

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2023

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

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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, each major fund, and the aggregate remaining fund information of the Newburgh Enlarged City School District (the District), as of and for the year ended June 30, 2023, 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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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 55 through 59 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 auditing standards generally accepted in the United States of America. 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 October 13, 2023 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
October 13, 2023

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2023

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, 2023. 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 \$(504,786,644).
- Government-Wide net position is \$9,991,695 more than at June 30, 2022.
- 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

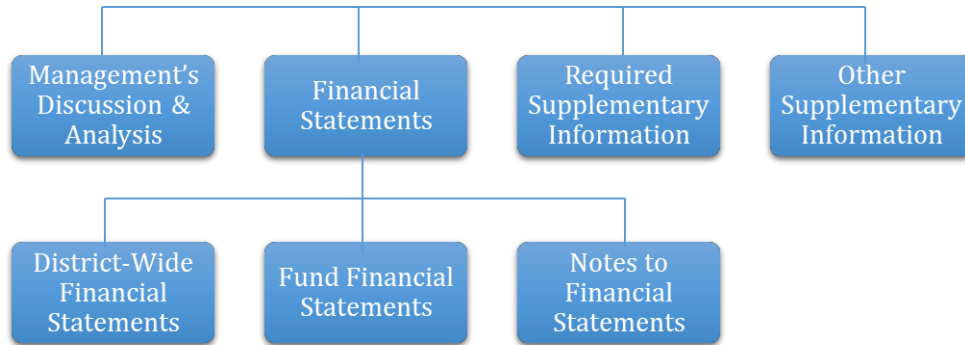


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

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"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenue, expenditures and changes in fund balances
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 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 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, and library fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balance.

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 Statement of Net Position - Governmental Activities

	<u>2023</u>	<u>2022</u>	Increase (decrease)	Percentage change
Current assets	\$ 147,126,981	142,480,993	4,645,988	3.3%
Noncurrent assets	<u>165,892,026</u>	<u>285,873,875</u>	<u>(119,981,849)</u>	(42.0%)
Total assets	<u>313,019,007</u>	<u>428,354,868</u>	<u>(115,335,861)</u>	(26.9%)
Deferred outflows of resources	<u>200,931,516</u>	<u>231,295,933</u>	<u>(30,364,417)</u>	(13.1%)
Liabilities:				
Current liabilities	44,360,374	45,018,729	(658,355)	(1.5%)
Long-term liabilities	<u>716,507,828</u>	<u>827,651,723</u>	<u>(111,143,895)</u>	(13.4%)
Total liabilities	<u>760,868,202</u>	<u>872,670,452</u>	<u>(111,802,250)</u>	(12.8%)
Deferred inflows of resources	<u>257,868,965</u>	<u>301,758,688</u>	<u>(43,889,723)</u>	(14.5%)

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

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Net position:				
Net investment in capital assets	\$ 115,021,176	101,069,154	13,952,022	13.8%
Restricted	69,947,897	69,713,922	233,975	0.3%
Unrestricted	<u>(689,755,717)</u>	<u>(685,561,415)</u>	<u>(4,194,302)</u>	(0.6%)
Total net position	<u>\$ (504,786,644)</u>	<u>(514,778,339)</u>	<u>9,991,695</u>	1.9%

In Table A-3, total assets at June 30, 2023 were approximately \$115 million less than at June 30, 2022. Noncurrent assets decreased approximately \$120 million, due largely to the Employees' and Teachers' Retirement System's net pension asset decreasing approximately \$124 million and capital assets, net of depreciation decreasing by \$5 million. Current assets increased approximately \$5 million, due primarily to recognize the lease revenue receivable of \$5 million related to increases in amounts due for state and federal aid.

Deferred outflows of resources at June 30, 2023 were approximately \$30 million less than at June 30, 2022, due primarily to a decrease in pension and OPEB related deferred outflows

Total liabilities decreased by approximately \$112 million, due primarily to a decrease in long-term liabilities of approximately \$111 million due to a decrease in OPEB liability of \$130 million, offset by an increase in pension liabilities.

Deferred inflows of resources decreased by \$44 million due to a decrease in OPEB deferred inflows and a decrease in pension deferred inflow.

CHANGES IN NET POSITION

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

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 697,102	696,301	801	0.1%
Operating grants	47,727,514	36,971,842	10,755,672	29.1%
General revenue:				
Property and other taxes	122,481,186	123,105,112	(623,926)	(0.5%)
State sources	186,954,376	167,090,584	19,863,792	11.9%
Federal sources	797,019	534,278	262,741	49.2%
Use of money and property	3,301,436	383,406	2,918,030	761.1%
Sale of property and compensation for loss	260,139	1,441,539	(1,181,400)	(82.0%)
Miscellaneous	<u>2,468,635</u>	<u>1,981,202</u>	<u>487,433</u>	24.6%
Total revenue	<u>364,687,407</u>	<u>332,204,264</u>	<u>32,483,143</u>	9.8%

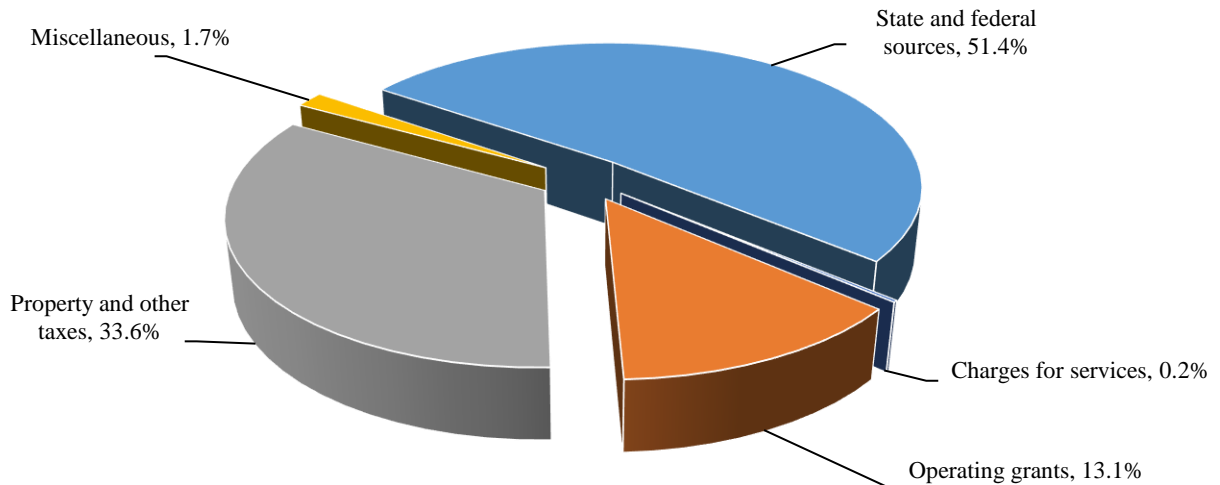
NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Expenses:				
General support	\$ 42,178,713	46,647,594	(4,468,881)	(9.6%)
Instruction	278,661,578	265,306,776	13,354,802	5.0%
Pupil transportation	21,413,666	16,985,223	4,428,443	26.1%
Interest and other debt expense	1,095,361	1,740,535	(645,174)	(37.1%)
School lunch program	<u>11,346,394</u>	<u>9,837,652</u>	<u>1,508,742</u>	15.3%
Total expenses	<u>354,695,712</u>	<u>340,517,780</u>	<u>14,177,932</u>	4.2%
Change in net position	<u>\$ 9,991,695</u>	<u>(8,313,516)</u>	<u>18,305,211</u>	220.2%

The District's fiscal year 2023 revenue totaled \$364,687,407. (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 34% and 51% respectively, of every dollar raised in 2023 (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

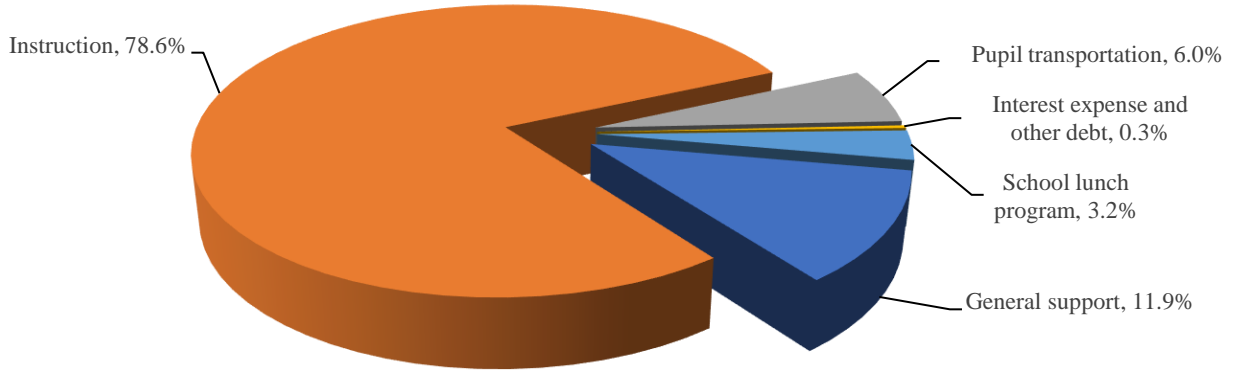
The total cost of all programs and services totaled \$354,695,712 for fiscal year 2022. These expenses are predominately related to general instruction, which account for 79% of District expenses. (See Table A-6). The District's general support activities accounted for 12% of total expenses. The \$14 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 2023



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

Table A-6: Expenses for Fiscal Year 2023



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.

	<u>Total cost of services 2023</u>	<u>Total cost of services 2022</u>	<u>Percentage change</u>	<u>(Net) cost of services 2023</u>	<u>(Net) cost of services 2022</u>	<u>Percentage change</u>
Functions:						
General support	\$ 42,178,713	46,647,594	(9.6%)	42,178,713	46,647,594	(9.6%)
Instruction	278,661,578	265,306,776	5.0%	241,009,452	238,574,652	1.0%
Pupil transportation	21,413,666	16,985,223	26.1%	21,413,666	16,985,223	26.1%
Debt service - interest	1,095,361	1,740,535	(37.1%)	1,095,361	1,740,535	(37.1%)
Cost of sales	<u>11,346,394</u>	<u>9,837,652</u>	15.3%	<u>573,904</u>	<u>(1,098,367)</u>	(152.3%)
Total	<u>\$ 354,695,712</u>	<u>340,517,780</u>	4.2%	<u>306,271,096</u>	<u>302,849,637</u>	1.1%

- The total cost of all governmental activities for the fiscal year 2023 was \$354,695,712.
- The users of the District's programs financed \$697,102 of the costs.
- The federal and state operating grants financed \$47,727,514 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 \$82.7 million in fund balance. Revenue exceeded expenditures by approximately \$12.6 million.
- School lunch fund - ended the year with \$5.6 million in fund balance. Revenue was less than expenditures by approximately \$0.6 million.
- Capital projects fund - ended the year with \$4.3 million in fund balance. Capital expenditures totaled \$11.7 million.
- Special aid fund - ended the year with \$400,000 in fund balance. By the nature of the fund, total expenditures of \$37.2 million were \$400,000 less than revenue, due to general fund providing \$400,000 of funding for the gear up program that were not expended before year end.
- Debt service fund - ended the year with \$1.8 million in fund balance.
- Library fund - ended the year with \$4.2 million in fund balance. Revenue exceeded expenditures by approximately \$414 thousand.
- 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	103,262,630	-	1,275,110
Other tax items	13,692,498	13,692,498	14,216,627	-	524,129
Charges for services	360,000	360,000	300,654	-	(59,346)
Use of money and property	115,000	115,000	3,060,217	-	2,945,217
Sale of property and compensation for loss	195,000	195,000	260,139	-	65,139
Miscellaneous	1,450,000	1,450,000	2,283,916	-	833,916
State sources	185,700,000	185,700,000	186,961,730	-	1,261,730
Medicaid reimbursements	150,000	150,000	797,019	-	647,019
Federal sources	150,000	199,362	2,864,989	-	2,665,627
Transfers in	650,000	650,000	639,525	-	(10,475)
Total revenue	<u>304,450,018</u>	<u>304,499,380</u>	<u>314,647,446</u>	<u>-</u>	<u>10,148,066</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	\$ 22,803,985	23,837,022	21,531,400	972,602	1,333,020
Instruction	161,479,484	161,002,162	158,366,740	753,820	1,881,602
Pupil transportation	17,890,723	18,141,094	17,983,304	25,680	132,110
Employee benefits	90,024,005	87,441,596	85,605,967	-	1,835,629
Transfers out	<u>12,751,820</u>	<u>18,577,154</u>	<u>18,541,090</u>	-	<u>36,064</u>
Total expenditures	<u>304,950,017</u>	<u>308,999,028</u>	<u>302,028,501</u>	<u>1,752,102</u>	<u>5,218,425</u>
Change in fund balance	<u>\$ (499,999)</u>	<u>(4,499,648)</u>	12,618,945	<u>(1,752,102)</u>	<u>15,366,491</u>
Fund balance at beginning of year			<u>70,047,478</u>		
Fund balance at end of year			<u>\$ 82,666,423</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 2023:

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, 2023, the District had \$165,892,026 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>2023</u>	<u>2022</u>
Construction in progress	\$ 48,366,909	37,058,956
Land	1,949,269	1,949,269
Buildings and improvements	271,779,218	271,489,801
Furniture and equipment	14,832,101	14,187,496
Vehicles	1,499,659	1,499,659
Leased capital assets	2,198,671	2,198,671
Accumulated depreciation	(172,925,465)	(166,499,705)
Accumulated amortization	<u>(1,808,336)</u>	<u>(904,168)</u>
	<u>\$ 165,892,026</u>	<u>160,979,979</u>

Long-Term Debt

As of June 30, 2023, the District had \$726,130,116 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>2023</u>	<u>2022</u>
Bonds payable, including unamortized bond premium	\$ 28,004,643	35,832,090
Lease payable	50,490	1,102,233
Energy performance contract	23,021,590	24,940,810
Compensated absences	3,885,231	3,982,144
Total other postemployment benefits liability	633,186,093	763,280,887
Net pension liability - ERS	16,741,034	-
Net pension liability - TRS	13,302,579	-
Judgment and claims	<u>7,938,456</u>	<u>8,929,541</u>
Total long-term liabilities	<u>\$ 726,130,116</u>	<u>838,067,705</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

Federal COVID stimulus funds are restricted funds for a specific period of time that provide much needed instructional supports to counterbalance learning loss, upgrade HVAC and ventilation, compliance for technology and to allow the District to maintain staffing levels that support the social emotional needs of students. Many of these expenditures were not intended to be permanent. Furthermore, equipment purchases such as HVAC, outdoor learning spaces, window repairs and screen replacements, teacher stipends and extra learning time were one time expenditures. Going forward, the District needs to strategically allocate resources to best support students beyond the period of available stimulus funds.

Additionally, the implementation and compliance of Ed 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 has had zero growth in its tax levy for 9 years. 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, 2023

Assets

Current assets:	
Cash:	
Unrestricted	\$ 46,866,080
Restricted	59,031,038
Investment	12,667
Taxes receivable	2,629,810
Accounts receivable	798,003
Lease receivable	3,764,956
State and federal aid receivable	33,552,935
Prepaid expenses	250,000
Inventory	<u>221,492</u>
Total current assets	147,126,981
Noncurrent assets - capital assets, net	<u>165,892,026</u>
Total assets	<u>313,019,007</u>

Deferred outflows of resources

Refunding	157,809
Pensions	82,752,307
OPEB	<u>118,021,400</u>
Total deferred outflows of resources	<u>200,931,516</u>

Liabilities

Current liabilities:	
Accounts payable and accrued expenses	15,318,216
Accrued interest	326,024
Due to other governments	1,659,174
Due to teachers' retirement system	14,941,490
Due to employees' retirement system	857,063
Unearned revenue	1,636,119
Long term debt payable within one year	9,571,798
Lease payable due within one year	<u>50,490</u>
Total current liabilities	<u>44,360,374</u>
Long-term liabilities:	
Bonds and unamortized bond premium	20,379,643
Energy performance contract	21,074,792
Compensated absences	3,885,231
Judgements and claims	7,938,456
Net pension liability - ERS	16,741,034
Net pension liability - TRS	13,302,579
Other postemployment benefit	<u>633,186,093</u>
Total long-term liabilities	<u>716,507,828</u>
Total liabilities	<u>760,868,202</u>

Deferred inflows of resources

Pensions	7,706,090
OPEB	246,405,254
Lease	<u>3,757,621</u>
Total deferred inflows of resources	<u>257,868,965</u>

Net position

Net investment in capital assets	115,021,176
Restricted	69,947,897
Unrestricted - unassigned deficit	<u>(689,755,717)</u>
Total net position	<u>\$ (504,786,644)</u>

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Statement of Activities
Governmental Activities
Year ended June 30, 2023

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense and Changes in Net Position
Functions and programs:				
General support	\$ 42,178,713	-	-	(42,178,713)
Instruction	278,661,578	314,006	37,338,120	(241,009,452)
Pupil transportation	21,413,666	-	-	(21,413,666)
Debt service - interest	1,095,361	-	-	(1,095,361)
School lunch program	11,346,394	383,096	10,389,394	(573,904)
Total functions and programs	\$ 354,695,712	697,102	47,727,514	(306,271,096)
General revenue:				
Real property taxes				108,245,865
Other tax items				14,235,321
Use of money and property				3,301,436
Sale of property and compensation for loss				260,139
State aid				186,954,376
Medicaid reimbursement				797,019
Miscellaneous				2,468,635
Total general revenue				316,262,791
Change in net position				9,991,695
Net position (deficit) at beginning of year				(514,778,339)
Net position (deficit) at end of year				\$ (504,786,644)

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

<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	\$ 44,762,330	298,345	487,367	-	-	1,080,737	237,301	46,866,080
Restricted	54,233,759	-	-	2,782,463	1,629,930	-	384,886	59,031,038
Investments	-	-	-	-	-	-	12,667	12,667
Receivables:								
Taxes	2,629,810	-	-	-	-	-	-	2,629,810
Accounts receivable	732,935	-	668	-	-	64,400	-	798,003
Leases receivable	3,764,956	-	-	-	-	-	-	3,764,956
State and federal aid	11,204,629	21,640,405	707,901	-	-	-	-	33,552,935
Due from other funds	22,429,681	155,370	5,345,089	3,301,470	171,898	3,633,091	148	35,036,747
Prepaid expenditures	250,000	-	-	-	-	-	-	250,000
Inventory	-	-	221,492	-	-	-	-	221,492
Total assets	<u>\$ 140,008,100</u>	<u>22,094,120</u>	<u>6,762,517</u>	<u>6,083,933</u>	<u>1,801,828</u>	<u>4,778,228</u>	<u>635,002</u>	<u>182,163,728</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
Liabilities:								
Accounts payable and accrued expenses	10,550,396	1,862,332	1,208,786	1,100,519	-	558,918	37,265	15,318,216
Due to other governments	1,642,342	16,832	-	-	-	-	-	1,659,174
Due to other funds	16,155,601	18,178,837	-	702,309	-	-	-	35,036,747
Due to teachers' retirement system	14,941,490	-	-	-	-	-	-	14,941,490
Due to employees' retirement system	857,063	-	-	-	-	-	-	857,063
Unearned revenue	-	1,636,119	-	-	-	-	-	1,636,119
Total liabilities	<u>44,146,892</u>	<u>21,694,120</u>	<u>1,208,786</u>	<u>1,802,828</u>	<u>-</u>	<u>558,918</u>	<u>37,265</u>	<u>69,448,809</u>
Deferred inflows or resources:								
Deferred taxes	2,342,343	-	-	-	-	-	-	2,342,343
Deferred state aid	7,094,821	-	-	-	-	-	-	7,094,821
Deferred leases	3,757,621	-	-	-	-	-	-	3,757,621
Total deferred inflows of resources	<u>13,194,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,194,785</u>
Fund balances:								
Nonspendable - inventory and prepaid expenses	250,000	-	221,492	-	-	-	-	471,492
Restricted:								
Unemployment insurance reserve	922,087	-	-	-	-	-	-	922,087
Workers' compensation	9,601,637	-	-	-	-	-	-	9,601,637
Retirement reserve	7,114,365	-	-	-	-	-	-	7,114,365
Tax certiorari	3,249,080	-	-	-	-	-	-	3,249,080
Capital projects	28,807,368	-	-	4,281,105	-	-	-	33,088,473
Employee benefit accrued liability	2,746,369	-	-	-	-	-	-	2,746,369
Insurance	1,153,098	-	-	-	-	-	-	1,153,098
Repair	1,667,503	-	-	-	-	-	-	1,667,503
Liability reserve	8,005,720	-	-	-	-	-	-	8,005,720
Debt service and other	-	-	-	-	1,801,828	-	597,737	2,399,565
Total restricted	<u>63,267,227</u>	<u>-</u>	<u>-</u>	<u>4,281,105</u>	<u>1,801,828</u>	<u>-</u>	<u>597,737</u>	<u>69,947,897</u>
Assigned:								
Unappropriated	1,752,102	-	5,332,239	-	-	4,219,310	-	11,303,651
Appropriated for subsequent year's expenditures	4,059,572	400,000	-	-	-	-	-	4,459,572
Total assigned	<u>5,811,674</u>	<u>400,000</u>	<u>5,332,239</u>	<u>-</u>	<u>-</u>	<u>4,219,310</u>	<u>-</u>	<u>15,763,223</u>
Unassigned	13,337,522	-	-	-	-	-	-	13,337,522
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 140,008,100</u>	<u>22,094,120</u>	<u>6,762,517</u>	<u>6,083,933</u>	<u>1,801,828</u>	<u>4,778,228</u>	<u>635,002</u>	<u>182,163,728</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, 2023

Total governmental fund balances	\$ 99,520,134
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.	165,892,026
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.	9,437,164
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 - ERS/TRS	82,752,307
Deferred inflows - ERS/TRS	(7,706,090)
Deferred outflows - refunding	157,809
Deferred outflows - OPEB	118,021,400
Deferred inflows - OPEB	(246,405,254)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds:	
Net pension liability - ERS	(16,741,034)
Net pension liability - TRS	(13,302,579)
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	(29,951,441)
Lease payable	(50,490)
Energy performance contract debt	(21,074,792)
Judgment and claims	(7,938,456)
Compensated absences	(3,885,231)
Total other postemployment benefits liability	(633,186,093)
Accrued interest	(326,024)
Total net position	\$ (504,786,644)

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, 2023

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Library	Miscellaneous Special Revenue	Total Governmental Funds
Revenue:								
Real property taxes	\$ 103,262,630	-	-	-	-	5,556,971	-	108,819,601
Other tax items	14,216,627	-	-	-	-	18,694	-	14,235,321
Charges for services	300,654	-	-	-	-	13,352	-	314,006
Use of money and property	3,060,217	-	6,895	-	135,215	-	99,109	3,301,436
Sale of property and compensation for loss	260,139	-	-	-	-	-	-	260,139
State sources	186,961,730	9,396,224	194,792	(768,593)	-	365,141	-	196,149,294
Medicaid reimbursement	797,019	-	-	-	-	-	-	797,019
Federal sources	2,864,989	25,480,359	10,194,602	-	-	-	-	38,539,950
Miscellaneous	2,283,916	1,712	75	-	-	77,251	105,681	2,468,635
Sales-school lunch	-	-	383,096	-	-	-	-	383,096
Total revenue	<u>314,007,921</u>	<u>34,878,295</u>	<u>10,779,460</u>	<u>(768,593)</u>	<u>135,215</u>	<u>6,031,409</u>	<u>204,790</u>	<u>365,268,497</u>
Expenditures:								
General support	21,531,400	3,437,031	-	-	-	3,960,694	207,755	29,136,880
Instruction	158,366,740	25,611,489	-	-	-	-	-	183,978,229
Pupil transportation	17,983,304	3,234,608	-	-	-	-	-	21,217,912
Employee benefits	85,605,967	4,946,333	2,151,487	-	-	1,541,648	-	94,245,435
Debt service:								
Principal	-	-	-	-	14,444,220	-	-	14,444,220
Interest	-	-	-	-	1,698,669	-	-	1,698,669
Cost of sales	-	-	9,204,379	-	-	-	-	9,204,379
Capital outlay	-	-	-	10,978,411	-	-	-	10,978,411
Total expenditures	<u>283,487,411</u>	<u>37,229,461</u>	<u>11,355,866</u>	<u>10,978,411</u>	<u>16,142,889</u>	<u>5,502,342</u>	<u>207,755</u>	<u>364,904,135</u>
Excess (deficiency) of revenue over expenditures	<u>30,520,510</u>	<u>(2,351,166)</u>	<u>(576,406)</u>	<u>(11,747,004)</u>	<u>(16,007,674)</u>	<u>529,067</u>	<u>(2,965)</u>	<u>364,362</u>
Other financing sources (uses):								
Transfers in	639,525	3,275,229	-	4,325,860	10,940,049	-	-	19,180,663
Transfers out	(18,541,090)	(524,063)	-	-	-	(115,510)	-	(19,180,663)
Proceeds from bond issuance	-	-	-	-	5,202,840	-	-	5,202,840
Total other financing sources (uses)	<u>(17,901,565)</u>	<u>2,751,166</u>	<u>-</u>	<u>4,325,860</u>	<u>16,142,889</u>	<u>(115,510)</u>	<u>-</u>	<u>5,202,840</u>
Changes in fund balances	12,618,945	400,000	(576,406)	(7,421,144)	135,215	413,557	(2,965)	5,567,202
Fund balances (deficit) at beginning of year	<u>70,047,478</u>	<u>-</u>	<u>6,130,137</u>	<u>11,702,249</u>	<u>1,666,613</u>	<u>3,805,753</u>	<u>600,702</u>	<u>93,952,932</u>
Fund balances (deficit) at end 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>

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, 2023

Net change in fund balances	\$ 5,567,202
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.	12,296,832
Depreciation and amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(7,384,785)
Deferred tax revenues and State Aid are recorded on the modified accrual basis, but are not reported in the government-wide financial statement.	(581,090)
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.	14,444,220
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.	1,051,743
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)
Issuance of serial bonds are recorded as revenues in the governmental funds, but are recorded as a liability in the statement of net position.	(5,202,840)
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	(3,271,750)
TRS pension expense	(3,423,937)
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	233,287
Change in compensated absences	96,913
Change in judgement and claims	991,085
Change in other postemployment benefits	<u>(5,195,206)</u>
Change in net position of governmental activities	<u>\$ 9,991,695</u>

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(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 conformity with Generally Accepted Accounting Principles (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, 2023.

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

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

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.

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 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) 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
Furniture and equipment	5,000	Straight-line	5-15 years
Vehicles	5,000	Straight-line	5 years

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) 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 two 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 changes of assumptions related to the total OPEB liability.

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 three 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.

(k) 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Vested Employee Benefits, Continued

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."

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." The disclosures relating to the District's total OPEB liability are reflected in Note 11.

(l) 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 (City) and County of Orange (County). Uncollected taxes become a lien on September 1. 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.

(m) 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) 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.

(o) 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.

(p) 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.

(q) 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) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Equity Classifications, Continued

District-Wide Statements, Continued

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 \$221,492 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:

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

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.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

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

(q) 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

(q) Equity Classifications, Continued

Fund Statements, Continued

Restricted fund balances at June 30, 2023 consists of:

Unemployment insurance	\$ 922,087
Retirement contributions	7,114,365
Workers' compensation	9,601,637
Tax certiorari	3,249,080
Capital projects	33,088,473
Employee benefit accrued liability	2,746,369
Insurance	1,153,098
Repair	1,667,503
Liability reserve	8,005,720
Debt service	1,801,828
Other	<u>597,737</u>
Total Restricted Fund	<u>\$ 69,947,897</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, 2023.

(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	\$ 972,602
Instruction	753,820
Pupil transportation	<u>25,680</u>
Total Assigned Fund	<u>\$ 1,752,102</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

(q) 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.

(r) 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 OPES 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.

(4) Cash and Cash 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, 2023, the District held \$59,272,851 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(4) Cash and Cash Equivalents, Continued

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and equivalents	\$ 54,877,933	46,624,267
Cash equivalents, including trust funds	<u>59,285,518</u>	<u>59,285,518</u>
	\$ <u>114,163,451</u>	<u>105,909,785</u>
Covered by FDIC insurance	1,316,619	
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	<u>53,561,314</u>	
Total	\$ <u>54,877,933</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	8,068,169
Retirement	7,114,365
Tax certiorari	3,249,080
Capital projects	26,307,368
Employee benefits accrued liability	2,746,369
Insurance	1,153,098
Repairs	1,667,503
Liability reserve	<u>3,005,720</u>
Total general fund	<u>54,233,759</u>
Capital projects fund	<u>2,782,463</u>
Debt service fund	<u>1,629,930</u>
Miscellaneous special revenue fund:	
Extraclassroom activities	253,507
Scholarships	<u>131,379</u>
Total miscellaneous fund	<u>384,886</u>
Total restricted cash	\$ <u>59,031,038</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(5) Investments

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments which consist of equity securities are carried at the fair value of \$12,667.

(6) Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 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>37,058,956</u>	<u>11,307,953</u>	-	<u>48,366,909</u>
Total capital assets that are not being depreciated	<u>39,008,225</u>	<u>11,307,953</u>	-	<u>50,316,178</u>
Capital assets that are being depreciated:				
Building and improvements	271,489,801	289,417	-	271,779,218
Machinery and equipment	14,187,496	699,462	(54,857)	14,832,101
Vehicles	<u>1,499,659</u>	-	-	<u>1,499,659</u>
Total capital assets that are being depreciated	<u>287,176,956</u>	<u>988,879</u>	<u>(54,857)</u>	<u>288,110,978</u>
Less accumulated depreciation:	<u>(166,499,705)</u>	<u>(6,480,617)</u>	<u>54,857</u>	<u>(172,925,465)</u>
Total capital assets, net	<u>159,685,476</u>	<u>5,816,215</u>	-	<u>165,501,691</u>
Leased assets, being amortized:				
Building	88,479	-	-	88,479
Equipment	<u>2,110,192</u>	-	-	<u>2,110,192</u>
Total leases assets	<u>2,198,671</u>	-	-	<u>2,198,671</u>
Less accumulated amortization:				
Building	(32,598)	(32,598)	-	(65,196)
Equipment	<u>(871,570)</u>	<u>(871,570)</u>	-	<u>(1,743,140)</u>
Less accumulated amortization	<u>(904,168)</u>	<u>(904,168)</u>	-	<u>(1,808,336)</u>
Total leased assets, being amortized, net	<u>1,294,503</u>	<u>(904,168)</u>	-	<u>390,335</u>
Governmental activities - capital assets, net	\$ <u>160,979,979</u>	<u>4,912,047</u>	-	<u>165,892,026</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(6) Capital Assets, Continued

Depreciation and amortization expense for the year ended June 30, 2023, was allocated to specific functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General support	\$ 193,331	-
Instruction	6,184,847	904,168
Pupil transportation	1,978	-
School lunch program	<u>100,461</u>	<u>-</u>
Total	\$ <u>6,480,617</u>	<u>904,168</u>

(7) 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 and notes payable:						
Unamortized bond premium	\$ 33,740,000	5,035,000	12,525,000	26,250,000	7,625,000	18,625,000
Bond premium	<u>2,092,090</u>	<u>167,840</u>	<u>505,287</u>	<u>1,754,643</u>	<u>-</u>	<u>1,754,643</u>
Total bonds payable	35,832,090	5,202,840	13,030,287	28,004,643	7,625,000	20,379,643
Other liabilities:						
Energy performance contracts	24,940,810	-	1,919,220	23,021,590	1,946,798	21,074,792
Leases liability	1,102,233	-	1,051,743	50,490	50,490	-
Judgments and claims payable	8,929,541	-	991,085	7,938,456	-	7,938,456
Net pension liability - proportionate share - ERS	-	16,741,034	-	16,741,034	-	16,741,034
Net pension liability - proportionate share - TRS	-	13,302,579	-	13,302,579	-	13,302,579
Compensated absences	3,982,144	-	96,913	3,885,231	-	3,885,231
Total OPEB liability	<u>763,280,887</u>	<u>-</u>	<u>130,094,794</u>	<u>633,186,093</u>	<u>-</u>	<u>633,186,093</u>
Total	\$ <u>838,067,705</u>	<u>35,246,453</u>	<u>147,184,042</u>	<u>726,130,116</u>	<u>9,622,288</u>	<u>716,507,828</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows at June 30, 2023:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Serial Bonds	2011	2024	varies	\$ 350,000
Serial Bonds	2011	2024	varies	510,000
Serial Bonds	2012	2026	varies	5,385,000
Serial Bonds	2014	2026	varies	3,540,000
Serial Bonds	2021	2041	varies	11,430,000
Serial Bonds	202	2025	varies	<u>5,035,000</u>
				\$ <u>26,250,000</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) 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>
2024	\$ 7,625,000	895,661	8,520,661
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
2029-2033	3,005,000	837,881	3,842,881
2034-2038	3,405,000	436,881	3,841,881
2039-2041	<u>2,205,000</u>	<u>93,450</u>	<u>2,298,450</u>
	\$ <u>26,250,000</u>	<u>3,776,198</u>	<u>30,261,198</u>

In fiscal year 2021-2022, the District refinanced two 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>
2024	\$ 1,946,798	322,676	2,269,474
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	2,061,126	208,347	2,269,473
2029-2033	10,758,486	588,881	11,347,367
2034-2035	<u>2,245,333</u>	<u>24,140</u>	<u>2,269,473</u>
	\$ <u>23,021,590</u>	<u>1,942,618</u>	<u>24,964,208</u>

Interest on long-term debt for the year was composed of:

Interest paid	\$ 1,698,669
Less interest accrued in the prior year	(559,311)
Plus interest accrued in the current year	326,024
Bond premium amortization	(505,287)
Deferred gain amortization	<u>135,266</u>
Total expense	\$ <u>1,095,361</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) 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 12 months. The remaining lease liability is \$50,490.

Activity of lease liabilities for the year ended June 30, 2023, 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>1,102,233</u>	<u> -</u>	<u>1,051,743</u>	<u>50,490</u>	<u>50,490</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ <u>50,490</u>	<u>255</u>	<u>50,745</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%	\$ 2,547,474
NFA phone tower ATT - Land	2.16%	<u>2,704,869</u>
		\$ <u>5,252,343</u>

Activity of lease inflows for the year ended June 30, 2023 is summarized as follows

Lease revenue:		
Land		\$ 44,115
Equipment		<u>147,260</u>
	Total lease revenue	191,375
Interest revenue		<u>86,158</u>
	Total	\$ <u>277,533</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) Lease Agreements, Continued

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 120,305	83,604	203,909
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
2029-2033	889,862	307,410	1,197,272
2034-2038	927,444	199,952	1,127,396
2039-2043	188,772	146,783	335,555
2044-2058	247,094	123,386	370,480
2049-2053	315,892	93,148	409,040
2054-2068	396,759	54,854	451,613
2059-2062	<u>298,957</u>	<u>10,707</u>	<u>309,664</u>
	<u>\$ 3,925,418</u>	<u>1,326,925</u>	<u>5,252,343</u>

(9) Interfund Balances and Activity

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 22,429,681	16,155,601	639,525	18,541,090
Special aid fund	155,370	18,178,837	3,275,229	524,063
School lunch fund	5,345,089	-	-	-
Capital fund	3,301,470	702,309	4,325,860	-
Debt service fund	171,898	-	10,940,049	-
Library fund	3,633,091	-	-	115,510
Miscellaneous special revenue fund	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 35,036,747</u>	<u>35,036,747</u>	<u>19,180,663</u>	<u>19,180,663</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

(10) 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.

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 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

(10) 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 annual 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, 2023, 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, 2023 for ERS and June 30, 2022 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	4/1/2022	6/30/2021
Net pension liability	\$16,741,034	13,302,579
District's proportion of the Plan's net pension liability	0.0780685%	0.693243%
Change in proportionate share	0.0065589	0.006256

For the year ended June 30, 2023, the District's recognized pension expense of \$6,311,635 for ERS and a reduction in pension expense of \$16,716,007 for TRS. At June 30, 2023 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

(10) 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	\$ 1,783,051	13,939,419	470,151	260,560
Changes of assumptions	8,130,526	25,804,753	89,858	5,358,655
Net difference between projected and actual earnings on pension plan investments	-	17,188,194	98,353	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,206,297	545,129	185,437	1,237,076
Contributions subsequent to the measurement date	<u>857,063</u>	<u>13,297,875</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,976,937</u>	<u>70,775,370</u>	<u>843,799</u>	<u>6,862,291</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, 2024. 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>
2024	\$ 2,590,888	9,657,590
2025	(620,502)	4,953,455
2026	3,618,493	(2,291,007)
2027	4,687,196	33,771,077
2028	-	4,356,525
Thereafter	<u>-</u>	<u>167,564</u>
	<u>\$ 10,276,075</u>	<u>50,615,204</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

(10) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of investment expense including inflation)	5.9%	6.95%
Salary scale	4.4%	1.95 - 5.18%
Inflation rate	2.9%	2.4%
Cost-of-living adjustment	1.5%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019, applied on a generational basis. Active member mortality rates based on Plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

The long-term expected rate of return on TRS 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2023		June 30, 2022	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	4.30%	32%	6.50%	33%
International equity	6.85%	15%	7.20%	16%
Real estate equity	4.60%	9%	6.20%	11%
Global equity	-	-	6.90%	4%
Domestic fixed income	-	-	1.10%	16%
Global bonds	-	-	0.60%	2%
High-yield bonds	-	-	3.30%	1%
Real estate debt	-	-	2.40%	6%
Private equity	7.50%	10%	9.90%	8%
Private debt	-	-	5.30%	2%
Real assets	5.84%	3%	-	-
Fixed income	1.50%	23%	-	-
Opportunistic/ARS portfolio	5.38%	3%	-	-
Credit	5.43%	4%	-	-
Cash	-	1%	(0.3%)	1%
		<u>100%</u>		<u>100%</u>

* Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

(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

(10) 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 liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension (asset) liability	\$ <u>40,455,897</u>	<u>16,741,034</u>	<u>(3,075,494)</u>
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share of the net pension (asset) liability	\$ <u>122,656,015</u>	<u>13,302,579</u>	<u>(78,662,943)</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:

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/22	6/30/21
Employers' total pension liability	\$ (232,627)	(133,883)
Plan net position	<u>211,183</u>	<u>131,965</u>
Employers' net pension liability	\$ <u>(21,444)</u>	<u>(1,918)</u>
Ratio of plan net position to the Employers' total pension liability	90.78%	98.6%

(g) Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$857,063. 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

(11) 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, 2022 was \$17,345,215.

(b) Employees Covered by Benefit Terms

At June 30, 2022, the number of employees covered by the District's OPEB plan was:

Inactive employees or beneficiaries	
currently receiving benefits	1,990
Active employees	<u>1,640</u>
Total participants	<u>3,630</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$633,186,093 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

(d) Actuarial Assumptions and Other Inputs

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

Salary increases	4.00%
Discount rate	3.54%
Healthcare cost trend rates	5.75% for 2021, decreasing to 0.25% per year to an ultimate rate of 4.5% in 2028

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefits (OPEB), Continued

(d) Actuarial Assumptions and Other Inputs, Continued

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, 2022	\$ <u>763,280,887</u>
Changes for the year:	
Service cost	32,885,208
Interest	17,010,859
Changes of assumptions	(163,318,745)
Difference between expected and actual experience	673,099
Benefit payments	<u>(17,345,215)</u>
Total changes	<u>(130,094,794)</u>
Total OPEB liability as of June 30, 2023	\$ <u>633,186,093</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 (2.54%) or 1-percentage point higher (4.54%) than the current discount rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB liability	\$ <u>746,107,436</u>	<u>633,186,093</u>	<u>543,246,730</u>

(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:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>527,504,088</u>	<u>633,186,093</u>	<u>770,850,106</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$23,116,262. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefits (OPEB), Continued

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 15,247,285	4,336,854
Changes of assumptions	84,853,059	242,068,400
Contributions subsequent to measurement date	<u>17,921,056</u>	<u>-</u>
Total	\$ <u>118,021,400</u>	<u>246,405,254</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, 2024. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2024	\$ (24,974,529)
2025	(21,407,152)
2026	(19,929,955)
2027	(23,441,742)
2028	(41,074,081)
Thereafter	<u>(15,477,451)</u>
	\$ <u>(146,304,910)</u>

(12) 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.

Consortiums and Self Insured Plans - For the year ended June 30, 2023, 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 \$7,938,456 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Risk Management, Continued

As of June 30, 2023, 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, 2023 for workers' compensation is as follows:

Unpaid claims at beginning of year	\$ 8,929,541
Claims payments	<u>(991,085)</u>
Unpaid claims at end of year	\$ <u>7,938,456</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.

(13) 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.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Tax Abatements, Continued

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, 2023.

<u>Purpose:</u>	Assessed taxable <u>value</u>	Tax <u>value</u>	PILOT <u>received</u>	2022 - 2021 Amount of <u>tax abated</u>	Prior year payments <u>received</u>	Total tax <u>Abatement</u>
Town of Newburgh:						
Promote affordable Housing	\$ 1,336,300	100,196	15,296	84,900	-	84,900
Promote job retention and growth	3,374,400	253,015	26,723	226,292	-	226,292
Town of New Windsor:						
Promote job retention and growth	3,014,100	441,983	402,391	39,592	-	39,592
Orange County Industrial Development Agency - promote economic growth	23,456,376	1,896,022	1,357,498	538,523	-	538,523
City of Newburgh Industrial Development Agency:						
Promote affordable Housing	67,275,900	1,245,956	286,243	959,713	185,113	774,600
Promote job retention and growth	<u>681,100</u>	<u>12,614</u>	<u>5,880</u>	<u>6,734</u>	<u>-</u>	<u>6,734</u>
Total	\$ <u>99,138,176</u>	<u>3,949,786</u>	<u>2,094,031</u>	<u>1,855,754</u>	<u>185,113</u>	<u>1,670,641</u>

(14) Commitments and Contingencies

(a) 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(14) Commitments and Contingencies

(b) Litigation

The District has been named as a defendant in multiple lawsuits for alleged sexual abuse brought under the Child Victims Act, a New York State statute that revived previously time-barred claims arising from alleged sexual abuse of a child. The plaintiffs are seeking substantial compensatory and punitive damages from the District. The District intends to vigorously defend the cases. At this time, in the opinion of the District's legal counsel, it is premature to opine on the outcome of the cases or estimate the potential losses. Additionally, the District is defending several Special Education Impartial Hearing cases alleging the District did not properly evaluate and/or implement an appropriate education program for various students. The District is defending its position in each case. In the opinion of legal counsel any potential award of damages would not be material to the District's financial position. 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

(15) 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. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

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

(16) 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 and Actual - General Fund
Year ended June 30, 2023

	<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	103,262,630	1,275,110
Other tax items	13,692,498	13,692,498	14,216,627	524,129
Charges for services	360,000	360,000	300,654	(59,346)
Use of money and property	115,000	115,000	3,060,217	2,945,217
Sale of property and compensation for loss	195,000	195,000	260,139	65,139
Miscellaneous	1,450,000	1,450,000	2,283,916	833,916
State sources	185,700,000	185,700,000	186,961,730	1,261,730
Medicaid reimbursement	150,000	150,000	797,019	647,019
Federal sources	150,000	199,362	2,864,989	2,665,627
Other financing sources - transfers from other funds	650,000	650,000	639,525	(10,475)
Approved reserves	500,000	4,499,649	-	(4,499,649)
Total revenue	<u>\$ 304,950,018</u>	<u>308,999,029</u>	<u>314,647,446</u>	<u>5,648,417</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	\$ 220,769	196,409	181,466	-	14,943
Central administration	1,166,013	1,275,646	1,260,339	-	15,307
Finance	1,339,568	1,405,442	1,319,713	57,637	28,092
Staff	1,613,778	1,442,110	1,417,380	-	24,730
Central services	17,223,765	18,095,955	15,979,881	914,965	1,201,109
Special items	<u>1,240,092</u>	<u>1,421,460</u>	<u>1,372,621</u>	<u>-</u>	<u>48,839</u>
Total general support	<u>22,803,985</u>	<u>23,837,022</u>	<u>21,531,400</u>	<u>972,602</u>	<u>1,333,020</u>
Instruction:					
Instruction, administration and improvement	13,186,990	12,779,638	12,403,896	4,054	371,688
Teaching - regular school Programs for children with handicap conditions	79,208,703	77,524,168	77,024,725	90,138	409,305
Occupational education	43,926,806	44,695,905	44,513,093	-	182,812
Teaching - special school	5,165,885	4,930,421	4,869,159	-	61,262
Instructional media	215,000	126,564	117,576	-	8,988
Pupil services	3,541,309	3,333,064	3,151,362	-	181,702
Total instruction	<u>161,479,485</u>	<u>161,002,163</u>	<u>158,366,740</u>	<u>753,820</u>	<u>1,881,603</u>
Pupil transportation	17,890,723	18,141,094	17,983,304	25,680	132,110
Employee benefits	<u>90,024,005</u>	<u>87,441,596</u>	<u>85,605,967</u>	<u>-</u>	<u>1,835,629</u>
Total expenditures	292,198,198	290,421,875	283,487,411	1,752,102	5,182,362
Other uses - transfers out	<u>12,751,820</u>	<u>18,577,154</u>	<u>18,541,090</u>	<u>-</u>	<u>36,064</u>
Total expenditures and other uses	<u>304,950,018</u>	<u>308,999,029</u>	<u>302,028,501</u>	<u>1,752,102</u>	<u>5,218,426</u>
Change in fund balance	<u>\$ -</u>	<u>-</u>	12,618,945	<u>(1,752,102)</u>	<u>10,866,843</u>
Fund balance at beginning of year			<u>70,047,478</u>		
Fund balance at end of year			<u>\$ 82,666,423</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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 32,885,208	36,531,706	25,558,647	22,504,303	20,183,805	21,319,845
Interest	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)	-	-
Difference between expected and actual experience	673,099	(4,510,730)	(1,890,010)	21,504,331	(20,514)	63,090,036
Changes of assumptions	(163,318,745)	(124,722,295)	140,989,583	8,345,884	(20,927,950)	(93,687,165)
Benefit payments	<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	(130,094,794)	(90,318,915)	172,722,741	59,454,487	5,877,415	(6,320,716)
Total OPEB liability - beginning	<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>\$ 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	\$ 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	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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 Liability (Asset)
 Year ended June 30, 2023

<u>ERS System - Liability (Asset)</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 liability (asset)	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 liability (asset)	\$ 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	\$ 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 liability (asset) as a percentage of covered payroll	60.08%	23.07%	0.29%	85.19%	23.97%	10.78%	32.03%	56.45%	#REF!
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 liability (asset)	0.6932430%	0.6869870%	0.7073360%	0.6950810%	0.6871900%	0.6792090%	0.671571%	0.683497%	0.684219%
The District's proportionate share of the net pension liability (asset)	\$ 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	\$ 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 liability (asset) as a percentage of covered payroll	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 liability (asset)	98.60%	113.20%	97.80%	101.50%	101.50%	101.00%	99.00%	110.50%	111.50%

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2023

<u>ERS System</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	\$ 3,428,252	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>3,428,252</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>
District's covered payroll	<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	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	\$ 13,290,689	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>13,290,689</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>
District's covered payroll	<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	10.29%	9.80%	9.53%	8.86%	9.80%	11.72%	13.26%	17.53%	16.25%

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.

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, 2023

Change from adopted budget to final budget:

Original budget	\$ 304,950,018
Add prior year's encumbrances	<u>1,355,121</u>
Adopted budget	306,305,139
Additional budget amendments	<u>2,693,890</u>
Final budget	<u><u>\$ 308,999,029</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 voter approved expenditure budget	\$ <u>335,433,816</u>
Maximum allowed 4% of 2023-2024 budget	<u><u>13,417,353</u></u>

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

Unrestricted fund balance:	
Appropriated fund balance	\$ 5,811,674
Unassigned fund balance	<u>13,337,522</u>
Total unrestricted fund balance	19,149,196
Less:	
Appropriated fund balance	4,059,572
Encumbrances	<u>1,752,102</u>
Total adjustments	<u>5,811,674</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 13,337,522</u></u>
Actual percentage	3.98%

* 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, 2023

Project title	Expenditures					Unexpended Balance	Methods of Financing				Fund Balance (Deficit) 6/30/2023
	Original Appropriation	Revised Appropriation	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	8,188,503	1,423,838	9,612,341	3,218,715	-	6,912,771	1,275,732	8,188,503	(1,423,838)
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	433,502	950	434,452	60,548	-	-	495,000	495,000	60,548
Energy Performance Contract	26,135,748	28,141,425	26,672,979	1,468,446	28,141,425	-	28,133,926	-	-	28,133,926	(7,499)
Projects District-Wide	257,000,000	257,000,000	14,317,061	8,085,177	22,402,238	234,597,762	15,004,004	-	13,050,128	28,054,132	5,651,894
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>177,186,677</u>	<u>10,978,411</u>	<u>188,165,088</u>	<u>238,006,772</u>	<u>158,622,930</u>	<u>16,396,122</u>	<u>17,427,141</u>	<u>192,446,193</u>	<u>4,281,105</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
 Other Supplementary Information
 Net Investment in Capital Assets
 June 30, 2023

Capital assets, net		\$ 165,892,026
Add:		
Unspent energy performance contract proceeds	\$ 48,064	
Deferred loss on refunding	157,809	205,873
Deduct:		
Short-term portion of bonds and bond anticipation notes payable	9,571,798	
Long-term portion of bonds payable	41,454,435	
Lease payable	50,490	51,076,723
Net investment in capital assets		\$ 115,021,176

**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, each major fund, and the aggregate remaining fund information of Newburgh Enlarged City School District (the District), as of and for the year ended June 30, 2023, and the related notes to the basic financial statements which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 13, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
October 13, 2023