

FINANCIAL REPORT
AUDITED
TOWN OF POUGHKEEPSIE, NEW YORK
For the Year Ended December 31, 2022

Audited for:

Town Board
TOWN OF POUGHKEEPSIE, NEW YORK

Audited By:

RBT CPAs, LLP
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Newburgh, New York 12550
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TOWN OF POUGHKEEPSIE, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Town Board
Town of Poughkeepsie, New York
One Overocker Road
Poughkeepsie, New York 12603

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Poughkeepsie, New York (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Poughkeepsie as of December 31, 2022 and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), 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 Town, 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

As discussed in Note I to the financial statements, the Town implemented GASB Statement 87, Leases in 2022. 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 Responsibility

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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, budgetary comparison information, and schedules of changes in the total OPEB liability and related ratios, proportionate share of the net pension liability and related ratios on pages 4 through 9 and 45 through 52 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Poughkeepsie's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Town's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY

June 13, 2023

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the Town's financial performance has been prepared to provide an overview of the Town's financial activities for the year ended December 31, 2022. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements.

Requests For Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Jessica Servidio, Comptroller, at One Overrocker Road, Poughkeepsie, New York, 12603.

2021 Financial Highlights

- The Town's net position (defined as assets plus deferred outflows less liabilities and deferred inflows) was a negative \$25,152,435 at December 31.
- The governmental total net position increased by \$7,380,553 for the year ended December 31.
- At December 31, the Other Postemployment Benefit Liability was included in total liabilities in the amount of \$99,868,409.
- At December 31, the proportionate share of the net pension liability for PFRS retirement systems included in total liabilities totaled \$1,544,612.
- As of the close of the year, the Town's governmental funds reported an ending fund balance of \$30,477,834, an increase of \$2,114,699 in comparison with the prior year.

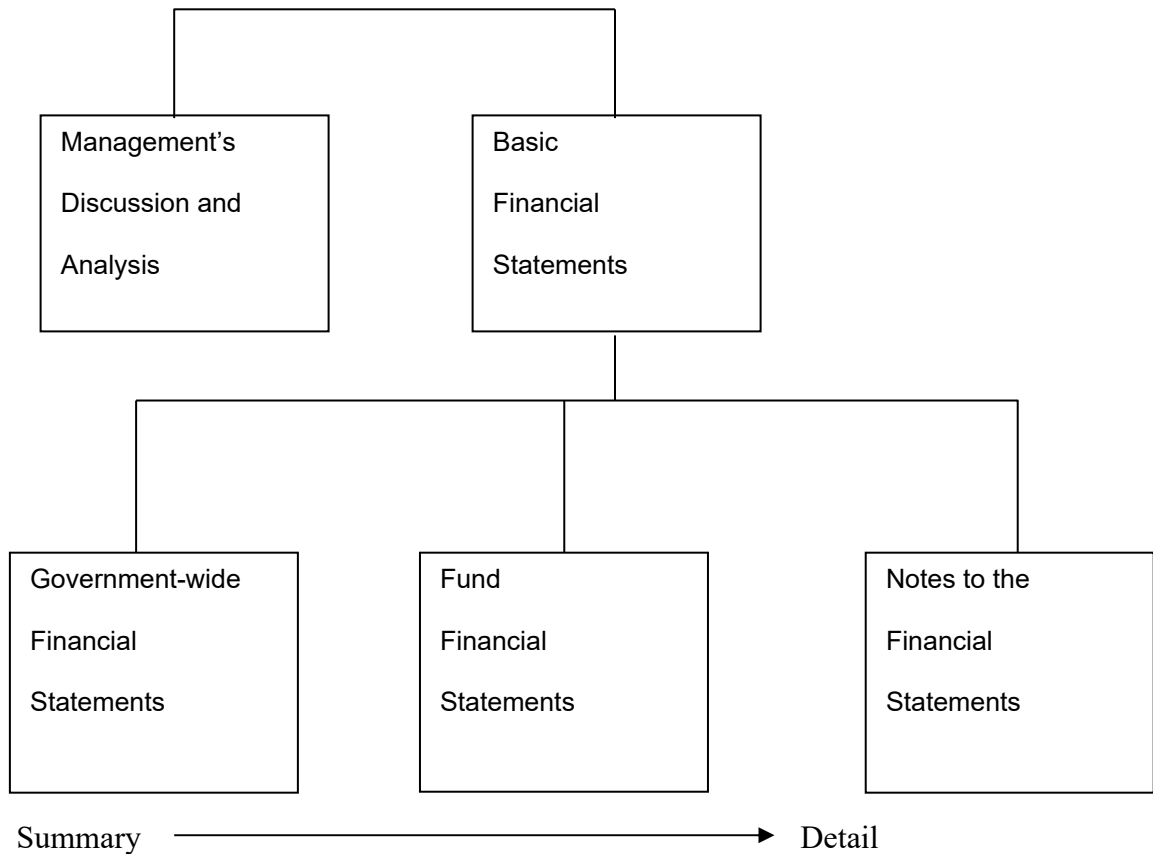
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail following this narrative. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Poughkeepsie, New York.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required Components of the Town's Basic Financial Statements

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, they include: 1) the governmental and fiduciary fund statements and 2) reconciliations to the government-wide financial statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The governmental activities include most of the Town's basic services such as public safety, road maintenance and administration. Property taxes, sales tax, charges for services and state aid finance most of these activities.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as New York State general municipal law and local finance law or the Town's budget regulations. All of the funds of the Town are classified in one of two categories: governmental funds or fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

Fiduciary Funds – The Town acts in an custodial capacity for assets that are ultimately transferred to others, such as unclaimed bail. These funds are excluded from the government-wide financial statements because the Town cannot use these assets to finance operations.

The Town adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates input from the citizens and management of the Town, and the decisions of the Town Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary comparison demonstrates how well the Town complied with the final budget and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the Town Board; 2) the final budget as amended by the Town Board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures. The schedule is presented as required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
NET POSITION**

	2022	2021	\$ Change	% Change
Current and Other Assets	\$ 45,316,059	\$ 41,192,482	\$ 4,123,577	10.01%
Non-Current Assets	87,383,565	85,784,323	1,599,242	1.86%
Total Assets	132,699,624	126,976,805	5,722,819	4.51%
Deferred Outflows of Resources	16,386,643	19,730,692	(3,344,049)	-16.95%
Other Liabilities	8,120,581	5,965,509	2,155,072	36.13%
Long-Term Liabilities	142,558,924	150,770,022	(8,211,098)	-5.45%
Total Liabilities	150,679,505	156,735,531	(6,056,026)	-3.86%
Deferred Inflows of Resources	23,559,197	22,504,954	1,054,243	4.68%
Net Position:				
Net Investment in Capital Assets	21,732,485	18,540,019	3,192,466	17.22%
Net Investment in Joint Water Project	24,545,119	23,876,010	669,109	2.80%
Restricted	672,274	806,438	(134,164)	-16.64%
Unrestricted (As Restated)	(72,102,313)	(75,755,455)	3,653,142	4.82%
Total Net Position	\$ (25,152,435)	\$ (32,532,988)	\$ 7,380,553	22.69%

Management's Explanation of Changes

Net position shows a \$25.2 million dollar deficit, this is due to GASB 75, wherein municipalities must record an actuarially determined postemployment benefit liability for all employees, active and retired. New York State does not allow funding this liability, as it is an accrual entry to the financials for reporting purposes only. The recording of this liability also caused the decrease in deferred outflows of resources and the decrease in the long-term liabilities. Current and other assets increased due to an increase in cash partly due to ARPA funds.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION**

	2022	%	2021	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Service	\$ 13,446,661	24.36%	\$ 13,188,763	25.40%	257,898	1.96%
Operating and Capital Grants	2,217,860	4.02%	1,208,241	2.33%	1,009,619	83.56%
General Revenues:						
Real Property Taxes	28,348,137	51.37%	28,275,254	54.47%	72,883	0.26%
Real Property Tax Items	1,240,812	2.25%	1,275,908	2.46%	(35,096)	-2.75%
Non Property Taxes	711,197	1.29%	820,566	1.58%	(109,369)	-13.33%
Tax Revenue Sharing	6,266,535	11.36%	4,629,965	8.92%	1,636,570	35.35%
Use of Money and Property	1,000,998	1.81%	643,302	1.24%	357,696	55.60%
Intergovernmental Charges	512,753	0.93%	362,849	0.70%	149,904	41.31%
Sale of Property and Compensation for Loss	269,672	0.49%	284,315	0.55%	(14,643)	-5.15%
Miscellaneous	1,169,943	2.12%	1,218,095	2.35%	(48,152)	-3.95%
Total Revenues	<u>55,184,568</u>	<u>100.00%</u>	<u>51,907,258</u>	<u>99.99%</u>	<u>3,277,310</u>	<u>6.31%</u>
Expenses:						
General Government Support	5,725,142	11.98%	5,320,648	10.75%	404,494	7.60%
Public Safety	18,974,868	39.72%	19,687,725	39.77%	(712,857)	-3.62%
Transportation	7,728,601	16.18%	8,596,755	17.37%	(868,154)	-10.10%
Economic Assistance	126,270	0.26%	126,040	0.25%	230	0.18%
Culture and Recreation	2,197,472	4.60%	965,408	1.95%	1,232,064	127.62%
Home & Community Service	11,846,248	24.79%	13,587,009	27.45%	(1,740,761)	-12.81%
Interest Expense	1,178,957	2.47%	1,219,347	2.46%	(40,390)	-3.31%
Total Expenses	<u>47,777,558</u>	<u>100.00%</u>	<u>49,502,932</u>	<u>100.00%</u>	<u>\$ (1,725,374)</u>	<u>-3.49%</u>
Increase in Net Position	<u>\$ 7,407,010</u>		<u>\$ 2,404,326</u>			

Management's Explanation of Changes

Expenses decreased due to a decrease in benefit costs, which was due to pension and OPEB actuarial calculations.

**TOWN OF POUGHKEEPSIE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Funds Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the year.

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the General Fund was \$2,740,564. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 39 percent of total General Fund expenditures.

At December 31, 2022, the governmental funds of the Town reported a combined fund balance of \$30,477,834, an 7 percent increase over the prior year end. Included in this change in fund balance are increases in the General A, General B, Highway, Water and Sewer Funds and decreases in the Capital Projects and Non-Major Funds.

General Fund Budgetary Highlights: During the year, the Town revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental activities as of December 31, 2022, totaled \$56,705,160 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, roads and infrastructure and vehicles.

Debt: As of December 31, 2022, the Town had total debt outstanding for its governmental activities of \$39,247,675. The debt is backed by the full faith and credit of the Town. The Town's debt decreased overall by \$4,417,549 during the 2022 year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 30,027,192
Restricted Cash	672,274
Accounts Receivable (Note I H)	2,596,162
Leases Receivable	487,844
Due from Other Governments	10,567,519
Prepaid Expense	965,068
	<u>45,316,059</u>
NON-CURRENT ASSETS	
Capital Assets:	
Capital Assets, Not Being Depreciated	11,315,427
Capital Assets, Being Depreciated	45,389,733
Total Capital Assets, Net (Note V)	<u>56,705,160</u>
Investment in Joint Water Project (Note XIII)	28,820,119
ERS Net Pension Asset -Proportionate Share (Note VII)	1,858,286
Total Assets	<u>132,699,624</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note VII)	16,386,643
Total Deferred Outflows of Resources	<u>16,386,643</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>149,086,267</u>
LIABILITIES	
Accounts Payable	1,192,528
Accrued Expenditures	5,853,820
Due To Fiduciary Fund	45,955
Due To Other Governments	1,028,278
Noncurrent Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note X)	3,527,000
Installment Purchase Obligations (Note X)	233,877
Landfill Closure and Post Closure (Note X)	9,693
Due and Payable More Than One Year:	
Bonds Payable (Note X)	34,855,744
Installment Purchase Obligations (Note X)	631,054
Landfill Closure and Post Closure (Note X)	490,799
Compensated Absences (Note X)	1,397,736
PFRS Net Pension Liability-Proportionate Share (Note VII)	1,544,612
Other Postemployment Benefits (Note VIII)	99,868,409
Total Liabilities	<u>150,679,505</u>
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits (Note VIII)	2,940,040
Pension (Note VII)	20,131,582
Leases (Note VI)	487,575
Total Deferred Inflows of Resources	<u>23,559,197</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>174,238,702</u>
NET POSITION	
Net Investment in Capital Assets	21,732,485
Net Investment in Joint Water Project	24,545,119
Restricted	672,274
Unrestricted	(72,102,313)
Total Net Position	<u>\$ (25,152,435)</u>

See accompanying notes to basic financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF ACTIVITIES
DECEMBER 31, 2022

	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
<u>FUNCTIONS/PROGRAMS</u>					Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ (5,725,142)	\$ 315,449	\$ -	\$ 30,739	\$ (5,378,954)
Public Safety	(18,974,868)	617,998	111,824	-	(18,245,046)
Transportation	(7,728,601)	-	12,890	1,366,154	(6,349,557)
Economic Assistance and Opportunity	(126,270)	-	-	-	(126,270)
Culture and Recreation	(2,197,472)	577,770	-	-	(1,619,702)
Home and Community Services	(11,846,248)	11,935,444	-	696,253	785,449
Interest Expense	(1,178,957)	-	-	-	(1,178,957)
Total Primary Government	<u>\$ (47,777,558)</u>	<u>\$ 13,446,661</u>	<u>\$ 124,714</u>	<u>\$ 2,093,146</u>	<u>(32,113,037)</u>
General Revenues:					
Real Property Taxes					28,348,137
Real Property Tax Items					1,240,812
Non Property Taxes					711,197
Tax Revenue Sharing					6,266,535
Use of Money and Property					1,000,998
Intergovernmental Charges					512,753
Sale of Property and Compensation for Loss					269,672
Miscellaneous					1,169,943
Total General Revenues					<u>39,520,047</u>
Change in Net Position					<u>7,407,010</u>
Net Position - Beginning					<u>(32,532,988)</u>
Prior Period Adjustments (Note XVI)					<u>(26,457)</u>
Net Position - Beginning, as Restated					<u>(32,559,445)</u>
Net Position - Ending					<u>\$ (25,152,435)</u>

See accompanying notes to the financial statements.

**TOWN OF POUGHKEEPSIE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund A	General Fund B	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Funds	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$8,021,546	\$ 9,113,617	\$2,979,810	\$2,327,448	\$3,722,988	\$3,344,188	\$ 624,007	\$(106,412)	\$30,027,192
Restricted Cash	672,274	-	-	-	-	-	-	-	672,274
Receivables	143,294	333,612	10,832	1,120,019	988,405	-	-	-	2,596,162
Leases Receivables	-	487,844	-	-	-	-	-	-	487,844
Prepaid Expense	179,809	690,319	46,689	32,477	15,774	-	-	-	965,068
Due from Other Funds (Note IV)	13,329	27,128	33,202	1,519,117	127,213	44,475	100	79,586	1,844,150
Due from Other Governments	382,955	548,062	724,818	1,968,610	383,074	-	6,560,000	-	10,567,519
Total Assets	\$9,413,207	\$ 11,200,582	\$3,795,351	\$6,967,671	\$5,237,454	\$3,388,663	\$7,184,107	\$ (26,826)	\$47,160,209
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ 328,076	\$ 281,193	\$ 146,545	\$ 128,058	\$ 198,689	\$ 7,766	\$ -	\$ 102,201	\$ 1,192,528
Accrued Expenditures and Other Liabilities	3,718,111	1,390,203	180,352	33,372	201,851	-	-	-	5,523,889
Due to Other Funds (Note IV)	1,029,485	-	135,078	-	495,261	-	-	230,281	1,890,105
Due to Other Governments	38,473	-	-	937,696	-	46,480	5,629	-	1,028,278
Total Liabilities	5,114,145	1,671,396	461,975	1,099,126	895,801	54,246	5,629	332,482	9,634,800
Deferred Inflows of Resources:									
Revenues	-	487,575	-	-	-	-	6,560,000	-	7,047,575
Fund Balances:									
Nonspendable	179,809	690,319	46,689	32,477	15,774	-	-	-	965,068
Fund Balance - Restricted									
Reserves	212,500	-	-	-	-	-	-	-	212,500
Recreation	383,975	-	-	-	-	-	-	-	383,975
Drainage	75,799	-	-	-	-	-	-	-	75,799
Fund Balance - Assigned									
Assigned for Subsequent Year's Budget	200,000	250,000	150,000	300,000	150,000	-	-	-	1,050,000
Assigned for Fund Purposes	-	7,436,650	2,742,622	5,491,185	3,836,473	-	618,478	222,824	20,348,232
Assigned for Purchase Commitments	506,415	664,642	394,065	44,883	339,406	-	-	-	1,949,411
Fund Balance - Unassigned	2,740,564	-	-	-	-	3,334,417	-	(582,132)	5,492,849
Total Fund Balances	4,299,062	9,041,611	3,333,376	5,868,545	4,341,653	3,334,417	618,478	(359,308)	30,477,834
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$9,413,207	\$ 11,200,582	\$3,795,351	\$6,967,671	\$5,237,454	\$3,388,663	\$7,184,107	\$ (26,826)	\$47,160,209

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 30,027,192	\$ -	\$ -	\$ 30,027,192
Restricted Cash	672,274	-	-	672,274
Receivables	2,596,162	-	-	2,596,162
Leases Receivables	487,844	-	-	487,844
Prepaid Expense	965,068	-	-	965,068
Due from Other Funds	1,844,150	-	(1,844,150)	-
Due from Other Governments	10,567,519	-	-	10,567,519
Investment in Joint Water Project	-	28,820,119	-	28,820,119
Capital Assets, Net	-	56,705,160	-	56,705,160
ERS Net Pension Asset-Proportionate Share	-	1,858,286	-	1,858,286
Deferred Outflows of Resources - Pension	-	16,386,643	-	16,386,643
Total Assets and Deferred Outflows	<u>\$ 47,160,209</u>	<u>\$ 103,770,208</u>	<u>\$ (1,844,150)</u>	<u>\$ 149,086,267</u>
LIABILITIES				
Accounts Payable	\$ 1,192,528	\$ -	\$ -	\$ 1,192,528
Accrued Expenditures	5,523,889	329,931	-	5,853,820
Bonds Premium Liability	-	1,092,744	-	1,092,744
Bonds Payable	-	30,730,000	6,560,000	37,290,000
Installment Obligations Payable	-	864,931	-	864,931
Due to Other Funds	1,890,105	-	(1,844,150)	45,955
Due to Other Governments	1,028,278	-	-	1,028,278
Landfill Closure and Post Closure	-	500,492	-	500,492
Compensated Absences	-	1,397,736	-	1,397,736
PFRS Net Pension Liability-Proportionate Share	-	1,544,612	-	1,544,612
Other Postemployment Benefits	-	99,868,409	-	99,868,409
Deferred Inflows of Resources - OPEB	-	2,940,040	-	2,940,040
Deferred Inflows of Resources - Pension	-	20,131,582	-	20,131,582
Deferred Inflows of Resources - Revenues	7,047,575	-	(6,560,000)	487,575
Total Liabilities and Deferred Inflows	<u>16,682,375</u>	<u>159,400,477</u>	<u>(1,844,150)</u>	<u>174,238,702</u>
Total Fund Balances	<u>30,477,834</u>	<u>(55,630,269)</u>	<u>-</u>	<u>(25,152,435)</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 47,160,209</u>	<u>\$ 103,770,208</u>	<u>\$ (1,844,150)</u>	<u>\$ 149,086,267</u>

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund A	General Fund B	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Funds	Total Governmental Funds
Revenues:									
Real Property Taxes	\$3,501,388	\$ 14,867,509	\$6,988,458	\$ 859,030	\$ 1,178,252	\$ -	\$ -	\$ 953,500	\$28,348,137
Real Property Tax Items	145,612	971,455	-	72,491	1,728	-	-	49,526	1,240,812
Non Property Tax Items	-	5,414,398	-	-	-	-	-	-	5,414,398
Departmental Income	626,113	314,524	-	6,658,356	4,351,538	-	-	-	11,950,531
Intergovernmental Income	16,020	44,248	45,000	123,747	-	-	758,738	-	987,753
Use of Money and Property	478,159	343,101	-	26,740	152,998	-	-	-	1,000,998
Licenses and Permits	36,423	1,129,759	3,176	19,105	-	-	-	-	1,188,463
Fines and Forfeitures	459,949	-	-	-	-	-	-	-	459,949
Sale of Property and Compensation for Loss	54,811	129,139	127,179	5,914	35,432	-	-	-	352,475
Miscellaneous	259,960	579,167	291,867	61,304	42,145	-	296,930	-	1,531,373
State and Federal Aid	2,174,656	86,504	1,379,044	20,000	12,890	43,600	-	-	3,716,694
Total Revenues	7,753,091	23,879,804	8,834,724	7,846,687	5,774,983	43,600	1,055,668	1,003,026	56,191,583
Expenditures:									
General Government	3,612,738	669,737	70,849	86,949	81,828	-	99,402	38,832	4,660,335
Public Safety	-	11,984,477	-	-	-	-	-	-	11,984,477
Transportation	282,741	-	3,363,050	-	-	171,042	-	1,160,184	4,977,017
Economic Assistance and Opportunity	68,770	-	-	-	-	-	-	57,500	126,270
Culture and Recreation	918,420	-	-	-	-	-	-	-	918,420
Home and Community Services	154,883	534,175	-	5,687,199	4,174,325	134,164	-	-	10,684,746
Employee Benefits	1,433,892	8,269,601	1,079,105	786,212	495,542	-	-	-	12,064,352
Capital Outlay	264,215	98,047	1,421,790	260,410	-	1,234,206	-	-	3,278,668
Debt Service	267,601	-	2,523,644	838,890	744,306	-	758,738	51,892	5,185,071
Total Expenditures	7,003,260	21,556,037	8,458,438	7,659,660	5,496,001	1,539,412	858,140	1,308,408	53,879,356
Excess/(Deficiency) of Revenues Over Expenditures	749,831	2,323,767	376,286	187,027	278,982	(1,495,812)	197,528	(305,382)	2,312,227
Other Financing Sources/(Uses):									
Proceeds from Obligations	-	-	-	-	-	-	2,655,000	-	2,655,000
Payment to Escrow Agent	-	-	-	-	-	-	(2,852,528)	-	(2,852,528)
Operating Transfers In	20,200	178,692	11,629	232,815	42,622	-	-	-	485,958
Operating Transfers Out	(465,758)	-	-	(10,200)	(10,000)	-	-	-	(485,958)
Total Other Financing Sources/(Uses)	(445,558)	178,692	11,629	222,615	32,622	-	(197,528)	-	(197,528)
Change in Fund Balances	304,273	2,502,459	387,915	409,642	311,604	(1,495,812)	-	(305,382)	2,114,699
Fund Balances - Beginning	4,021,246	6,539,152	2,945,461	5,458,903	4,030,049	4,830,229	618,478	(53,926)	28,389,592
Prior Period Adjustment (Note XVI)	(26,457)	-	-	-	-	-	-	-	(26,457)
Fund Balances - Beginning, as Restated	3,994,789	6,539,152	2,945,461	5,458,903	4,030,049	4,830,229	618,478	(53,926)	28,363,135
Fund Balances - Ending	\$4,299,062	\$ 9,041,611	\$3,333,376	\$ 5,868,545	\$ 4,341,653	\$3,334,417	\$ 618,478	\$(359,308)	\$30,477,834

See accompanying notes to the financial statements.

TOWN OF POUGHKEEPSIE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 28,348,137	\$ -	\$ -	\$ -	\$ -	\$ 28,348,137
Real Property Tax Items	1,240,812	-	-	-	-	1,240,812
Non Property Tax Items	5,414,398	-	-	-	-	5,414,398
Departmental Income	11,950,531	(152,282)	-	-	-	11,798,249
Intergovernmental Income	987,753	(475,000)	-	-	-	512,753
Use of Money and Property	1,000,998	-	-	-	-	1,000,998
Licenses and Permits	1,188,463	-	-	-	-	1,188,463
Fines and Forfeitures	459,949	-	-	-	-	459,949
Sale of Property and Compensation for Loss	352,475	-	(82,803)	-	-	269,672
Miscellaneous	1,531,373	-	-	(296,930)	-	1,234,443
State and Federal Aid	3,716,694	-	-	-	-	3,716,694
Total Revenues	56,191,583	(627,282)	(82,803)	(296,930)	-	55,184,568
Expenditures:						
General Government	4,660,335	-	83,585	-	981,222	5,725,142
Public Safety	11,984,477	-	410,194	(76,205)	6,656,402	18,974,868
Transportation	4,977,017	-	1,966,697	(157,672)	942,559	7,728,601
Economic Assistance and Opportunity	126,270	-	-	-	-	126,270
Culture and Recreation	918,420	-	1,056,042	-	223,010	2,197,472
Home and Community Services	10,684,746	166	67,500	-	1,093,836	11,846,248
Employee Benefits	12,064,352	(2,167,323)	-	-	(9,897,029)	-
Capital Outlay	3,278,668	-	(3,278,668)	-	-	-
Debt Service	5,185,071	(84,642)	-	(3,921,472)	-	1,178,957
Total Expenditures	53,879,356	(2,251,799)	305,350	(4,155,349)	-	47,777,558
Excess/(Deficiency) of Revenues Over Expenditures	2,312,227	1,624,517	(388,153)	3,858,419	-	7,407,010
Other Financing Sources/(Uses):						
Proceeds from Obligations	2,655,000	-	-	(2,655,000)	-	-
Payment to Escrow Agent	(2,852,528)	-	-	2,852,528	-	-
Operating Transfers In	485,958	-	-	-	(485,958)	-
Operating Transfers Out	(485,958)	-	-	-	485,958	-
Total Other Financing Sources/(Uses)	(197,528)	-	-	197,528	-	-
Change in Fund Balances	\$ 2,114,699	\$ 1,624,517	\$ (388,153)	\$ 4,055,947	\$ -	\$ 7,407,010

See accompanying notes to the financial statements.

**TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	Custodial Fund
ASSETS	
Cash	\$ 171,008
Due from Other Funds (Note IV)	<u>45,955</u>
Total Assets	<u>216,963</u>
NET POSITION	
Held as Custodian	<u><u>\$ 216,963</u></u>

TOWN OF POUGHKEEPSIE, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2022

	Custodial Fund
REVENUES/EXPENSES:	
Revenue	\$ -
Expenses	<u>10,399</u>
Change in Net Position	(10,399)
Net Position Held as Custodian - Beginning	<u>227,362</u>
Net Position Held as Custodian - Ending	<u><u>\$ 216,963</u></u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Poughkeepsie, New York (the "Town"), established in 1854, is governed by the laws of the State of New York (the "State") and various local laws. The Town Board is the legislative body responsible for overall operations. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer.

The Town, for financial purposes, includes all of the funds relevant to the operations of the Town of Poughkeepsie, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Under these criteria, no other entities are included in the Town's financial statements.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America for governmental units as established by the Governmental Accounting Standards Board ("GASB"). The notes to the financial statements are an integral part of the statements and are intended to be read with them.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund – Town Wide (A)* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *General Fund – Part-Town (B)* is used to record revenues and expenditures related to services provided to residents living outside the Village of Wappingers Falls, such as police protection, planning and zoning services. The General Fund – Part-Town is considered a major fund and is presented separately.

The *Highway Fund* is used to account for financial resources necessary to repair and maintain the roads within the Town.

The *Water Fund* is used to account for financial resources to be used for the operations and maintenance of the water districts within the Town.

The *Sewer Fund* is used to account for financial resources to be used for the operations and maintenance of the sewer districts within the Town.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The principal source of financing is from the sale of bonds or bond anticipation notes.

The *Debt Service Fund* is used to account for accumulation of financial resources for, and the payment of, general long-term debt principal and interest.

Additionally, the Town reports the following non-major governmental funds:

The *Drainage Fund* is used to account for operation and maintenance transactions related to the Town’s drainage district. Revenues are derived from special district assessments.

The *Lighting Fund* is used to account for operation and maintenance transactions related to the Town’s lighting district. Revenues are derived from special district assessments.

The *Miscellaneous Fund* is used to account for financial resources necessary to support the business improvement district and ambulance fund within the Town.

Fiduciary Funds are used to report assets which are held in a trustee or custodial capacity and are, therefore, not available to support Town programs.

D. Pervasiveness 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of other postemployment benefits, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Budgetary Data

The Town's budget policies are as follows:

1. No later than October 5, the budget officer submits a tentative budget to the Town Board for the year commencing the following January 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds.

a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than November 20.

b. All modifications of the budget must be approved by the Town Board; however, the Town Supervisor is authorized to transfer certain budgeted amounts within the departments.

2. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

F. Property Taxes

Town real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1 to January 31 at face value and from February 1 to May 31 with interest added. The Town's Receiver of Taxes collects all real estate taxes for Town and County purposes. The Town's Receiver distributes the collected tax money to the Town prior to distributing the remaining balance collected to the County on June 1. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

G. Cash and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town 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 demand 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 the State and its municipalities and school districts.

H. 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 not be material.

I. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the interfund balances.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Inventories and Prepaid Items

Purchases of inventorable items are recorded as expenditures in the Governmental Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not reported in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year end.

K. Capital Assets

Capital assets are reported at historical cost. The Town depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 10,000	20 - 40 years
Improvements Other than Buildings	10,000	20 years
Machinery and Equipment	5,000 - 10,000	3 - 7 years

L. Infrastructure

The Town includes long-lived improvements to roads, property, and water systems as capital assets in the Government-wide statements. Infrastructure is reported at historical cost and is depreciated using the straight-line method over the estimated useful lives.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	<u>Threshold</u>	<u>Useful Life</u>
Town Roads and Other Infrastructure	\$ 10,000	15 - 100 years

M. Vested Employee Benefits

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee may be entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading "Compensated Absences." See Note IX.

The Town's employees participate in the New York State Employees' Retirement System and New York State Police and Fire Retirement System. See Note VII.

In addition to providing pension benefits, the Town provides health insurance coverage for retired employees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Town. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age and at least 20 years of service while working for the Town. See Note VIII.

N. Unemployment Insurance

Town employees are covered by unemployment insurance. The Town has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Town's account. The Town is exempt from federal unemployment insurance tax.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Deferred Compensation

The Town, through the New York State Deferred Compensation Board, offers its employees a Deferred Compensation Plan (“the Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The Town does not contribute to this plan.

P. Risk Retention

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Town purchases commercial insurance to mitigate these risks, subject to certain deductibles. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Q. Equity Classification

1. Government-wide Statements

Equity is defined as net position and displayed in three components:

- Net Investment in Capital Assets

Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted Net Position

Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position

The remaining portion of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

2. Fund Financial Statements

Equity is defined as fund balance and displayed in five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

Non-spendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are non-spendable assets because, by definition, the money has already been spent.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Various New York State statutes allow local governments to establish reserve funds for various purposes.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Q. Equity Classification – Continued

2. Fund Financial Statements - Continued

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority (the Town Board) before the end of the year. The same level of formal action is required to remove the constraint.

Assigned:

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 its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this classification is only be used to report a deficit balance.

3. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Similarly, when an expenditure is incurred for which multiple classifications of fund balance are available, the Town's policy is to apply fund balance in the following order: restricted, committed, assigned, unassigned.

R. Interfund Transfers

The operations of the Town give rise to certain transactions between funds, including transfers to provide services and construct assets. Interfund transfers within fund categories are eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided in Note IV.

S. Leases

a. Lessee

The Town implemented GASB 87 effective January 1, 2022 and has elected not to capitalize lease assets or liabilities for immaterial leases. The Town will continue to account for immaterial lease arrangements under extant standards. (See Note XI).

b. Lessor

The Town is a lessor for various noncancelable leases of cell towers and ground leases. For short-term leases, the Town recognizes rental income based on the provisions of the lease agreement in the Statement of Revenues, Expenses, and Changes in Net Position. For all other leases, the Town recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position and the Balance Sheet – Governmental Funds.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term, reduced by any provision for uncollectible amounts, if applicable. Any initial direct costs required to be paid by the Town are expensed in the period incurred. Subsequently, payments received are allocated first to any accrued interest receivable and then to the lease receivable.

The deferred inflow of leased revenue is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, if applicable. Subsequently, the deferred inflow of resources is recognized on a straight-line basis as revenue over the life of the lease term.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Leases - Continued

The following key estimates and judgments are used by the Town to determine the following:

- Discount rate: The Town uses either the explicit rate stated in the lease agreement or its incremental borrowing rate to discount the expected lease receipts to present value. Since the Town 's bonds are not actively traded, the Town determines its incremental borrowing rate by using other observable inputs.
- Lease term: The lease term includes the noncancelable lease period of the lease, plus 1) periods for which the Town has a unilateral option to extend and is reasonably certain to exercise such option, or 2) periods after an optional termination date if the Town is reasonably certain not to exercise the termination option.
- Lease receipts: Measurement of the lease receivable includes fixed payments, and as applicable, variable fixed in substance payments, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The Town monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflows of resources for leasing transactions.

T. Subsequent Events

Management has evaluated subsequent events from December 31, 2022, through June 13, 2023, the date on which the financial statements were available to be issued.

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Town’s governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This 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 Funds Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Funds Balance Sheet and Net Position reported on the Statement of Net Position.

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 169,613,303
Accumulated Depreciation	(112,908,143)
Capital Assets, Net	\$ 56,705,160

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities - Continued

- (2) The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) for the Town's investment in the Joint Water Project financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes the investment in the Joint Water Project among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Investment in the Joint Water Project	<u>\$ 28,820,119</u>
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- (3) The governmental funds do not include non-current assets. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

ERS Pension Asset-Proportionate Share	<u>\$ 1,858,286</u>
---------------------------------------	---------------------

- (4) Interest payable is recognized in the government-wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2022	<u>\$ (329,931)</u>
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- (5) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, these liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds and Installment Obligations Payable	\$ (31,594,931)
Bond Premium Liability	(1,092,744)
Compensated Absences Payable	(1,397,736)
PFRS Pension Liability-Proportionate Share	(1,544,612)
Other Postemployment Benefits	(99,868,409)
Landfill Closure and Post Closure Liability	(500,492)
	<u>\$ (135,998,924)</u>

- (6) Deferred outflows and inflows are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows - Pensions	<u>\$ 16,386,643</u>
Deferred Inflows - Other Postemployment benefits	\$ (2,940,040)
Deferred Inflows - Pensions	(20,131,582)
	<u>\$ (23,071,622)</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

B. Explanation of Differences between Governmental Funds Operating Statement and the 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:

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, 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.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the statement of activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 56,191,583
Bond Premium	(296,930)
Joint Water negotiated revenue settlement receipt	(152,282)
The loss on disposal of a fixed asset reduced the sale of property revenue amount.	(82,803)
Debt Service Payments due from the Library are recognized in the entity-wide statements under full accrual accounting, whereas they are recognized when measurable and available in the governmental fund statements. This is the amount by which the December 31, 2022 receivable amount decreased over the prior year principal paid.	(475,000)
Total expenses reported in the Statement of Activities	\$ 55,184,568

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities - Continued

Total Expenditures/Expenses

Total expenditures reported in governmental funds \$ 53,879,356

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which the liability for compensated absences decreased during the year. (1,476,305)

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the actuarially determined present value of projected benefit payments to be provided to current and retired employees. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the change in the present value exceeded the amount of financial resources used during the year. 1,327,679

In the Statement of Activities, pension expense related to ERS and PFRS defined benefit plans is measured as the change in the Town's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds, however, these expenditures are recognized as the sum of (1) amounts paid by the employer to the pension plan, and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than the amount of financial resources expended during the year. (2,018,697)

Interest payable is recognized in the government-wide statements under full accrual accounting, whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was less than the interest payable for the prior year. (19,971)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$3,584,018 was more than capital expenditures of \$3,278,668 in the current year. 305,350

Repayment of bond and BAN principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities, therefore reducing expenses. (3,964,000)

Other expenses are recognized in the government-wide statements under full accrual accounting, whereas they are recognized when paid in the governmental fund statements. Full accrual expenses were less than payments in the current year. (255,854)

Total expenses reported in the Statement of Activities \$ 47,777,558

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

III. CASH

At December 31, 2022, the carrying amount of the Town’s deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$30,870,471 and the bank balance was \$32,124,918, which excludes petty cash. The Town’s deposits at December 31, 2022, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Town’s agent bank in the Town’s name. Petty cash is included in Cash and Cash Equivalents and totaled \$1,075 at year end.

IV. INTERFUND ACTIVITY

Interfund receivables and payables at December 31, 2022 were as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General A	\$ 13,329	\$ 1,029,485
General B	27,128	-
Highway	33,202	135,078
Water	1,519,117	-
Sewer	127,213	495,261
Debt Service	100	-
Capital Projects	44,475	-
Non-Major	79,586	230,281
Subtotal	<u>1,844,150</u>	<u>1,890,105</u>
Custodial	45,955	-
Total	<u>\$ 1,890,105</u>	<u>\$ 1,890,105</u>

Interfund transfers were as follows for the year ended December 31, 2022:

<u>FUND</u>	<u>INTERFUND TRANSFERS IN</u>	<u>INTERFUND TRANSFERS OUT</u>
General A	\$ 20,200	\$ (465,758)
General B	178,692	-
Highway	11,629	-
Water	232,815	(10,200)
Sewer	42,622	(10,000)
Total	<u>\$ 485,958</u>	<u>\$ (485,958)</u>

Interfund transfers were made for the following purposes:

- Water and Sewer transfers to General were for auto center repairs and maintenance on their vehicles.
- General Fund transfers to General B, Water and Highway were for the use of ARPA funding.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

V. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Governmental activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 10,702,283	\$ -	\$ -	\$ -	\$ 10,702,283
Construction in Progress	233,139	613,144	-	(233,139)	613,144
Total Capital Assets, Not Being Depreciated:	10,935,422	613,144	-	(233,139)	11,315,427
Capital Assets, Being Depreciated:					
Buildings and Improvements	15,889,545	-	-	-	15,889,545
Town Roads and Other Infrastructure	117,461,687	1,526,587	-	-	118,988,274
Improvements Other than Buildings	3,062,270	52,092	-	233,139	3,347,501
Machinery and Equipment	19,178,869	1,086,845	(193,158)	-	20,072,556
Total Capital Assets, Being Depreciated:	155,592,371	2,665,524	(193,158)	233,139	158,297,876
Accumulated Depreciation for:					
Buildings and Improvements	(11,379,857)	(335,104)	-	-	(11,714,961)
Town Roads and Other Infrastructure	(81,324,534)	(2,138,006)	-	-	(83,462,540)
Improvements Other than Buildings	(2,093,530)	(106,101)	-	-	(2,199,631)
Machinery and Equipment	(14,636,559)	(1,004,807)	110,355	-	(15,531,011)
Total Accumulated Depreciation	(109,434,480)	(3,584,018)	110,355	-	(112,908,143)
Total Capital Assets, Being Depreciated, Net	46,157,891	(918,494)	(82,803)	233,139	45,389,733
Governmental Activities Capital Assets, Net	\$ 57,093,313	\$ (305,350)	\$ (82,803)	\$ -	\$ 56,705,160

Depreciation was charged to governmental activities as follows:

General Government Support	\$ 83,585
Public Safety	410,194
Transportation	1,966,697
Home and Community	1,056,042
Culture and Recreation	67,500
Total Depreciation Expense	<u>\$ 3,584,018</u>

VI. LEASES

The Town is a lessor for various noncancellable leases of cell towers and ground leases. Some of the leases have termination options that the lessee may unilaterally exercise by giving various periods of notice to the Town.

Revenues recognized in the reporting period for variable payments not previously included in the measurement of the lease receivables were \$238,572 as of December 31, 2022. These payments represent participation rent, which is a percentage of the lessees' gross revenues. Principal and interest received from leases totaled \$104,260, in fiscal year 2022.

The total minimum lease commitment at December 31, 2022, under the leases mentioned above, is receivable during the following fiscal years:

YEAR ENDING DECEMBER 31,	
2023	\$ 214,877
2024	178,005
2025	67,387
2026	33,694
Total	493,963
Less: Present Value Discount	(6,119)
Leases Receivable	<u>\$ 487,844</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. PENSION PLANS

Plan Description

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). These are cost-sharing multiple-employer retirement systems (the "Systems"). The Systems provide 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 ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue 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 Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for Tier 3, 4, 5 and 6 employees who joined ERS after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier 3 or 4 member with ten or more years of membership, or ten years credited service, will not be required to contribute to ERS. Tier 5 and 6 members must continue to contribute throughout their employment.

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Plan Year Ended March 31</u>	<u>ERS</u>	<u>PFRS</u>
2022	\$ 1,143,371	\$ 2,556,666
2021	\$ 1,043,283	\$ 2,376,286
2020	\$ 1,031,727	\$ 2,224,198

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

At December 31, 2022, the Town reported an asset of \$1,858,286 and a liability of \$(1,544,612) for its proportionate share of the net pension asset and liability for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Town's proportion of the net pension asset/(liability) was based on a projection of the Town's long-term share of contributions to the Systems relative to the projected contributions of all participating members, as actuarially determined. This information was provided to the Town by the ERS and PFRS Systems.

At March 31, 2022, the Town's proportion of the ERS net pension asset/(liability) was .02273250%. At March 31, 2021, the Town's proportion of the ERS net pension asset/(liability) was .02217060%.

At March 31, 2022, the Town's proportion of the PFRS net pension liability was .27191730%. At March 31, 2021, the Town's proportion of the PFRS net pension liability was .26403980%.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. PENSION PLANS – CONTINUED

For the year ended December 31, 2022 the Town recognized pension expense of \$173,998 for ERS and \$1,321,700 for PFRS. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 140,731	\$ 832,711	\$ 973,442
Changes of assumptions	3,101,271	9,244,835	12,346,106
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	290,026	205,068	495,094
Town's contributions subsequent to the measurement date	596,529	1,975,472	2,572,001
Total	\$ 4,128,557	\$ 12,258,086	\$ 16,386,643

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 182,536	\$ -	\$ 182,536
Changes of assumptions	52,331	-	52,331
Net difference between projected and actual earnings on pension plan investments	6,085,109	12,978,772	19,063,881
Changes in proportion and difference between the Town's contributions and proportionate share of contributions	116,477	716,357	832,834
Total	\$ 6,436,453	\$ 13,695,129	\$ 20,131,582

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2023	\$ (410,059)	\$ (768,991)
2024	(635,586)	(1,168,676)
2025	(1,561,268)	(3,126,028)
2026	(297,512)	1,652,502
2027	-	(1,322)
	<u>\$ (2,904,425)</u>	<u>\$ (3,412,515)</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. PENSION PLANS – CONTINUED

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2022	March 31, 2022
Investment Rate of Return	5.9% compounded annually net of investment expense	5.9% compounded annually net of investment expense
Projected Salary Increases	4.4% April 1, 2015 - March 31, 2020	6.2% April 1, 2015 - March 31, 2020
Decrement Tables	System's Experience	System's Experience
Inflation Rate	2.70%	2.70%
Mortality Improvement	Society of Actuaries Scale MP - 2020	Society of Actuaries Scale MP - 2020

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

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

Measurement Date	<u>ERS and PFRS</u>	
	March 31, 2022	
Asset Class:	Target	Long-Term
	Allocation	Expected Real
		Rate of Return
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/Absolute Return Strategy	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.85%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	<u>100%</u>	

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 5.9% for PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the ERS and PFRS net pension liabilities calculated using the discount rates referred to above, as well as what the Town's proportionate share of each 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 referred to above:

	1% Decrease	Current Assumption	1% Increase
ERS	4.90%	5.90%	6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (4,783,208)	\$ 1,858,286	\$ 7,413,576
	1% Decrease	Current Assumption	1% Increase
PFRS	4.90%	5.90%	6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$(17,181,420)	\$ (1,544,612)	\$ 11,398,514

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2022, were as follows:
(Dollars in Thousands)

	ERS	PFRS
Measurement Date	March 31, 2022	March 31, 2022
Employers' total pension liability	\$ (223,874,888)	\$ (42,237,292)
Plan net position	232,049,473	41,669,250
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ (568,042)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	103.65%	98.66%

Payables to the Pension Plan

For ERS, employer contributions for the plan year ended March 31, 2023 were paid to the System in December 2022. Prepaid retirement contributions as of December 31, 2022, amounted to \$198,843.

For PFRS, employer contributions for the plan year ended March 31, 2023 were paid to the System in December 2022. Prepaid retirement contributions as of December 31, 2022 amounted to \$658,491.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts and human resource policies. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements. A trust that meets the criteria in paragraph 4 of GASB Statement 75 has not been established.

Benefits Provided

The Town's OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses and dependent children. Eligibility is based on the respective rules of ERS as well as the provisions of the Town's agreements with its employees. The following eligibility rules current apply to the Town's employees:

- CSEA: eligibility for retirement under ERS; 10 years of Town service
- Staff: eligibility for retirement under ERS; 10 years of Town service
- Police: eligibility for retirement under ERS; upon hiring by the Town

Medical and prescription drug benefits are offered to retirees on a Town-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Town's plan providing an additional layer of coverage. The Town reimburses Medicare Part B premiums for retirees and their spouses, and those of surviving spouses.

The benefit terms are dependent on which contract covers each employee. Contribution rates for new retirees are as follows:

Group	Provider Options	Years of Service		Town Contributions (Fixed)				Reimburse Part B Premium		
				Individual and Family				Surviving		
				Individual	Spouse	Children	Family	Individual	Spouse	Spouse
Non-Union & CSEA	Empire (NYSHIP)	0 - 10	under 65	\$ -	N/A	N/A	\$ -	Y	Y	Y
		0 - 10	over 65	-	N/A	N/A	-			
		10 - 19	under 65	419	N/A	N/A	967			
		10 - 19	over 65	137	N/A	N/A	388			
		20 - 29	under 65	598	N/A	N/A	1,382			
		20 - 29	over 65	196	N/A	N/A	555			
		30 +	under 65	957	N/A	N/A	2,211			
		30 +	over 65	314	N/A	N/A	888			
Police	Empire (NYSHIP)	0 - 30+	under 65	1,196	N/A	N/A	2,764	Y	Y	Y
			over 65	393	N/A	N/A	1,110			
Non-Union & CSEA	MVP HMO	0 - 10	under 65	-	-	-	-	Y	Y	Y
		10 - 19	under 65	403	927	927	987			
		20 - 29	under 65	575	1,324	1,324	1,410			
		30 +	under 65	921	2,118	2,118	2,256			
Police	MVP HMO	0 - 30+	under 65	1,151	2,647	2,647	2,820	Y	Y	Y
Non-Union & CSEA	MVP POS	0 - 10	under 65	-	-	-	-	Y	Y	Y
		10 - 19	under 65	508	1,016	1,016	1,321			
		20 - 29	under 65	726	1,451	1,451	1,887			
		30 +	under 65	1,161	2,322	2,322	3,019			
Police	MVP POS	0 - 30+	under 65	1,451	2,903	2,903	3,774	Y	Y	Y
Non-Union & CSEA	MVP Post-65	0 - 10	over 65	-	N/A	N/A	N/A	Y	Y	Y
		10 - 19	over 65	123	N/A	N/A	N/A			
		20 - 29	over 65	176	N/A	N/A	N/A			
		30 +	over 65	282	N/A	N/A	N/A			
Police	MVP Post-65	0 - 30+	over 65	352	N/A	N/A	N/A	Y	Y	Y

The Town's contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, net of their contributions, estimated to be \$2,779,717 during the year ended December 31, 2022.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by benefit terms:

Active employees	151
Retired	<u>192</u>
Total employees covered by benefit terms	<u><u>343</u></u>

Total OPEB Liability

The Town obtained an actuarial valuation report as of December 31, 2022. The liability for other postemployment benefits was measured as of December 31, 2022 and totaled \$99,868,409.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	Not Applicable
Projected Salary Increases, Including Wage Inflation	Not Applicable
Discount Rate	4.18%
Healthcare Cost Trend Rates	Pre-65: 7.0% for 2024, decreasing 0.25% per year to an ultimate rate of 4.5% for 2034 and later years
	Post-65: Same
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement

- The discount rate was based on an average of two 20 year bond indices as of December 31, 2022.
- Mortality rates used were the Society of Actuaries Pub-2010 Public Retirement Healthy Male and Female Tables based on the Employee and Annuitant Table for both pre and post-retirement with adjustments for mortality improvements based on the SOA Scale MP-2021.
- The actuarial assumptions pertaining to turnover, disability and rate of retirement used in the valuation for the year ended December 31, 2022 are based on tables and assumptions used by the NYS Employees Retirement and Police and Fire Retirement Systems released in 2015.

OPEB expense and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Town recognized OPEB expense of \$5,329,850. At December 31, 2022, the Town reported the following deferred inflows of resources related to OPEB.

	<u>Deferred Inflows of Resources</u>
Changes of Assumptions or Other Inputs	<u>\$ 2,940,040</u>
Total	<u><u>\$ 2,940,040</u></u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Town contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts recognized in the deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>For Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (25,154)
2024	(25,154)
2025	(25,154)
2026	(25,154)
2027	(1,461,587)
Thereafter	<u>(1,377,837)</u>
	<u>\$ (2,940,040)</u>

Changes in the Total OPEB Liability during the year ended December 31, 2022:

Balance - Beginning	\$ 99,549,935
Changes for the Year:	
Service Cost	1,277,462
Interest	4,077,542
Changes in Assumptions	(1,034,359)
Benefit Payments	<u>(4,002,171)</u>
Net Changes	<u>318,474</u>
Balance - Ending	<u>\$ 99,868,409</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
	3.18%	4.18%	5.18%
Total OPEB Liability	\$ 115,835,568	\$ 99,868,409	\$ 87,244,506

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 86,514,873	\$ 99,868,409	\$ 116,926,129

IX. SHORT-TERM DEBT

State law requires that Bond Anticipation Notes (“BANs”) issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Town did not have any outstanding bond anticipation notes as of December 31, 2022.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

X. LONG-TERM LIABILITIES

Long-term liability balances and activity for the year are summarized below:

FUND	BALANCE JANUARY 1, 2022	ISSUED/ EARNED	REDEEMED/ PAID	BALANCE DECEMBER 31, 2022	AMOUNTS DUE WITHIN ONE YEAR
Bonds Payable	\$ 41,409,000	\$ 2,655,000	\$ (6,774,000)	\$ 37,290,000	\$ 3,527,000
Bonds Premium Liability	860,486	296,930	(64,672)	1,092,744	-
Subtotal	42,269,486	2,951,930	(6,838,672)	38,382,744	3,527,000
Installment Purchase Obligations	1,098,808	-	(233,877)	864,931	233,877
Compensated Absences	2,874,041	-	(1,476,305)	1,397,736	-
Landfill Closure and Post Closure	371,217	129,275	-	500,492	9,693
Net Pension Liability	4,606,535	-	(3,061,923)	1,544,612	-
Other Postemployment Benefits	99,549,935	318,474	-	99,868,409	-
Totals	<u>\$ 150,770,022</u>	<u>\$ 3,399,679</u>	<u>\$ (11,610,777)</u>	<u>\$ 142,558,924</u>	<u>\$ 3,770,570</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

Long-term Debt

The Town borrows money for various purposes, including acquiring land and equipment or constructing buildings and improvements. This borrowing enables the cost of these capital assets to be borne by the present and future taxpayers who benefit from the capital assets. The debt is backed by the full faith and credit of the Town.

At December 31, 2022 the total long-term bond principal indebtedness outstanding of the Town, was \$37,290,000. See Schedule of Indebtedness.

Interest expense incurred on long-term debt during the year was:

Interest Paid	\$1,221,072
Less: Interest accrued - prior year	(349,901)
Plus: Interest accrued - current year	329,930
Less: Bond Premium Amortization	(64,672)
	<u>\$1,136,429</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

X. LONG-TERM LIABILITIES – CONTINUED

The following is a summary of the maturity of long-term indebtedness:

<u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 3,552,000	\$ 1,190,351	\$ 4,742,351
2024	2,897,000	1,073,732	3,970,732
2025	2,957,000	986,120	3,943,120
2026	3,014,000	895,756	3,909,756
2027	3,045,000	779,074	3,824,074
2028-2032	10,965,000	2,792,344	13,757,344
2033-2037	4,345,000	1,687,841	6,032,841
2038-2042	3,205,000	974,159	4,179,159
2043-2047	3,310,000	375,028	3,685,028
Total	<u>\$ 37,290,000</u>	<u>\$ 10,754,405</u>	<u>\$ 48,044,405</u>

Installment Purchase Contracts

The Town has entered into installment purchase contracts for police and highway vehicles with a total asset cost of \$1,330,000 with accumulated amortization of \$380,000. Amortization expense of these assets is included in depreciation expense. At December 31, 2022, the annual principal and interest payments are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PAYMENTS</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 236,593	\$ 10,044	\$ 246,637
2024	154,375	7,297	161,672
2025	156,167	5,504	161,671
2026	157,981	3,691	161,672
2027	159,815	1,856	161,671
Total Payments	<u>\$ 864,931</u>	<u>\$ 28,392</u>	<u>\$ 893,323</u>

XI. NON-CAPITALIZED OPERATING LEASES

The Town leases office equipment and communication equipment. The total minimum rental commitment at December 31, 2022, under the leases mentioned above, is due during the following fiscal years:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PAYMENTS</u>
2023	\$ 94,937
2024	89,575
2025	76,524
2026	24,361
Total Minimum Lease Payments	<u>\$ 285,397</u>

Rental expense included in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended December 31, 2022 related to the leases mentioned above was \$143,032.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. JOINT VENTURES

The following activities have been undertaken by the Town jointly with other municipalities. These activities are excluded from the financial statements of the Town. Separate financial statements are issued for these joint ventures.

Tri-Municipal Sewer Commission

In 1975, the Town joined with the Village of Wappingers Falls and the Towns of Wappinger and LaGrange to construct and operate an inter-municipal sewer treatment system. In 1982, the Towns of Wappinger and LaGrange elected to discontinue participation in the system, and the Town of Poughkeepsie and the Village of Wappingers Falls continued joint construction and operation of the system under the name, Tri-Municipal Sewer Commission.

Operation and maintenance costs are allocated between the parties based on waste flow. For the year ended December 31, 2022, the Town incurred costs of \$239,093 for its share of operation and maintenance costs. The Town is also allocated a share of capital improvement costs based on design flow. For the year ended December 31, 2022, the Town incurred no additional costs for its share of capital improvements.

The following is a summary of unaudited financial information at December 31, 2022, included in the financial statements issued for this joint venture. A copy of the Commission's financial statements can be obtained from the Tri-Municipal Sewer Commission.

Total Assets (Excluding Fixed Assets)	<u>\$ 1,607,392</u>
Total Liabilities	<u>\$ 989,169</u>
Joint Venture Equity	<u>\$ 614,408</u>
Total Revenues	<u>\$ 1,937,362</u>
Total Expenditures	<u>\$ 2,004,190</u>
Total Fixed Assets	<u>\$ 43,946,088</u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. JOINT VENTURES – CONTINUED

Poughkeepsie Joint Water Project

In August 1995, the Town entered into an inter-municipal agreement with the City of Poughkeepsie to provide for the planning, design, technological enhancement, construction or expansion, and operation and maintenance of the above named water treatment facility. This agreement amends and supersedes an agreement dated October 11, 1991, covering a joint water project. Under the terms of the 1995 agreement, the Town obtained an one-half interest in the City’s Water treatment plant; the Town would finance studies for and upgrades and/or expansions to the plant to increase capacity; the Town would pay 50% of the cost to design and build an aluminum sludge treatment plant; and the Town would pay for administrative costs related to obtaining approvals to enable the project to proceed. The agreement also provided for the creation of a joint board to administer planning, design, construction, as well as operations and maintenance of the facility. It is made up of three members from each municipality. Water rates for each municipality are also described in the agreement. Operations as a joint venture began in 1996.

The following is a summary of financial information included in financial statements issued for the joint venture. These financial statements are issued separately and can be obtained from the Joint Water Project at 62 Civic Center Plaza, Poughkeepsie, NY 12601.

	Balances at December 31, 2022*
Total Assets (Excluding Fixed Assets)	<u>\$ 6,415,846</u>
Total Liabilities	<u>\$ 6,415,846</u>
Joint Venture Equity	<u>\$ -</u>
Total Revenues	<u>\$ 7,346,941</u>
Total Expenditures	<u>\$ 7,346,941</u>
Total Fixed Assets, Net of Depreciation	<u>\$ 30,106,733</u>

*Information obtained from the joint venture’s Annual Financial Report for the year ended December 31, 2022 as the audited financial statement for the year ended December 31, 2022 was not available as of report date.

The Town’s share of operating expenditures amounted to \$3,554,130, and its share of third party revenues amounted to \$1,092,349, resulting in a net cost of water provided by the Joint Water Project to be \$2,461,781, which is recorded in the Water Fund - Home and Community Service. Included in Due from Other Governments is \$355,168 net receivable representing the balance due from the Joint Water Board for operations, including prior year adjustments. As a result of settling differences in interpretations of the Memorandum of Agreement between the Town and the City of Poughkeepsie regarding third party revenues, the Town is due a final payment of \$152,282 through 2022.

As part of the Joint Project agreement described above, the Town has committed to financing studies and a portion of construction costs related to expansions of the Joint Water treatment facility. The current expansion project’s total construction costs approximate \$19,363,000 with \$11,232,000 being financed by the Town and \$8,131,000 being financed by the City of Poughkeepsie. The Town has issued serial bonds to fund this commitment. The project was completed in 2022. As of December 31, 2022, the outstanding serial bond balances total \$4,275,000.

The Town has presented its investment in the Joint Venture in the Statement of Net Assets as \$28,820,119, representing the Town’s capital expenditures to date, and the amount of net assets invested in the Joint Venture, net of outstanding debt as \$24,545,119.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. JOINT VENTURES – CONTINUED

Poughkeepsie-Wappingers-LaGrange Joint Landfill

The Town has shared in the monitoring costs of a closed landfill, the Poughkeepsie-Wappinger-LaGrange Joint Landfill. This joint activity includes the City and Town of Poughkeepsie, New York, the Village of Wappingers Falls, New York, the Town of LaGrange, New York and the Town of Wappinger, New York. All costs associated with monitoring are recognized as incurred.

The following is a summary of unaudited financial information at December 31, 2022, which is included in the separate financial statements available from the Joint Landfill Board of Governors c/o Town of Poughkeepsie, Poughkeepsie, New York, 12603.

Total Assets	<u>\$</u>	<u>19,147</u>
Total Liabilities	<u>\$</u>	<u>-</u>
Total Venture Equity	<u>\$</u>	<u>19,147</u>
Total Revenues	<u>\$</u>	<u>33,057</u>
Total Expenditures	<u>\$</u>	<u>26,497</u>

XIII. CONTINGENCIES

Grant Funding

The Town has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, Town administration believes disallowances, if any, will be immaterial.

Certiorari Proceedings

Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Property taxes previously collected by the Town. Any such refunds resulting from adverse settlements will be provided for when determinable.

Judgments and Claims

A few claims against the Town are presently pending for miscellaneous matters. Although final outcome of these matters is not known at this time, management of the Town does not believe that the final settlement of these matters will have a materially adverse effect on the financial condition of the Town.

XIV. ECONOMIC DEPENDENCY

The Town receives approximately 10% of its real property taxes from ten corporate taxpayers. A significant reduction in these corporate taxpayers' real property taxes could have a significant impact on the Town's programs and services.

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XV. PROPERTY TAX ABATEMENTS

The Town has 9 real property tax abatement agreements entered into by the Town under Article 18-A of the real property law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (“PILOT”) in compliance with RPTL 412-A, Article V & XI of the Private Housing Finance Law, Title I of Article 18-A of NYS GML Exemption Policy. In accordance with this policy, the Town of Poughkeepsie and the Dutchess County IDA grant PILOTs for various activities, such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility.

The following provides information related to the PILOT agreements in effect for the year ended December 31, 2022:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	Pilot Received	Taxes Abated
2012	IBM	\$ 109,779,000	10.2479	\$ 1,125,003	\$ 934,015	\$ 190,988
2014	Taylor	1,450,000	10.2479	\$ 14,859	13,906	\$ 953
2016	Tinkleman	4,007,000	10.2479	\$ 41,063	25,420	\$ 15,643
2014	6 Neptune	2,505,000	10.2479	\$ 25,671	9,270	\$ 16,401
2014	2 Neptune	2,549,000	10.2479	\$ 26,122	12,128	\$ 13,994
2016	2275 South Road	485,000	10.2479	\$ 4,970	7,769	\$ (2,799)
1995	Lutheran Care	1,577,000	10.2479	\$ 16,161	9,534	\$ 6,627
2020	Eastdale Residence	22,947,000	10.2479	\$ 235,158	80,507	\$ 154,651
2020	Eastdale Avenue North	426,500	10.2479	\$ 4,371	2,652	\$ 1,719

XVI. PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2022, there were corrections for prior liabilities. The Town’s fund balances and net position has been restated as follows:

Net Position Beginning of Year	\$(32,532,988)
Prior Period Adjustments:	
Adjustment for 2021 liabilities	(26,457)
	<hr/>
Net Position Beginning of Year, as Restated	<u><u>\$(32,559,445)</u></u>

In the governmental funds the Town's fund balance has been restated as follows:

Fund Balance, Beginning of Year:	\$ 28,389,592
Prior Period Adjustments:	
Adjustment for 2021 liabilities	(26,457)
	<hr/>
Fund Balance Beginning of Year, as Restated	<u><u>\$ 28,363,135</u></u>

**TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XVII. NEW ACCOUNTING PRINCIPLES

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021. Implementation of this standard had no effect on the Town's financial position.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. Implementation of this standard had no effect on the Town's financial position.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

TOWN OF POUGHKEEPSIE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XVII. NEW ACCOUNTING PRINCIPLES – CONTINUED

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Implementation of this standard had no effect on the Town’s financial position.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for fiscal years ending after December 15, 2021. In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made in fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. Management has not estimated the potential impact of these statements, if any, on the Town’s financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS

<u>Total OPEB Liability</u>	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
Service Cost	\$ 1,277,462	\$ 1,682,147	\$ 1,649,817	\$ 1,014,475	\$ 803,812
Interest	4,077,542	2,003,626	2,355,897	3,325,861	3,445,833
Changes in Assumptions or Other Inputs	(1,034,359)	(640,952)	(20,436,502)	22,068,804	-
Benefit Payments	(4,002,171)	(2,465,459)	(2,454,400)	(2,338,890)	(2,287,891)
Net Change in Total OPEB Liability	318,474	579,362	(18,885,188)	24,070,250	1,961,754
Total OPEB liability - beginning	99,549,935	98,970,573	117,855,761	93,785,511	91,823,757
Total OPEB liability - ending ("a")	\$ 99,868,409	\$ 99,549,935	\$ 98,970,573	\$ 117,855,761	\$ 93,785,511
<u>Plan Fiduciary net position</u>					
Contributions - Employer	\$ 4,002,171	\$ 2,465,459	\$ 2,454,400	\$ 2,338,890	\$ 2,287,891
Net Investment Income	-	-	-	-	-
Benefit Payments	(4,002,171)	(2,465,459)	(2,454,400)	(2,338,890)	(2,287,891)
Administrative Expense	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-
Plan Fiduciary net position - beginning	-	-	-	-	-
Plan Fiduciary net position - ending ("b")	\$ -	\$ -	\$ -	\$ -	\$ -
Town's net OPEB liability - ending (a) - (b)	\$ 99,868,409	\$ 99,549,935	\$ 98,970,573	\$ 117,855,761	\$ 93,785,511
Plan Fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered Payroll Used by Actuary	\$ 11,404,160	\$ 16,296,770	\$ 16,296,770	\$ 15,949,703	\$ 15,949,703
Total OPEB Liability as a percentage of covered payroll	876%	611%	607%	739%	588%

Notes to Schedule:

Changes in Assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

12/31/2018	3.80%
12/31/2019	2.90%
12/31/2020	2.02%
12/31/2021	2.05%
12/31/2022	4.18%

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

GASB 75 required that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees' Retirement System					
3/31/2022	0.02273250%	\$ (1,858,286)	\$ 7,252,259	-25.62%	103.65%
3/31/2021	0.02217060%	\$ 22,076	\$ 7,360,869	0.30%	99.95%
3/31/2020	0.02382900%	\$ 6,310,063	\$ 7,378,936	85.51%	86.39%
3/31/2019	0.02313080%	\$ 1,633,886	\$ 7,108,787	22.98%	96.27%
3/31/2018	0.02352460%	\$ 759,246	\$ 6,624,364	11.46%	98.24%
3/31/2017	0.02234650%	\$ 2,099,726	\$ 5,697,780	36.85%	94.70%
3/31/2016	0.02336980%	\$ 3,750,925	\$ 5,667,489	66.18%	90.70%
3/31/2015	0.02356990%	\$ 796,250	\$ 6,174,030	12.90%	97.90%

Plan Year Ended	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Police and Fire Retirement System					
3/31/2022	0.27191730%	\$ 1,544,612	\$ 8,826,633	17.50%	98.66%
3/31/2021	0.26403980%	\$ 4,584,459	\$ 8,138,122	56.33%	95.79%
3/31/2020	0.27099100%	\$ 14,484,301	\$ 8,601,286	168.40%	84.86%
3/31/2019	0.26184930%	\$ 4,391,377	\$ 8,164,173	53.79%	95.09%
3/31/2018	0.27363100%	\$ 2,743,940	\$ 7,712,427	35.58%	96.93%
3/31/2017	0.26699690%	\$ 5,533,917	\$ 9,569,026	57.83%	93.50%
3/31/2016	0.29139980%	\$ 8,627,727	\$ 9,370,329	92.07%	90.20%
3/31/2015	0.29009190%	\$ 798,506	\$ 8,571,940	9.32%	99.00%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
Employees' Retirement System					
3/31/2022	\$ 1,143,371	\$ 1,143,371	\$ -	\$ 7,252,259	15.77%
3/31/2021	\$ 1,043,283	\$ 1,043,283	\$ -	\$ 7,360,869	14.17%
3/31/2020	\$ 1,031,727	\$ 1,031,727	\$ -	\$ 7,378,936	13.98%
3/31/2019	\$ 969,599	\$ 969,599	\$ -	\$ 7,108,787	13.64%
3/31/2018	\$ 1,001,455	\$ 1,001,455	\$ -	\$ 6,624,364	15.12%
3/31/2017	\$ 1,241,364	\$ 1,241,364	\$ -	\$ 5,697,780	21.79%
3/31/2016	\$ 1,120,529	\$ 1,120,529	\$ -	\$ 5,667,489	19.77%
3/31/2015	\$ 987,226	\$ 987,226	\$ -	\$ 6,174,030	15.99%

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
Police and Fire Retirement System					
3/31/2022	\$ 2,556,666	\$ 2,556,666	\$ -	\$ 8,826,633	28.97%
3/31/2021	\$ 2,376,286	\$ 2,376,286	\$ -	\$ 8,138,122	29.20%
3/31/2020	\$ 2,224,198	\$ 2,224,198	\$ -	\$ 8,601,286	25.86%
3/31/2019	\$ 2,122,496	\$ 2,122,496	\$ -	\$ 8,164,173	26.00%
3/31/2018	\$ 2,264,251	\$ 2,264,251	\$ -	\$ 7,712,427	29.36%
3/31/2017	\$ 2,409,668	\$ 2,409,668	\$ -	\$ 9,569,026	25.18%
3/31/2016	\$ 2,350,986	\$ 2,350,986	\$ -	\$ 9,370,329	25.09%
3/31/2015	\$ 2,287,824	\$ 2,287,824	\$ -	\$ 8,571,940	26.69%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully available for 10 years. The data will be accumulated over time and presented according to GASB 68.

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND – A
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 3,501,369	\$ 3,501,369	\$ 3,501,388	\$ 19
Real Property Tax Items	200,000	200,000	145,612	(54,388)
Departmental Income	198,350	207,879	626,113	418,234
Intergovernmental Income	-	-	16,020	16,020
Use of Money and Property	100,000	378,603	478,159	99,556
Licenses and Permits	50,845	50,845	36,423	(14,422)
Fines and Forfeitures	945,000	945,000	459,949	(485,051)
Sale of Property and Compensation for Loss	15,000	67,011	54,811	(12,200)
Miscellaneous Local Sources	91,000	238,313	259,960	21,647
State and Federal Aid	1,200,000	2,311,352	2,174,656	(136,696)
Total Revenues	6,301,564	7,900,372	7,753,091	(147,281)
Expenditures:				
General Government Support	3,439,405	4,273,248	3,612,738	660,510
Transportation	338,564	375,602	282,741	92,861
Economic Assistance and Opportunity	69,000	69,000	68,770	230
Culture and Recreation	854,057	954,347	918,420	35,927
Home and Community Services	244,250	388,770	154,883	233,887
Employee Benefits	1,418,478	1,537,869	1,433,892	103,977
Capital Outlay	194,665	411,162	264,215	146,947
Debt Service	263,345	264,607	267,601	(2,994)
Total Expenditures	6,821,764	8,274,605	7,003,260	1,271,345
Excess/(Deficiency) of Revenues over Expenditures	(520,200)	(374,233)	749,831	1,124,064
Other Financing Sources/(Uses)				
Operating Transfers In	420,200	550,210	20,200	(530,010)
Operating Transfers Out	-	(646,005)	(465,758)	180,247
Total Other Financing Sources/(Uses)	420,200	(95,795)	(445,558)	(349,763)
Net Change in Fund Balance	(100,000)	(470,028)	304,273	774,301
Appropriated Fund Balance	100,000	470,028	-	(470,028)
Total Change in Fund Balance	\$ -	\$ -	\$ 304,273	\$ 304,273

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND – B
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 14,857,867	\$ 14,857,867	\$ 14,867,509	\$ 9,642
Real Property Tax Items	975,000	975,000	971,455	(3,545)
Non Property Tax Items	3,380,000	3,769,301	5,414,398	1,645,097
Departmental Income	288,500	354,299	314,524	(39,775)
Intergovernmental Income	-	71,987	44,248	(27,739)
Use of Money and Property	378,000	378,000	343,101	(34,899)
Licenses and Permits	912,000	912,000	1,129,759	217,759
Fines and Forfeitures	500	500	-	(500)
Sale of Property and Compensation for Loss	-	127,309	129,139	1,830
Miscellaneous Local Sources	93,259	162,835	579,167	416,332
State and Federal Aid	367,000	478,912	86,504	(392,408)
Total Revenues	<u>21,252,126</u>	<u>22,088,010</u>	<u>23,879,804</u>	<u>1,791,794</u>
Expenditures:				
General Government Support	509,580	661,924	669,737	(7,813)
Public Safety	11,847,956	12,264,177	11,984,477	279,700
Home and Community Services	568,787	621,724	534,175	87,549
Employee Benefits	8,320,103	8,569,827	8,269,601	300,226
Capital Outlay	255,700	707,537	98,047	609,490
Total Expenditures	<u>21,502,126</u>	<u>22,825,189</u>	<u>21,556,037</u>	<u>1,269,152</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(250,000)</u>	<u>(737,179)</u>	<u>2,323,767</u>	<u>3,060,946</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	223,166	178,692	(44,474)
Net Change in Fund Balance	<u>(250,000)</u>	<u>(514,013)</u>	<u>2,502,459</u>	<u>3,016,472</u>
Appropriated Fund Balance	<u>250,000</u>	<u>514,013</u>	-	<u>(514,013)</u>
Total Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,502,459</u>	<u>\$ 2,502,459</u>

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 6,988,458	\$ 6,988,458	\$ 6,988,458	\$ -
Intergovernmental Income	-	45,000	45,000	-
Use of Money and Property	5,000	5,000	-	(5,000)
Licenses and Permits	-	-	3,176	3,176
Sale of Property and Compensation for Loss	-	122,233	127,179	4,946
Miscellaneous Local Sources	14,500	209,810	291,867	82,057
State and Federal Aid	450,000	1,366,154	1,379,044	12,890
Total Revenues	7,457,958	8,736,655	8,834,724	98,069
Expenditures:				
General Government Support	71,000	71,000	70,849	151
Transportation	3,205,400	3,965,660	3,363,050	602,610
Employee Benefits	1,238,150	1,175,305	1,079,105	96,200
Capital Outlay	510,000	1,953,644	1,421,790	531,854
Debt Service	2,633,408	2,633,408	2,523,644	109,764
Total Expenditures	7,657,958	9,799,017	8,458,438	1,340,579
Excess/(Deficiency) of Revenues over Expenditures	<u>(200,000)</u>	<u>(1,062,362)</u>	<u>376,286</u>	<u>1,438,648</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	11,629	11,629	-
Net Change in Fund Balance	(200,000)	(1,050,733)	387,915	1,438,648
Appropriated Fund Balance	200,000	1,050,733	-	(1,050,733)
Total Change in Fund Balance	\$ -	\$ -	\$ 387,915	\$ 387,915

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 859,030	\$ 859,030	\$ 859,030	\$ -
Real Property Tax Items	75,000	75,000	72,491	(2,509)
Departmental Income	5,935,000	5,935,000	6,658,356	723,356
Intergovernmental Income	-	147,400	123,747	(23,653)
Use of Money and Property	100,000	100,000	26,740	(73,260)
Licenses and Permits	12,000	12,000	19,105	7,105
Sale of Property and Compensation for Loss	-	-	5,914	5,914
Miscellaneous Local Sources	25,000	25,000	61,304	36,304
State Aid	-	20,000	20,000	-
Total Revenues	7,006,030	7,173,430	7,846,687	673,257
Expenditures:				
General Government Support	86,625	94,496	86,949	7,547
Home and Community Services	4,890,889	5,234,944	5,687,199	(452,255)
Employee Benefits	769,489	803,432	786,212	17,220
Capital Outlay	135,000	244,311	260,410	(16,099)
Debt Service	859,027	859,027	838,890	20,137
Total Expenditures	6,741,030	7,236,210	7,659,660	(423,450)
Excess/(Deficiency) of Revenues over Expenditures	265,000	(62,780)	187,027	249,807
Other Financing Sources/(Uses)				
Operating Transfers In	-	238,578	232,815	(5,763)
Operating Transfers Out	(415,000)	(415,000)	(10,200)	404,800
Total Other Financing Sources/(Uses)	(415,000)	(176,422)	222,615	399,037
Net Change in Fund Balance	(150,000)	(239,202)	409,642	648,844
Appropriated Fund Balance	150,000	239,202	-	(239,202)
Total Change in Fund Balance	\$ -	\$ -	\$ 409,642	\$ 409,642

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts GAAP Basis	
Revenues:				
Real Property Taxes	\$ 1,178,252	\$ 1,178,252	\$ 1,178,252	\$ -
Real Property Tax Items	1,750	1,750	1,728	(22)
Departmental Income	4,404,045	4,404,045	4,351,538	(52,507)
Use of Money and Property	147,000	147,000	152,998	5,998
Sale of Property and Compensation for Loss	-	-	35,432	35,432
Miscellaneous Local Sources	30,000	30,040	42,145	12,105
State and Federal Aid	-	-	12,890	12,890
Total Revenues	5,761,047	5,761,087	5,774,983	13,896
Expenditures:				
General Government Support	83,000	83,000	81,828	1,172
Home and Community Services	4,454,674	4,512,398	4,174,325	338,073
Employee Benefits	633,608	624,065	495,542	128,523
Capital Outlay	53,000	78,781	-	78,781
Debt Service	786,765	786,765	744,306	42,459
Total Expenditures	6,011,047	6,085,009	5,496,001	589,008
Excess/(Deficiency) of Revenues over Expenditures	(250,000)	(323,922)	278,982	602,904
Other Financing Sources/(Uses)				
Operating Transfers In	-	42,622	42,622	-
Operating Transfers Out	-	(10,000)	(10,000)	-
Total Other Financing Sources/(Uses)	-	32,622	32,622	-
Net Change in Fund Balance	(250,000)	(291,300)	311,604	602,904
Appropriated Fund Balance	250,000	291,300	-	291,300
Total Change in Fund Balance	\$ -	\$ -	\$ 311,604	\$ 311,604

**OTHER
INFORMATION**

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF BONDED INDEBTEDNESS
DECEMBER 31, 2022

	Date of Issue	Date of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid/Amortized During Fiscal Year	Refinanced	Outstanding End of Fiscal Year	Interest Paid During Fiscal Year	Interest Accrued at 12/31/2022	Due Within the Next Year
<u>SERIAL BONDS</u>											
Environmental Improvements 2012B	02/14/02	10/15/23	1.51 - 4.98%	\$ 890,000	\$ -	\$ (440,000)	\$ -	\$ 450,000	\$ 22,439	\$ 4,824	\$ 450,000
Public Improvements	03/16/11	03/01/22	2.50 - 3.50%	425,000	-	(425,000)	-	-	7,438	-	-
Landfill	09/10/09	10/01/23	.286 - 3.564%	505,000	-	(250,000)	-	255,000	17,601	2,291	250,000
Public Improvements	03/13/14	03/01/27	2.00 - 4.00%	3,315,000	-	(505,000)	(2,810,000)	-	7,575	-	-
Water Flushing Program	08/20/15	04/01/26	4.600%	159,000	-	(29,000)	-	130,000	6,841	1,364	32,000
Library Purpose Bonds, 2014	03/13/14	12/15/37	3.00 - 4.00%	2,735,000	-	(130,000)	-	2,605,000	97,638	4,109	130,000
EFC Corporation SRF Series 2017 D	11/09/17	07/01/47	1.503 - 3.754%	3,925,000	-	(100,000)	-	3,825,000	134,677	66,709	100,000
EFC Corporation SRF Series 2017 C	11/09/17	08/01/47	1.061 - 3.976%	9,655,000	-	(305,000)	-	9,350,000	305,996	100,860	310,000
Library Purpose Refunding Bond 2018	12/18/18	12/01/31	3.00 - 5.00%	4,300,000	-	(345,000)	-	3,955,000	186,100	16,795	345,000
Public Improvements 2019 Series	03/07/19	03/01/39	3.00 - 3.50%	10,500,000	-	(925,000)	-	9,575,000	302,813	91,939	925,000
State Environmental Quality Review Act	08/15/21	08/15/31	1.250%	5,000,000	-	(500,000)	-	4,500,000	60,764	6,935	500,000
Refinanced Highway and Water	12/29/21	03/01/27	4.000%	-	2,655,000	(10,000)	-	2,645,000	71,190	31,594	485,000
TOTAL SERIAL BONDS				41,409,000	2,655,000	(3,964,000)	(2,810,000)	37,290,000	1,221,072	327,420	3,527,000
Bonds Premium Liability				860,486	296,930	(64,672)	-	1,092,744	N/A	N/A	-
TOTAL BONDED INDEBTEDNESS				42,269,486	2,951,930	(4,028,672)	(2,810,000)	38,382,744	1,221,072	327,420	3,527,000
<u>Installment Purchase Obligations</u>											
Police and Highway Vehicles	10/30/20	10/30/27	1.161%	1,098,808	-	(233,877)	-	864,931	6,186	2,510	233,877
TOTAL INDEBTEDNESS				\$43,368,294	\$ 2,951,930	\$ (4,262,549)	\$ (2,810,000)	\$39,247,675	\$ 1,227,258	\$ 329,930	\$ 3,760,877

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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*

Supervisor and
Members of the Town Board
Town of Poughkeepsie, New York
One Overocker Road
Poughkeepsie, New York 12603

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 Town of Poughkeepsie, New York (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Poughkeepsie, New York's internal control over financial reporting to determine the 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Poughkeepsie, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters required to be reported under *Government Auditing Standards* described in the accompanying schedule of findings as item 2022-01.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

RBT CPAs, LLP

Newburgh, New York
June 13, 2023

TOWN OF POUGHKEEPSIE, NEW YORK
SCHEDULE OF FINDINGS
DECEMBER 31, 2022

A. Internal Control Findings

None noted.

B. Compliance Finding

Finding 2022-01: Balanced Budgets:

Condition: Some expenditure line-item balances exceeded appropriations while other lines were lower than appropriations. Additionally, adjusted budgets were not in balance.

Criteria: The Town is required to adopt an annual budget and approve subsequent modifications providing the authority to make expenditures.

Cause: The Town did not either authorize increases in appropriations or did not record them correctly.

Effect: The Town was not in compliance with budgetary regulations.

Recommendation: RBT recommends that the Town review budget to actual comparisons and initiate budget modifications as necessary through the year. Additionally, the Town must ensure that it maintains a balanced budget.

Management's Response: The Town will begin to review budget to actual comparisons on a quarterly basis with a report to the board after each quarter. This will ensure that the Town will maintain a balanced budget.

