

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN

***GENERAL PURPOSE
FINANCIAL STATEMENTS***

JUNE 30, 2024

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Enlarged City School District of Middletown
Middletown, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enlarged City School District of Middletown, New York, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 Enlarged City School District of Middletown, New York, as of June 30, 2024, and the respective changes in financial position for the year then ended in conformity 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Enlarged City School District of Middletown, New York, 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Enlarged City School District of Middletown, New York'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 Enlarged City School District of Middletown, New York'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 other required supplementary information on pages 5 through 15 and 56 through 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Enlarged City School District of Middletown, New York's financial statements as a whole. The accompanying combining and individual non-major fund financial statements and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The prior year summarized comparative information was derived from the District's June 30, 2023 financial statements and, in our report dated October 12, 2023, we expressed an unmodified opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024 on our consideration of the Enlarged City School District of Middletown, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Enlarged City School District of Middletown, New York's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
October 8, 2024

Management's Discussion and Analysis

Enlarged City School District of Middletown

Year Ended June 30, 2024

**Middletown City School District
223 Wisner Avenue
Middletown, New York 10940**

Enlarged City School District of Middletown

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2024. This section is a summary of the School District's financial activity based on currently known facts, decisions or conditions. Additionally, based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2024 are as follows:

District-Wide Statements

- Total net position - end of year was \$106,561,168 at June 30, 2024, increase of \$10,556,177 from the prior year's restated net position.
- Real property tax revenues accounted for \$68,326,368 or 24% of total revenues. State, local and federal sources accounted for \$222,315,512 or 76% of total revenues. The percentage of tax revenues, as well as State, local and federal funding, remained consistent from last year to the current year.

General Fund Financial Statements

- Among major funds, the General Fund had \$260,711,552 in total revenues, of which \$67,809,619 or 26% comprised of real property tax revenues and \$192,901,933 or 74% comprised of State, local and federal sources. The General Fund expenditures totaled \$264,120,002 for the year ended June 30, 2024. The General Fund's fund balance increased from \$44,074,666 at June 30, 2023 to \$53,035,214 at June 30, 2024. Amounts restricted totaled \$29,222,943, leaving \$21,998,862 as unassigned. A Capital Reserve Fund established in May 2022 by voters is currently funded with \$8,242,358. Effective January 1, 2024 the District entered into the Orange Ulster Health Plan. The change resulted in the \$5,000,000 Insurance reserve being dissolved.

Using this Comprehensive Annual Report

This comprehensive and annual financial report consists of a series of financial statements and notes to those statements. The statements organized so readers can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when the cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment and facility conditions in arriving at their consultation regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental and fiduciary, use different accounting approaches.

Government Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Reporting the District's Fiduciary Responsibilities

The District is the trustee or fiduciary for assets that belong to others such as the student activities funds. It is the District's responsibility to ensure that assets reported in these funds are being used for their intended purposes. The District's fiduciary activities are reported in a separate "Statement of Fiduciary Net Position" schedule, as the District may not use these assets to finance its operations.

The District as a Whole

The information below provides a comparison with the prior year information for the District as whole.

<i>Statement of Net Position</i>	2024	2023
<i>Current Assets</i>	114,491,712	108,287,416
<i>Net Pension Assets</i>	-	-
<i>Capital Assets, net</i>	274,814,853	261,310,098
<i>Total Assets</i>	389,306,565	369,597,514
<i>Pensions</i>	44,695,738	53,492,064
<i>OPEB Liability</i>	17,084,398	18,054,499
<i>Total Deferred Outflows of Resources</i>	61,780,136	71,546,563
<i>Current Liabilities</i>	24,430,633	40,187,805
<i>Long Term Liabilities</i>	254,354,725	240,050,757
<i>Total Liabilities</i>	278,785,358	280,101,562
<i>Pensions</i>	11,180,688	6,450,268
<i>OPEB Liability</i>	54,559,487	62,287,328
<i>Total Deferred Inflows of Resources</i>	65,740,175	68,737,596
<i>Net Investment in Capital Assets</i>	184,944,062	164,272,728
<i>Restricted</i>	29,933,003	29,896,971
<i>Unrestricted</i>	(108,315,897)	(101,864,789)
<i>Total Net Position</i>	106,561,168	92,304,919

GENERAL REVENUES

	2024	2023
<i>Real Property Taxes</i>	68,326,368	67,929,670
<i>Other Tax Items</i>	4,961,538	5,589,009
<i>Non-Property Taxes</i>	2,398,814	2,576,238
<i>Investment Earnings</i>	3,714,169	1,073,766
<i>Sale of Property and Compensation for Loss</i>	2,953,137	9,917
<i>Miscellaneous Local Sources</i>	1,643,878	2,858,095
<i>Premium on Obligations</i>	21,950	39,770
<i>State Sources</i>	176,492,199	147,141,182
<i>Federal Sources</i>	305,200	362,210
Total General Revenues	\$260,817,253	\$227,579,857

General Expenditures**2024****2023**

<i>General Support</i>	(36,159,222)	(30,186,405)
<i>Instruction</i>	(197,457,429)	(179,653,621)
<i>Pupil Transportation</i>	(13,988,146)	(11,566,873)
<i>Community Service</i>	(950)	(1,900)
<i>Debt Service</i>	(2,898,085)	(2,873,900)
<i>School Lunch Program</i>	242,756	(225,042)
Total Net Program (Expenditures)/Revenues	(250,261,076)	(224,507,741)
CHANGE IN NET POSITION	10,556,177	3,072,116

Governmental Activities

The laws in New York State require the need to seek voter approval for the general fund-operating budget. Without voter approval, School Districts' are placed on a contingency budget, which limits expenditures to those considered essential to maintain an educational program, preserve property and assure the health and safety of students and staff. The voters approved the District's budget in May. This allows the District to purchase necessary equipment and sustain instructional programs.

School Districts' are dependent upon property taxes as a primary source of revenue. Since the District must rely heavily on voter approval for funding levels, management of resources is of paramount concern to District Administration and the voting public.

The District's Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and Other Sources of \$338,026,991 and total expenditures and Other Uses of \$317,078,300. The District's governmental fund balances increased \$20,948,691 across all funds. The Capital Projects balance sheet has increased due to voter approval of several projects including Cares Act funding.

<i>Fund Balance</i>	2024	2023	Change
<i>General</i>	53,035,214	44,074,666	8,960,548
<i>Special Aid</i>	-	-	-
<i>School Lunch</i>	7,679,058	4,718,391	2,960,667
<i>Capital Projects</i>	25,929,955	16,769,802	9,160,153
<i>Non-Major</i>	1,301,370	1,434,047	(132,677)
<i>Total Governmental Funds</i>	87,945,597	66,996,906	20,948,691

General Fund Budget Information

The District's budget is prepared in accordance with New York State law and based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant fund is the General Fund. Changes from original budget to final budget are detailed in schedules included in the financial statements.

Governmental Fund Activity

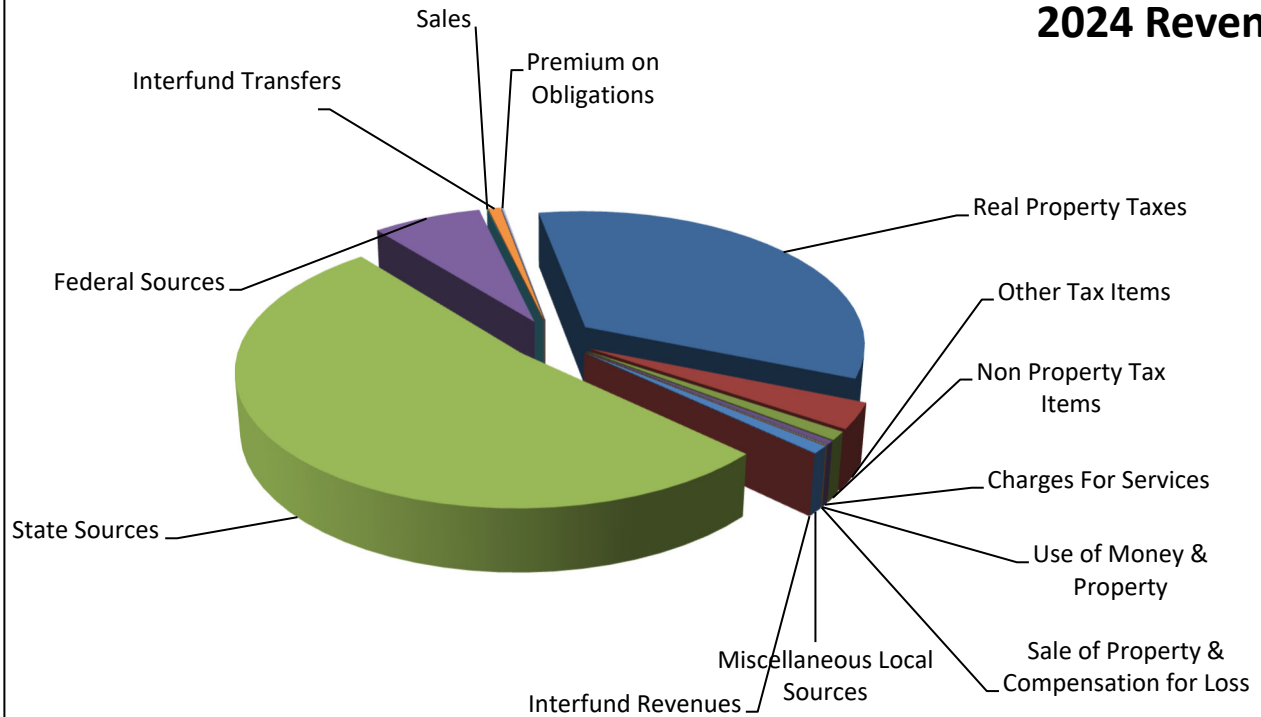
The tables and graphs that follow assist in illustrating the financial activities of the Total Governmental Funds.

<i>Revenues</i>	2024	2023
<i>Real Property Taxes</i>	67,809,619	68,637,317
<i>Other Tax Items</i>	4,961,538	5,589,009
<i>Non-Property Tax Items</i>	2,398,814	2,576,238
<i>Charges for Services</i>	644,992	684,960
<i>Use of Money & Property</i>	3,754,684	1,137,735
<i>Sale of Property & Compensation for Loss</i>	2,953,137	9,917
<i>Miscellaneous Local Sources</i>	1,673,439	2,879,868
<i>Interfund Revenues</i>	76,735	19,509
<i>State Sources</i>	182,212,103	152,206,972
<i>Federal Sources</i>	23,394,576	18,274,006
<i>Sales</i>	300,279	151,002
<i>Operating Interfund Transfers</i>	26,746,195	17,816,917
<i>Proceeds of Long-Term Debt</i>	17,390,000	0
<i>BAN's Redeemed</i>	1,795,000	1,275,000
<i>Premium on Obligations</i>	1,915,880	39,770
<i>Total Revenues and Other Sources</i>	338,026,991	271,298,220

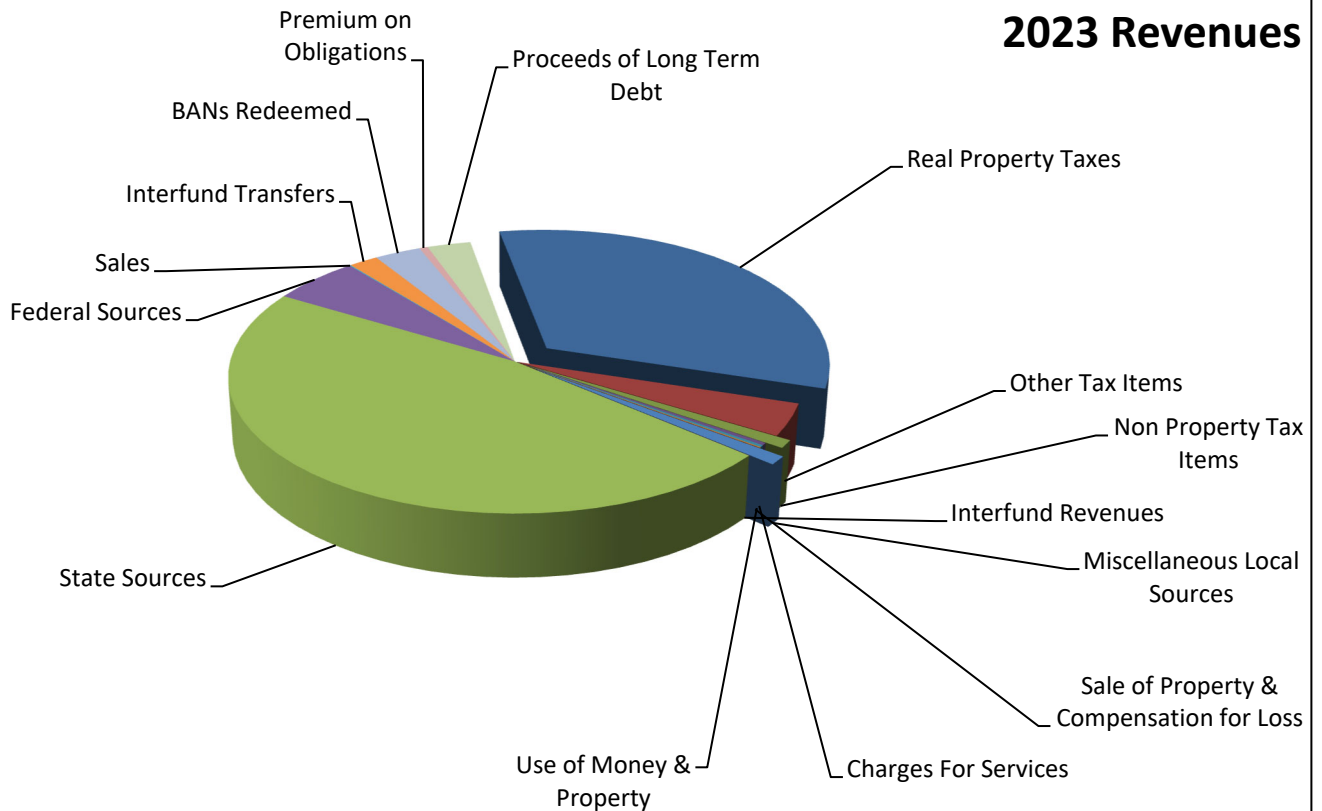
Overall revenues increased significantly from the prior year mainly due to 19% increase in foundation Aid, proceeds from long term deb and federal sources. The property tax revenue, exclusive of STAR revenues, was down (\$827,698). Revenues and expenditures are depicted on the graphs on the succeeding pages. Expenditures increased as a result of increase in staff for the new building and increased cost of employee benefits.

<i>Expenditures</i>	2024	2023
<i>General Support</i>	37,448,504	23,109,743
<i>Instruction</i>	150,097,785	140,249,169
<i>Pupil Transportation</i>	14,438,588	11,905,537
<i>Community Service</i>	950	1,900
<i>Employee Benefits</i>	55,635,443	47,125,955
<i>Debt Service</i>	11,892,509	11,713,697
<i>Cost of Sales</i>	5,737,272	5,300,587
<i>Capital Outlay</i>	15,081,054	8,380,420
<i>Interfund Transfers Out</i>	26,746,195	17,816,917
<i>Total Expenditures and Other Uses</i>	317,078,300	265,603,925

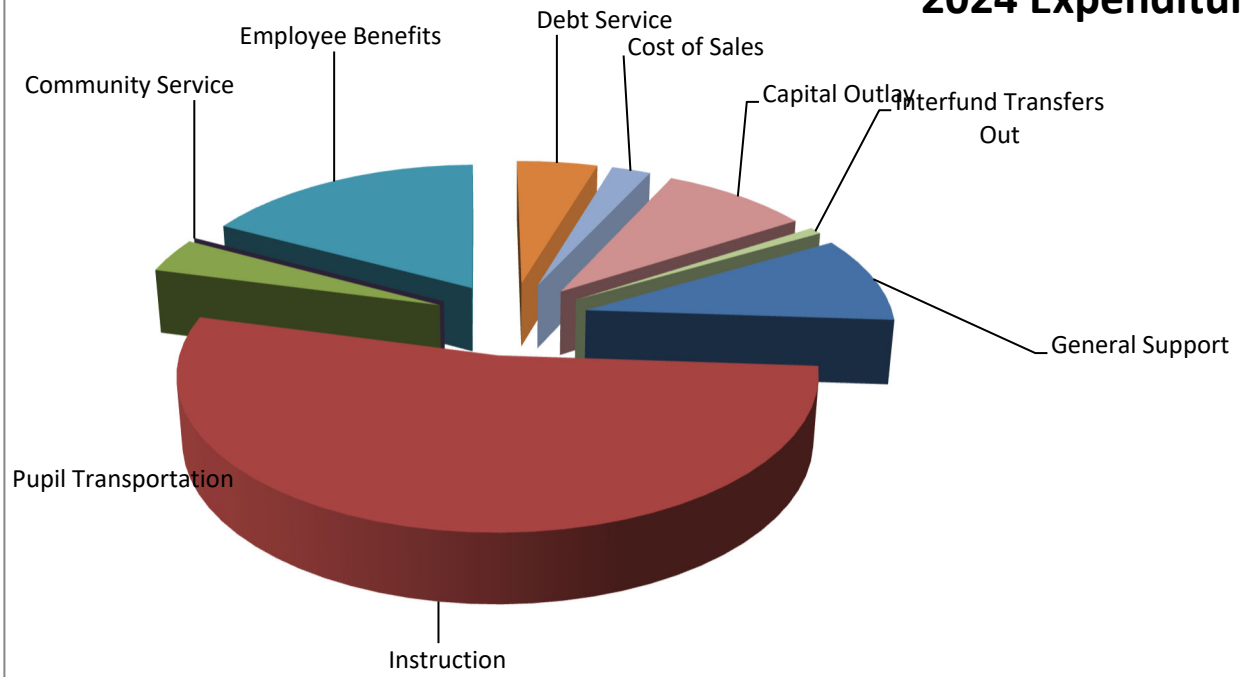
2024 Revenues



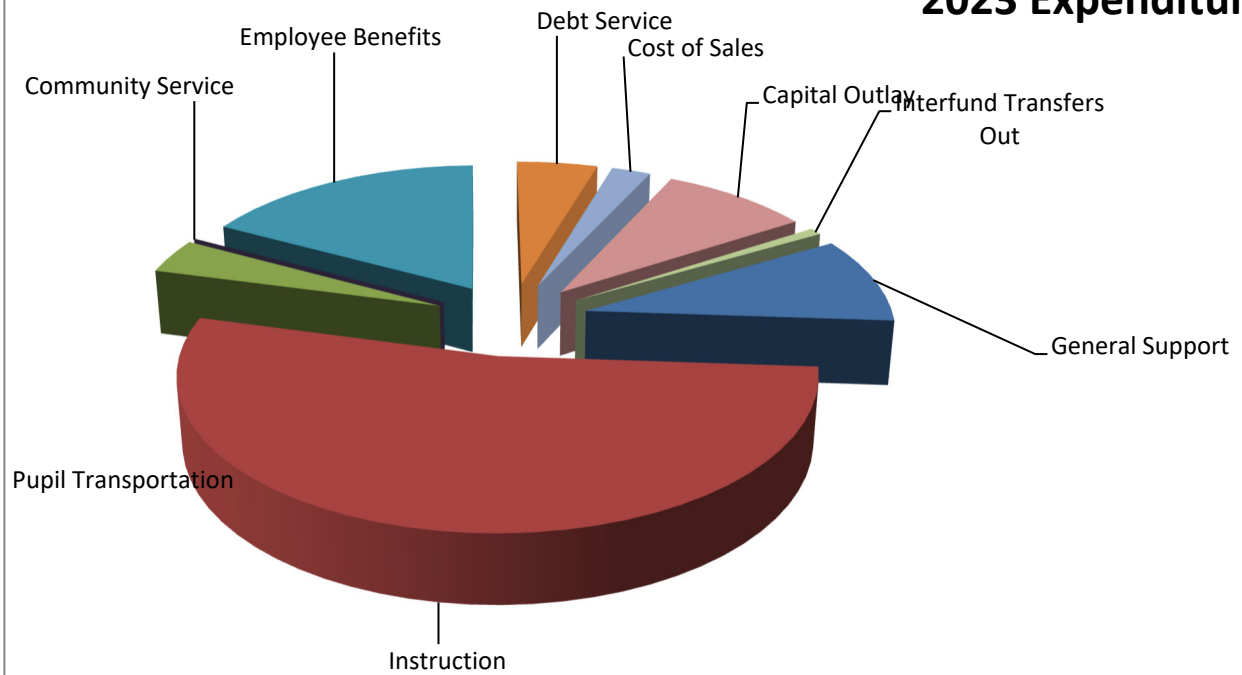
2023 Revenues



2024 Expenditures



2023 Expenditures



School Food Service Highlights

The School Food Service had an operating profit of \$460,667, and a year-end fund balance of \$7,679,058. The food service department continues to be productive and efficient. There is a planned spend down of the fund balance. A little over \$5M will be allocated to the current Twin Towers revitalization project central prep and new cafe area.

Capital Assets

As of June 30, 2024, the District has \$274,814,853 invested in capital assets, net of \$167,547,576 in accumulated depreciation, and depreciation expense was \$13,838,674.

Debt

As of June 30, 2024, the District has \$83,820,000 in outstanding bonds, \$0 (all have been redeemed) in outstanding bond anticipation notes, \$1,070,357 outstanding an energy performance contract. The District paid \$2,486,647 in long term debt expense and \$1,251,699 in short term debt expense. The District will be adding more planned debt this current year to construct the Twin Towers addition and revitalization plans.

Moody's Investors Service, as of April 15, 2024, assigned rating for the District remains **Aa3**. Issuer Rating reflects the government's ability to repay debt and debt-like obligations without consideration of any pledge, security or structural features. In some circumstances, credit characteristics are sufficient to result in a GO bond rating that is higher than the Issuer Rating. Local governments with Moody's rated debt outstanding will have separate ratings detailed by security pledge on their Moody's.com issuer page and credit opinions explaining our credit view for each rating.

Factors Bearing on the District's Future

There are critical socioeconomic concerns that presently bear factor on the Enlarged City School District of Middletown's future. The first and highest priority is any residual effects of COVID-19 and stability of State Aid projections. As of September 30, 2024 all federal funding programs (ARP, CRSAA) have ended, putting essential resources back into the General Fund expenditures. Also, the restrictions of the foundation aid formula, which directly influences the amount that taxes need to be levied when preparing the budget. New York State continues to have fiscal concerns and state aid is one of the largest revenue components for the District. The second factor is the stability of student enrollment in the District, which has increased over the past couple of years. Additionally, we have voter authorization for \$71 million-dollar addition and renovations at Twin Towers Middle School. In May 2022, the voters approved roof repairs at High School and William A Carter Elementary. Also, a new turf field at High School stadium, LED lighting, extended playground at Maple Hill Elementary, bus loop canopy at Presidential Park Elementary and new flooring at Monhagen MS and Presidential Park Elementary. Additionally, after five-year building condition survey there are some immediate health and safety repairs that need immediate attention. The third factor is the state legislation that requires a 2% cap on the tax levy of the District. The tax cap is calculated using formulas based on current years levy, growth in tax base and inflation rates. The District has been very successful with voting as community confidence is high. The voters can approve a tax levy over the cap if the budget is passed by 60% plus one by voters.

Contacting the District's Financial Management

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Business Office at Enlarged City School District of Middletown, 223 Wisner Ave. Middletown, New York 10940.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
STATEMENT OF NET POSITION
JUNE 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash	\$ 66,754,458	\$ 57,442,270
Cash - Restricted	29,954,953	30,859,911
Taxes Receivable	2,902,590	2,508,876
Accounts Receivable	153,333	634,152
State And Federal Aid Receivable	10,242,602	9,740,263
Due From Other Governments	4,093,680	6,523,915
Inventory	<u>390,096</u>	<u>578,029</u>
 Total Current Assets	 <u>114,491,712</u>	 <u>108,287,416</u>
 Non-Current Asset		
Capital Assets, net	<u>274,814,853</u>	<u>261,310,098</u>
 Total Non-Current Assets	 <u>274,814,853</u>	 <u>261,310,098</u>
 TOTAL ASSETS	 <u>389,306,565</u>	 <u>369,597,514</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Pension	44,695,738	53,492,064
OPEB Liability	<u>17,084,398</u>	<u>18,054,499</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>61,780,136</u>	 <u>71,546,563</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Accounts Payable	\$ 6,758,792	\$ 5,848,059
Accrued Liabilities	606,084	1,158,095
Bond Anticipation Notes	-	20,825,000
Due To Other Governments	5,577,851	1,127,290
Due To TRS	10,494,007	10,279,627
Due To ERS	850,777	593,224
Unearned Revenues	<u>143,122</u>	<u>356,510</u>
 Total Current Liabilities	 <u>24,430,633</u>	 <u>40,187,805</u>
 Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	7,150,000	6,110,000
Unamortized Bond Premium	373,698	223,008
Energy Performance Contract	256,325	249,163
Total OPEB Liability	3,200,000	3,500,000
Due Beyond One Year:		
Serial Bonds	76,670,000	66,430,000
Unamortized Bond Premium	4,606,736	3,092,782
Energy Performance Contract	814,032	1,070,357
Compensated Absences	4,669,092	4,632,874
Total OPEB Liability	141,180,278	133,150,955
Net Pension Liability	<u>15,434,564</u>	<u>21,591,618</u>
 Total Non-Current Liabilities	 <u>254,354,725</u>	 <u>240,050,757</u>
 TOTAL LIABILITIES	 <u>278,785,358</u>	 <u>280,238,562</u>
 DEFERRED INFLOWS OF RESOURCES		
Pensions	11,180,688	6,450,268
OPEB Liability	<u>54,559,487</u>	<u>62,287,328</u>
 TOTAL DEFERRED INFLOWS OR RESOURCES	 <u>65,740,175</u>	 <u>68,737,596</u>
 NET POSITION		
Net Investment In Capital Assets	184,944,062	164,272,728
Restricted	29,933,003	29,896,971
Unrestricted	<u>(108,315,897)</u>	<u>(102,001,780)</u>
 TOTAL NET POSITION	 <u>\$ 106,561,168</u>	 <u>\$ 92,167,919</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

FUNCTIONS/ PROGRAM	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND DONATION</u>	<u>CAPITAL GRANTS AND CONTRIBUTION</u>	<u>2024</u>	<u>2023</u>
General Support	\$ 41,994,837	\$ 40,515	\$ 5,795,100	\$ -	\$ (36,159,222)	\$ (30,186,405)
Instruction	213,726,994	644,992	15,091,909	532,664	(197,457,429)	(179,653,621)
Pupil Transportation	14,438,588	-	450,442	-	(13,988,146)	(11,566,873)
Community Service	950	-	-	-	(950)	(1,900)
Debt Service	3,013,032	-	114,947	-	(2,898,085)	(2,873,900)
School Lunch Program	<u>6,911,302</u>	<u>300,279</u>	<u>6,853,779</u>	<u>-</u>	<u>242,756</u>	<u>(225,042)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>280,085,703</u>	<u>985,786</u>	<u>28,306,177</u>	<u>532,664</u>	<u>(250,261,076)</u>	<u>(224,507,741)</u>
GENERAL REVENUES						
Real Property Tax					68,326,368	67,929,670
Other Tax Items					4,961,538	5,589,009
Non-Property Taxes					2,398,814	2,576,238
Investment Earnings					3,714,169	1,073,766
Premium on Obligations					21,950	39,770
Sale Of Property and Compensation For Loss					2,953,137	9,917
Miscellaneous Local Sources					1,643,878	2,858,095
State Sources					176,492,199	147,141,182
Federal Sources					<u>305,200</u>	<u>362,210</u>
TOTAL GENERAL REVENUES					<u>260,817,253</u>	<u>227,579,857</u>
CHANGE IN NET POSITION					10,556,177	3,072,116
TOTAL NET POSITION- Beginning of Year - Restated					<u>96,004,991</u>	<u>89,095,803</u>
TOTAL NET POSITION- End of Year					<u>\$ 106,561,168</u>	<u>\$ 92,167,919</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2023 TOTALS</u>
ASSETS							
Cash	\$ 46,487,262	\$ 3,594,643	\$ 7,084,406	\$ 9,044,335	\$ 543,812	\$ 66,754,458	\$ 57,442,270
Cash - Restricted	29,222,943	-	-	21,950	710,060	29,954,953	30,859,911
Taxes Receivable	2,902,590	-	-	-	-	2,902,590	2,508,876
Accounts Receivable	124,212	7,556	21,565	-	-	153,333	634,152
Due From Other Funds	5,234,843	-	285	17,585,000	47,498	22,867,626	19,161,214
Due From State and Federal	5,042,619	2,369,776	353,145	2,477,062	-	10,242,602	9,740,263
Due From Other Governments	4,083,792	9,888	-	-	-	4,093,680	6,523,915
Inventories	-	-	390,096	-	-	390,096	578,029
TOTAL ASSETS	<u>\$ 93,098,261</u>	<u>\$ 5,981,863</u>	<u>\$ 7,849,497</u>	<u>\$ 29,128,347</u>	<u>\$ 1,301,370</u>	<u>\$ 137,359,338</u>	<u>\$ 127,448,630</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 2,850,137	\$ 651,221	\$ 78,963	\$ 3,178,471	\$ -	\$ 6,758,792	\$ 5,848,059
Accrued Liabilities	376,562	52,124	39,255	-	-	467,941	523,924
Bond Anticipation Notes	-	-	-	-	-	-	20,825,000
Due To Other Funds	17,612,577	5,191,029	44,099	19,921	-	22,867,626	19,161,214
Due To Other Governments	5,566,645	11,206	-	-	-	5,577,851	1,127,290
Due To Teachers' Retirement System	10,494,007	-	-	-	-	10,494,007	10,279,627
Due To Employees' Retirement System	850,777	-	-	-	-	850,777	593,224
Unearned Revenues	58,717	76,283	8,122	-	-	143,122	356,510
TOTAL LIABILITIES	<u>37,809,422</u>	<u>5,981,863</u>	<u>170,439</u>	<u>3,198,392</u>	<u>-</u>	<u>47,160,116</u>	<u>58,714,848</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Tax Revenues	2,253,625	-	-	-	-	2,253,625	1,736,876
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,253,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,253,625</u>	<u>1,736,876</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2023 TOTALS</u>
FUND BALANCES							
Non-spendable:							
Inventory	\$ -	\$ -	\$ 390,096	\$ -	\$ -	\$ 390,096	\$ 578,029
Restricted:							
Tax Certiorari	5,739,171	-	-	-	-	5,739,171	5,739,171
Unemployment Insurance	596,405	-	-	-	-	596,405	568,507
Retirement Contribution - ERS	3,505,930	-	-	-	-	3,505,930	3,862,172
Retirement Contribution - TRS	2,612,939	-	-	-	-	2,612,939	1,537,488
Employee Benefit Accrued Liability	4,669,092	-	-	-	-	4,669,092	3,899,572
Liability Claims	980,506	-	-	-	-	980,506	2,030,157
Property Loss	155,185	-	-	-	-	155,185	552,763
Workers Compensation	2,721,357	-	-	-	-	2,721,357	1,926,801
Capital	8,242,358	-	-	-	-	8,242,358	4,053,132
Insurance	-	-	-	-	-	-	5,000,000
Capital Projects	-	-	-	-	-	-	168,967
Scholarships	-	-	-	-	710,060	710,060	727,208
Assigned:							
Encumbrances	1,813,409	-	-	-	-	1,813,409	934,587
Appropriated	-	-	-	-	-	-	-
Unappropriated	-	-	7,288,962	25,941,500	591,310	33,821,772	41,484,026
Unassigned	<u>21,998,862</u>	<u>-</u>	<u>-</u>	<u>(11,545)</u>	<u>-</u>	<u>21,987,317</u>	<u>(6,065,674)</u>
TOTAL FUND BALANCES	<u>53,035,214</u>	<u>-</u>	<u>7,679,058</u>	<u>25,929,955</u>	<u>1,301,370</u>	<u>87,945,597</u>	<u>66,996,906</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 93,098,261</u>	<u>\$ 5,981,863</u>	<u>\$ 7,849,497</u>	<u>\$ 29,128,347</u>	<u>\$ 1,301,370</u>	<u>\$ 137,359,338</u>	<u>\$ 127,448,630</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	<u>2024</u>	<u>2023</u>
Total Governmental Fund Balances	\$ 87,945,597	\$ 66,996,906
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 governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2024 are \$442,362,429 and \$167,547,576 respectively.	274,814,853	261,310,098
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds		
Deferred Outflows of Resources	44,695,738	
Net Pension Liability	(15,434,564)	
Deferred Inflows of Resources	<u>(11,180,688)</u>	25,450,178
Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds		
Deferred Outflows of Resources	17,084,398	
Deferred Inflows of Resources	(54,559,487)	
Total OPEB Liability	<u>(144,380,278)</u>	(180,883,784)
In the governmental funds, taxes receivable are offset by deferred inflows of resources representing taxes that will not be collected in the first 60 days of the subsequent year. In the statement of net position the receivable is fully recognized regardless of when received.	2,253,625	1,736,876
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	(83,820,000)	
Unamortized Bond Premium	(4,980,434)	
Energy Performance Contract	(1,070,357)	
Compensated Absences	<u>(4,669,092)</u>	(81,808,184)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.	<u>(138,143)</u>	<u>(634,171)</u>
Net Position of Governmental Activities	<u>\$ 106,561,168</u>	<u>\$ 92,167,919</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2023 TOTALS
REVENUES							
Real Property Taxes	\$ 67,809,619	\$ -	\$ -	\$ -	\$ -	\$ 67,809,619	\$ 68,637,317
Other Tax Items	4,961,538	-	-	-	-	4,961,538	5,589,009
Non-Property Tax Items	2,398,814	-	-	-	-	2,398,814	2,576,238
Charges For Services	644,992	-	-	-	-	644,992	684,960
Use of Money and Property	3,495,660	-	10,627	-	248,397	3,754,684	1,137,735
Sale of Property and Compensation For Loss	2,953,137	-	-	-	-	2,953,137	9,917
Miscellaneous Local Sources	1,458,711	23,208	-	-	191,520	1,673,439	2,879,868
Interfund Revenues	76,735	-	-	-	-	76,735	19,509
State Sources	176,492,199	4,660,126	527,114	532,664	-	182,212,103	152,206,972
Federal Sources	420,147	16,647,764	6,326,665	-	-	23,394,576	18,274,006
Sales	-	-	300,279	-	-	300,279	151,002
TOTAL REVENUES	260,711,552	21,331,098	7,164,685	532,664	439,917	290,179,916	252,166,533
OTHER FINANCING SOURCES							
Operating Transfers In	8,998,736	590,338	2,539,400	14,000,000	617,721	26,746,195	17,816,917
BANs Redeemed from Appropriations	-	-	-	1,795,000	-	1,795,000	1,275,000
Proceeds of Long Term Debt	-	-	-	17,390,000	-	17,390,000	-
Premium on Obligations	-	-	-	1,893,930	21,950	1,915,880	39,770
TOTAL REVENUES AND OTHER FINANCING SOURCES	269,710,288	21,921,436	9,704,085	35,611,594	1,079,588	338,026,991	271,298,220
EXPENDITURES							
General Support	31,399,474	5,795,100	-	253,930	-	37,448,504	23,246,743
Instruction	136,034,136	13,851,384	-	-	212,265	150,097,785	140,249,169
Pupil Transportation	13,875,536	563,052	-	-	-	14,438,588	11,905,537
Community Services	950	-	-	-	-	950	1,900
Employee Benefits	52,917,397	1,711,900	1,006,146	-	-	55,635,443	47,125,955
Debt Service:							
Principal	8,154,163	-	-	-	-	8,154,163	8,612,202
Interest	3,738,346	-	-	-	-	3,738,346	3,101,495
Cost of Sales	-	-	5,737,272	-	-	5,737,272	5,300,587
Capital Outlay	-	-	-	15,081,054	-	15,081,054	8,380,420
TOTAL EXPENDITURES	246,120,002	21,921,436	6,743,418	15,334,984	212,265	290,332,105	247,924,008
OTHER USES							
Operating Transfers Out	14,629,738	-	-	11,116,457	1,000,000	26,746,195	17,816,917
TOTAL EXPENDITURES AND OTHER USES	260,749,740	21,921,436	6,743,418	26,451,441	1,212,265	317,078,300	265,740,925
NET CHANGE IN FUND BALANCE	8,960,548	-	2,960,667	9,160,153	(132,677)	20,948,691	5,557,295
FUND BALANCE - Beginning of Year	44,074,666	-	4,718,391	16,769,802	1,434,047	66,996,906	61,439,611
FUND BALANCE - End of Year	\$ 53,035,214	\$ -	\$ 7,679,058	\$ 25,929,955	\$ 1,301,370	87,945,597	\$ 66,996,906

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	<u>2024</u>	<u>2023</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 20,948,691	\$ 5,557,295

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expenses	(13,838,674)	
Capital Outlay	<u>23,506,357</u>	9,667,683
		(1,725,390)

Repayments of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds	6,110,000	
Energy Performance Contract	<u>249,163</u>	6,359,163
		7,337,202

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

Compensated Absences	(36,218)	(51,779)
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(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(5,519,646)	
Employees' Retirement System	<u>(1,850,046)</u>	(7,369,692)
		(4,041,336)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

(Continued)

		<u>2024</u>	<u>2023</u>
(Increases) decreases in the Total OPEB Liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Total OPEB Liability		\$ (971,583)	\$ (3,401,390)
Bond premiums are reported in the governmental funds as revenues in the year received. However, in the statement of activities, the premium is added to the outstanding debt and amortized as a reduction of interest expense over the life of the bond.			
Bond Premium	(1,893,930)		
Amortization Expense	<u>229,286</u>	(1,664,644)	330,121
In the governmental funds, taxes receivable are only recognized as an asset in the amount that will be received in the first sixty days of the subsequent year. In the statement of activities, the full amount is recognized as an asset. Therefore, current year tax revenues are adjusted for amounts that were accrued and recognized in past years.			
		516,749	(707,647)
In the governmental funds, proceeds of long term debt are reported as revenues. In the statement of net position, the proceeds increase the long term liability, and no revenue is recognized in the statement of activities.			
Serial Bonds		(17,390,000)	-
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(138,143)		
Prior Year Accrued Interest	<u>634,171</u>	<u>496,028</u>	<u>(224,960)</u>
Change in Net Position of Governmental Activities		<u>\$ 10,556,177</u>	<u>\$ 3,072,116</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Enlarged City School District of Middletown have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The Enlarged City School District of Middletown is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Enlarged City School District of Middletown represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. The activity is reported in the Miscellaneous Special Revenue Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds are included at the end of these financial statements.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Enlarged City School District of Middletown is a component school district in the Orange-Ulster Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

Separate financial statements for the BOCES are available from the BOCES' administrative office.

C. Basis of Presentation

1. 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 revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column. The District reports the following major Governmental Funds:

a. General Fund

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following non-major governmental funds.

a. *Debt Service Fund*

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

b. *Miscellaneous Special Revenue Fund*

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

D. **Basis of Accounting/Measurement Focus**

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year 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.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than October 1st, and became a lien on October 1st. Taxes are collected during the period from October 1st through February 28th.

2. Enforcement

Uncollected real property taxes are enforced by the County of Orange, City of Middletown and Town of Wallkill. An amount representing uncollected real property taxes is transmitted to the District on a monthly basis and all uncollected taxes are eventually transmitted to the District within two years from the return of unpaid taxes.

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the year.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

Encumbrances 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 assigned fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

3. Budget Basis of Accounting

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

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. Inventory

Inventories of food and/or supplies 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 inventory items in other funds are recorded as expenditures at the time of purchase.

I. Accounts Receivable

Accounts receivable are shown 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 be immaterial.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
Buildings & Improvements	20-50
Machinery & Equipment	5-20

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. **Vested Employee Benefits**

The 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. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance in the fund financial statements by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts.

M. Interfund Activity

In the statement of net position and statement of activities, eliminations have been made for interfund transactions between funds. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. Equity Classifications

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.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unrestricted – 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.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

In the fund basis statements there are five classifications of fund balance:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$390,096.

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. The District has established the following restricted fund balances:

Tax Certiorari

Used to accumulate funds to pay judgements and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due to an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Workers' Compensation

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. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

Retirement Contribution

Used to reserve funds to finance contributions to the NYS Employees Retirement System and NYS Teachers Retirement System. This reserve is accounted for in the General Fund.

Liability Claims and Property Loss

Used to reserve funds to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may only be utilized by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Insurance

Used to pay for any loss, claim, action or judgment for which the municipal corporation is authorized or required to purchase or maintain insurance. The District received approval from the NYS Legislature to utilize this reserve to plan for unexpected expenses related to its self-funded health insurance plan. The reserve is established by Board 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 but annual contributions may not exceed the greater of \$33,000 or 5% of the budget. This reserve is accounted for in the General Fund.

Capital Projects

Proceeds of debt that are restricted for use per the specifics of the debt issue. This reserve is accounted for in the Capital Projects Fund.

Scholarships

Used to pay scholarships with funds stipulated by donors for that purpose. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2024.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$1,813,409 as assigned fund balance in the General Fund as of June 30, 2024.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district's General Fund budget for the ensuing fiscal year. Non-spendable 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 Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB:

GASB 99 – *Omnibus 2022*, effective for the year ending June 30, 2023, except for the portion related to financial guarantees and classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending June 30, 2024.

GASB 100 – *Accounting Changes and Error Corrections – an amendment of GASB No. 62*

Q. Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 101 – *Compensated Absences*, effective for the year ending June 30, 2025.

GASB 102 – *Certain Risk Disclosures*, effective for the year ending June 30, 2025.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 103 – *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

The District will evaluate the impact of each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$44,695,738 in deferred outflows of resources related to pensions and \$17,084,398 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2024.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to 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. The first arises only under a modified accrual basis of accounting and is reported as unavailable property taxes.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District recognized \$2,253,625 in deferred inflows of resources in the governmental fund financial statements for deferred tax revenues in the General Fund as of June 30, 2024. The second 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 liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$11,180,688 in deferred inflows of resources related to pensions and \$54,559,487 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2024.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$33,515,050 to unrestricted net position as of June 30, 2024.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of \$37,475,089 to unrestricted net position as of June 30, 2024.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. These differences are reconciled in the financial statements.

1. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (Continued)

2. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- a) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities report revenues 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.

- b) Capital related differences:

Capital related differences include the differences between proceeds for the sale of capital assets reported on governmental 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 governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

- c) 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 payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District had a deficit unassigned fund balance of \$11,545 in the Capital Projects Fund as of June 30, 2024. The deficit was caused by project expenditures in excess of current funding and will be eliminated when permanent financing is put in place.

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2024, the Enlarged City School District of Middletown was billed \$36,010,726 for BOCES administrative and program costs. General purpose financial statements for the BOCES are available at the BOCES' administrative office.

The School District's share of BOCES income amounted to \$7,100,215.

NOTE 5 – CASH AND INVESTMENTS

The Enlarged City School District of Middletown investment policies are governed by State statutes. In addition, the District has its own written investment policy. District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial
institution, or its trust department, but not in the District's name. \$ 99,489,298

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – CAPITAL ASSETS

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 37,085,707	\$ -	\$ -	\$ 37,085,707
Total non-depreciable historical cost	<u>37,085,707</u>	<u>-</u>	<u>-</u>	<u>37,085,707</u>
Capital assets that are depreciated:				
Building and Improvements	361,466,956	20,113,316	-	381,580,272
Furniture and Equipment	<u>20,303,409</u>	<u>3,393,041</u>	<u>-</u>	<u>23,696,450</u>
Total depreciable historical cost	<u>381,770,365</u>	<u>23,506,357</u>	<u>-</u>	<u>405,276,722</u>
Less accumulated depreciation:				
Building and Improvements	142,274,018	12,204,507	-	154,478,525
Furniture and Equipment	<u>11,434,884</u>	<u>1,634,167</u>	<u>-</u>	<u>13,069,051</u>
Total Accumulated Depreciation	<u>153,708,902</u>	<u>13,838,674</u>	<u>-</u>	<u>167,547,576</u>
Total historical cost, net (Restated)	<u>\$ 265,147,170</u>	<u>\$ 9,667,683</u>	<u>\$ -</u>	<u>\$ 274,814,853</u>
Depreciation expense was charged to				
Governmental functions as follows:				
General Support		\$ 5,221,474		
Instruction		8,519,248		
School Lunch		<u>97,952</u>		
		<u>\$ 13,838,674</u>		

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2024 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 5,234,843	\$ 17,612,577	\$ 8,998,736	\$ 14,629,738
Special Aid Fund	-	5,191,029	590,338	-
School Lunch Fund	285	44,099	2,539,400	-
Capital Fund	17,585,000	19,921	14,000,000	11,116,457
Debt Service Fund	<u>47,498</u>	<u>-</u>	<u>617,721</u>	<u>1,000,000</u>
Total Governmental Activities	<u>22,867,626</u>	<u>22,867,626</u>	<u>26,746,195</u>	<u>26,746,195</u>
TOTALS	<u>\$ 22,867,626</u>	<u>\$ 22,867,626</u>	<u>\$ 26,746,195</u>	<u>\$ 26,746,195</u>

The District typically transfers funds from the General Fund to the School Lunch Fund to cover the shortfall in the annual budget, the Special Aid Fund to cover expenses that are not reimbursed by grants, the Debt Service Fund to make principal and interest payments on outstanding debt and the Capital Projects Fund to finance capital projects.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2024 consisted of the following:

Food and Supplies	<u>\$ 390,096</u>
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NOTE 9 – LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

The Enlarged City School District of Middletown participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the NYS Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the NYS Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The System issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LIABILITIES (Continued)

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL). The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.76% of the annually covered payroll for the fiscal year ended June 30, 2024. Rates applicable to the fiscal years ended June 30, 2023 and 2022 were 10.29% and 9.80%, respectively.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LIABILITIES (Continued)

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>	<u>TRS</u>
2024	\$ 2,611,265	\$ 8,792,697
2023	1,928,534	8,842,155
2022	2,219,854	7,528,457

B. Indebtedness

1. Long-Term Debt

Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 2,486,647
Less: Interest Accrued in the Prior Year	(178,651)
Amortization of Bond Premium	(229,286)
Plus: Interest Accrued in the Current Year	<u>138,143</u>
Total Expense	<u>\$ 2,216,853</u>

Changes

The changes in the School District's indebtedness during the year ended June 30, 2024 are summarized as follows:

	BALANCE <u>07/01/23</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE <u>06/30/24</u>	AMOUNTS DUE WITHIN <u>ONE YEAR</u>
Serial Bonds – General Obligations	\$ 51,505,000	\$ -	\$ 4,675,000	\$ 46,830,000	\$ 4,830,000
Serial Bonds – Direct Placement	21,035,000	17,390,000	1,435,000	36,990,000	2,320,000
Unamortized Bond Premium	3,315,790	1,893,930	229,286	4,980,434	373,698
Energy Performance Contract – Direct Borrowing	1,319,520	-	249,163	1,070,357	256,325
Compensated Absences	4,632,874	36,218	-	4,669,092	-
Total OPEB Liability	<u>136,650,955</u>	<u>13,600,954</u>	<u>5,871,631</u>	<u>144,380,278</u>	<u>3,200,000</u>
TOTAL	<u>\$ 218,459,139</u>	<u>\$ 32,921,102</u>	<u>\$ 12,460,080</u>	<u>\$ 238,920,161</u>	<u>\$ 10,980,023</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LIABILITIES (Continued)

Maturity

The following is a summary of maturity of indebtedness:

<u>DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/24</u>
Refunding Serial Bond	2013	2026	2.00%-3.00%	\$ 570,000
Refunding Serial Bond	2015	2026	2.00%-5.00%	4,690,000
Serial Bond	2020	2035	2.00%	3,605,000
Serial Bond	2012	2031	1.70%-4.75%	2,300,000
Serial Bond	2016	2042	2.00%-3.00%	35,665,000
Serial Bond	2019	2038	3.00%-5.00%	19,600,000
Serial Bond	2024	2036	5.00%	11,960,000
Serial Bond	2024	2038	5.00%	5,430,000
Energy Performance Contract	2014	2028	2.85%	<u>1,070,357</u>
				<u>\$ 84,890,357</u>

<u>YEAR</u>	<u>Direct Borrowings and Direct Placements</u>		<u>General Obligations</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2025	\$ 2,576,325	\$ 2,016,895	\$ 4,830,000	\$ 1,340,193
2026	2,948,692	1,644,763	5,000,000	1,169,851
2027	3,091,271	1,502,934	2,365,000	1,058,525
2028	3,239,069	1,354,137	2,425,000	1,002,957
2029	3,115,000	1,200,150	2,485,000	945,924
2030-2034	15,880,000	3,739,900	11,800,000	3,683,874
2035-2039	7,210,000	677,350	10,765,000	2,049,100
2040-2042	<u>-</u>	<u>-</u>	<u>7,160,000</u>	<u>433,950</u>
TOTAL	<u>\$ 38,060,357</u>	<u>\$ 12,136,129</u>	<u>\$ 46,830,000</u>	<u>\$ 11,684,374</u>

2. Short-Term Debt

a. Short-Term Debt Interest

Interest expense on short-term debt consisted of the following:

Interest Paid	\$ 1,251,699
Less: Interest Accrued in the Prior Year	(455,520)
Plus: Interest Accrued in the Current Year	<u>-</u>
Total Expense	<u>\$ 796,179</u>

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LIABILITIES (Continued)

b. Summary

Transactions in short-term debt for the year ended June 30, 2024 are summarized below:

<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Capital Projects	11/23	3.75%	\$ 20,825,000	\$ -	\$ 20,825,000	\$ -
Capital Projects	12/22	4.25%	<u>-</u>	<u>20,030,000</u>	<u>20,030,000</u>	<u>-</u>
			<u>\$ 20,825,000</u>	<u>\$20,030,000</u>	<u>\$ 40,855,000</u>	<u>\$ -</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The Enlarged City School District of Middletown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

Self-Funded Medical Insurance Plan

The District was self-insured for medical and prescription drug benefits for all eligible employees, retirees and their dependents. The plan was designed to provide hospital, surgical, medical, major medical, prescription and related benefits. Plan benefits were funded solely from the general assets of the Middletown City School District and contributions from covered persons. INDECS Corporation was the third-party administrator for the plan.

As of January 1, 2024, the District enrolled in the Orange Ulster Health Plan and is no longer self-funded.

B. Other Items

The School District has received grants that are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and request a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. The benefit terms vary based on the union contract that governs the employee and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. For most retirees, the District contributions towards health insurance premiums are 50% for the retiree and 35% for the spouse. Nurses and Teaching Assistants are entitled to 94.5%/91% coverage for employee/spouse subject to years of service requirements. Administrators, directors and supervisors are entitled to 100% health insurance coverage upon retirement subject to years of service requirements. Retirees receiving benefits from the Teachers' Retirement System have increased levels of District contributions up to 70% for retiree and 60% for spouse based on years of service.

Employees Covered by Benefit Terms – At July 1, 2022 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	566
Active Employees	<u>1,019</u>
	<u><u>1,585</u></u>

Total OPEB Liability

The District's total OPEB liability of \$144,380,278 was measured as of June 30, 2023, using an actuarial valuation as of July 1, 2022.

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.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Measurement Date	June 30, 2023
Salary Increases	4.00%
Discount Rate	3.65%
Initial Healthcare Cost Trend Rate	7.44%
Ultimate Healthcare Cost Trend Rate	4.50%

The actuarial cost method used was Entry Age Normal – Level Percentage of Payroll.

The discount rate was based on the Bond Buyer 20 GO Bond Index as of the Measurement Date.

Mortality rates were based on the PUB-2010 Headcount Weighted Mortality Table with projection scale MP-2021 varying based on bargaining unit classification.

Changes in the Total OPEB Liability

Balance at June 30, 2023		\$ 136,650,955
Changes for the Year -		
Service Cost	7,942,971	
Interest	5,063,142	
Changes of Benefit Terms	-	
Differences between expected and actual experience	594,841	
Changes in assumptions or other inputs	(2,709,484)	
Benefit Payments	<u>(3,162,147)</u>	
Net Changes		<u>7,729,323</u>
Balance at June 30, 2024		<u>\$ 144,380,278</u>

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 or 1 – percentage point higher than the current discount rate:

	1% Decrease <u>(2.65%)</u>	Current Assumption <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
Total OPEB Liability	<u>\$ 171,806,692</u>	<u>\$ 144,380,278</u>	<u>\$ 122,641,705</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current discount rate:

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 117,674,968</u>	<u>\$ 144,380,278</u>	<u>\$ 179,936,821</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of \$4,779,628. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,907,521	\$ 3,549,631
Changes of assumptions or other inputs	11,368,832	51,009,856
Contributions subsequent to the measurement date	<u>3,808,045</u>	<u>-</u>
Total	<u>\$ 17,084,398</u>	<u>\$ 54,559,487</u>

Contributions subsequent to the measurement date of \$3,808,045 will be reorganized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$ (8,226,485)
2026	(8,226,485)
2027	(6,333,245)
2028	(3,978,302)
2029	(3,672,997)
Thereafter	<u>(10,845,620)</u>
TOTAL	<u>\$ (41,283,134)</u>

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

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

At June 30, 2024, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(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	April 1, 2023	June 30, 2022
Net pension asset/(liability)	\$ (10,114,656)	\$ (5,319,908)
District's portion of the Plan's total net pension asset/(liability)	0.0686948%	0.465196%

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For the year ended June 30, 2024, the District recognized pension expense of \$4,481,998 for ERS and \$14,308,369 for TRS. At June 30, 2024, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 3,257,923	\$ 12,899,360	\$ 275,800	\$ 31,879
Changes of assumptions	3,824,124	11,453,603	-	2,496,250
Net difference between projected and actual earnings on pension plan investments	-	2,719,431	4,940,956	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	891,645	404	532,560	2,903,243
District's contributions subsequent to the measurement date	<u>856,551</u>	<u>8,792,697</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,830,243</u>	<u>\$ 35,865,495</u>	<u>\$ 5,749,316</u>	<u>\$ 5,431,372</u>

District contributions subsequent to the measurement date of \$856,551 to ERS and \$8,792,697 to TRS will be recognized as a reduction of the net pension liability in the year June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2024	\$ -	\$ 1,380,888
2025	(1,767,447)	(3,421,586)
2026	2,041,354	20,884,844
2027	2,973,741	1,213,592
2028	(1,023,272)	970,639
2029	-	-
Thereafter	<u>-</u>	<u>613,049</u>
TOTAL	<u>\$ 2,224,376</u>	<u>\$ 21,641,426</u>

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Actuarial Assumptions

The total pension liability as of the measurement date was measured 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 valuations used the following significant actuarial assumptions:

	<u>ERS</u>		<u>TRS</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Prior Year</u>
Measurement date	March 31, 2024	March 31, 2023	June 30, 2023	June 30, 2022
Actuarial valuation date	April 1, 2023	April 1, 2022	June 30, 2022	June 30, 2021
Interest rate	5.9%	5.9%	6.95%	6.95%
Salary scale	4.4%	4.4%	1.95%-5.18%	1.95%-5.18%
Cost of Living Adjustments	1.5%	1.5%	1.3%	1.3%
Inflation rate	2.9%	2.9%	2.40%	2.40%

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

For ERS, the actuarial assumptions used in the April 1, 2023 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, 2022 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 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.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS</u> March 31, 2024	<u>TRS</u> June 30, 2023
Measurement date		
Asset Type:		
Domestic Equity	4.00%	6.8%
International Equity	6.65	7.6
Real Estate	4.60	6.3
Opportunistic/ARS Portfolio	5.25	-
Domestic fixed income securities	-	2.2
Global Bonds	-	1.6
Global Equities	-	7.2
Private Debt	-	6.0
Private Equities	7.25	10.1
High Yield Bonds	-	4.4
Real Estate Debt	-	3.2
Cash Equivalents	0.25	0.3
Credit	5.40	-
Real Assets	5.79	-
Fixed Income	1.50	-

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% 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 employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(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 rate:

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

<u>ERS</u>	1% Decrease (<u>4.90%</u>)	Current Assumption (<u>5.90%</u>)	1% Increase (<u>6.90%</u>)
Employer's proportionate share of the net pension asset (liability)	\$ (31,801,512)	\$ (10,114,656)	\$ 7,998,368
<u>TRS</u>	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)	\$ (81,024,890)	\$ (5,319,908)	\$ 58,351,256

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>ERS (in thousands)</u>	<u>TRS</u>
Valuation date	April 1, 2023	June 30, 2022
Employers' total pension liability	\$ (240,696,851)	\$ (138,365,121,961)
Plan Net Position	<u>225,972,801</u>	<u>137,221,536,942</u>
Employer's net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585,019)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	93.88%	99.2%

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 represent the projected employer contribution for the period of April 1 through June 30 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$856,551.

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions represent employee and employer contributions for the fiscal year ended June 30 based on paid TRS wages multiplied by the employer's contribution rate by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$10,494,007.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the Orange County Industrial Development Agency, City of Middletown Industrial Development Agency and Town of Wallkill Industrial Development Agency, pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2024, the District received \$459,847 in tax abatement payments, which resulted in abated property taxes totaling \$3,429,519.

NOTE 14 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2024 and October 8, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 15 – RESTATED BALANCES

The beginning net position in the statement of activities has been increased by \$3,837,072 to account for capital expenses in the Special Aid Fund in previous years that were not properly capitalized and depreciated. The restatement increases buildings and improvements by \$3,927,495, accumulated depreciation by \$90,423 and net capital assets by \$3,837,072 as of June 30, 2023. The restatement also increases the change in net position in the statement of activities by \$2,204,548 for the year ended June 30, 2023. The restatements have no effect on the governmental fund financial statements.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2023)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2023 ACTUAL
REVENUES					
Local Sources:					
Real Property Taxes	\$ 68,104,150	\$ 68,104,150	\$ 67,809,619	\$ (294,531)	\$ 68,637,317
Other Tax Items	5,897,845	5,897,845	4,961,538	(936,307)	5,589,009
Non Property Taxes	2,100,000	2,100,000	2,398,814	298,814	2,576,238
Charges For Services	890,000	890,000	644,992	(245,008)	684,960
Use of Money and Property	202,000	202,000	3,495,660	3,293,660	992,600
Sale of Property and Compensation					
For Loss	78,750	78,750	2,953,137	2,874,387	9,917
Miscellaneous Local Sources	2,325,000	2,325,000	1,458,711	(866,289)	2,671,351
Interfund Revenues	-	-	76,735	76,735	19,509
State Sources:					
Basic Formula	143,370,828	143,370,828	147,317,193	3,946,365	115,881,097
Lottery Aid	20,757,000	20,757,000	20,290,931	(466,069)	20,307,757
BOCES	7,865,964	7,865,964	7,100,215	(765,749)	8,947,069
Other	1,595,003	1,595,003	1,783,860	188,857	2,005,259
Federal Sources	473,000	473,000	420,147	(52,853)	484,644
TOTAL REVENUES	253,659,540	253,659,540	260,711,552	7,052,012	228,806,727
OTHER FINANCING SOURCES					
Operating Transfers In	-	-	8,998,736	8,998,736	1,595,138
TOTAL REVENUES AND OTHER FINANCING SOURCES	253,659,540	253,659,540	269,710,288	\$ 16,050,748	230,401,865
FUND BALANCE					
Appropriated Fund Balance	-	5,000,000			
Appropriated Reserves	-	10,861,538			
Prior Year Encumbrances	-	934,587			
TOTAL FUND BALANCE	-	16,796,125			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	\$ 253,659,540	\$ 270,455,665			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2023)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	VARIANCE FAVORABLE (UNFAVORABLE)	2023 ACTUAL
EXPENDITURES						
General Support:						
Board of Education	\$ 146,981	\$ 148,128	\$ 147,918	\$ 210	\$ -	\$ 115,142
Central Administration	497,000	427,279	425,933	-	1,346	437,093
Finance	1,408,518	1,240,613	1,184,034	22,975	33,604	1,053,154
Staff	1,573,807	2,529,452	2,362,563	78,983	87,906	1,686,344
Central Services	22,674,838	22,203,586	20,173,302	879,760	1,150,524	14,507,019
Special Items	3,928,987	7,135,491	7,105,724	-	29,767	3,154,176
Instructional:						
Instruction, Administration and Improvement	11,546,140	9,984,879	9,958,000	-	26,879	9,063,839
Teaching:						
Regular School	66,809,020	65,709,048	65,121,325	18,755	568,968	62,179,199
Programs For Children With Handicapped Conditions	42,774,271	41,183,740	39,071,637	-	2,112,103	36,277,407
Occupational Education	5,919,186	6,375,385	6,318,837	-	56,548	5,977,171
Special Schools	600,000	99,268	99,268	-	-	1,277,785
Instructional Media	6,754,754	8,554,983	7,800,948	698,121	55,914	5,272,702
Pupil Services	8,952,398	7,796,544	7,664,121	114,605	17,818	7,535,539
Pupil Transportation	11,333,159	14,228,434	13,875,536	-	352,898	11,459,273
Community Services	5,985	950	950	-	-	1,900
Employee Benefits	47,196,440	56,315,638	52,917,397	-	3,398,241	44,926,040
Debt Service:						
Principal	8,161,000	8,154,163	8,154,163	-	-	5,612,202
Interest	3,700,156	3,738,346	3,738,346	-	-	3,101,495
TOTAL EXPENDITURES	243,982,640	255,825,927	246,120,002	1,813,409	7,892,516	213,637,480
OTHER USES						
Operating Transfers Out	9,676,900	14,629,738	14,629,738	-	-	16,221,779
TOTAL EXPENDITURES AND OTHER USES	\$ 253,659,540	\$ 270,455,665	260,749,740	\$ 1,813,409	\$ 7,892,516	229,859,259
NET CHANGE IN FUND BALANCE			8,960,548			542,606
FUND BALANCE - Beginning of Year			44,074,666			43,532,060
FUND BALANCE - End of Year			\$ 53,035,214			\$ 44,074,666

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 7,942,971	\$ 10,735,114	\$ 8,742,556	\$ 7,074,247	\$ 6,123,729	\$ 7,111,727	\$ 8,712,950
Interest	5,063,142	3,836,010	3,442,321	5,140,800	4,968,093	5,877,888	5,144,536
Changes of Benefit Terms	-	1,566	-	4,986,110	-	(24,441,913)	-
Differences Between Expected and Actual Experience	594,841	(3,040,062)	755,333	1,134,249	375,764	(3,199,935)	-
Changes of Assumptions	(2,709,484)	(40,012,255)	10,189,072	(7,565,390)	8,755,800	(17,098,070)	(25,545,040)
Benefit Payments	<u>(3,162,147)</u>	<u>(3,436,462)</u>	<u>(3,144,562)</u>	<u>(3,123,059)</u>	<u>(3,048,625)</u>	<u>(3,101,087)</u>	<u>(2,974,166)</u>
Net Change in Total OPEB Liability	7,729,323	(31,916,089)	19,984,720	7,646,957	17,174,761	(34,851,390)	(14,661,720)
Beginning Total OPEB Liability	<u>136,650,955</u>	<u>168,567,044</u>	<u>148,582,324</u>	<u>140,935,367</u>	<u>123,760,606</u>	<u>158,611,996</u>	<u>173,273,716</u>
Ending Total OPEB Liability	<u>\$ 144,380,278</u>	<u>\$ 136,650,955</u>	<u>\$ 168,567,044</u>	<u>\$ 148,582,324</u>	<u>\$ 140,935,367</u>	<u>\$ 123,760,606</u>	<u>\$ 158,611,996</u>
Covered Employee Payroll	<u>\$ 98,257,868</u>	<u>\$ 86,813,038</u>	<u>\$ 81,726,998</u>	<u>\$ 78,549,788</u>	<u>\$ 75,496,095</u>	<u>\$ 70,642,541</u>	<u>\$ 62,902,623</u>
Total OPEB Liability as a Percentage of Covered Payroll	146.94%	157.41%	206.26%	189.16%	186.68%	175.19%	252.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

Changes of Benefit Terms

None

Changes of Methods, Assumptions or Other Inputs

The discount rate was updated from 3.54% to 3.65%

Trust Assets

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

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2024

<u>TRS System</u>										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.465196%	0.433413%	0.426085%	0.409522%	0.398009%	0.381629%	0.370552%	0.370956%	0.380979%	0.372463%
The District's proportionate share of the net pension asset (liability)	\$ (5,319,908)	\$ (8,316,727)	\$ 73,836,511	\$ (11,316,196)	\$ 10,340,289	\$ 6,900,864	\$ 2,816,565	\$ (3,973,099)	\$ 39,571,540	\$ 41,490,078
The District's covered employee payroll	85,929,588	76,820,994	72,320,349	69,508,831	66,434,098	62,163,128	58,724,492	57,797,975	57,228,163	55,018,321
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	6.19%	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.87%	69.15%	75.42%
Plan Fiduciary net position as a percentage of the total pension liability	99.2%	98.6%	113.20%	97.8%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

<u>ERS System</u>										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0686948%	0.0619048%	0.0582527%	0.0517238%	0.0515246%	0.0484994%	0.0483928%	0.0471587%	0.0473699%	0.049347%
The District's proportionate share of the net pension asset (liability)	\$ (10,114,656)	\$ (13,274,891)	\$ 4,761,916	\$ (51,503)	\$ (13,644,011)	\$ (3,436,328)	\$(1,561,850)	\$ (4,431,132)	\$ (7,603,002)	\$ (1,667,063)
The District's covered employee payroll	20,006,395	16,900,832	15,801,366	14,624,738	13,922,461	13,286,744	12,752,647	12,252,462	12,284,218	12,230,543
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	50.56%	78.55%	30.14%	00.35%	98.00%	25.86%	12.25%	36.17%	61.90%	13.63%
Plan Fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER’S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2024

TRS System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,792,697	\$ 8,842,155	\$ 7,528,457	\$ 6,892,196	\$ 6,158,482	\$ 7,055,301	\$ 6,091,987	\$ 6,882,510	\$ 7,664,011	\$ 10,032,097
Contribution in relation to the contractually required contribution	<u>8,792,697</u>	<u>8,842,155</u>	<u>7,528,457</u>	<u>6,892,196</u>	<u>6,158,482</u>	<u>7,055,301</u>	<u>6,091,987</u>	<u>6,882,510</u>	<u>7,664,011</u>	<u>10,032,097</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

ERS System

	<u>2023</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	\$ 2,611,265	\$ 1,928,534	\$ 2,219,854	\$ 2,074,841	\$ 1,932,500	\$ 1,857,780	\$ 1,803,978	\$ 1,896,426	\$ 2,021,960	\$ 2,129,500
Contribution in relation to the contractually required contribution	<u>2,611,265</u>	<u>1,928,534</u>	<u>2,219,854</u>	<u>2,074,841</u>	<u>1,932,500</u>	<u>1,857,780</u>	<u>1,803,978</u>	<u>1,896,426</u>	<u>2,021,960</u>	<u>2,129,500</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	13.05%	11.41%	14.05%	14.19%	13.88%	13.98%	14.15%	15.48%	16.46%	16.54%

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	<u>DEBT SERVICE</u>	MISCELLANEOUS SPECIAL <u>REVENUE</u>	TOTAL NON-MAJOR GOVERNMENTAL <u>FUNDS</u>
ASSETS			
Cash	\$ 292,577	\$ 251,235	\$ 543,812
Cash - Restricted	-	710,060	710,060
Due From Other Funds	<u>47,498</u>	<u>-</u>	<u>47,498</u>
TOTAL ASSETS	<u>\$ 340,075</u>	<u>\$ 961,295</u>	<u>\$ 1,301,370</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Scholarships	-	710,060	710,060
Assigned:			
Unappropriated	<u>340,075</u>	<u>251,235</u>	<u>591,310</u>
TOTAL FUND BALANCES	<u>340,075</u>	<u>961,295</u>	<u>1,301,370</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 340,075</u>	<u>\$ 961,295</u>	<u>\$ 1,301,370</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2024

	<u>DEBT SERVICE</u>	MISCELLANEOUS <u>SPECIAL REVENUE</u>	TOTAL NON-MAJOR GOVERNMENTAL <u>FUNDS</u>
REVENUES			
Use of Money and Property	\$ 246,568	\$ 1,829	\$ 248,397
Miscellaneous Local Sources	<u>-</u>	<u>191,520</u>	<u>191,520</u>
TOTAL REVENUES	246,568	193,349	439,917
OTHER FINANCING SOURCES			
Premium on Obligations	21,950	-	21,950
Interfund Transfers In	<u>617,721</u>	<u>-</u>	<u>617,721</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>886,239</u>	<u>193,349</u>	<u>1,079,588</u>
EXPENDITURES			
Instruction	-	212,265	212,265
Debt Service:			
Principal	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	-	212,265	212,265
OTHER USES			
Interfund Transfers Out	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
TOTAL EXPENDITURES AND OTHER USES	<u>1,000,000</u>	<u>212,265</u>	<u>1,212,265</u>
NET CHANGE IN FUND BALANCE	(113,761)	(18,916)	(132,677)
FUND BALANCE - Beginning of Year	<u>453,836</u>	<u>980,211</u>	<u>1,434,047</u>
FUND BALANCE - End of Year	<u><u>\$ 340,075</u></u>	<u><u>\$ 961,295</u></u>	<u><u>\$ 1,301,370</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2024

ADOPTED BUDGET	\$ 253,659,540
ADDITIONS:	
Encumbrances From Prior Year	934,587
Appropriated Reserves	10,861,538
Supplemental Appropriations	<u>5,000,000</u>
FINAL BUDGET	<u>\$ 270,455,665</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2024

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

Subsequent Year's Voter Approved Expenditure Budget		<u>\$ 262,672,637</u>
Maximum allowed (4% Budget)		<u>\$ 10,506,905</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	1,813,409	
Unassigned Fund Balance	<u>21,998,862</u>	
Total Unrestricted Fund Balance		23,812,271
Less:		
Appropriated Fund Balance	-	
Encumbrances included in Assigned Fund Balance	<u>1,813,409</u>	
Total Adjustments		<u>1,813,409</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 21,998,862</u>
Actual Percentage		8.38%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2024

PROJECT TITLE	EXPENDITURES					METHODS OF FINANCING					FUND BALANCE JUNE 30, 2024
	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	STATE AID	PROCEEDS OF OBLIGATIONS	LOCAL SOURCES	TOTAL	
Smart Schools Bond Act	\$ 6,897,920	\$ 6,897,920	\$ 6,360,284	\$ 527,701	\$ 6,887,985	\$ 9,935	\$ 6,887,985	\$ -	\$ -	\$ 6,887,985	\$ -
Capital Project - 2018	35,340,000	35,340,000	34,973,530	345,219	35,318,749	21,251	-	15,939,873	19,378,876	35,318,749	-
DW Air Conditioning	9,500,000	9,500,000	9,072,497	-	9,072,497	427,503	-	7,520,127	1,552,370	9,072,497	-
Capital Project – 2019	9,470,000	9,010,000	8,693,218	(73,454)	8,619,764	390,236	-	-	9,010,000	9,010,000	390,236
PPK Fire Alarm	500,000	500,000	331,507	81,668	413,175	86,825	-	-	500,000	500,000	86,825
Capital Project - 2021	83,232,000	83,232,000	5,179,871	3,362,364	8,542,235	74,689,765	-	-	25,546,881	25,546,881	17,004,646
Clemson House Renovation	350,000	350,000	290,726	30,942	321,668	28,332	-	-	350,000	350,000	28,332
Bulk Materials Storage Shed	30,000	30,000	-	13,093	13,093	16,907	-	-	13,093	13,093	-
HS Emergency Boiler	5,000,000	5,000,000	-	2,424,739	2,424,739	2,575,261	-	-	5,000,000	5,000,000	2,575,261
Capital Project - 2022	15,585,000	15,585,000	2,221,563	8,324,420	10,545,983	5,039,017	-	-	15,585,000	15,585,000	5,039,017
Capital Project-2023	9,000,000	9,000,000	-	32,817	32,817	8,967,183	-	-	850,000	850,000	817,183
HS Door Upgrade	100,000	100,000	-	<u>11,545</u>	11,545	88,455	-	-	-	-	<u>(11,545)</u>
				<u>\$ 15,081,054</u>							<u>\$ 25,929,955</u>

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2024

Capital Assets, Net	\$ 274,814,853
Less: Outstanding Bonds	(83,820,000)
Unamortized Bond Premiums	(4,980,434)
Outstanding Energy Performance Contract	<u>(1,070,357)</u>
Net Investment in Capital Assets	<u>\$ 184,944,062</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

<u>GRANTOR AGENCY</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>	<u>TOTAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE:				
Passed Through State Dept. of Education:				
School Lunch Program	10.555	N/A	\$ 3,489,940	
School Breakfast Program	10.553	N/A	1,426,105	
Snack Program	10.555	N/A	9,728	
Summer Food Service Program	10.559	N/A	317,373	
COVID-19 – Supply Chain	10.555	N/A	196,293	
Fresh Fruit & Vegetables	10.582	N/A	<u>205,675</u>	
Total Child Nutrition Cluster				5,645,114
Passed Through State Dept. of Health				
Child and Adult Care Food Program	10.558	N/A	<u>302,256</u>	302,256
Passed Through State Dept. of Health and Human Services:				
Commodity Supplement Food Program (Non-Cash)	10.565	N/A	<u>379,295</u>	
Total Food Distribution Cluster				<u>379,295</u>
TOTAL U.S. DEPT. OF AGRICULTURE				<u>6,326,665</u>
Passed Through State Department of Education				
IDEA, Part B	84.027A	032-23-0683	2,456,173	
IDEA, Pre-School	84.173A	033-23-0683	<u>90,780</u>	
Total Special Education Cluster				2,546,953
Title I	84.010A	021-23-2255	139,202	
Title I	84.010A	021-24-2255	<u>2,241,561</u>	2,380,763
Title IIA	84.367A	147-23-2255	1,250	
Title IIA	84.367A	147-24-2255	<u>333,066</u>	334,316
Title IIIA, LEP	84.365A	293-23-2255	7,635	
Title IIIA, LEP	84.365A	293-24-2255	154,676	
Title III, Immigrant Education	84.365A	149-23-2255	947	
Title III, Immigrant Education	84.365A	149-24-2255	<u>79,789</u>	243,047
Title IV, SSAE	84.424A	204-23-2255	116,518	
Title IV SSAE	84.424A	204-24-2255	<u>112,667</u>	229,185
Homeless Children	84.196A	212-23-3011	103,368	
Homeless Children	84.196A	212-24-3011	<u>62,153</u>	165,521
COVID-19 - CRRSA -ESSER II	84.425D	5891-21-2255	3,722,141	
COVID-19 - ARP-ESSER III	84.425U	5880-21-2255	3,552,454	
COVID-19 - ARP-ESSER - Learning Loss	84.425U	5884-21-2255	2,460,751	
COVID-19 - ARP-ESSER - Extended Day	84.425U	5883-21-2255	309,289	
COVID-19 - ARP-ESSER - Summer Enrichment	84.425U	5882-21-2255	562,412	
COVID-19 - ARP-Homeless	84.425W	5212-21-3011	732	
COVID-19 - ARP Homeless II	84.425W	5218-21-2255	99,071	
COVID-19 - ARP Homeless II	84.425W	5219-21-2255	<u>41,129</u>	<u>10,747,979</u>
TOTAL DEPARTMENT OF EDUCATION				<u>16,647,764</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES				<u>\$ 22,974,429</u>

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Enlarged City School District of Middletown. The Enlarged City School District of Middletown's reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance passed through other governmental agencies are included on the schedule.

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

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's financial statements as follows:

Governmental Funds:	
Special Aid Fund	\$ 16,647,764
School Lunch Fund	<u>6,326,665</u>
 TOTAL	 <u>\$ 22,974,429</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Enlarged City School District of Middletown
Middletown, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enlarged City School District of Middletown, New York as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Enlarged City School District of Middletown, New York's basic financial statements and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Enlarged City School District of Middletown, New York'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 Enlarged City School District of Middletown, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Enlarged City School District of Middletown, New York'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Enlarged City School District of Middletown, New York's financial statements are free of 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 determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cooper Arias, LLP

Mongaup Valley, New York
October 8, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of the
Enlarged City School District of Middletown
Middletown, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Enlarged City School District of Middletown, New York and to meet our ethical requirements, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Enlarged City School District of Middletown, New York's compliance with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Enlarged City School District of Middletown, New York's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Enlarged City School District of Middletown, New York's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Enlarged City School District of Middletown, New York's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Cooper Arias, LLP

Mongaup Valley, New York
October 8, 2024

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Enlarged City School District of Middletown.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Enlarged City School District of Middletown.
3. No instances of non-compliance material to the financial statements of the Enlarged City School District of Middletown, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Enlarged City School District of Middletown expresses an unmodified on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported on this schedule.
7. The programs tested as major programs included:

COVID-19 – CRRSA – ESSER II	84.425D
COVID-19 - ARP-ESSER III	84.425U
COVID-19 - ARP-ESSER-Learning Loss	84.425U
COVID-19 - ARP-ESSER-Extended Day	84.425U
COVID-19 - ARP-ESSER-Summer Enrichment	84.425U
COVID-19 - ARP-Homeless	84.425W
School Lunch Program	10.555
School Breakfast Program	10.553
Summer Food Service Program	10.559
COVID-19 – Supply Chain	10.555
Fresh Fruit & Vegetables	10.582
School Snack Program	10.555
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Enlarged City School District of Middletown was determined to be a high-risk auditee.

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2024

No findings noted in the prior year.

INDEPENDENT AUDITORS' REPORT

To the Board of Education of the
Enlarged City School District of Middletown
Middletown, New York

Opinions

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Enlarged City School District of Middletown as of June 30, 2024, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Enlarged City School District of Middletown as listed in the table of contents.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Enlarged City School District of Middletown as of June 30, 2024, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the entity, 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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 auditor's 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 generally accepted 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 generally accepted 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 entity'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 entity'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.

Cooper Arias, LLP

Mongaup Valley, New York
October 8, 2024

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2024

ASSETS	
Cash-High School	\$ 130,105
Cash-Middle School	84,181
Cash-Elementary	<u>36,949</u>
TOTAL ASSETS	<u>\$ 251,235</u>
FUND BALANCE	<u>\$ 251,235</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 7/1/23</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 6/30/24</u>
<u>HIGH SCHOOL</u>				
Class of 2023	\$ 9,957	\$ 31,810	\$ 36,862	\$ 4,905
Class of 2024	5,857	44,880	46,777	3,960
Class of 2025	1,667	4,875	5,496	1,046
Class of 2026	-	405	-	405
Student Council	17,062	3,812	900	19,974
MHS Choirs Club	5,569	-	212	5,357
Graduate-Service Account	38,234	-	-	38,234
Epilogue	21,335	1,022	19,276	3,081
Softball Club	4,763	-	4,336	427
Art Honor Society	1,138	252	119	1,271
MHS Band	1,585	-	1,335	250
Tennis Club	3,468	-	60	3,408
Science Club	1,535	-	75	1,460
Drama Club	2,632	-	-	2,632
MAC-Athletes	333	-	-	333
Girls Lacrosse	1,163	1,158	315	2,006
MHS Musical	2,706	13,123	10,867	4,962
Youth In Government	323	-	287	36
Boys Basketball Club	2,265	11,546	11,780	2,031
Girls BasketBall	-	3,045	880	2,165
Dance Club	281	110	-	391
Girls Soccer	5,841	-	-	5,841
Sports Medicine	905	-	316	589
Friends of Rachel/SADD	3,359	880	783	3,456
Wrestling	1,352	1,750	2,687	415
Boys Swimming	3,962	2,087	2,250	3,799
Girls Swimming	4,578	2,018	2,442	4,154
Middie Ambassadors	4,821	-	569	4,252
National Honor Society	5,790	8,158	8,012	5,936
Track Club	206	-	-	206
Flag Football	462	-	349	113
Mock Trial	70	-	-	70
Step Dance Team	2,221	3,699	2,980	2,940
TOTALS	\$ 155,440	\$ 134,630	\$ 159,965	\$ 130,105

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 7/1/23</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 6/30/24</u>
<u>MIDDLE SCHOOL</u>				
Monhagen Student Council	\$ 16,251	\$ 11,812	\$ 6,668	\$ 21,395
Monhagen Yearbook	833	1,584	163	2,254
Monhagen Drama	22,575	6,117	4,162	24,530
Twin Towers Student Council	25,091	11,711	8,948	27,854
Twin Towers Yearbook	<u>7,656</u>	<u>4,514</u>	<u>4,022</u>	<u>8,148</u>
	-			
TOTAL MIDDLE SCHOOL	<u>72,406</u>	<u>35,738</u>	<u>23,963</u>	<u>84,181</u>
<u>ELEMENTARY SCHOOL</u>				
Presidential Park	32	-	32	-
Carter	121	2,668	740	2,049
Maplehill	390	231	161	460
JROTC	<u>24,614</u>	<u>11,900</u>	<u>2,074</u>	<u>34,440</u>
TOTAL ELEMENTARY SCHOOL	<u>25,157</u>	<u>14,799</u>	<u>3,007</u>	<u>36,949</u>
TOTAL	<u>\$ 253,003</u>	<u>\$ 185,167</u>	<u>\$ 186,935</u>	<u>\$ 251,235</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

ENLARGED CITY SCHOOL DISTRICT OF MIDDLETOWN
HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the High School Extraclassroom Activity Fund of Enlarged City School District of Middletown are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest earned from the investment of the activity fund is distributed pro-rata to all activities having a cash balance.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

The District’s policy is to transfer account balance of inactive clubs to the Student Council Fund.