cost of all governmental activities for the fiscal year 2024 was \$397,541,493.
- The users of the District's programs financed \$558,436 of the costs.
- The federal and state operating grants financed \$54,311,563 of the costs.
- The remainder of the costs were financed by the District's taxpayers and state aid and federal aid.

Financial Analysis of the District's Funds - As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Variations between years for the governmental fund financial statements are not the same as variations between years for the Government-Wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

- General fund - ended the year with \$89.7 million in fund balance. Revenue exceeded expenditures by approximately \$7.1 million.
- School lunch fund - ended the year with \$4.1 million in fund balance. Revenue was less than expenditures by approximately \$1.4 million.
- Capital projects fund - ended the year with \$7.8 million deficit in fund balance. Capital expenditures totaled \$13.8 million.
- Special aid fund - ended the year with \$400,000 in fund balance. By the nature of the fund, total expenditures of \$44.3 million were equal to revenue. The general fund provided \$400,000 of funding for the gear up program last year that were not expended before year end.
- Debt service fund - ended the year with \$2.3 million in fund balance.
- Library fund - ended the year with \$5.2 million in fund balance. Revenue exceeded expenditures by approximately \$1.0 million.
- Miscellaneous special revenue fund was created as a governmental activity fund due to the implementation of Governmental Accounting Standards Board Statement No. 84 recognizing extraclassroom and scholarship activities.

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

Table A-8: Results vs. Budget

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Revenue:					
Real property taxes	\$ 101,987,520	101,987,520	104,392,635	-	2,405,115
Other tax items	13,529,991	13,529,991	13,190,837	-	(339,154)
Charges for services	45,000	45,000	41,699	-	(3,301)
Use of money and property	427,000	427,000	6,351,231	-	5,924,231
Sale of property and compensation for loss	180,000	180,000	185,356	-	5,356
Miscellaneous	1,260,000	1,260,000	5,062,737	-	3,802,737
State sources	213,314,733	213,314,733	217,342,457	-	4,027,724
Medicaid reimbursements	200,000	200,000	623,821	-	423,821
Federal sources	40,000	40,000	36,435	-	(3,565)
Transfers in	400,000	400,000	303,293	-	(96,707)
Approved reserves	<u>4,059,572</u>	<u>5,811,674</u>	-	-	<u>(5,811,674)</u>
Total revenue	<u>335,443,816</u>	<u>337,195,918</u>	<u>347,530,501</u>	<u>-</u>	<u>10,334,583</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Expenditures:					
General support	\$ 24,579,805	26,993,002	40,538,755	1,230,877	(14,776,630)
Instruction	176,905,134	169,602,562	166,158,129	1,478,691	1,965,742
Pupil transportation	22,561,060	22,742,705	22,793,883	72,140	(123,318)
Employee benefits	97,307,680	96,986,449	90,547,795	79,682	6,358,972
Interest and other debt service	11,790,137	16,821,200	10,790,134	-	6,031,066
Transfers out	<u>2,300,000</u>	<u>4,050,000</u>	<u>2,529,465</u>	<u>1,469,685</u>	<u>50,850</u>
Total expenditures	<u>335,443,816</u>	<u>337,195,918</u>	<u>333,358,161</u>	<u>4,331,075</u>	<u>(493,318)</u>
Change in fund balance	<u>\$ -</u>	<u>-</u>	14,172,340	<u>(4,331,075)</u>	<u>9,841,265</u>
Fund balance at beginning of year			<u>82,666,423</u>		
Fund balance at end of year			<u>\$ 96,838,763</u>		

The general fund and the library fund are the only funds for which a budget is legally adopted.

The following significant variances between budget and actual occurred during fiscal 2024:

Property taxes - As a small city school district, we are not guaranteed one hundred percent of the property tax levy every year. At the end of each year, the uncollected property taxes are re-levied and each municipality has up to two years to make the District whole.

All other budgetary variances are considered immaterial.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had \$176,198,369 invested in a broad range of capital assets including land, buildings, vehicles, athletic facilities, computers, and other educational equipment.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Table A-9: Capital Assets, Net of Depreciation (in millions)

	<u>2024</u>	<u>2023</u>
Land	\$ 1,949,269	1,949,269
Construction in progress	62,202,615	48,366,909
Buildings and improvements	272,439,567	271,779,218
Machinery and equipment	14,992,146	14,832,101
Vehicles	1,862,754	1,499,659
Leased capital assets	475,056	2,198,671
Accumulated depreciation	(177,619,739)	(172,925,465)
Accumulated amortization	(103,299)	(1,808,336)
	<u>\$ 176,198,369</u>	<u>165,892,026</u>

Long-Term Debt

As of June 30, 2024, the District had \$749,392,460 in general obligation and other long-term liabilities outstanding. More detailed information about the District's long-term debt is included in the notes to the financial statements.

Table A-10: Outstanding Long-Term Debt

	<u>2024</u>	<u>2023</u>
Bonds payable, including unamortized bond premium	\$ 19,797,775	28,004,643
Energy performance contracts	21,074,793	23,021,590
Leases liability	372,695	50,490
Compensated absences	3,848,175	3,885,231
Total other postemployment benefits liability	680,831,007	633,186,093
Net pension liability - ERS	11,680,673	16,741,034
Net pension liability - TRS	8,001,822	13,302,579
Judgment and claims	3,786,520	7,938,456
Total long-term liabilities	<u>\$ 749,393,460</u>	<u>726,130,116</u>



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the expiration of one-time federal funds associated with COVID, the District needs to strategically allocate resources to best support students beyond the period of available stimulus funds.

Additionally, the demand for technology hardware, software, and implementation and compliance of Education Law 2D, as well as providing the required services to ensure that sensitive data is secure and protected from cyber threats necessitates increased financial resources. The district had zero growth in its tax levy for many years. For fiscal year 2025, district voters supported a 2.48% tax levy increase. With much more modest annual increases projected in state aid, the district will need to identify efficiencies and cost savings to align expenses with revenue while strategically using fund balance and restricted reserves as revenue for student programs and supports. The costs of employee benefits and contractual obligations to both employees and vendors continue to rise each year and the district will continue to need additional funding to cover these expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Newburgh Enlarged City School District  
Attn: District Treasurer  
124 Grand Street Newburgh, New York 12550

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities  
June 30, 2024

Assets

Current assets:	
Cash:	
Unrestricted	\$ 63,163,381
Restricted	58,653,202
Taxes receivable	4,129,365
Accounts receivable	306,921
Leases receivable	3,805,111
State and federal aid	29,026,397
Prepaid expenses	250,000
Inventory	<u>142,572</u>
Total current assets	159,476,949
Noncurrent assets - capital assets, net	<u>176,198,369</u>
Total assets	<u>335,675,318</u>

Deferred outflows of resources

Refunding	22,543
Pensions	64,335,363
OPEB	<u>121,738,124</u>
Total deferred outflows of resources	<u>186,096,030</u>

Liabilities

Current liabilities:	
Accounts payable and accrued expenses	18,629,742
Accrued interest	863,545
Due to other governments	1,445,918
Due to teachers' retirement system	14,711,909
Due to employees' retirement system	1,067,881
Bond anticipation note	15,000,000
Unearned revenue	266,791
Long term debt payable within one year	7,234,771
Lease payable due within one year	<u>101,315</u>
Total current liabilities	<u>59,321,872</u>

Long-term liabilities:

Bonds and unamortized bond premium	14,537,775
Energy performance contract	19,100,022
Leases	271,380
Compensated absences	3,848,175
Judgments and claims	3,786,520
Net pension liability - ERS	11,680,673
Net pension liability - TRS	8,001,822
Total OPEB liability	<u>680,831,007</u>
Total long-term liabilities	<u>742,057,374</u>

Total liabilities 801,379,246

Deferred inflows of resources

Pensions	11,089,718
OPEB	205,822,586
Leases	<u>3,566,246</u>
Total deferred inflows of resources	<u>220,478,550</u>

Net position

Net investment in capital assets	119,807,935
Restricted	55,441,229
Unrestricted (deficit)	<u>(675,335,612)</u>
Total net position	<u>\$ (500,086,448)</u>

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Statement of Activities  
Governmental Activities  
Year ended June 30, 2024

		Program Revenue				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense and Changes in Net Position	
Functions and programs:						
General support	\$ 52,586,455	-	-	-	(52,586,455)	
Instruction	308,466,602	166,503	44,085,800	2,158	(264,212,141)	
Pupil transportation	24,612,130	-	-	-	(24,612,130)	
Debt service - interest	1,385,837	-	-	-	(1,385,837)	
Cost of sales	10,490,469	391,933	10,225,763	-	127,227	
Total functions and programs	\$ 397,541,493	558,436	54,311,563	2,158	(342,669,336)	
General revenue:						
Real property taxes					110,795,409	
Other tax items					13,215,846	
Use of money and property					7,120,508	
Sale of property and compensation for loss					158,154	
State sources					210,247,637	
Medicaid reimbursement					623,821	
Miscellaneous					5,208,157	
Total general reven					347,369,532	
Change in net position					4,700,196	
Net position (deficit) at beginning of year					(504,786,644)	
Net position (deficit) at end of year					\$ (500,086,448)	

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2024

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Library</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
Cash:								
Unrestricted	\$ 60,752,112	-	81,063	-	-	2,249,763	80,443	63,163,381
Restricted	52,512,978	-	-	3,894,166	1,720,276	-	525,782	58,653,202
Receivables:								
Taxes	4,129,365	-	-	-	-	-	-	4,129,365
Accounts receivable	279,315	-	27,606	-	-	-	-	306,921
Leases receivable	3,805,111	-	-	-	-	-	-	3,805,111
State and federal aid	16,433,868	-	3,374,219	3,900,167	596,988	3,087,242	5,762	27,398,246
Due from other funds	9,905,660	18,319,988	800,749	-	-	-	-	29,026,397
Prepaid expenditures	250,000	-	-	-	-	-	-	250,000
Inventory	-	-	142,572	-	-	-	-	142,572
Total assets	<u>\$ 148,068,409</u>	<u>18,319,988</u>	<u>4,426,209</u>	<u>7,794,333</u>	<u>2,317,264</u>	<u>5,337,005</u>	<u>611,987</u>	<u>186,875,195</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
Liabilities:								
Accounts payable and accrued expenses	16,881,828	1,214,715	275,805	167,714	-	89,680	-	18,629,742
Due to other governments	1,445,918	-	-	-	-	-	-	1,445,918
Due to other funds	10,532,232	16,438,482	-	426,532	-	-	1,000	27,398,246
Due to teachers' retirement system	14,711,909	-	-	-	-	-	-	14,711,909
Due to employees' retirement system	1,067,881	-	-	-	-	-	-	1,067,881
Bond anticipation note	-	-	-	15,000,000	-	-	-	15,000,000
Unearned revenue	-	266,791	-	-	-	-	-	266,791
Total liabilities	<u>44,639,768</u>	<u>17,919,988</u>	<u>275,805</u>	<u>15,594,246</u>	<u>-</u>	<u>89,680</u>	<u>1,000</u>	<u>78,520,487</u>
Deferred inflows or resources:								
Taxes	3,023,631	-	-	-	-	-	-	3,023,631
Leases	3,566,247	-	-	-	-	-	-	3,566,247
Total deferred inflows of resources	<u>6,589,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,589,878</u>
Fund balances:								
Nonspendable - inventory and prepaid expenses	250,000	-	142,573	-	-	-	-	392,573
Restricted:								
Unemployment insurance reserve	1,422,087	-	-	-	-	-	-	1,422,087
Workers' compensation	12,601,637	-	-	-	-	-	-	12,601,637
Retirement reserve	9,114,365	-	-	-	-	-	-	9,114,365
Tax certiorari	3,069,959	-	-	-	-	-	-	3,069,959
Capital projects	31,032,240	-	-	-	-	-	-	31,032,240
Employee benefit accrued liability	3,246,369	-	-	-	-	-	-	3,246,369
Insurance	1,153,098	-	-	-	-	-	-	1,153,098
Repair	1,667,503	-	-	-	-	-	-	1,667,503
Liability reserve	3,005,720	-	-	-	-	-	-	3,005,720
Debt service and other	-	-	-	-	2,317,264	-	610,987	2,928,251
Total restricted	<u>66,312,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,317,264</u>	<u>-</u>	<u>610,987</u>	<u>69,241,229</u>
Assigned:								
Unappropriated	7,871,500	400,000	4,007,831	-	-	5,247,325	-	17,526,656
Appropriated for subsequent year's expenditures	4,331,075	-	-	-	-	-	-	4,331,075
Total assigned	<u>12,202,575</u>	<u>400,000</u>	<u>4,007,831</u>	<u>-</u>	<u>-</u>	<u>5,247,325</u>	<u>-</u>	<u>21,857,731</u>
Unassigned	18,073,210	-	-	(7,799,913)	-	-	-	10,273,297
Total fund balances	<u>96,838,763</u>	<u>400,000</u>	<u>4,150,404</u>	<u>(7,799,913)</u>	<u>2,317,264</u>	<u>5,247,325</u>	<u>610,987</u>	<u>101,764,830</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,068,409</u>	<u>18,319,988</u>	<u>4,426,209</u>	<u>7,794,333</u>	<u>2,317,264</u>	<u>5,337,005</u>	<u>611,987</u>	<u>186,875,195</u>

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2024

Total governmental fund balances	\$ 101,764,830
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	176,198,369
Revenue related to the tax levy and deferred state aid is recognized when earned in the statement of activities, but deferred in the fund statements if collection is anticipated to exceed sixty days after year-end.	3,023,632
Deferred outflows/inflows of resources related to pensions and OPEB and deferred gains and losses on refundings are applicable to future periods and; therefore, are not reported in the funds:	
Deferred outflows - pensions	64,335,363
Deferred inflows - pensions	(11,089,718)
Deferred outflows - refunding	22,543
Deferred outflows - OPEB	121,738,124
Deferred inflows - OPEB	(205,822,586)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds:	
Net pension liability - ERS	(11,680,673)
Net pension liability - TRS	(8,001,822)
Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported in the funds:	
Bonds payable, net of unamortized premium	(19,797,775)
Lease payable	(372,695)
Energy performance contract debt	(21,074,793)
Compensated absences	(3,848,175)
Judgments and claims	(3,786,520)
Total OPEB liability	(680,831,007)
Accrued interest	(863,545)
Total net position	\$ (500,086,448)

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Library</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
Revenue:								
Real property taxes	\$ 104,392,635	-	-	-	-	5,721,486	-	110,114,121
Other tax items	13,190,837	-	-	-	-	25,009	-	13,215,846
Charges for services	41,699	-	-	-	-	124,804	-	166,503
Use of money and property	6,351,231	-	102,577	-	515,436	-	151,264	7,120,508
Sale of property and compensation for loss	185,356	-	-	-	-	-	-	185,356
State sources	217,342,457	11,443,534	408,535	2,158	-	335,415	-	229,532,099
Medicaid reimbursement	623,821	-	-	-	-	-	-	623,821
Federal sources	36,435	32,270,416	9,817,228	-	-	-	-	42,124,079
Miscellaneous	5,062,737	-	76	2,530	-	40,883	101,930	5,208,156
Sales-school lunch	-	-	391,933	-	-	-	-	391,933
Total revenue	<u>347,227,208</u>	<u>43,713,950</u>	<u>10,720,349</u>	<u>4,688</u>	<u>515,436</u>	<u>6,247,597</u>	<u>253,194</u>	<u>408,682,422</u>
Expenditures:								
General support	40,538,755	4,350	-	-	-	3,606,482	239,944	44,389,531
Instruction	166,158,129	40,053,542	-	-	-	-	-	206,211,671
Pupil transportation	22,793,883	1,570,645	-	-	-	-	-	24,364,528
Employee benefits	90,547,795	2,678,682	2,240,226	-	-	1,496,003	-	96,962,706
Debt service:								
Principal	9,571,797	-	-	-	-	-	-	9,571,797
Interest	1,218,337	-	-	-	-	-	-	1,218,337
Cost of sales	-	-	9,883,450	-	-	-	-	9,883,450
Capital outlay	-	-	-	13,835,706	-	-	-	13,835,706
Total expenditures	<u>330,828,696</u>	<u>44,307,219</u>	<u>12,123,676</u>	<u>13,835,706</u>	<u>-</u>	<u>5,102,485</u>	<u>239,944</u>	<u>406,437,726</u>
Excess (deficiency) of revenue over expenditures	<u>16,398,512</u>	<u>(593,269)</u>	<u>(1,403,327)</u>	<u>(13,831,018)</u>	<u>515,436</u>	<u>1,145,112</u>	<u>13,250</u>	<u>2,244,696</u>
Other financing sources (uses):								
Transfers in	303,293	779,465	-	1,750,000	-	-	-	2,832,758
Transfers out	<u>(2,529,465)</u>	<u>(186,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,097)</u>	<u>-</u>	<u>(2,832,758)</u>
Total other financing sources (uses)	<u>(2,226,172)</u>	<u>593,269</u>	<u>-</u>	<u>1,750,000</u>	<u>-</u>	<u>(117,097)</u>	<u>-</u>	<u>-</u>
Changes in fund balances	14,172,340	-	(1,403,327)	(12,081,018)	515,436	1,028,015	13,250	2,244,696
Fund balances at beginning of year	<u>82,666,423</u>	<u>400,000</u>	<u>5,553,731</u>	<u>4,281,105</u>	<u>1,801,828</u>	<u>4,219,310</u>	<u>597,737</u>	<u>99,520,134</u>
Fund balances (deficit) at end of year	<u>\$ 96,838,763</u>	<u>400,000</u>	<u>4,150,404</u>	<u>(7,799,913)</u>	<u>2,317,264</u>	<u>5,247,325</u>	<u>610,987</u>	<u>101,764,830</u>

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June 30, 2024

Net change in fund balances	\$ 2,244,696
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	16,484,575
Depreciation and amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(6,524,915)
Deferred tax revenues and State Aid are recorded on the modified accrual basis, but are not reported in the government-wide financial statement.	(6,413,533)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	9,571,797
Repayments of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	101,060
Amortization of premiums associated with long-term debt are not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	505,287
Amortization of the deferred gain on bond refunding is not recorded as a revenue in the governmental funds, but is recorded in the statement of activities.	(135,266)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of district pension contributions is reported as pension expense:	
ERS pension expense	(1,886,232)
TRS pension expense	(9,553,222)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	(537,521)
Change in compensated absences	37,056
Change in judgments and claims	4,151,936
Change in other postemployment benefits	<u>(3,345,522)</u>
Change in net position of governmental activities	<u>\$ 4,700,196</u>

See accompanying notes to financial statements.

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2024

### (1) Summary of Significant Accounting Policies

Newburgh Enlarged City School District (the District) provides K-12 public education to students living within its geographic boundaries. The accompanying financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below.

#### (a) Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2024.

#### Extraclassroom Activity Fund

The extraclassroom activity funds of the District represent funds of the students of the District. The Board exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be obtained at the District's business office. The District accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

#### Public Library

The public library jointly shares the services of the District Treasurer, appoints trustees for library purposes, and has title to real property used by the library.



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation

(i) District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

(ii) Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of the District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the District are as follows

Governmental funds are those in which most governmental functions of the District are reported. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of the changes in financial position rather than upon determination of net income. The following are the District's major governmental funds:

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

Library Fund: Used to account for operations of the public library.

Miscellaneous Special Revenue Fund: This fund accounts for proceeds from various funding sources, which may be restricted by donor or designated by the District for specific purposes. The transactions of the extraclassroom activities funds are included in this fund as well as scholarships.

(c) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

(d) Measurement Focus and Basis of Accounting

The District-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (d) Measurement Focus and Basis of Accounting, Continued

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

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

##### (e) Cash and Investments

Cash and investments consist of funds deposited in demand deposit accounts and amounts with the New York Cooperative Liquid Assets Securities System (NYCLASS). The District's deposit and investment policies are governed by State statutes. The District has adopted its own written investment policy, which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYCLASS, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, The District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The 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 District subdivisions.

##### (f) Accounts Receivable

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Inventory and Prepaid Items

Inventory of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

(h) Interfund Transactions

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

In the District-Wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

(i) Lease Receivable

The District is a lessor for a noncancellable lease of land and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Lease Receivable, Continued

Key estimates and judgements include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease-term, and (3) lease receipts.

- The District uses its long-term bond rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(j) Capital Assets

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 5,000	Straight-line	50 years
Buildings and improvements	5,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5-15 years
Vehicles	5,000	Straight-line	5 years

(k) Deferred Outflow of Resources and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liabilities and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The second item represents the difference between expected and actual experience as well as changes of assumptions related to the total OPEB liability. The third item represents bond refunding proceeds recognized over the life of the related bond.

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (k) Deferred Outflow of Resources and Inflows of Resources, Continued

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net position liabilities and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third represents differences between expected and actual experience as well as the change of assumptions and other inputs related to the OPEB liability.

##### (l) Vested Employee Benefits

###### Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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

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

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

###### Net Pension Liability/Asset

The net pension liability/asset represents the District's proportionate share of the net pension liability or asset of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). 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."

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (l) Vested Employee Benefits, Continued

###### Total Other Postemployment Benefits Liability

In addition to providing the pension benefits through ERS and TRS, the District provides postemployment health insurance coverage (OPEB) to its retired employees and their survivors. The District has retained an actuary to determine the District's total OPEB liability in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

##### (m) Property Taxes

Real property taxes are levied annually by the Board no later than September 1, and become a lien on September 1. Taxes are collected by the City of Newburgh (the City) and County of Orange (the County). Uncollected taxes become a lien on September 1<sup>st</sup>. Uncollected real property taxes are transmitted to the County for enforcement. Uncollected taxes are paid by the County to the District no later than the forthcoming April 1<sup>st</sup>.

##### (n) Unearned Revenue

Unearned revenue is reported when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

##### (o) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-Wide financial statements. In the Governmental Funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from Governmental Funds are recognized as a liability in the fund financial statements when due.

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

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (p) Short-Term Debt

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

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

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

##### (q) Leases Liabilities

The District is a lessee for noncancellable leases of equipment and a building. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its long-term bond rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Leases Liabilities, Continued

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

(r) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

(s) Equity Classifications

District-Wide Statements

In the District-Wide statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Statements

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

- (1) Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$142,573 and prepaid expenditures recorded in the General Fund of \$250,000.
- (2) Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Currently, New York State laws still use the terminology "reserves" and Districts are only allowed to use reserves authorized by law. The District has reserves as follows:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Unemployment Insurance

Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Employees' Retirement System Liability Reserve

Reserve for employees' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Teachers' Retirement System Liability Reserve

Reserve for teachers' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Workers' Compensation Reserve

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Tax Certiorari

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

Capital Projects

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund and the Capital Projects Fund.

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by the board of education action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Repair

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

Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000 whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Debt Service

Mandatory reserve for debt service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Scholarship Reserve

This reserve is used to account for various scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Extraclassroom Activities Reserve

This reserve is used to account for extraclassroom funds. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Restricted fund balances at June 30, 2024 consists of:

Unemployment insurance	\$ 1,422,087
Workers' compensation	12,601,637
Retirement contributions	9,114,365
Tax certiorari	3,069,959
Capital projects	31,032,240
Employee benefit accrued liability	3,246,369
Insurance	1,153,098
Repair	1,667,503
Liability reserve	3,005,720
Debt service	2,317,264
Other	<u>610,987</u>
Total restricted fund	\$ <u>69,241,229</u>

(3) Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education.) The District has no committed fund balances as of June 30, 2024.

(4) Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as assigned fund balance.

General support	\$ 1,230,877
Instruction	1,478,691
Pupil transportation	72,140
Employee benefits	79,682
Transfer to capital	<u>1,469,685</u>
Total Assigned Fund	\$ <u>4,331,075</u>

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

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (s) Equity Classifications, Continued

###### Fund Statements, Continued

- (5) Unassigned - Includes all other General Fund fund balance that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

###### Order of Fund Balance Spending Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

##### (t) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

#### (2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements

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

##### (a) Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenue, Expenditures and Changes in Fund Balances and the Statements of Activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

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

Capital Related Differences

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

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

Pension differences occur as a result of changes in the District’s proportion of the collection net pension asset/liability and differences between the School District’s contributions and its proportionate share of the total contributions to the pensions system.

OPEB Differences

OPEB differences occur as a result of changes in the District’s total OPEB liability and differences between the School District’s contribution and OPEB expense.

(3) Stewardship, Compliance and Accountability

The District administration prepares a proposed budget for approval by the Board of Education for the general fund for which a legal (appropriated) budget is adopted.

The voters of the District approved the proposed appropriation budget for the general fund and library fund.

Appropriations are adopted at the program line item level.

## NEWBURGH ENLARGED CITY SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (3) Stewardship, Compliance and Accountability, Continued

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects. The Capital Projects Fund has a deficit fund balance of \$7,799,913. This will be funded when the District obtains permanent financing for its current capital projects.

#### (4) Cash and Equivalents

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

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the District holds a portion of the investments in cooperation with other participants. At June 30, 2024, the District held \$79,495,348 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYCLASS are highly liquid and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on its website [www.newyorkclass.org](http://www.newyorkclass.org).



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(4) Cash and Equivalents, Continued

The District's aggregate bank balances, included balances not covered by FDIC insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and equivalents	\$ 57,979,892	41,599,958
Cash equivalents, including trust funds	<u>81,215,625</u>	<u>81,215,625</u>
	<u>\$ 139,195,517</u>	<u>121,815,583</u>
Covered by FDIC insurance	\$ 750,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	<u>57,229,892</u>	
Total	<u>\$ 57,979,892</u>	

Restricted cash represents cash and equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash consists of the following:

General fund:	
Unemployment insurance	\$ 922,087
Workers' compensation reserve	9,601,637
Retirement	7,114,365
Tax certiorari	3,069,959
Capital projects	26,232,240
Employee benefits accrued liability	2,746,369
Insurance	1,153,098
Repairs	1,667,503
Liability reserve	<u>5,720</u>
Total general fund	<u>52,512,978</u>
Capital projects fund	<u>3,894,166</u>
Debt service fund	<u>1,720,276</u>
Miscellaneous special revenue fund:	
Extraclassroom activities	209,356
Scholarships	<u>316,426</u>
Total miscellaneous fund	<u>525,782</u>
Total restricted cash	<u>\$ 58,653,202</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(5) Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 1,949,269	-	-	1,949,269
Construction in progress	<u>48,366,909</u>	<u>13,835,706</u>	<u>-</u>	<u>62,202,615</u>
Total capital assets that are not being depreciated	<u>50,316,178</u>	<u>13,835,706</u>	<u>-</u>	<u>64,151,884</u>
Capital assets that are being depreciated:				
Building and improvements	271,779,218	724,534	(64,185)	272,439,567
Machinery and equipment	14,832,101	1,511,860	(1,351,815)	14,992,146
Vehicles	<u>1,499,659</u>	<u>363,095</u>	<u>-</u>	<u>1,862,754</u>
Total capital assets that are being depreciated	<u>288,110,978</u>	<u>2,599,489</u>	<u>(1,416,000)</u>	<u>289,294,467</u>
Less accumulated depreciation	<u>(172,925,465)</u>	<u>(6,083,072)</u>	<u>1,388,798</u>	<u>(177,619,739)</u>
Total capital assets, net	<u>165,501,691</u>	<u>10,352,123</u>	<u>(27,202)</u>	<u>175,826,612</u>
Leased assets, being amortized:				
Building	88,479	-	88,479	-
Equipment	<u>2,110,192</u>	<u>423,265</u>	<u>2,058,401</u>	<u>475,056</u>
Total leased assets	<u>2,198,671</u>	<u>423,265</u>	<u>2,146,880</u>	<u>475,056</u>
Less accumulated amortization:				
Building	(65,196)	(23,283)	88,479	-
Equipment	<u>(1,743,140)</u>	<u>(418,560)</u>	<u>2,058,401</u>	<u>(103,299)</u>
Total accumulated amortization	<u>(1,808,336)</u>	<u>(441,843)</u>	<u>2,146,880</u>	<u>(103,299)</u>
Total leased assets, being amortized, net	<u>390,335</u>	<u>(18,578)</u>	<u>-</u>	<u>371,757</u>
Governmental activities - capital assets, net	<u>\$ 165,892,026</u>	<u>10,333,545</u>	<u>(27,202)</u>	<u>176,198,369</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(5) Capital Assets, Continued

Depreciation and amortization expense for the year ended June 30, 2024, was allocated to specific functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General support	\$ 193,331	-
Instruction	5,787,302	441,843
Pupil transportation	1,978	-
Cost of sales	<u>100,461</u>	<u>-</u>
Total	\$ <u>6,083,072</u>	<u>441,843</u>

(6) Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Issued/ Increased</u>	<u>Redeemed/ Defeased</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Long-term Portion</u>
Government activities:						
Bonds payable:						
Unamortized bond premium	\$ 26,250,000	-	7,625,000	18,625,000	5,260,000	13,365,000
Bon premium	<u>1,754,643</u>	<u>-</u>	<u>581,868</u>	<u>1,172,775</u>	<u>-</u>	<u>1,172,775</u>
Total bonds payable	28,004,643	-	8,206,868	19,797,775	5,260,000	14,537,775
Other liabilities:						
Energy performance contracts	23,021,590	-	1,946,797	21,074,793	1,974,771	19,100,022
Leases liability	50,490	423,265	101,060	372,695	101,315	271,380
Judgments and claims payable	7,938,456	-	4,151,936	3,786,520	-	3,786,520
Net pension liability - proportionate share - ERS	16,741,034	-	5,060,361	11,680,673	-	11,680,673
Net pension liability - proportionate share - TRS	13,302,579	-	5,300,757	8,001,822	-	8,001,822
Compensated absences	3,885,231	-	37,056	3,848,175	-	3,848,175
Total OPEB liability	<u>633,186,093</u>	<u>47,644,914</u>	<u>-</u>	<u>680,831,007</u>	<u>-</u>	<u>680,831,007</u>
Total	\$ <u>726,130,116</u>	<u>48,068,179</u>	<u>24,804,835</u>	<u>749,393,460</u>	<u>7,336,086</u>	<u>742,057,374</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows at June 30, 2024:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Serial Bonds	2012	2026	varies	3,680,000
Serial Bonds	2014	2026	varies	2,400,000
Serial Bonds	2021	2041	varies	10,860,000
Serial Bonds	2022	2025	varies	<u>1,685,000</u>
				\$ <u>18,625,000</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(6) Long-Term Liabilities, Continued

The following is a summary of the maturity of bonds payable:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,260,000	598,269	5,858,269
2026	3,720,000	406,644	4,126,644
2027	500,000	266,206	766,206
2028	530,000	241,206	771,206
2029	555,000	214,706	769,706
2030-2034	3,105,000	737,231	3,842,231
2035-2039	3,470,000	368,781	3,838,781
2040-2041	<u>1,485,000</u>	<u>47,494</u>	<u>1,532,494</u>
	\$ <u>18,625,000</u>	<u>2,880,537</u>	<u>21,505,537</u>

In fiscal year 2021-2022, the District refinanced two Energy Performance Contracts (EPC) agreements for \$23,078,999 and \$1,861,811. Upon refinancing, the prior EPC agreements were paid in full. The agreement carries interest rates of 1.4339% and 1.4062%, respectively and matures in 2034. The following is a summary of the scheduled principal and interest payments of energy performance agreement:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,974,771	294,703	2,269,474
2026	2,003,146	266,327	2,269,473
2027	2,031,930	237,544	2,269,474
2028	2,061,127	208,346	2,269,473
2029	2,090,743	178,730	2,269,473
2030-2034	<u>10,913,076</u>	<u>434,291</u>	<u>11,347,367</u>
	\$ <u>21,074,793</u>	<u>1,619,941</u>	<u>22,694,734</u>

Interest on long-term debt for the year ended June 30, 2024 was composed of:

Interest paid	\$ 1,218,337
Less interest accrued in the prior year	(326,024)
Plus interest accrued in the current year	863,545
Bond premium amortization	(505,287)
Deferred gain amortization	<u>135,266</u>
Total expense	\$ <u>1,385,837</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(7) Lease Agreements

Lease liabilities

The District leases various equipment and machines, primarily from Konica Minolta. The leases do not contain renewal options. The leases have various inception dates and remaining terms of three years. The remaining lease liability is \$372,696.

Activity of lease liabilities for the year ended June 30, 2024, is summarized as follows:

<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Amount due with one year</u>
\$ <u>50,490</u>	<u>423,265</u>	<u>101,060</u>	<u>372,695</u>	<u>101,315</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 101,315	12,835	114,150
2026	105,369	8,781	114,150
2027	109,585	4,564	114,149
2028	<u>56,426</u>	<u>649</u>	<u>57,075</u>
	\$ <u>372,695</u>	<u>26,829</u>	<u>399,524</u>

Lease receivables

The District is lessor of various equipment and properties. The leases do not contain renewal options. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Future Receipts</u>
NFA Sprint tower Nextel - equipment	2.16%	\$ 2,391,474
NFA phone tower ATT - Land	2.16%	<u>2,656,959</u>
		\$ <u>5,048,433</u>

Activity of lease inflows for the year ended June 30, 2024 is summarized as follows

Lease revenue:		
Land		\$ 44,115
Equipment		<u>147,260</u>
	Total lease revenue	191,375
Interest revenue		<u>83,604</u>
	Total	\$ <u>274,979</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(7) Lease Agreements, Continued

Future minimum lease payments due to the District are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 123,898	80,970	204,868
2026	127,587	78,258	205,845
2027	131,378	75,464	206,842
2028	157,470	72,389	229,859
2029	163,992	68,904	232,896
2030-2034	939,074	287,704	1,226,778
2035-2039	747,784	181,691	929,475
2040-2044	199,668	142,598	342,266
2045-2049	259,965	117,922	377,898
2050-2054	331,045	86,176	417,221
2055-2059	414,537	46,109	460,545
2060-2064	<u>208,714</u>	<u>5,136</u>	<u>213,850</u>
	\$ <u>3,805,112</u>	<u>1,243,321</u>	<u>5,048,433</u>

(8) Interfund Balances and Activity

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 16,433,868	10,532,232	303,293	2,529,465
Special aid fund	-	16,438,482	779,465	186,196
School lunch fund	3,374,219	-	-	-
Capital projects fund	3,900,167	426,532	1,750,000	-
Debt service fund	596,988	-	-	-
Library fund	3,087,242	-	-	117,097
Miscellaneous special revenue fund	<u>5,762</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Total	\$ <u>27,398,246</u>	<u>27,398,246</u>	<u>2,832,758</u>	<u>2,832,758</u>

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position.

The District typically advances resources between funds for the purpose of mitigating the effects of transient cash flow issues.

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(a) Plan Descriptions and Benefits Provided, Continued  
Employees' Retirement System (ERS), Continued

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems; fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/1/2023	6/30/2023
Net pension liability	\$11,680,673	8,001,822
District's proportion of the Plan's net pension liability	0.0793306%	0.699714%
Change in proportionate share	0.0012621	0.0064710

For the year ended June 30, 2024, the District's recognized pension expense of \$5,524,972 for ERS and pension expense of \$22,428,050 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(b) Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 3,762,335	19,402,289	318,501	47,951
Changes of assumptions	4,416,200	17,227,685	-	3,754,679
Net difference between projected and actual earnings on pension plan investments	-	4,090,373	5,705,946	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,082,602	407,052	118,026	1,144,615
Contributions subsequent to the measurement date	<u>1,067,881</u>	<u>12,878,946</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,329,018</u>	<u>54,006,345</u>	<u>6,142,473</u>	<u>4,947,245</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ (1,805,415)	3,007,177
2026	2,503,250	(4,305,634)
2027	3,590,608	32,092,318
2028	(1,169,779)	2,402,484
2029	-	1,824,957
Thereafter	<u>-</u>	<u>1,158,852</u>
	<u>\$ 3,118,664</u>	<u>36,180,154</u>

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2023	March 31, 2024
Actuarial valuation date	June 30, 2022	April 1, 2023
Inflation rate	2.40%	2.90%
Salary scale	1.95% - 5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost-of-living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

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

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.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2024		June 30, 2023	
	Long-term expected real rate of <u>of return*</u>	Target <u>allocation</u>	Long-term expected real rate <u>of return*</u>	Target <u>allocation</u>
Asset class:				
Domestic equity	4.00%	32%	6.80%	33%
International equity	6.65%	15%	7.60%	15%
Real estate equity	4.60%	9%	6.30%	11%
Global equity	-	-	7.20%	4%
Domestic fixed income	-	-	2.20%	16%
Global bonds	-	-	1.60%	2%
High-yield bonds	-	-	4.40%	1%
Real estate debt	-	-	3.20%	6%
Private equity	7.25%	10%	10.10%	9%
Private debt	-	-	6.00%	2%
Real assets	5.79%	3%	-	-
Fixed income	1.50%	23%	-	-
Opportunistic/ARS portfolio	5.25%	3%	-	-
Credit	5.40%	4%	-	-
Cash	0.25	1%	0.30%	1%
		<u>100%</u>		<u>100%</u>

\* For ERS, the real rates of return are net of a long-term inflation assumption of 2.9%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments for 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liabilities calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension liabilities 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:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$ <u>(36,725,228)</u>	(11,680,673)	<u>9,236,727</u>
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ <u>(121,871,806)</u>	(8,001,822)	<u>87,767,759</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	<u>ERS</u>	<u>TRS</u>
	(Dollars in Millions)	
Measurement date	3/31/2024	6/30/2023
Employers' total pension liability	\$ (240,697)	(138,365)
Plan net position	<u>225,973</u>	<u>137,221</u>
Employers' net pension liability	\$ <u>(14,724)</u>	<u>(1,144)</u>
Ratio of plan net position to the employers' total pension liability	93.88%	99.20%

(g) Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$1,067,881. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the Government-Wide financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(g) Payables to the Pension Plan, Continued

TRS employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. 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 employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2024 amounted to \$14,711,909 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2024 were \$12,878,946.

(10) Other Postemployment Benefits (OPEB)

(a) Plan Description

The District's single employer defined benefit OPEB plan, which is administered by the District, provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits and eligibility requirements determined by the employment contracts negotiated between the District and its employee groups. All employees are eligible if they retire at or after the age of 55 and have 10 years of service with the District. Medical benefits, including pharmaceutical costs, are provided through plans whose premiums are based on the benefits paid during the year. The District pays 100% of the cost of premiums with surviving spouses contributing 100% of premiums.

Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. The plan does not accumulate assets to meet its future obligation and the plan is not administered through a trust or an equivalent arrangement that meets the criteria of GASB 75, paragraph 4. The OPEB plan does not issue a stand-alone financial report.

In the governmental funds, the District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. Total contributions to the plan to cover the District's share of insurance premiums for the year ended June 30, 2024 was \$17,921,056.

(b) Employees Covered by Benefit Terms

At July 1, 2023, the number of employees covered by the District's OPEB plan was:

Inactive employees or beneficiaries	
currently receiving benefits	1,987
Active employees	<u>1,509</u>
Total participants	<u>3,496</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

(c) Total OPEB Liability

The District's total OPEB liability of \$680,831,020 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	4.00%
Discount rate	3.65%
Healthcare cost trend rates	6.50% for 2023, decreasing to 0.25% per year to an ultimate rate of 4.56% in 2030

Pub-2010 Headcount Weighted Mortality Table protected generationally with MP-2021 from the central year.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2023	\$ <u>633,186,093</u>
Changes for the year:	
Service cost	22,899,631
Interest	22,910,991
Changes of assumptions	36,943,818
Difference between expected and actual experience	(17,188,470)
Benefit payments	<u>(17,921,056)</u>
Total changes	<u>47,644,914</u>
Total OPEB liability as of June 30, 2024	\$ <u>680,831,007</u>

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65%) or 1-percentage point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ <u>803,505,589</u>	<u>680,831,007</u>	<u>583,243,773</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>572,819,588</u>	<u>680,831,007</u>	<u>820,588,894</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of \$23,852,177. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,159,894	17,996,582
Changes of assumptions	95,071,575	187,826,004
Contributions subsequent to measurement date	<u>20,506,655</u>	<u>-</u>
Total	\$ <u>121,738,124</u>	<u>205,822,586</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2025	\$ (18,391,068)
2026	(16,913,871)
2027	(20,425,658)
2028	(38,057,997)
2029	(12,461,367)
Thereafter	<u>1,658,844</u>
	\$ <u>(104,591,117)</u>

(11) Risk Management

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(11) Risk Management, Continued

Consortiums and Self Insured Plans - For the year ended June 30, 2024, the District has chosen to establish a risk financing fund for risks associated with workers' compensation, which is accounted for in the District's general fund.

The District's workers' compensation program administrator is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District performs an actuarial study of its workers' compensation plan on a biannual basis, the last actuarial study was conducted during the fiscal year ended June 30, 2017. At year end, the District estimated its liability at \$3,786,520 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date.

As of June 30, 2024, the District's reserves provide coverage for up to a maximum of \$650,000 for each workers' compensation claim with annual cash flow endorsements, \$50,000 for each property claim and \$10,000 for School Board liability. The District purchases commercial insurance for claims in excess of coverage provided by the fund for all other risks of loss.

The District's claims experience for the year ended June 30, 2024 for workers' compensation is as follows:

Unpaid claims at beginning of year	\$ 7,938,456
Claims payments	<u>4,151,936</u>
Unpaid claims at end of year	\$ <u>3,786,520</u>

The District participates in a risk sharing pool for property and casualty insurance, sponsored by NYSIR (New York School Insurance Reciprocal). The District is jointly and severally liable for claims of all group members.

(12) Tax Abatements

All real property in New York State is subject to taxation unless specific legal provision grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas other pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.



NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Tax Abatements, Continued

The District has 29 real property tax abatement agreements that are entered into by the Orange County Industrial Development Agency (OCIDA), the Town of Newburgh, the Town of New Windsor and the City of Newburgh Industrial Development Agency (NIDA). These agreements provide for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) in accordance with the OCIDA's, NIDA's or the Towns' Tax Exemption Policy.

PILOTs are granted in accordance with various activities such as new affordable housing construction, purchase of an existing facility, development of a new facility, or the improvement or expansion of an existing facility to promote job creation or retention. There are no policies for recapture of PILOTs should the applicant not meet certain criteria.

The following are the aggregated PILOT agreements by purpose and the amount of real property tax that has been abated for the year ended June 30, 2024:

<u>Purpose:</u>	<u>Assessed taxable value</u>	<u>Tax value</u>	<u>PILOT received</u>	<u>2023-2024 Amount of tax abated</u>	<u>Prior year payments received</u>	<u>Total tax Abatement</u>
Town of Newburgh:						
Promote affordable housing	\$ 1,336,300	96,338	14,707	81,631	-	81,631
Promote job retention and growth	3,374,400	243,272	25,694	217,578	-	217,578
Town of New Windsor -						
Promote job retention and growth	3,014,100	427,273	388,998	38,275	-	38,275
Orange County Industrial Development Agency -						
promote economic growth	23,456,376	1,824,479	1,419,258	405,220	-	405,220
City of Newburgh Industrial Development Agency:						
Promote affordable housing	73,782,200	1,148,406	127,793	1,020,613	168,911	851,702
Promote job retention and growth	<u>854,000</u>	<u>13,292</u>	<u>-</u>	<u>13,292</u>	<u>-</u>	<u>13,292</u>
Total	<u>\$ 105,817,376</u>	<u>3,753,060</u>	<u>1,976,450</u>	<u>1,776,609</u>	<u>168,911</u>	<u>1,607,698</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Commitments and Contingencies

Grants

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial. The District has tax certiorari pending with certain property owners. While the outcome of these matters is uncertain, the District intends to vigorously defend its position.

(14) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

(15) Donor-Restricted Endowments

The District administers endowment funds within the private purpose trust, which are restricted by the donor for the purpose of student scholarships and awards.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

REQUIRED SUPPLEMENTARY INFORMATION

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Required Supplementary Information  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Budget to Actual - General Fund  
Year ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:				
Real property taxes	\$ 101,987,520	101,987,520	104,392,635	2,405,115
Other tax items	13,529,991	13,529,991	13,190,837	(339,154)
Charges for services	45,000	45,000	41,699	(3,301)
Use of money and property	427,000	427,000	6,351,231	5,924,231
Sale of property and compensation for loss	180,000	180,000	185,356	5,356
State sources	213,314,733	213,314,733	217,342,457	4,027,724
Medicaid reimbursement	200,000	200,000	623,821	423,821
Federal sources	40,000	40,000	36,435	(3,565)
Miscellaneous	1,260,000	1,260,000	5,062,737	3,802,737
Other financing sources - transfers from other funds	400,000	400,000	303,293	(96,707)
Approved reserves	<u>4,059,572</u>	<u>5,811,674</u>	<u>-</u>	<u>(5,811,674)</u>
Total revenue	<u>\$ 335,443,816</u>	<u>337,195,918</u>	<u>347,530,501</u>	<u>10,334,583</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
 Required Supplementary Information  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 Budget and Actual - General Fund, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with Budgetary <u>Actual</u>
Expenditures:					
General support:					
Board of Education	\$ 190,923	229,870	211,500	1,917	16,453
Central administration	954,507	998,243	986,070	7,913	4,260
Finance	1,637,514	1,700,164	1,495,772	153,307	51,085
Staff	1,894,130	1,871,659	1,835,455	10,302	25,902
Central services	18,374,019	19,755,897	18,095,243	1,057,438	603,216
Special items	<u>1,528,712</u>	<u>2,437,169</u>	<u>17,914,715</u>	<u>-</u>	<u>(15,477,546)</u>
Total general support	<u>24,579,805</u>	<u>26,993,002</u>	<u>40,538,755</u>	<u>1,230,877</u>	<u>(14,776,630)</u>
Instruction:					
Instruction, administration and improvement	11,151,146	12,034,234	11,837,291	50,708	146,235
Teaching - regular school Programs for children with handicap conditions	83,979,009	75,867,027	75,460,908	101,558	304,561
Occupational education	53,200,065	53,795,124	52,470,283	1,180,094	144,747
Teaching - special school	5,587,839	5,405,122	5,398,249	2,576	4,297
Instructional media	69,000	38,000	21,486	-	16,514
Pupil services	4,013,342	3,461,209	3,318,638	3,909	138,662
Total instruction	<u>18,904,733</u>	<u>19,001,846</u>	<u>17,651,274</u>	<u>139,846</u>	<u>1,210,726</u>
Total instruction	<u>176,905,134</u>	<u>169,602,562</u>	<u>166,158,129</u>	<u>1,478,691</u>	<u>1,965,742</u>
Pupil transportation	22,561,060	22,742,705	22,793,883	72,140	(123,318)
Employee benefits	97,307,680	96,986,449	90,547,795	79,682	6,358,972
Debt service - principal	9,571,798	14,571,798	9,571,797	-	5,000,001
Debt service - interest	<u>2,218,339</u>	<u>2,249,402</u>	<u>1,218,337</u>	<u>-</u>	<u>1,031,065</u>
Total expenditures	<u>333,143,816</u>	<u>333,145,918</u>	<u>330,828,696</u>	<u>2,861,390</u>	<u>(544,168)</u>
Other uses - transfers out	<u>2,300,000</u>	<u>4,050,000</u>	<u>2,529,465</u>	<u>1,469,685</u>	<u>50,850</u>
Total expenditures and other uses	<u>335,443,816</u>	<u>337,195,918</u>	<u>333,358,161</u>	<u>4,331,075</u>	<u>(493,318)</u>
Change in fund balance	<u>\$ -</u>	<u>-</u>	14,172,340	<u>(4,331,075)</u>	<u>9,841,265</u>
Fund balance at beginning of year			<u>82,666,423</u>		
Fund balance at end of year			<u>\$ 96,838,763</u>		

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios  
Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 22,899,631	32,885,208	36,531,706	25,558,647	22,504,303	20,183,805	21,319,845
Interest	22,910,991	17,010,859	19,482,470	24,509,769	24,606,506	22,478,124	18,116,285
Changes of benefit terms	-	-	137,769	-	(1,151,558)	-	-
Changes of assumptions	36,943,818	(163,318,745)	(124,722,295)	140,989,583	8,345,884	(20,927,950)	(93,687,165)
Difference between expected and actual experience	(17,188,470)	673,099	(4,510,730)	(1,890,010)	21,504,331	(20,514)	63,090,036
Benefit payments	<u>(17,921,056)</u>	<u>(17,345,215)</u>	<u>(17,237,835)</u>	<u>(16,445,248)</u>	<u>(16,354,979)</u>	<u>(15,836,050)</u>	<u>(15,159,717)</u>
Net change in total OPEB liability	47,644,914	(130,094,794)	(90,318,915)	172,722,741	59,454,487	5,877,415	(6,320,716)
Total OPEB liability - beginning	<u>633,186,093</u>	<u>763,280,887</u>	<u>853,599,802</u>	<u>680,877,061</u>	<u>621,422,574</u>	<u>615,545,159</u>	<u>621,865,875</u>
Total OPEB liability - ending	<u>\$ 680,831,007</u>	<u>633,186,093</u>	<u>763,280,887</u>	<u>853,599,802</u>	<u>680,877,061</u>	<u>621,422,574</u>	<u>615,545,159</u>
Covered payroll	\$ 152,229,645	165,653,891	145,891,058	145,891,058	150,483,916	145,299,977	138,885,552
Total OPEB liability as a percentage of covered payroll	447.24%	382.23%	523.19%	585.09%	452.46%	427.68%	443.20%

Notes to schedule:

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

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.65%	2.16%	2.16%	2.21%	3.51%	3.87%	3.58%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability  
Year ended June 30, 2024

<u>ERS System - Asset (Liability)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the pension asset (liability)	0.079331%	0.078069%	0.071510%	0.074167%	0.074912%	0.070655%	0.071010%	0.070729%	0.074037%	0.077062%
The District's proportionate share of the net pension asset (liability)	\$ (11,680,673)	(16,741,034)	5,845,617	(73,851)	(19,837,087)	(5,006,132)	(2,291,797)	(6,645,894)	(11,883,210)	(2,603,348)
The District's covered payroll	\$ 29,877,842	27,865,354	25,333,678	25,172,529	23,285,661	20,882,636	20,882,636	21,254,678	20,746,383	21,051,468
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	39.09%	60.08%	23.07%	0.29%	85.19%	23.97%	10.97%	31.27%	57.28%	12.37%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.88%	90.78%	103.65%	99.95%	86.00%	96.27%	98.00%	95.00%	90.70%	97.95%
<u>TRS System - Liability (Asset)</u>										
The District's proportion of the net pension asset (liability)	0.699714%	0.693243%	0.686987%	0.707336%	0.695081%	0.687190%	0.679209%	0.671571%	0.683497%	0.684219%
The District's proportionate share of the net pension asset (liability)	\$ (8,001,822)	(13,302,579)	119,048,279	(19,545,619)	18,058,262	12,426,204	5,162,661	(7,192,810)	70,993,580	76,217,689
The District's covered payroll	\$ 131,956,410	129,161,215	122,809,571	116,603,736	120,050,929	111,935,510	107,632,218	103,630,226	102,670,559	101,069,742
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	6.06%	10.30%	96.94%	16.76%	15.04%	11.10%	4.80%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.20%	98.60%	113.20%	97.80%	101.50%	101.50%	101.00%	99.00%	110.50%	111.50%

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Pension Contributions  
Year ended June 30, 2024

<u>ERS System</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,430,268	3,428,252	2,809,020	3,887,319	3,290,587	3,043,822	3,214,618	3,204,154	3,881,960	4,520,397
Contribution in relation to the contractually required contribution	<u>3,430,268</u>	<u>3,428,252</u>	<u>2,809,020</u>	<u>3,887,319</u>	<u>3,290,587</u>	<u>3,043,822</u>	<u>3,214,618</u>	<u>3,204,154</u>	<u>3,881,960</u>	<u>4,520,397</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 29,877,842</u>	<u>27,865,354</u>	<u>25,333,678</u>	<u>25,172,529</u>	<u>23,285,661</u>	<u>20,882,636</u>	<u>20,882,636</u>	<u>21,254,678</u>	<u>20,746,383</u>	<u>21,051,468</u>
Contribution as a percentage of covered payroll	11.48%	12.30%	11.09%	15.44%	14.13%	14.58%	15.39%	15.08%	18.71%	21.47%
 <u>TRS System</u>										
Contractually required contribution	\$ 13,297,875	13,290,689	12,035,338	11,112,336	10,636,512	10,969,680	12,614,496	13,741,368	17,998,149	16,423,833
Contribution in relation to the contractually required contribution	<u>13,297,875</u>	<u>13,290,689</u>	<u>12,035,338</u>	<u>11,112,336</u>	<u>10,636,512</u>	<u>10,969,680</u>	<u>12,614,496</u>	<u>13,741,368</u>	<u>17,998,149</u>	<u>16,423,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 131,956,410</u>	<u>129,161,215</u>	<u>122,809,571</u>	<u>116,603,736</u>	<u>120,050,929</u>	<u>111,935,510</u>	<u>107,632,218</u>	<u>103,630,226</u>	<u>102,670,559</u>	<u>101,069,742</u>
Contribution as a percentage of covered payroll	10.08%	10.29%	9.80%	9.53%	8.86%	9.80%	11.72%	13.26%	17.53%	16.25%



OTHER SUPPLEMENTARY INFORMATION

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
 Other Supplementary Information  
 Schedule of Change from Adopted Budget to Final Budget and  
 the Real Property Tax Limit - General Fund  
 Year ended June 30, 2024

Change from adopted budget to final budget:

Original budget	\$ 335,443,816
Add prior year's encumbrances	<u>1,752,102</u>
Adopted budget	337,195,918
Additional budget amendments	<u>-</u>
Final budget	<u><u>\$ 337,195,918</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2024-2025 voter approved expenditure budget	<u>\$ 358,983,349</u>
Maximum allowed 4.0% of 2024-2025 budget	<u><u>14,359,334</u></u>

General fund fund balance subject to Section 1318 of  
 Real Property Tax Law\*:

Unrestricted fund balance:	
Appropriated fund balance	\$ 12,202,575
Unassigned fund balance	<u>18,073,210</u>
Total unrestricted fund balance	30,275,785
Less:	
Appropriated fund balance	7,871,500
Encumbrances	<u>4,331,075</u>
Total adjustments	<u>12,202,575</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 18,073,210</u></u>
Actual percentage	5.03%

\* Per New York State Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Other Supplementary Information  
Schedule of Project Expenditures - Capital Projects Fund  
Year ended June 30, 2024

Project title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) 6/30/2024
			Prior Years	Current Year	Total		Proceeds of Obligations	State and Federal Aid	Local Sources	Total	
Smart Schools Bond Act	\$ 12,831,056	12,831,056	9,612,340	1,838,807	11,451,147	1,379,909	-	6,914,928	1,275,732	8,190,660	(3,260,487)
Security - District-Wide	1,114,451	1,122,879	1,122,879	-	1,122,879	-	-	-	1,122,879	1,122,879	-
HOH Reconstruction	250,000	250,000	120,253	-	120,253	129,747	-	-	120,253	120,253	-
BAL-Old Balmville Demolition	495,000	495,000	434,452	-	434,452	60,548	-	-	495,000	495,000	60,548
Energy Performance Contract	26,135,748	28,141,425	28,141,425	163,624	28,305,049	(163,624)	28,133,926	-	-	28,133,926	(171,123)
Capital Bond District-Wide	257,000,000	257,000,000	22,402,238	11,833,275	34,235,513	222,764,487	15,006,534	-	14,800,128	29,806,662	(4,428,851)
District-Wide Renovations	49,950,222	49,434,228	49,434,228	-	49,434,228	-	49,434,228	-	-	49,434,228	-
District-Wide Improvements	68,000,000	68,259,843	68,259,843	-	68,259,843	-	57,413,343	9,483,351	1,363,149	68,259,843	-
Athletic Field Improvements	8,500,000	8,637,429	8,637,429	-	8,637,429	-	8,637,429	-	-	8,637,429	-
	<u>\$ 424,276,477</u>	<u>426,171,860</u>	<u>188,165,087</u>	<u>13,835,706</u>	<u>202,000,793</u>	<u>224,171,067</u>	<u>158,625,460</u>	<u>16,398,279</u>	<u>19,177,141</u>	<u>194,200,880</u>	<u>(7,799,913)</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
 Other Supplementary Information  
 Net Investment in Capital Assets  
 June 30, 2024

Capital assets, net		\$ 176,198,369
Add - deferred loss on refunding		22,543
Deduct:		
Bond anticipation note	\$ 15,000,000	
Short-term portion of bonds	7,234,771	
Long-term portion of bonds payable	33,637,797	
Short-term portion of lease payable	101,315	
Long-term portion of lease payable	271,380	
Accounts payable - capital projects fund	<u>167,714</u>	<u>56,412,977</u>
Net investment in capital assets		<u>\$ 119,807,935</u>

**INDEPENDENT AUDITOR’S 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**

The Board of Education  
Newburgh Enlarged City School District:

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 and each major fund of the Newburgh Enlarged City School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which is described in the accompanying schedule of findings and responses as items 2024-002 and 2024-003.

#### The District's Responses to Findings

Government Auditing Standards requires that auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
December 20, 2024

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2024

Part II - FINANCIAL STATEMENT FINDINGS SECTION

(2024-001) Accounting Records and Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accurate accounting records.

Condition - Significant changes occurred in the District staffing during the year resulting in delays in reconciling asset and liability accounts in multiple funds and therefore, the accounting records did not accurately reflect appropriate balances.

Cause - The District must have highly qualified people in the position of District Treasurer and Deputy Treasurer; staff are to attach supporting documentation to all journal entries and cash receipts in Wincap, but that was not consistently done; staff have wide access to files which allows for removal of documents that should be maintained through staffing transitions.

Effect of Condition - Material adjusting journal entries across all funds were required in order to correct and/or correct those done by the District Treasurer and accurately report accounting records.

Recommendation - We recommend that significant asset and liability accounts be reconciled at year-end to ensure accounting records accurately reflect appropriate balances.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 68.

(2024-002) Untimely Filing

Criteria - Pursuant to Education Law Section 2116-a(3)(a) and Commissioner's Regulations Section 170.12(e)(2), School Districts other than Buffalo, Rochester, Syracuse, Yonkers and New York City and BOCES must submit audited financial statements by October 15, or the next business day if the due date falls on a Saturday or Sunday. Management is responsible for ensuring the timely filing of financial statements.

Condition - As of the date of this report, financial statements have not been filed with the New York State Education Department.

Cause - The District was not able to timely file the financial statements with the New York State Education Department. This is the result of incomplete accounting work by the District Treasurer during the year ended June 30, 2024.

Effect of Condition - Untimely filing can lead to New York State withholding funding from the District.

Recommendation - We recommend that management take steps to ensure the timely filing of financial statements.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 68.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs, Continued

(2024-003) Section 1318 of the New York State Real Property Tax Law

Criteria - This District's general fund balance subject to §1318 of the New York State Real Property Tax Law was in excess of the 4% limit, at 5.03% as of June 30, 2024.

Effect - The District is not in compliance with §1318 of the New York State Real Property Tax Law as its unassigned fund balance at June 30, 2024 of \$18,073,210 was at 5.03% of the 2024-2025 voter approved expenditure budget.

Cause - 2024 surplus of \$14,172,340 was offset by restricted reserve funding of \$13,800,000 as approved by the Board of Education. However, the District still has unassigned fund balance in excess of the 4% limit as of June 30, 2024.

Recommendation - The District should implement procedures to assess general fund fund balance subject to New York State Real Property Tax Law to ensure compliance with the 4% limitation, and make appropriate adjustments to the restricted or appropriated fund balance before the real property tax is levied.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 69.



NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Corrective Action Plan

Year ended June 30, 2024

Name of Auditee: Newburgh Enlarged City School District

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended June 30, 2024

CAP Prepared by: Kimberly Rohring, Assistant Superintendent for Finance/CFO

Email: krohring@necsd.net

(A) Current Finding on the Schedule of Findings and Questioned Costs

(1) Audit Finding 2024-001

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will reconcile significant asset and liability accounts at year end to ensure accounting records accurately reflect appropriate balances.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2025.
- (d) Person Responsible for Implementation: District Treasurer.

(2) Audit Finding 2024-002

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will complete the financial statements in a timely manner to submit to the New York State Education Department.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2025.
- (d) Person Responsible for Implementation: District Treasurer.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT  
Corrective Action Plan, Continued

(A) Current Finding on the Schedule of Findings and Questioned Costs, Continued

(3) Audit Finding 2024-003

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will closely monitor fund balance throughout the fiscal year and during the budget process.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2025.
- (d) Person Responsible for Implementation: Kimberly Rohring, Assistant Superintendent for Finance/CFO.