

SCARSDALE UNION FREE SCHOOL DISTRICT

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

June 30, 2020

# SCARSDALE UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Scarsdale Union Free School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Scarsdale Union Free School District (the District), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Scarsdale Union Free School District as of June 30, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, and the additional information on pages 52 through 56 be presented to supplement the basic financial statements. Such information, 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 District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2020, on our consideration of the Scarsdale Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 16, 2020

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis

June 30, 2020

The management of the Scarsdale Union Free School District (the District) provides the following narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2020.

### **FINANCIAL HIGHLIGHTS**

At June 30, 2020, the District's general fund balance totaled \$26,664,738, an increase of \$4,424,268 compared to the prior year. This increase consisted of budgetary gains in expenditures of approximately \$5.2M as well as \$0.3M of surplus revenue, offset by \$1.1M used for subsequent year's budget. The \$5.2M in budgetary gains in expenditures are primarily the result of early school closures due to COVID-19, including a \$1.4M surplus from health insurance. The \$0.3M revenue surplus came primarily from a transfer from the Capital Project Fund for project close outs and interest earnings, each transferred into the Debt Service Reserve.

Unassigned fund balance (the amount available for use at the government's discretion) for the general fund is reported at \$6,965,343 or 4.28% of the 2020-21 General Fund Budget.

Compared to the prior year, governmental fund revenues (primarily property taxes) increased by approximately \$2.7M. Governmental fund expenditures increased by approximately \$22.0M compared to prior year, primarily a result of expenditures from the Capital Project fund.

As noted on page 37, capital assets, net of accumulated depreciation, increased by \$22,267,462. This is primarily attributable to the addition of the \$28,765,262 of current year additions which was primarily construction in progress (CIP) offset by the related depreciation on assets (\$6,469,267), with exception of land and CIP. CIP only begins depreciation once the projects are finalized.

In addition to the above, the Government-Wide financial results, which include actuarially determined long-term liabilities, related to other postemployment benefits other than pensions (OPEB) and the asset/liability from both New York State pension systems increased by \$39.3M and decreased by \$6.4M as of June 30, 2020, respectively. From past results, this would be considered a relatively "stable" year. Each year these actuarially determined obligations have varied widely due to outside factors such as health care trends or the results of the financial markets, or even more significantly, are changes in the actuarially determined discount rate(s) which can alter the District's liability of any given year. See the sensitivity analysis(s) on pages 44 and 46 noting that a 1% change in three discount rates (ERS & TRS & OPEB) would change the aggregate total Net Position of the District by as much as an additional \$119.6M deficit to as much as an additional \$98.3M surplus. A 1% change in all three of these assumptions could change the District's overall net position from an \$101.3M deficit as of June 30, 2020 to possibly a \$220.9M deficit or possibly a \$3.0M deficit.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. As noted previously, the government-wide financial statements include actuarial assumptions to determine long-term liabilities for pensions and the total OPEB liability and may change significantly if assumptions change.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District has improved or deteriorated.

The statement of activities presents information showing how the government's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected State Aid, earned but unused vacation leave, a proportional share of net pension liabilities, and other postemployment benefits other than pensions).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of the costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, pupil services, administration, debt and interest payments, transportation of students and the acquisition or enhancement of assets to further student education. There are no business-type activities for the District.

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District can be divided into two categories: governmental funds and fiduciary funds.



SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The governmental fund financial statements include the General Fund, the School Food Service Fund, the Special Aid Fund, the Debt Service Fund, and the Capital Projects Fund. Special Revenue Funds are projects funded totally by State and/or Federal Aid. Sales of breakfast and lunch to students and faculty primarily support the School Food Service Fund. The Capital Projects Fund accounts for costs to improve/construct capital assets. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for these funds, which are considered major funds.

The District puts forward to the voters an annual appropriated budget for its General Fund, as required by law. A budgetary comparison statement has been provided for this fund on pages 52 - 53 to demonstrate compliance with the voter-approved budget.

The basic governmental fund financial statements can be found on pages 15 - 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. For example, they hold payroll taxes to be paid; extraclassroom activities funds; monies collected to be used for athletic competitions; and endowment scholarships. Fiduciary funds are not reflected in the government-wide financial statement. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**NOTES TO THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$101,296,087 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less related outstanding debt used to acquire those assets. The District uses these capital assets to house and provide services to its students. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt and depreciation, it should be noted that the resources needed to repay this debt must be provided from future budgets since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are reported at historical cost (not market value), net of depreciation.

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>
Current and other assets	\$ 67,885,469	58,388,726	9,496,743
Long-term assets	<u>142,022,549</u>	<u>116,674,884</u>	<u>25,347,665</u>
Total assets	<u>209,908,018</u>	<u>175,063,610</u>	<u>34,844,408</u>
Deferred outflows of resources	<u>69,479,139</u>	<u>41,615,026</u>	<u>27,864,113</u>
Current liabilities	30,199,085	43,769,038	(13,569,953)
Long-term liabilities	<u>330,458,614</u>	<u>243,484,218</u>	<u>86,974,396</u>
Total liabilities	<u>360,657,699</u>	<u>287,253,256</u>	<u>73,404,443</u>
Deferred inflows of resources	<u>20,025,545</u>	<u>16,224,011</u>	<u>3,801,534</u>
Net position:			
Net investment in capital assets	87,442,211	83,650,853	3,791,358
Restricted	16,920,252	14,375,089	2,545,163
Unrestricted (deficit)	<u>(205,658,550)</u>	<u>(184,824,573)</u>	<u>(20,833,977)</u>
Total net position (deficit)	\$ <u>(101,296,087)</u>	<u>(86,798,631)</u>	<u>(14,497,456)</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>2020</u>	<u>2019</u>
Revenue:		
Program revenue:		
Charges for services	\$ 2,311,029	2,762,708
Operating grants	1,219,249	1,307,148
Capital grants	21,300	-
General revenue:		
Property taxes	148,838,352	145,492,093
State sources	6,980,736	7,577,028
Other	<u>3,735,442</u>	<u>3,252,465</u>
Total revenue	<u>163,106,108</u>	<u>160,391,442</u>
Expenses:		
General support	22,164,127	21,235,948
Instruction	140,336,077	124,178,784
Community services	1,752,531	426,196
Pupil transportation	4,045,491	5,101,782
Debt service (interest)	1,075,460	463,521
School lunch program	1,760,611	2,227,292
Depreciation - unallocated	<u>6,469,267</u>	<u>6,423,466</u>
Total expenditures	<u>177,603,564</u>	<u>160,056,989</u>
Change in net position	<u>(14,497,456)</u>	<u>334,453</u>
Net position - beginning of year	<u>(86,798,631)</u>	<u>(87,133,084)</u>
Net position - ending of year	\$( <u>101,296,087</u> )	\$( <u>86,798,631</u> )

Governmental activities decreased the District's net position by \$14,497,456 during fiscal year ending 2020. Key elements of the changes are as follows:

- The GASB 75 total OBEF liability has increased by \$39.3M primarily due to changes in the actuarial assumed discount rate. However, there was an additional \$26.8M increase recorded in deferred outflows and an additional \$0.1M decrease in deferred inflows resulting in an overall increase in the deficit net position at year-end of \$12.4M. These results are not determined by any District action or budget decision. Subsequent year's changes in assumptions for the OPEB may have a significant impact on the District's net position in either a position or negative way.
- The District's proportional share of the GASB 68 and 71 net pension liabilities, including deferred inflows and outflows has increased by \$9.2M. These results are not determined by any District action or budget decision. Subsequent year's changes in assumptions by the pension systems may have a significant impact on the District's net position in either a position or negative way.
- Long-term borrowings increased \$38.4M due to a new bond issuance.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

Governmental Funds

The focus of the District governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financial requirements and its ability to meet them on a near-term basis. In particular, unassigned fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

The table below summarizes the changes in the fund balance of the District's governmental funds.

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Fund balances June 30, 2018	\$ 19,628,264	-	467,024	613,374	1,232,376	21,941,038
Revenue	156,656,427	1,307,148	2,067,946	-	394,007	160,425,528
Expenditures	(153,206,953)	(1,385,839)	(2,510,345)	-	(8,145,503)	(165,248,640)
Other financing sources (uses)	<u>(837,268)</u>	<u>78,691</u>	<u>-</u>	<u>(68,153)</u>	<u>2,376,730</u>	<u>1,550,000</u>
Fund balances (deficit)						
June 30, 2019	22,240,470	-	24,625	545,221	(4,142,390)	18,667,926
Revenue	159,591,207	1,219,249	1,515,412	-	808,773	163,134,641
Expenditures	(155,400,819)	(1,269,356)	(1,760,610)	-	(28,793,012)	(187,223,797)
Other financing sources (uses)	<u>233,880</u>	<u>50,107</u>	<u>-</u>	<u>(68,153)</u>	<u>50,473,443</u>	<u>50,689,277</u>
Fund balances (deficit)						
June 30, 2020	\$ <u>26,664,738</u>	<u>-</u>	<u>(220,573)</u>	<u>477,068</u>	<u>18,346,814</u>	<u>45,268,047</u>

At the end of the fiscal year, the District's governmental funds reported combined ending fund balance of \$45,268,047, an increase of \$26,600,121 compared to prior year. This increase is primarily the result of proceeds from the issuance of bonds in the capital projects fund of \$38,410,000.

The General Fund is the District's chief operating fund. At June 30, 2020, General Fund unassigned fund balance was \$6,965,343 while total fund balance was \$26,664,738, an increase of \$4,424,268 compared to the prior year. This increase consisted of budgetary gains in expenditures of approximately \$5.2M as well as \$0.3M of surplus revenue, offset by \$1.1M used for subsequent year's budget appropriations. The \$5.2M in budgetary gains in expenditures are primarily the result of early school closures due to COVID-19, including a \$1.4M surplus from health insurance.

Of the \$26,664,738 General Fund fund balance, 73.88% is reserved to indicate it is already committed: 1) to liquidate contracts and purchase orders of the prior period (\$1,506,211); 2) to pay tax certiorari settlements (\$5,985,503); 3) to pay for voter-approved debt service (\$1,130,531); 4) to pay for health insurance overages (\$5,174,315); 5) to pay for retirement contributions (\$4,152,835); and 6) to fund the 2020-21 budget (\$1,750,000).

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**GENERAL FUND ANALYSIS**

A measure of the general fund's liquidity is a comparison of both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.28% of 2020-21 total general fund budget, while total fund balance represents 16.39%. The comparable amounts from the prior year were 3.86% and 13.83%, respectively.

In the current fiscal year, the District's fund balance within the general fund increased by \$4,424,268. Key factors contributing to this increase were:

- There was \$344,711 of non-property taxes in revenue above final budgeted amounts due to greater than budgeted sales tax revenue due to an increase in the sales tax rate set by Westchester County in 2019.
- There was \$1,108,318 of proceeds of leases above final budgeted amounts due to a new copier lease.
- There was \$6,333,382 of expenditures below final budgeted amounts due to early closure of schools due to COVID-19, including a \$1.4M surplus from health insurance.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**General Fund Revenues**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues:				
Real property tax	\$ 148,839,022	148,839,022	148,838,352	145,492,093
Non property taxes	1,041,724	1,041,724	1,386,435	1,046,413
Charges for services	709,232	709,232	795,617	694,779
Use of money and property	1,566,458	1,566,458	1,150,544	1,683,717
Sale of property and compensation for loss	25,000	25,000	91,187	99,121
Miscellaneous	230,000	230,000	348,336	284,788
State sources	<u>6,818,007</u>	<u>6,818,007</u>	<u>6,980,736</u>	<u>7,355,516</u>
Total revenue	159,229,443	159,229,443	159,591,207	156,656,427
Other sources:				
Proceed from leases	-	-	1,108,318	-
Operating transfers	453,153	453,153	386,974	667,728
Prior year encumbrances	-	1,104,699	-	-
Appropriated fund balance	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Total revenues and other sources	\$ <u>160,782,596</u>	<u>161,887,295</u>	<u>161,086,499</u>	<u>157,324,155</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**General Fund Expenditures**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2020</u>	Actual <u>2019</u>
Expenditures:				
General support	\$ 19,909,692	20,062,714	18,370,741	17,848,897
Instruction	89,214,646	91,361,939	88,802,390	86,631,729
Community services	362,323	362,323	248,599	288,434
Pupil transportation	4,366,374	4,361,414	3,878,387	3,869,020
Employee benefits	35,723,201	34,406,240	34,030,517	34,541,858
Debt service	<u>10,026,360</u>	<u>10,026,360</u>	<u>10,070,185</u>	<u>10,027,015</u>
Total expenditures	159,602,596	160,580,990	155,400,819	153,206,953
Other uses - operating transfers out	<u>1,180,000</u>	<u>1,306,305</u>	<u>1,261,412</u>	<u>1,504,996</u>
Total expenditures and other uses	\$ <u>160,782,596</u>	<u>161,887,295</u>	<u>156,662,231</u>	<u>154,711,949</u>

Major differences between the original budget and the final actual amounts are summarized on the previous pages.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The District continues to pay down its debt at a rate faster than the assets purchased with that debt, are depreciated. By itself, this factor would produce only a small positive addition to a net position. However, because of GASB 75 (OPEB) and GASB 68 and 71 (Pensions), the District will continue to have unpredictable results.

**ECONOMIC FACTORS IMPACTING THE DISTRICT'S FUTURE BUDGETS**

The employees of the District are covered under either the New York State Employees' Retirement System (ERS) or the New York State Teachers' Retirement System (TRS) for their pension benefits. The total pension costs for both systems are paid for by contributions from employees and from the District.

**SCARSDALE UNION FREE SCHOOL DISTRICT**  
**Management's Discussion and Analysis, Continued**

Since 2005-06, the District has had relatively stable health insurance costs. The actual annual costs for 2007-08 through 2019-20 were \$9.5M, \$10.3M, \$12.3M, \$11.5M, \$12.7M, \$15.0M, \$14.2M, \$14.0M, \$14.9M, \$15.0M, \$19.1M, \$15.6M, and \$15.9M, respectively. The District has been able to maintain a per enrollee cost that is less than "less commensurate" health plans in the Metropolitan area. Because the plan is self-insured and actual claims are paid as incurred, the actual costs in any one year may be more or less than budgeted. The District maintains a health insurance reserve currently funded at \$5.2M to fund future unanticipated overages. In addition, the District has invested in Stop-Loss insurance in order to limit the risk of an over-budget exposure.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Scarsdale Union Free School District's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office of the Scarsdale Union Free School District, 2 Brewster Road, Scarsdale, New York, 10583.

SCARSDALE UNION FREE SCHOOL DISTRICT

Statement of Net Position

Governmental Activities

June 30, 2020

Assets:

Cash and cash equivalents - unrestricted	\$ 55,977,670
Cash and cash equivalents - restricted	8,396,756
Investments	9,022
Receivables:	
Due from fiduciary funds	257,800
State and federal aid	2,009,436
Other receivables	1,197,067
Inventory	37,718
Capital assets, net	131,601,101
Net pension asset - proportionate share - TRS System	10,421,448
Total assets	<u>209,908,018</u>

Deferred Outflows of Resources:

Pensions	42,641,322
Other postemployment benefits	26,837,817
Total deferred outflows of resources	<u>69,479,139</u>

Liabilities:

Payables:	
Accounts payable and accrued liabilities	10,323,390
Accrued interest	133,234
Due to fiduciary funds	19,800
Due to retirement systems	6,807,788
Other liabilities	5,177,823
Long-term liabilities:	
Due and payable within one year:	
Leases payable	1,938,681
Bonds payable	5,270,000
Unamortized bond premiums	528,369
Due and payable after one year:	
Leases payable	3,785,810
Bonds payable	49,925,000
Unamortized bond premiums	5,940,016
Compensated absences	1,227,484
Total OPEB liability	256,641,228
Net pension liability - proportionate share - ERS System	12,939,076
Total liabilities	<u>360,657,699</u>

Deferred Inflows of Resources:

Pensions	14,325,092
Other postemployment benefits	5,411,832
Unearned revenue	288,621
Total deferred inflows of resources	<u>20,025,545</u>

Net Position:

Net investment in capital assets	87,442,211
Restricted	16,920,252
Unrestricted (deficit)	<u>(205,658,550)</u>
Total net position (deficit)	<u>\$ (101,296,087)</u>

See accompanying notes to financial statements.



SCARSDALE UNION FREE SCHOOL DISTRICT  
Statement of Activities  
Governmental Activities  
Year ended June 30, 2020

		<u>Program Revenues</u>			Net (expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	revenue and
		<u>services</u>	<u>grants</u>	<u>grants</u>	changes in
Functions/programs:					<u>net position</u>
General support	\$ 22,164,127	-	-	-	(22,164,127)
Instruction	140,336,077	795,617	1,219,249	21,300	(138,299,911)
Community services	1,752,531	-	-	-	(1,752,531)
Pupil transportation	4,045,491	-	-	-	(4,045,491)
Debt service	1,075,461	-	-	-	(1,075,461)
School lunch program	1,760,610	1,515,412	-	-	(245,198)
Depreciation - unallocated	<u>6,469,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,469,267)</u>
Total functions and programs	<u>\$ 177,603,564</u>	<u>2,311,029</u>	<u>1,219,249</u>	<u>21,300</u>	<u>(174,051,986)</u>
General revenue:					
Real property taxes					148,838,352
Non property taxes					1,386,435
Use of money and property					1,289,992
State sources					6,980,736
Sale of property and compensation for loss					62,654
Miscellaneous					<u>996,361</u>
Total general revenue					<u>159,554,530</u>
Change in net position					(14,497,456)
Net position (deficit) at beginning of year					<u>(86,798,631)</u>
Net position (deficit) at end of year					<u><u>\$(101,296,087)</u></u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2020

	<u>General</u>	<u>Special aid</u>	<u>School food service</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
<u>Assets</u>						
Cash and cash equivalents - unrestricted	\$ 31,832,772	-	915,912	-	23,228,986	55,977,670
Cash and cash equivalents - restricted	8,396,756	-	-	-	-	8,396,756
Investments	9,022	-	-	-	-	9,022
Receivables:						
Due from other governmental funds	1,512,017	-	-	477,068	2,353,617	4,342,702
Due from fiduciary funds	257,800	-	-	-	-	257,800
State and federal aid	1,155,038	833,098	-	-	21,300	2,009,436
Other receivables	1,197,067	-	-	-	-	1,197,067
Inventory	-	-	37,718	-	-	37,718
Total assets	<u>\$ 44,360,472</u>	<u>833,098</u>	<u>953,630</u>	<u>477,068</u>	<u>25,603,903</u>	<u>72,228,171</u>
<u>Liabilities, Deferred Inflows and Fund Balance</u>						
Liabilities:						
Accounts payable	2,744,375	25,677	180,984	-	6,780,021	9,731,057
Accrued liabilities	592,333	-	-	-	-	592,333
Due to other governmental funds	2,353,615	807,421	704,598	-	477,068	4,342,702
Due to fiduciary funds	19,800	-	-	-	-	19,800
Due to retirement systems	6,807,788	-	-	-	-	6,807,788
Other liabilities	5,177,823	-	-	-	-	5,177,823
Total liabilities	<u>17,695,734</u>	<u>833,098</u>	<u>885,582</u>	<u>-</u>	<u>7,257,089</u>	<u>26,671,503</u>
Deferred inflows - unearned revenue	-	-	288,621	-	-	288,621
<u>Fund Balance</u>						
Nonspendable	-	-	37,718	-	-	37,718
Restricted	16,443,184	-	-	477,068	-	16,920,252
Assigned	3,256,211	-	(258,291)	-	-	2,997,920
Unassigned	6,965,343	-	-	-	18,346,814	25,312,157
Total fund balance (deficit)	<u>26,664,738</u>	<u>-</u>	<u>(220,573)</u>	<u>477,068</u>	<u>18,346,814</u>	<u>45,268,047</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 44,360,472</u>	<u>833,098</u>	<u>953,630</u>	<u>477,068</u>	<u>25,603,903</u>	<u>72,228,171</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2020

	Total governmental funds	Long-term assets, liabilities	Reclassifications and eliminations	Total statement of net position
Assets:				
Cash and cash equivalents - unrestricted	\$ 55,977,670	-	-	55,977,670
Cash and cash equivalents - restricted	8,396,756	-	-	8,396,756
Investments	9,022	-	-	9,022
Receivables:				-
Due from other governmental funds	4,342,702	-	(4,342,702)	-
Due from fiduciary funds	257,800	-	-	257,800
State and federal aid	2,009,436	-	-	2,009,436
Other receivables	1,197,067	-	-	1,197,067
Inventory	37,718	-	-	37,718
Capital assets, net	-	131,601,101	-	131,601,101
Net pension asset - TRS proportionate share	-	10,421,448	-	10,421,448
Total assets	<u>72,228,171</u>	<u>142,022,549</u>	<u>(4,342,702)</u>	<u>209,908,018</u>
Deferred outflows of resources:				
Pensions	-	42,641,322	-	42,641,322
Other postemployment benefits	-	26,837,817	-	26,837,817
Total deferred outflows of resources	<u>-</u>	<u>69,479,139</u>	<u>-</u>	<u>69,479,139</u>
Liabilities:				
Payables:				
Accounts payable	9,731,057	-	-	9,731,057
Accrued liabilities	592,333	-	-	592,333
Accrued interest payable	-	133,234	-	133,234
Due to other governmental funds	4,342,702	-	(4,342,702)	-
Due to fiduciary funds	19,800	-	-	19,800
Due to retirement systems	6,807,788	-	-	6,807,788
Other liabilities	5,177,823	-	-	5,177,823
Leases payable	-	5,724,491	-	5,724,491
Unamortized bond premiums	-	6,468,385	-	6,468,385
Bonds payable	-	55,195,000	-	55,195,000
Compensated absences	-	1,227,484	-	1,227,484
Total OPEB liability	-	256,641,228	-	256,641,228
Net pension liability - ERS proportionate share	-	12,939,076	-	12,939,076
Total liabilities	<u>26,671,503</u>	<u>338,328,898</u>	<u>(4,342,702)</u>	<u>360,657,699</u>
Deferred inflows of resources:				
Pensions	-	14,325,092	-	14,325,092
Other postemployment benefits	-	5,411,832	-	5,411,832
Unearned revenue	288,621	-	-	288,621
Total deferred inflows of resources	<u>288,621</u>	<u>19,736,924</u>	<u>-</u>	<u>20,025,545</u>
Total fund balance/net position	<u>45,268,047</u>	<u>(146,564,134)</u>	<u>-</u>	<u>(101,296,087)</u>
Total liabilities, deferred inflows of resources and fund balance/net position	<u>\$ 72,228,171</u>	<u>211,501,688</u>	<u>(4,342,702)</u>	<u>279,387,157</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position, Continued

Total fund balances - governmental funds	\$ 45,268,047
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
The assets consist of:	
Land	\$ 764,800
Construction in progress	31,123,050
Buildings and improvements	177,283,041
Land improvements	3,840,408
Machinery, equipment and vehicles	25,712,481
Accumulated depreciation	<u>(107,122,679)</u>
Total capital assets	131,601,101
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those consist of:	
Compensated absences	(1,227,484)
Total OPEB liability	(256,641,228)
Accrued interest	(133,234)
Long-term liabilities, including bonds payable and premium on bonds are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds payable	(55,195,000)
Unamortized bond premiums	(6,468,385)
Capital leases	(5,724,491)
Some deferred costs are not reported in the funds. These consist of the following:	
Deferred outflows of resources - pensions	42,641,322
Deferred inflows of resources - pensions	(14,325,092)
Deferred outflows of resources - OPEB	26,837,817
Deferred inflows of resources - OPEB	(5,411,832)
The proportionate share of net pension asset (liability) reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.	
Teachers' Retirement System	10,421,448
Employee' Retirement System	<u>(12,939,076)</u>
Total net position - end of year	<u><u>\$(101,296,087)</u></u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2020

	<u>General</u>	<u>Special aid</u>	<u>School food service</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
Revenue:						
Real property taxes	\$ 148,838,352	-	-	-	-	148,838,352
Non property taxes	1,386,435	-	-	-	-	1,386,435
Charges for services	795,617	-	-	-	-	795,617
Use of money and property	1,150,544	-	-	-	139,448	1,289,992
Sale of property and compensation for loss	91,187	-	-	-	-	91,187
State sources	6,980,736	247,191	-	-	21,300	7,249,227
Federal sources	-	972,058	-	-	-	972,058
School lunch sales	-	-	1,515,412	-	-	1,515,412
Miscellaneous	348,336	-	-	-	648,025	996,361
Total revenue	<u>159,591,207</u>	<u>1,219,249</u>	<u>1,515,412</u>	<u>-</u>	<u>808,773</u>	<u>163,134,641</u>
Expenditures:						
General support	18,370,741	-	-	-	-	18,370,741
Instruction	88,802,390	1,269,356	-	-	-	90,071,746
Community services	248,599	-	-	-	-	248,599
Pupil transportation	3,878,387	-	-	-	-	3,878,387
Employee benefits	34,030,517	-	-	-	-	34,030,517
Debt service	10,070,185	-	-	-	-	10,070,185
Cost of sales	-	-	1,760,610	-	-	1,760,610
Capital outlay	-	-	-	-	28,793,012	28,793,012
Total expenditures	<u>155,400,819</u>	<u>1,269,356</u>	<u>1,760,610</u>	<u>-</u>	<u>28,793,012</u>	<u>187,223,797</u>
Excess (deficiency) of revenue over expenditures	<u>4,190,388</u>	<u>(50,107)</u>	<u>(245,198)</u>	<u>-</u>	<u>(27,984,239)</u>	<u>(24,089,156)</u>
Other financing sources and (uses):						
Proceeds from issuance of bond	-	-	-	-	38,410,000	38,410,000
Premium on bond issuance	-	-	-	-	5,193,382	5,193,382
Proceeds from issuance of lease	1,108,318	-	-	-	1,550,000	2,658,318
BANs redeemed from appropriations	-	-	-	-	4,427,577	4,427,577
Operating transfers in	386,974	50,107	-	-	1,279,458	1,716,539
Operating transfers (out)	(1,261,412)	-	-	(68,153)	(386,974)	(1,716,539)
Total other financing sources and (uses)	<u>233,880</u>	<u>50,107</u>	<u>-</u>	<u>(68,153)</u>	<u>50,473,443</u>	<u>50,689,277</u>
Changes in fund balances	4,424,268	-	(245,198)	(68,153)	22,489,204	26,600,121
Fund balance (deficit) at beginning of year	<u>22,240,470</u>	<u>-</u>	<u>24,625</u>	<u>545,221</u>	<u>(4,142,390)</u>	<u>18,667,926</u>
Fund balance (deficit) at end of year	<u>\$ 26,664,738</u>	<u>-</u>	<u>(220,573)</u>	<u>477,068</u>	<u>18,346,814</u>	<u>45,268,047</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of Governmental Funds - Statement of Revenue,  
Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June 30, 2020

	Total governmental <u>funds</u>	Long-term assets, <u>liabilities</u>	Reclassifications and <u>eliminations</u>	Total statement of activities
Revenue:				
Real property taxes	\$148,838,352	-	-	148,838,352
Non property taxes	1,386,435	-	-	1,386,435
Charges for services	795,617	-	-	795,617
Use of money and property	1,289,992	-	-	1,289,992
Sale of property and compensation for loss	91,187	(28,533)	-	62,654
State sources	7,249,227	-	-	7,249,227
Federal sources	972,058	-	-	972,058
School lunch sales	1,515,412	-	-	1,515,412
Miscellaneous	996,361	-	-	996,361
Total revenue	<u>163,134,641</u>	<u>(28,533)</u>	<u>-</u>	<u>163,106,108</u>
Expenditures:				
General support	18,370,741	(1,108,318)	4,901,704	22,164,127
Instruction	90,071,746	1,135,888	49,128,443	140,336,077
Community services	248,599	-	1,503,932	1,752,531
Pupil transportation	3,878,387	-	167,104	4,045,491
Employee benefits	34,030,517	21,670,666	(55,701,183)	-
Debt service	10,070,185	(4,567,147)	(4,427,577)	1,075,461
Cost of sales	1,760,610	-	-	1,760,610
Capital outlay	28,793,012	(28,793,012)	-	-
Depreciation	-	6,469,267	-	6,469,267
Total expenditures	<u>187,223,797</u>	<u>(5,192,656)</u>	<u>(4,427,577)</u>	<u>177,603,564</u>
Excess (deficiency) of revenue over expenditures	<u>(24,089,156)</u>	<u>5,164,123</u>	<u>4,427,577</u>	<u>(14,497,456)</u>
Other financing sources and uses:				
Proceeds from issuance of bond	38,410,000	(38,410,000)	-	-
Premium on bond issuance	5,193,382	(5,193,382)	-	-
Proceeds from issuance of lease	2,658,318	(2,658,318)	-	-
BANs redeemed from appropriations	4,427,577		(4,427,577)	-
Operating transfers in	1,716,539	-	(1,716,539)	-
Operating transfers (out)	<u>(1,716,539)</u>	<u>-</u>	<u>1,716,539</u>	<u>-</u>
Total other financing sources (uses)	<u>50,689,277</u>	<u>(46,261,700)</u>	<u>(4,427,577)</u>	<u>-</u>
Net change for the year	<u>\$ 26,600,121</u>	<u>(41,097,577)</u>	<u>-</u>	<u>(14,497,456)</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities, Continued

Net change in fund balances - total governmental funds		\$ 26,600,121
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Additions of assets	\$ 28,765,262	
Depreciation	(6,469,267)	
Disposition of capital assets	<u>(28,533)</u>	22,267,462
Repayment of bond is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal paid on bonds	2,065,000	
Amortization of bond premium	<u>182,142</u>	2,247,142
Payment of lease is an expenditure in the government funds but the repayment reduces long-term liabilities in the statement of net position.		2,309,468
Bond proceeds and premium on bonds and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Capital lease proceeds	(2,658,318)	
Proceeds from issuance of bond	(38,410,000)	
Premium on bond issuance	<u>(5,193,382)</u>	(46,261,700)
Compensated absences represent the value of the earned and unused portion of the liability for the vacation and compensatory time. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds. This is the net change of compensated absences.		(97,618)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		10,537
Other postemployment benefits represent the value of the unfunded portion of the cost of benefits for current employees upon retirement. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds.		(39,347,255)
Deferred outflows reported in the statement of activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pensions	1,026,296	
Other postemployment benefits	<u>26,837,817</u>	27,864,113
Deferred inflows reported in the statement of activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pensions	(3,844,368)	
Other postemployment benefits	<u>140,837</u>	(3,703,531)
Changes in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System		3,080,203
Employees' Retirement System		<u>(9,466,398)</u>
Change in net position of governmental activities		<u>\$ (14,497,456)</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
Assets:			
Cash and cash equivalents	\$ 272,744	1,433,385	1,706,129
Due from general fund	<u>19,800</u>	<u>-</u>	<u>19,800</u>
Total assets	<u>292,544</u>	<u>1,433,385</u>	<u>1,725,929</u>
Liabilities:			
Accounts payable and agency liabilities	1,011	1,150,976	1,151,987
Due to general fund	244,661	13,139	257,800
Extraclassroom activity balance	<u>-</u>	<u>269,270</u>	<u>269,270</u>
Total liabilities	<u>245,672</u>	<u>1,433,385</u>	<u>1,679,057</u>
Net position - reserved for scholarships and family support	<u>\$ 46,872</u>	<u>-</u>	<u>46,872</u>

See accompanying notes to financial statements.



SCARSDALE UNION FREE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended June 30, 2020

	<u>Private Purpose Trust Funds</u>
Additions:	
Interest revenue	\$        560
Contributions	<u>179,982</u>
Total additions	180,542
Deductions - scholarships and program grant awards	<u>205,404</u>
Change in net position	(24,862)
Net position at beginning of year	<u>71,734</u>
Net position at end of year	<u><u>\$    46,872</u></u>

See accompanying notes to financial statements.

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2020

### (1) Summary of Accounting Policies

The financial statements of Scarsdale Union Free School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

#### (a) Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14 - "The Financial Reporting Entity," as amended by GASB Statement 39 - "Component Units." The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

#### (i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (b) Joint Venture

The District is a component district in the Southern Westchester Board of Cooperative Education Services (BOCES). A Board of Cooperative Educational Services is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,326,491 for BOCES administrative and program costs and recognized \$525,794 in revenue as the District's share of BOCES aid.

Participating school districts issue debt on behalf of BOCES. As of year-end, there was no debt issued by the District on behalf of BOCES.

Financial statements for the BOCES are available from the BOCES administrative office.

##### (c) The Scarsdale Schools Education Foundation

The Scarsdale Schools Education Foundation (the Foundation) is a not-for-profit 501(c)(3) organization formed to increase the financial resources available to support programs in the District. It was organized by local residents and is operated by a board of directors. During the year ended June 30, 2020 the Foundation did not make any monetary contributions to the District. For more information about the Foundation see [www.scarsdaleschoolseducationfoundation.org](http://www.scarsdaleschoolseducationfoundation.org).

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (d) Basis of Presentation

###### (i) District-Wide Statements

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

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

###### (ii) Funds Statements

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

Governmental Funds: are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds or by outside parties. The District reports the special aid fund and the school food service fund as major special revenue funds.

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (d) Basis of Presentation, Continued

###### (ii) Funds Statements, Continued

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest related to the refunding of existing debt obligations.

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholdings.

##### (e) Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Sales tax related to the current fiscal year, received after the revenue recognition period are not considered available and have been excluded from the financial statements.

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

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (f) Property Taxes

Real property taxes are levied annually by the Board of Education. Uncollected real property taxes are subsequently enforced by the Towns of Scarsdale and Mamaroneck (the Towns). The Towns pay an amount representing uncollected real property taxes transmitted to the Towns for enforcement to the District no later than the following April 1.

##### (g) Restricted Resources

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

##### (h) Interfund Transactions

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

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

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

Refer to note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

##### (i) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported 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 encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(j) Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC 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 Districts.

(k) 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 any such allowance would not be material.

(l) Investments

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2020.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(l) Investments, Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

(m) Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District has no prepaid items as of June 30, 2020.

(n) Capital Assets

Capital assets are reported in the District-wide financials at actual costs or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight line	50
Land improvements	5,000	Straight-line	20
Buildings and improvements	5,000	Straight-line	20
Vehicles	5,000	Straight-line	8
Computer equipment	100	Straight-line	5
Equipment	5,000	Straight-line	5-15



SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(o) Deferred Outflows and Inflows of Resources

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

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first arises under both the modified accrual basis of accounting and district-wide and is reported as unearned revenue. The second item is related to pensions reported in the district-wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item are changes of assumptions as well as differences between actual and expected experience related to the total OPEB liability.

(p) Vested Employee Benefits

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

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

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(p) Vested Employee Benefits, Continued

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

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

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

(q) Other Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through the District's self-insurance plan. The District pays 100% of the cost for retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivor beneficiaries reimburse the District monthly for 100% of the calculated premiums. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(r) Short-Term Debt

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

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

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(s) Accrued Liabilities and Long-Term Obligations

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

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

(t) Equity Classifications

District-Wide Statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) and unspent bonds proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements to those assets.

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

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

Funds Statements

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This includes prepaid and inventory items. The District has recorded \$37,718 of inventory as nonspendable fund balance as of June 30, 2020.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (t) Equity Classifications, Continued

###### Funds Statements, Continued

###### Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

###### Employee Benefits and Accrued Liabilities

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

###### Employees' Retirement System Liability Reserve

According to General Municipal Law §6-r, must be used for New York State Employees' Retirement System (NYSERS) financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

###### Teachers' Retirement System Liability Reserve

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

###### Tax Certiorari

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

###### Restricted fund balances includes the following:

###### General fund:

Debt service	\$ 1,130,531
Employee benefits and accrued liabilities	5,174,315
Retirement contributions	4,152,835
Tax certiorari	<u>5,985,503</u>
Total general fund	\$ <u>16,443,184</u>
Debt service fund - debt service	\$ <u>477,068</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(t) Equity Classifications, Continued

Funds Statements, Continued

Committed fund balance - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2020.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance. Encumbrances reported in the general fund amounted to \$1,506,211. Additionally, the District assigned \$1,750,000 of fund balance to reduce the tax levy for the ensuing fiscal year budget.

Unassigned fund balance - Includes all other general fund equity that does not meet the definition of the above four classifications and is deemed to be available for general use by the District.

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

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(2) Stewardship, Compliance and Accountability

(a) Budgets

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

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

Appropriations are adopted at the program line item level.

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (a) Budgets, Continued

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

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

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

##### (b) Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

The District's unreserved unassigned fund balance exceeded the maximum amount of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District unreserved unassigned fund balance was 4.28% at June 30, 2020.

##### (c) Deficit Fund Balance

The school food service fund had a deficit fund balance of \$220,573 as of June 30, 2020.

#### (3) Cash and Cash Equivalents

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(3) Cash and Cash Equivalents, Continued

The District's aggregate bank balances were fully collateralized as of June 30, 2020.

Restricted cash represents cash and cash equivalents whose use is limited by legal requirements.

These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash as of year-end includes \$8,396,756 within the general fund.

(4) Investments

The District's investments at June 30, 2020, consist of the following:

<u>Investments - Governmental Funds</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Fair Value</u>
Money Market Accounts	N/A	0.010%	\$ <u>9,022</u>

These investments are classified as a Level 1.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Concentration of Credit Risk - For investments, this is the risk of loss attributable to the quantity of the Government's investment in a single issuer. Investments in a single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At June 30, 2020, the District held 100% of its investment balance in Money Market Accounts, which is fully collateralized by a Federal Home Loan Bank irrevocable letter of credit.

(5) Receivables

Major receivables accrued by the District at June 30, 2020 consisted of the following:

(a) Due from State and Federal - Represents amounts due from state and federal governments.

Amounts due to the District at June 30, 2020 are listed below:

General fund:	
State aid	\$ <u>1,155,038</u>
Special aid fund:	
State aid	\$ 100,093
Federal aid	<u>733,005</u>
	\$ <u>833,098</u>
Capital projects fund:	
State aid	\$ <u>21,300</u>

(b) Other Receivables - Represents amounts due for out-of-district tuition billings (in the general fund) and other minor charges.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(6) Capital Assets

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 764,800	-	-	764,800
Construction in progress	<u>6,103,003</u>	<u>25,020,047</u>	<u>-</u>	<u>31,123,050</u>
Total nondepreciable historical cost	<u>6,867,803</u>	<u>25,020,047</u>	<u>-</u>	<u>31,887,850</u>
Capital assets that are being depreciated:				
Buildings and improvements	176,684,238	598,803	-	177,283,041
Land improvements	3,838,702	1,706	-	3,840,408
Machinery, equipment and vehicles	<u>23,307,540</u>	<u>3,144,706</u>	<u>(739,765)</u>	<u>25,712,481</u>
Total depreciable historical cost	<u>203,830,480</u>	<u>3,745,215</u>	<u>(739,765)</u>	<u>206,835,930</u>
Less accumulated depreciation:				
Buildings and improvements	83,983,550	4,370,094	-	88,353,644
Land improvements	2,288,414	126,837	-	2,415,251
Machinery, equipment and vehicles	<u>15,092,680</u>	<u>1,972,336</u>	<u>(711,232)</u>	<u>16,353,784</u>
Total accumulated depreciation	<u>101,364,644</u>	<u>6,469,267</u>	<u>(711,232)</u>	<u>107,122,679</u>
Total historical cost, net	<u>102,465,836</u>	<u>(2,724,052)</u>	<u>(28,533)</u>	<u>99,713,251</u>
Governmental activities - capital assets, net	\$ <u>109,333,639</u>	<u>22,295,995</u>	<u>(28,533)</u>	<u>131,601,101</u>

The current year depreciation expense of \$6,469,267 was unallocated.

(7) Short-Term Debt

The schedule below details the changes in short-term borrowings:

<u>Purpose</u>	<u>Date of Original Issuance</u>	<u>Date of Maturity</u>	<u>Balance July 1, 2019</u>	<u>New Issuances</u>	<u>Converted to Long-term Debt</u>	<u>BANs Redeemed From Appropriations</u>	<u>Balance June 30, 2020</u>
Bond anticipation notes (BANs)	6/26/19	6/26/20	\$ <u>20,536,718</u>	<u>-</u>	<u>(16,109,141)</u>	<u>(4,427,577)</u>	<u>-</u>

The \$16,109,141 converted to long-term debt was part of the \$38,410,000 issuance of bonds payable on June 24, 2020 as detailed in note 8.



SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Long-Term Debt Obligations

Transactions in long-term debt for the year are summarized below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities:					
Bonds payable	\$ 18,850,000	38,410,000	(2,065,000)	55,195,000	5,270,000
Premium on bond issues	<u>1,457,145</u>	<u>5,193,382</u>	<u>(182,142)</u>	<u>6,468,385</u>	<u>528,369</u>
Total government activities	<u>20,307,145</u>	<u>43,603,382</u>	<u>(2,247,142)</u>	<u>61,663,385</u>	<u>5,798,369</u>
Other liabilities:					
Capital leases	5,375,641	2,658,318	(2,309,468)	5,724,491	1,938,681
Compensated absences (net activity)	1,129,866	97,618	-	1,227,484	-
Total OPEB liability	217,293,973	39,347,255	-	256,641,228	-
Net pension (asset) liability - proportionate share - TRS	(7,341,245)	-	(3,080,203)	(10,421,448)	-
Net pension liability - proportionate share - ERS	<u>3,472,678</u>	<u>9,466,398</u>	<u>-</u>	<u>12,939,076</u>	<u>-</u>
Total other liabilities	<u>219,930,913</u>	<u>51,569,589</u>	<u>(5,389,671)</u>	<u>266,110,831</u>	<u>1,938,681</u>
Total	\$ <u>240,238,058</u>	<u>95,172,971</u>	<u>(7,636,813)</u>	<u>327,774,216</u>	<u>7,737,050</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and other postemployment benefits when they become due.

Net pension asset - proportionate share - TRS is an asset in the current year and prior year which is why it is shown as a negative ending balance.

General Obligation Bonds - The District issues general obligation bonds to provide funds for construction, renovations and improvements of major capital facilities. The following is a summary of transactions for the year ended June 30, 2020:

<u>Year of issue/ maturity</u>	<u>Interest rate</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
2014/2026	1.95%	\$ 6,600,000	-	(690,000)	5,910,000
2017/2027	3.00%	12,250,000	-	(1,375,000)	10,875,000
2020/2035	5.00%	<u>-</u>	<u>38,410,000</u>	<u>-</u>	<u>38,410,000</u>
		\$ <u>18,850,000</u>	<u>38,410,000</u>	<u>(2,065,000)</u>	<u>55,195,000</u>

The District issued bonds payable of \$38,410,000 on June 24, 2020 which mature on June 15, 2035. The bonds have an interest rate of 5.00% and the District received a premium of \$5,193,382, which lowered the net interest cost to 1.46%.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Long-Term Debt Obligations, Continued

The following is a maturity schedule of bonded debt:

Fiscal year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,270,000	2,011,953	7,281,953
2022	4,555,000	1,819,900	6,374,900
2023	4,740,000	1,624,125	6,364,125
2024	4,380,000	1,416,200	5,796,200
2025	4,710,000	1,227,175	5,937,175
2026 - 2030	17,845,000	3,314,850	21,159,850
2031 - 2035	<u>13,695,000</u>	<u>793,000</u>	<u>14,488,000</u>
	<u>\$ 55,195,000</u>	<u>12,207,203</u>	<u>67,402,203</u>

The District has authorized, but not issued, bonds in the amount not to exceed \$16,840,000. These bonds are for construction of improvements and alterations to all District school buildings.

Interest on serial bonds and capital leases for the year was composed of:

Interest paid	\$ 1,268,140
Plus: Interest accrued in the current year	133,234
Less: Interest accrued in the prior year	(143,771)
Amortization of deferred premium on bonds	<u>(182,142)</u>
Total expense	\$ <u>1,075,461</u>

(9) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS)

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

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under TRS and ERS tier VI vary based on a sliding salary scale ranging from 3% to 6%. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

SCARSDALE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

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

At June 30, 2020, the District reported the following liability for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/1/2019	6/30/2018
Measurement date	3/31/2020	6/30/2019
Net pension asset (liability)	\$ (12,939,076)	10,421,448
District's proportion of the Plan's net pension asset (liability)	0.0488625%	0.401132%
Changes in proportionate share	(0.0001499)	(0.004851)

For the year ended June 30, 2020, the District's recognized pension expense of \$4,713,421 for ERS and \$12,995,435 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 761,517	7,062,350	-	774,958
Changes of assumptions	260,532	19,687,509	224,965	4,800,372
Net difference between projected and actual earnings on pension plan investments	6,633,199	-	-	8,357,464
Changes in proportion and differences between the District's contributions and proportionate share of contributions	770,107	658,320	61,781	105,552
District's contributions subsequent to the measurement date	<u>682,912</u>	<u>6,124,876</u>	<u>-</u>	<u>-</u>
Total	\$ <u>9,108,267</u>	<u>33,533,055</u>	<u>286,746</u>	<u>14,038,346</u>

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements, Continued

### (9) Pension Obligations, Continued

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

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal year ending</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 1,525,973	4,822,332
2022	2,057,674	406,687
2023	2,548,974	4,805,242
2024	2,005,988	3,211,445
2025	-	414,569
Thereafter	-	(290,442)
Total	\$ <u>8,138,609</u>	<u>13,369,833</u>

#### (c) Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return (net of investment expense, including inflation)	6.8%	7.10%
Salary scale	4.2%	1.90% - 4.72%
Cost-of-living adjustments	1.3%	1.3%
Inflation rate	2.5%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates based on Plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements, Continued

### (c) Actuarial Assumptions, Continued

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

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27 - "Selection of Economic Assumptions for Measuring Pension Obligations." ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Measurement date	<u>TRS</u>		<u>ERS</u>	
	June 30, 2019		March 31, 2020	
	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of of return*	Target allocation
Asset class:				
Domestic equity	6.30%	33.00%	4.05%	36.00%
International equity	7.80%	16.00%	6.15%	14.00%
Real estate equity	4.60%	11.00%	4.95%	10.00%
Global equity	7.20%	4.00%	-	-
Domestic fixed income	1.30%	16.00%	-	-
Global bonds	0.90%	2.00%	-	-
High-yield bonds	3.60%	1.00%	-	-
Real estate debt	2.90%	7.00%	-	-
Private equity	9.90%	8.00%	6.75%	10.00%
Private debt	6.50%	1.00%	-	-
Real assets	-	-	5.95%	3.00%
Absolute return strategies (1)	-	-	3.25%	2.00%
Opportunistic portfolio	-	-	4.65%	3.00%
Bonds and mortgages	-	-	0.75%	17.00%
Cash	0.30%	1.00%	0.00%	1.00%
Inflation - indexed bonds	-	-	0.50%	4.00%

\* Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.5% for ERS.

(1) excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements, Continued

### (9) Pension Obligations, Continued

#### (d) Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments 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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8% for ERS and 6.1% for TRS) or 1-percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset (liability)	\$ (23,746,858)	(12,939,076)	(2,985,063)
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$ (47,041,328)	10,421,448	58,626,233

#### (f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	ERS	TRS
Measurement date	3/31/2020	6/30/2019
Employers' total pension liability	\$ (194,596)	(119,879)
Plan net position	168,115	122,477
Employers' net pension asset (liability)	\$ (26,481)	2,598
Ratio of plan net position to the employers' total pension asset (liability)	86.39%	102.2%

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(g) Contributions to the Pension Plans

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$682,912. This amount has been recorded as an liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2020 were \$2,398,073.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$6,124,876. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2020 were \$6,127,521.

(10) Total OPEB Liability (OPEB)

(a) Plan Description and Benefits

The District pays for a portion of eligible retirees' health insurance, depending on eligibility. Eligibility for postretirement benefits is based on age of retiree and years of service and depends upon the associated group or union.

Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the District's Board of Education. Upon retirement, the District generally pays between 80-100% of the cost of the medical plan currently in effect.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2020, the District recognized \$5,912,770 million for its share of insurance premiums for currently enrolled retirees.

(b) Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Current retirees	444
Active employees	<u>612</u>
	<u>1,056</u>



SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Total OPEB Liability (OPEB), Continued

(c) Total OPEB Liability

The District's total OPEB liability of \$256,641,228 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.5%
Discount rate	2.4%
Healthcare cost trend rates	8.0% for 2020, decreasing to an ultimate rate of 5.0%

The discount rate was based on review of 20 year Municipal GO AA municipal bond rate index.

Mortality rates were based on the SOA RP-2014 total dataset. Mortality improvements are projected using SOA Scale MP-2014.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2019	\$ <u>217,293,973</u>
Changes for the year:	
Service cost	9,555,355
Interest on total OPEB liability	6,644,465
Differences between actual and expected experience	-
Changes in benefit terms	-
Changes in assumptions	29,060,205
Benefit payments	<u>(5,912,770)</u>
Total changes	<u>39,347,255</u>
Total OPEB liability as of June 30, 2020	\$ <u>256,641,228</u>

(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.4%) or 1-percentage-point higher (3.4%) than the current discount rate:

	1% Decrease (1.4%)	Current Discount Rate (2.4%)	1% Increase (3.4%)
Total OPEB liability	\$ (307,939,954)	(256,641,228)	(216,546,494)

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Total OPEB Liability (OPEB), Continued

(g) Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

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

	1% <u>Decrease</u>	Current Trend <u>Rates</u>	1% <u>Increase</u>
Total OPEB liability	\$ (207,617,549)	(256,641,228)	(322,482,562)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$18,281,371. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in assumptions	\$ 26,837,817	3,782,475
Differences between actuarial and expected experience	<u>-</u>	<u>1,629,357</u>
Total	\$ <u>26,837,817</u>	<u>5,411,832</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2021	\$ 2,081,551
2022	2,081,551
2023	2,081,551
2024	5,514,936
2025	5,514,939
Thereafter	<u>4,151,457</u>
Total	\$ <u>21,425,985</u>

(11) Interfund Transactions

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. Interfund receivables, payables and transfers of the District as of and for the year ended June 30, 2020 consisted of the following:

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(11) Interfund Transactions, Continued

<u>Governmental Funds</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,512,017	2,353,615	386,974	1,261,412
Special aid fund	-	807,421	50,107	-
School food service fund	-	704,598	-	-
Debt service fund	477,068	477,068	-	68,153
Capital projects fund	<u>2,353,617</u>	<u>-</u>	<u>1,279,458</u>	<u>386,974</u>
Total governmental funds	\$ <u>4,342,702</u>	<u>4,342,702</u>	<u>1,716,539</u>	<u>1,716,539</u>

  

<u>Fiduciary Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 257,800	19,800
Private purpose trust funds	19,800	244,661
Agency funds	<u>-</u>	<u>13,139</u>
Total fiduciary funds	\$ <u>277,600</u>	<u>277,600</u>

(12) Risk Management

(a) General

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

(b) Consortiums and Self Insured Plans

The District participates in a risk sharing pool, the Southern Westchester School Cooperative Workers' Compensation Self-Insurance Plan, to insure workers' compensation claims. The risk sharing pool has a total of 22 schools, all within Westchester County. This public entity risk pool was created under Article 5 of Workers' Compensation Law, to finance liability and risks related to workers' compensation claims.

The District pays annual premiums to the pool for its workers' compensation claims coverage. The plan has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the Plan. Although excess compensation insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan's responsibility for payment of the claim.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements, Continued

### (12) Risk Management, Continued

#### (b) Consortiums and Self Insured Plans, Continued

The most recently issued report for workers' compensation is for June 30, 2019. As of June 30, 2019, the Plans' total undiscounted liability for unbilled and opened claims is \$19,990,560 which includes IBNR. Total plan assets were \$23,387,782 and net position was \$3,397,222. During the year ended June 30, 2020, the Districts' contribution to the Plan was \$553,520. Based on the workers' compensation report, the District's portion is undeterminable and considered immaterial.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit program's administrator, POMCO, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the general fund of the District. At year-end, the District has a liability of \$5,177,823 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date. Claims activity is summarized below:

Balance at Beginning of Year	Claims and Changes in Estimates	Claims Reported	Balance at End of Year
<u>\$4,377,823</u>	<u>16,719,395</u>	<u>15,919,395</u>	<u>5,177,823</u>

Claims reported for the fiscal year ended June 30:

2020	\$ 15,919,395
2019	\$ 15,560,671
2018	\$ 19,112,291

Incurred but not reported for the fiscal year ended June 30:

2020	\$ 5,177,823
2019	\$ 4,377,823
2018	\$ 4,850,000

### (13) Commitments and Contingencies

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

Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability, if any, will not have a material adverse effect on the financial condition or results of operation of the District.

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (13) Commitments and Contingencies, Continued

Upon default of the payment of principal or interest on the serial bonds or bond anticipation notes of the District, The bondholders have the right to litigate and the New York State Comptroller is required under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District, and to apply the amount so withhold to the payment of defaulted principal or interest with respect to the serial bonds or bond anticipation notes.

Upon default of the payment of principal or interest of the computer capital leases of the District, the lessor may declare that all amounts eligible or actually appropriated for rental payments to be immediately due and payable. The equipment must also be returned to the lessor.

Upon default of the payment of principal or interest of the energy performance contract of the District, the lessor may retake possession of the equipment or require the lessee to return the equipment.

#### (14) Deferred State Aid

On August 13, 2020, the New York State Division of the Budget (DOB) issued the State fiscal year 2021 First Quarterly State Budget Financial Plan Update which notes that DOB began withholding 20 percent of most local aid payments in June 2020, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

In July 2020, DOB began approving General Support for Public Schools (SPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts.

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's fiscal year 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of the State's fiscal year 2021.

The District has elected not to defer any state aid receivables as the amount would be immaterial.

#### (15) Future Implementations of GASB Pronouncements

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

Statement No. 84 - Fiduciary Activities. Effective for fiscal years beginning after December 15, 2019.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(15) Future Implementations of GASB Pronouncements, Continued

- Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.
- Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61. Effective for fiscal years beginning after December 15, 2019.
- Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.
- Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.
- Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.
- Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.
- Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.
- Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

(16) Subsequent Events

- The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued and have determined the following subsequent events require disclosure under generally accepted accounting principles:
- On July 15, 2020 the District entered into a lease agreement with TD Equipment Finance, Inc. for computer equipment. Principal payments for the lease will total \$1,550,000 and interest payments will total \$22,832. The lease is payable over a four year period with \$393,208 total payable each year.
- The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

## REQUIRED SUPPLEMENTARY INFORMATION

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year ended June 30, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u> )	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:				
Local sources:				
Real property taxes	\$ 148,839,022	148,839,022	148,838,352	(670)
Non property taxes	1,041,724	1,041,724	1,386,435	344,711
Charges for services	709,232	709,232	795,617	86,385
Use of money and property	1,566,458	1,566,458	1,150,544	(415,914)
Sale of property and compensation for loss	25,000	25,000	91,187	66,187
Miscellaneous	230,000	230,000	348,336	118,336
State sources	<u>6,818,007</u>	<u>6,818,007</u>	<u>6,980,736</u>	<u>162,729</u>
Total revenue	159,229,443	159,229,443	159,591,207	361,764
Other financing sources:				
Proceeds from leases	-	-	1,108,318	1,108,318
Transfers from other funds	453,153	453,153	386,974	(66,179)
Appropriated fund balance	<u>1,100,000</u>	<u>1,100,000</u>	-	(1,100,000)
Total revenue and other sources	<u>\$ 160,782,596</u>	160,782,596	<u>161,086,499</u>	<u>303,903</u>
Prior year encumbrances		<u>1,104,699</u>		
Total revenue and other sources, including prior year encumbrances		<u>\$ 161,887,295</u>		

(Continued)



SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund, Continued

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u> )	Year-End <u>Encumbrances</u>	Final Budget Variance with Budgetary Actual and <u>Encumbrances</u>
Expenditures:					
General support:					
Board of Education	\$ 61,672	83,778	83,095	683	-
Central administration	566,349	571,540	544,821	270	26,449
Finance	1,216,404	1,233,971	1,116,535	34,390	83,046
Staff	978,986	983,548	867,930	13,953	101,665
Central services	14,736,428	15,182,066	13,910,744	595,611	675,711
Special services	2,349,853	2,007,811	1,847,616	16,550	143,645
Instruction:					
Instruction, administration and improvement	6,581,847	6,692,858	6,315,323	123,540	253,995
Teaching - regular school	57,649,806	57,998,513	56,580,370	101,502	1,316,641
Special apportionment programs	14,281,834	15,840,850	15,441,488	332,016	67,346
Instructional media	3,157,238	3,211,415	3,062,491	14,029	134,895
Pupil services	7,543,921	7,618,303	7,402,718	52,074	163,511
Community services	362,323	362,323	248,599	923	112,801
Pupil transportation	4,366,374	4,361,414	3,878,387	80,050	402,977
Employee benefits	35,723,201	34,406,240	34,030,517	140,620	235,103
Debt service	10,026,360	10,026,360	10,070,185	-	(43,825)
Total expenditures	159,602,596	160,580,990	155,400,819	1,506,211	3,673,960
Other financing uses - transfers to other funds	<u>1,180,000</u>	<u>1,306,305</u>	<u>1,261,412</u>	<u>-</u>	<u>44,893</u>
Total expenditures and other financing uses	<u>\$ 160,782,596</u>	<u>161,887,295</u>	<u>156,662,231</u>	<u>1,506,211</u>	<u>3,718,853</u>
Net change in fund balance			4,424,268		
Fund balance at beginning of year			<u>22,240,470</u>		
Fund balance at end of year			<u>\$ 26,664,738</u>		

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios  
June 30, 2020  
(Dollar amount in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 9,556	7,859	9,961	9,487
Interest on total OPEB liability	6,644	7,053	6,226	5,905
Differences between actual and expected experience	-	(2,281)	-	-
Changes in benefit terms	-	(271)	-	-
Changes in assumptions	29,060	11,825	(20,600)	-
Benefit payments	<u>(5,913)</u>	<u>(5,597)</u>	<u>(4,420)</u>	<u>(4,713)</u>
Net change in total OPEB liability	39,347	18,588	(8,833)	10,679
Total OPEB liability - beginning	<u>217,294</u>	<u>198,706</u>	<u>207,539</u>	<u>196,860</u>
Total OPEB liability- ending	<u>\$ 256,641</u>	<u>217,294</u>	<u>198,706</u>	<u>207,539</u>
Covered payroll	\$ 75,247	75,247	72,898	72,898
Total OPEB liability as a percentage of covered payroll	341.06%	288.77%	272.58%	284.70%

Notes to schedule:

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
2.4%	3.1%	3.0%	3.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Asset/Liability  
 Year ended June 30, 2020

NYSERS Pension Plan							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0488625%	0.0490124%	0.0487797%	0.0512495%	0.0481908%	0.0492132%	0.0492132%
District's proportionate share of the net pension liability	\$ (12,939,076)	(3,472,678)	(1,574,340)	(4,815,520)	(7,734,751)	(1,662,543)	(2,223,876)
District's covered payroll	\$ 16,186,393	15,871,980	15,789,997	15,937,598	15,368,020	14,869,288	14,918,367
District's proportionate share of the net pension liability as a percentage of its covered payroll	79.94%	21.88%	9.97%	30.21%	50.33%	11.18%	14.91%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%
NYSTRS Pension Plan							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset (liability)	0.401132%	0.405983%	0.403894%	0.406346%	0.408725%	0.430549%	0.418135%
District's proportionate share of the net pension asset (liability)	\$ 10,421,448	7,341,245	3,069,993	(4,352,138)	42,453,511	46,577,660	2,834,105
District's covered payroll	\$ 68,617,641	67,242,294	65,752,873	64,003,832	62,703,309	61,396,055	61,765,087
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.19%	10.92%	4.67%	6.80%	67.71%	75.86%	4.59%
Plan fiduciary net position as a percentage of the total pension asset	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of District's Pension Contributions  
Year ended June 30, 2020

NYSERS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,398,073	2,356,863	2,168,935	2,354,449	2,112,940	2,758,643	3,000,818	2,705,396	2,369,361	1,566,071
Contributions in relation to the contractually required contribution	<u>2,398,073</u>	<u>2,356,863</u>	<u>2,168,935</u>	<u>2,354,449</u>	<u>2,112,940</u>	<u>2,758,643</u>	<u>3,000,818</u>	<u>2,705,396</u>	<u>2,369,361</u>	<u>1,566,071</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 16,186,393	15,871,980	15,789,997	15,937,598	15,368,020	14,869,288	14,918,367	N/A	N/A	N/A
Contributions as a percentage of covered payroll	14.82%	14.85%	13.74%	14.77%	13.75%	18.55%	20.11%	N/A	N/A	N/A

NYSTRS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 6,127,521	7,141,132	6,480,749	7,501,249	8,314,459	10,762,729	10,036,827	7,467,029	6,800,357	5,178,930
Contributions in relation to the contractually required contribution	<u>6,127,521</u>	<u>7,141,132</u>	<u>6,480,749</u>	<u>7,501,249</u>	<u>8,314,459</u>	<u>10,762,729</u>	<u>10,036,827</u>	<u>7,467,029</u>	<u>6,800,357</u>	<u>5,178,930</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 68,617,641	67,242,294	65,752,873	64,003,832	62,703,309	61,396,055	61,765,087	N/A	N/A	N/A
Contributions as a percentage of covered payroll	8.93%	10.62%	9.86%	11.72%	13.26%	17.53%	16.25%	N/A	N/A	N/A

## OTHER SUPPLEMENTARY INFORMATION

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Other Supplementary Information  
 Schedule of Change from Adopted Budget to Final Budget  
 and the Real Property Tax Law  
 Limit Calculation  
 Year ended June 30, 2020

Change from adopted budget to final budget:

Adopted budget	\$ 160,782,596
Add prior year's encumbrances	<u>1,104,699</u>
Final budget	<u><u>\$ 161,887,295</u></u>

Section 1318 of Real Property Tax Law Limit Calculation:

2020-2021 voter approved expenditure budget	\$ 162,696,316
Maximum allowed 4% of 2020-2021 budget	<u><u>\$ 6,507,853</u></u>

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

Unrestricted fund balance:

Assigned fund balance	\$ 3,256,211
Unassigned fund balance	<u>6,965,343</u>

Total unrestricted fund balance 10,221,554

Less:

Appropriated fund balance	1,750,000
Encumbrances included in assigned fund balance	<u>1,506,211</u>

Total adjustments 3,256,211

General fund fund balance subject to Section 1318  
 of Real Property Tax Law \$ 6,965,343

Actual percentage 4.28%

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Schedule of Project Expenditures - Capital Projects Fund  
Year ended June 30, 2020

<u>Project Title</u>	<u>Budget</u>	<u>Revised budget</u>	<u>Expenditures</u>		<u>Total</u>	<u>Unexpended balance</u>	<u>Local sources</u>	<u>Fund balance</u>
			<u>Prior years</u>	<u>Current year</u>				
High School Autoshop	\$ 300,000	150,000	-	-	-	150,000	-	150,000
Dean Field (Transferred to \$18.12M Project)	270,000	-	-	-	-	-	-	-
\$18.12M Project	18,120,000	23,289,378	23,221,366	-	23,221,366	68,012	-	68,012
\$64.9M Project	64,867,577	64,867,577	4,918,834	25,731,211	30,650,045	34,217,532	-	34,217,532
Butler Field	1,300,000	1,300,000	742,818	557,182	1,300,000	-	-	-
Butler Field Lights	25,000	674,275	-	473,005	473,005	201,270	-	201,270
MS Orchestra Room - HVAC	125,000	115,000	-	115,000	115,000	-	-	-
MS Main Elevator	150,000	150,000	-	-	-	150,000	-	150,000
HS Elevators	400,000	400,000	-	-	-	400,000	-	400,000
DW Air Conditioning - QR & FM	385,000	219,009	-	219,009	219,009	-	-	-
NYS Smart Schools Bond	244,402	242,812	221,512	21,300	242,812	-	-	-
Computer Lease Payment	1,550,000	1,550,000	-	1,550,000	1,550,000	-	-	-
Garage Lease Payment	126,305	126,305	-	126,305	126,305	-	-	-
Total	<u>\$ 87,863,284</u>	<u>93,084,356</u>	<u>29,104,530</u>	<u>28,793,012</u>	<u>57,897,542</u>	<u>35,186,814</u>	-	35,186,814
						Unissued debt		(16,840,000)
								<u>\$ 18,346,814</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Net Investment in Capital Assets  
Year ended June 30, 2020

Capital assets, net		\$ 131,601,101
Add - unspent debt proceeds		23,228,986
Deduct:		
Short-term portion of leases payable	\$ 1,938,681	
Short-term portion of bonds payable	5,270,000	
Short-term portion of unamortized bond premiums	528,369	
Long-term portion of leases payable	3,785,810	
Long-term portion of bonds payable	49,925,000	
Long-term portion of unamortized bond premiums	<u>5,940,016</u>	<u>67,387,876</u>
Net investment in capital assets		<u>\$ 87,442,211</u>



SCARSDALE UNION FREE SCHOOL DISTRICT

Federal Grant Compliance Audit

June 30, 2020

SCARSDALE UNION FREE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education:				
Passed-through NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-20-1097	\$ 845,438	86,840
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-20-1097	<u>22,366</u>	<u>12,513</u>
Total Special Education Cluster			<u>867,804</u>	<u>99,353</u>
English Language Acquisition State Grants	84.365	0293-20-3805	46,722	-
Supporting Effective Instruction State Grants	84.367	0147-20-3805	53,779	-
Student Support and Academic Enrichment Program	84.424	0204-20-3805	<u>3,753</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 972,058</u>	<u>99,353</u>

See accompanying notes to schedule of expenditures of federal awards.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2020

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District did not use indirect costs and therefore did not elect to use the 10% de minimis election.

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

The Board of Education  
Scarsdale Union Free School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scarsdale Union Free School District (the District), as of and for the year ended June 30, 2020, and the related notes to the District's basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2020.

**Internal Control Over Financial Reporting**

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

#### Scarsdale Union Free School District's Responses to Finding

The Scarsdale Union Free School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Scarsdale Union Free School District'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 16, 2020

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

The Board of Education  
Scarsdale Union Free School District:

Report on Compliance for Each Major Federal Program

We have audited Scarsdale Union Free School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Scarsdale Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the District's major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the District's major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 16, 2020

SCARSDALE CENTRAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? ☐ Yes ☒ No
2. Significant deficiency(ies) identified not considered to be material weakness(es)? ☐ Yes ☒ None reported
3. Noncompliance material to financial statements noted? ☒ Yes ☐ No

Federal Awards:

Internal control over major programs:qw

4. Material weakness(es) identified? ☐ Yes ☒ No
5. Significant deficiency(ies) identified not considered to be material weakness(es)? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? ☐ Yes ☒ No

7. The District's major program audited was:

Name of Federal Programs

CFDA  
Number

Special Education Cluster

84.027/84.173

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

9. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

Non-compliance with §1318 as reported on page 67.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable finding and questioned costs.



SCARSDALE UNION FREE SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs, Continued

Reference: 2020-001

Criteria - NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Condition - The District's unrestricted fund balance at June 30, 2020 after excluding amounts assigned for the subsequent year end and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the fiscal year ended June 30, 2020, this portion of the District's unrestricted fund balance was \$6,965,343, which is 4.28% of the 2020-21 voter approved General Fund budget.

Cause - Expenditures were less than budgeted due to the forced closure of the school due to COVID-19 and the appropriation of unassigned fund balance for the 2020-21 budget was insufficient to be in compliance with NYS Real Property Tax Law §1318.

Effect - The District is not in compliance with NYS Real Property Tax Law §1318.

Recommendation - We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

Management Response - The District was on track to come in under the 4% limit in fiscal year 2020 until the pandemic hit and closed the schools. Budgeted expenditures scheduled for the spring were unable to take place resulting in underspending of several budgeted line items. The District has already spent the excess fund balance through COVID-19 related expenditures. The Board of Education has approved COVID-19 related expenditures up to \$2,563,507 from unassigned fund balance. As of the date of these financial statements the District has enacted their response to the finding.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Status of Prior Year Audit Findings  
Year ended June 30, 2020

There were no audit findings in the prior year financial statements (June 30, 2019).