

**Pelham Union Free School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2019



# Pelham Union Free School District, New York

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## Independent Auditors' Report

**The Board of Education of the  
Pelham Union Free School District, New York**

### **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 Pelham Union Free School District, New York ("School District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School 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 auditors' 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 entity'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 entity'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 School District, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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.

### *Supplementary and Other Information*

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 for the year ended June 30, 2019 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated September 20, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund

information. The combining and individual fund financial statements and schedules for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2019 on our consideration of the 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 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 School 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 School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 4, 2019

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# Pelham Union Free School District, New York

## Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019

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This discussion and analysis of the Pelham Union Free School District's ("District") financial performance provides a narrative overview and analysis of the district's financial activities for the year ended June 30, 2019. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the District's financial performance.

### Financial Highlights for FY 2018-2019

Key financial highlights for fiscal year 2018-2019 are as follows:

#### **District-Wide Financials**

- On the district-wide financial statements (which include the District's net Capital Assets, Other Post-Employment Benefits and the District's proportionate share of pension assets/liabilities), the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources at June 30, 2019 by \$57,287,184, resulting in a negative Net Position. The District's total Net Position reflects a decrease of \$3,532,277 for the year ended June 30, 2019.
- The district-wide financial statements must report certain items in accordance with the pronouncements of the GASB. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("GASB 68"), requires the District to include in its district-wide financial statements its proportionate share of the net pension liability or asset of the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). At June 30, 2019, the School District's Net Position reflects its proportionate share of the ERS net pension liability of \$1,230,324 and its share of the TRS net pension asset of \$3,889,780. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3D - Long-Term Liabilities in the notes to financial statements.
- Also reflected in the district-wide financial statements is the recognition of OPEB obligations under the provisions of GASB Statement No. 75. These obligations include any benefits provided to retirees, other than pension, including health insurance, life insurance, vision, dental, etc. At June 30, 2019, the School District's Net Position reflects a long-term liability for OPEB of \$98,600,069. More detailed information about the School District's OPEB reporting in accordance with the provisions of GASB Statement No. 75 is presented in note 3D - Long-Term Liabilities in the notes to financial statements.

#### **Governmental Financials**

- As of June 30, 2019, the District's governmental fund financial statements report a combined ending fund balance of \$17,782,703, a decrease of \$1,792,209 from the prior year. The General Fund's unassigned fund balance of \$2,997,191 (the only portion of the combined fund balance of \$17,782,703 not classified as nonspendable, restricted or assigned) represents approximately 17% of this total. The remaining fund balance consists of:
  - Nonspendable fund balance related to prepaid expenses, inventories and endowment funds;
  - Restricted fund balance, such as reserves and the fund balance in the Debt Service Fund; and
  - Assigned fund balance including encumbrances and appropriations for the ensuing year's budget.

The combined fund balance includes monies restricted and assigned for Debt Service of \$1,940,343, for use in meeting the District's future debt service obligations, and an unassigned Capital Projects Fund fund balance of \$(940,003). This negative fund balance reflects the expenditure of funds as of June 30, 2019 in advance of the funding source for the 2018 Bond projects, as partly offset by unspent funds from other ongoing capital projects. The District sold a bond anticipation note of \$10,000,000 in July 2019 to provide the initial funding for the 2018 capital projects.

### **Fund Level Financials**

- The amount of unassigned fund balance that can be retained in the General Fund is limited to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,997,191 or 4% of the 2019-2020 school year budget of \$74,930,000 and thus within the statutory limit.
- For 2018-19 and 2019-20, the District budgeted \$810,000 and \$700,000, respectively, as an appropriated surplus contribution to fund the budget.
- At the fund level, the General Fund, used to account for the District's budget, reflected actual expenditures of \$73,021,262 for 2018-2019, which exceeded actual revenue & other financing sources of \$72,411,338 by \$609,924. This operating deficit reflects an unbudgeted transfer of \$1,100,000 to the Capital Fund for the acquisition of property. The voters approved the property acquisition at a referendum held on June 18, 2019. Without this transaction, the General Fund would have reflected an operating surplus of approximately \$490,000.
- The Debt Service Fund, used for the payment of principal and interest payments on the District's outstanding bond issuances, reflected a reduction in fund balance of \$14,106 for 2018-19. This reduction consisted of an appropriation of \$200,000 to support the operating budget as partially offset by interest earnings and transfers into the Fund, including the return of approximately \$174,000 of unspent proceeds from a completed capital project.
- With enactment of the 2019-20 NYS budget, school districts were authorized to reserve for retirement contributions to the Teachers' Retirement System (TRS), subject to certain restrictions. Accordingly, the District established and funded a TRS Sub-Fund to the existing Retirement Contribution Reserve. \$700,784 was appropriated to the TRS Sub-Fund as of June 30, 2019.

### **Other Highlight Information**

- The 2018-2019 school year enrollment (measured as of BEDS date) was 2,891 students, a decrease of 16 students from the 2017-2018 enrollment of 2,907. Enrollment is currently projected to remain stable for 2019-2020.
- During 2018-19, the District completed work on the \$3,000,000 renovation of the High School locker rooms and electrical panel upgrade project at the High School, and commenced construction work on the 2018 Bond projects. On May 15, 2018, the voters approved two capital propositions totaling \$57,524,892:
  - *Proposition 1* for \$52,900,000 including facilities upgrades including construction of a new Hutchinson Elementary School; repurposing of District offices to provide additional classroom space at the secondary complex; security and accessibility upgrades at Prospect Hill Elementary School; and roofing and masonry work at the secondary complex. This proposition passed with 69% voter approval.

- *Proposition 2* for \$4,624,892 included installation of artificial turf and tennis court replacement at the Glover Field complex, as well as replacement and renovation of the Prospect Hill field. This proposition passed with 62% voter approval.
- On June 18, 2019, the voters approved the \$1.1 million purchase of residential property located adjacent to an existing elementary school. The property acquisition occurred in July 2019, and was funded in 2018-19 through appropriation of existing unassigned fund balance.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund statements and schedules in addition to the basic financial statements.

### *District-Wide Financial Statements*

- The *district-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.
  - The *statement of net position* presents information on all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. In theory, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. However, net position can be significantly impacted by factors outside the District's control such as the adoption of GASB Statement No. 75 ("OPEB") in 2017-18.
  - The *statement of activities* presents information showing how the District's net position changed during the most recent 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.
  - The *governmental* activities of the District include general support, instruction, pupil transportation, community services, cost of food sales and interest/other.

The district-wide financial statements can be found on the pages immediately following this section--the first two pages of the basic financial statements.

### *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 of the funds of the District can be divided into two categories: governmental funds and fiduciary 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 district-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 the District's near-term financing requirements.

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide 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 revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The District maintains seven individual governmental funds: General Fund, Special Aid Fund, Capital Projects Fund, Debt Service Fund, School Lunch Fund, Special Purpose Fund and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid, Capital Projects and Debt Service funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- The district adopts an annual budget for its General and Special Aid funds. A budgetary comparison statement has been provided for the General and Special Aid funds within the basic financial statements to demonstrate compliance with the respective budget.
- The *Fiduciary Funds* are used to account for assets held by the district in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the district's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

#### *Notes to Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

### **District-Wide Financial Analysis**

As noted earlier, net position may serve over time as an indicator of the district's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the district as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

As shown in the table below, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$57,287,184 as of June 30, 2019. As noted previously, the change in Net Position was significantly impacted by the adoption of GASB Statement No. 75, which required reflecting a large long-term liability related to OPEB.

## Net Position

	June 30,		%
	2019	2018	
Current Assets	\$ 23,405,109	\$ 25,162,240	-7%
Net Pension Asset	3,889,780	1,607,743	142%
Capital Assets, net	46,366,048	47,109,135	-2%
<b>Total Assets</b>	<b>73,660,937</b>	<b>73,879,118</b>	<b>0%</b>
Deferred Outflows of Resources	22,170,438	23,980,131	-8%
Current Liabilities	5,673,323	5,877,226	-3%
Long-Term Liabilities	133,595,004	139,142,086	-4%
<b>Total Liabilities</b>	<b>139,268,327</b>	<b>145,019,312</b>	<b>-4%</b>
Deferred Inflows of Resources	13,850,232	6,594,844	110%
<b>Net Position:</b>			
Net Investment in Capital Assets	13,689,020	12,043,284	14%
Restricted for:			
Capital	1,403,242	280,000	401%
Future Capital Projects	1,304,581	1,302,630	0%
Tax Certiorari	3,713,066	4,685,169	-21%
ERS Retirement Contributions	2,804,457	2,895,566	-3%
TRS Retirement Contributions	700,784	-	100%
Debt Service	1,940,343	1,954,449	-1%
Property Damage	36,584	36,378	1%
Unemployment Benefits	154,114	153,242	1%
Repairs	586,938	586,060	0%
Special purpose	638,176	358,078	78%
Permanent Fund:			
Spendable	17,756	6,161	188%
Nonspendable	592,839	592,839	0%
Unrestricted	(84,869,084)	(78,648,763)	8%
<b>Total Net Position</b>	<b>\$ (57,287,184)</b>	<b>\$ (53,754,907)</b>	<b>7%</b>

A significant component of the district's net position is its investment in capital assets, less related outstanding debt used to acquire those assets. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending.

Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There is a negative balance for unrestricted net assets of \$84,869,084. This large deficit reflects the effect of recognizing OPEB liabilities under GASB Statement No. 75, as well as pension liabilities under GASB Statement No. 68. Overall, net position reflects a decrease of \$3,532,277 from the prior year.

## Changes in Net Position

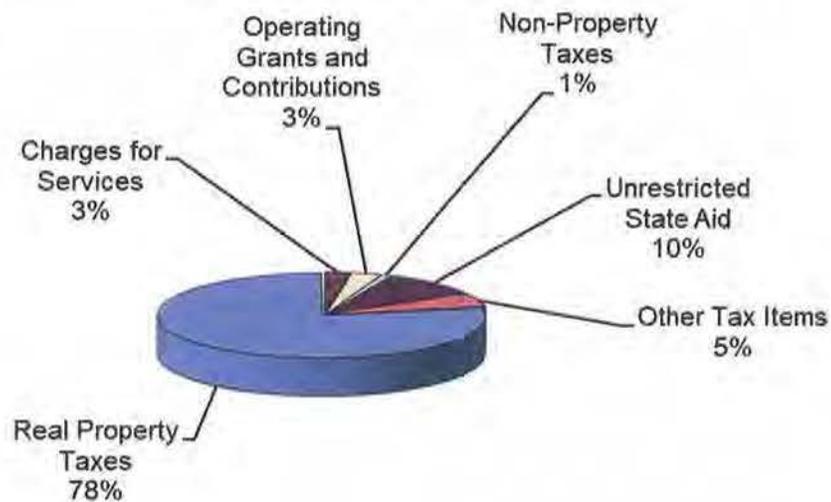
	June 30,		%
	2019	2018	
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$ 2,177,874	\$ 1,792,547	21%
Operating Grants and Contributions	2,242,457	1,871,886	20%
Capital Grants and Contributions	13,478	50,499	-73%
Total Program Revenues	<u>4,433,809</u>	<u>3,714,932</u>	<u>19%</u>
General Revenues			
Real Property Taxes	57,914,832	56,330,270	3%
Other Tax Items	3,777,378	4,097,061	-8%
Non-Property Taxes	723,682	689,846	5%
Unrestricted Use of Money and Property	83,836	35,376	137%
Sale of Property and Compensation for Loss	370	7,939	-95%
Unrestricted State Aid	7,639,724	7,310,056	5%
Miscellaneous	188,345	177,630	6%
Total General Revenues	<u>70,328,167</u>	<u>68,648,178</u>	<u>2%</u>
Total Revenues	<u>74,761,976</u>	<u>72,363,110</u>	<u>3%</u>
<b>PROGRAM EXPENSES</b>			
General Support	8,968,579	9,640,899	-7%
Instruction	65,675,539	66,366,041	-1%
Pupil Transportation	1,250,763	1,097,415	14%
Community Services	115,674	123,301	-6%
Cost of Food Sales	934,436	763,006	22%
Other	396,948	447,886	-11%
Interest	952,314	1,031,713	-8%
Total Expenses	<u>78,294,253</u>	<u>79,470,261</u>	<u>-1%</u>
Change in Net Position	<u>(3,532,277)</u>	<u>(7,107,151)</u>	<u>-50%</u>
<b>NET POSITION</b>			
Beginning, as reported	(53,754,907)	11,093,195	-585%
Cumulative Effect of Change in Accounting Principle	-	(57,740,951)	-100%
Beginning, as restated	<u>(53,754,907)</u>	<u>(46,647,756)</u>	<u>15%</u>
Ending	<u>\$ (57,287,184)</u>	<u>\$ (53,754,907)</u>	<u>7%</u>

As seen above, governmental activities resulted in a decrease to the district's net position of \$3,532,277 during the current fiscal year. OPEB expense required under GASB Statement No. 75 of \$6,720,359 is included in this amount. Other items of note in these activities include:

*Revenues*

- Real Property Taxes, including STAR, increased by \$1,264,879 or 2.09% over the prior year. The growth in the annual Real Property Tax levy is limited by the "Tax Levy Limitation Law" enacted in 2011 which stipulates that the levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. The 2.09% property tax levy increase over the prior year equaled the allowable tax levy.
- Other Tax Items include reimbursements received for the School Tax Relief Reimbursement Program ("STAR").
- Non-Property Taxes consists of the sales tax allocation from Westchester County.
- Unrestricted State Aid, comprised largely of Basic Formula Aid, Lottery Aid, BOCES Aid and Building Aid, allocated to the district increased by \$329,668 or 4.5% from the prior year amount.
- As indicated on the graph below, the district relied upon real property taxes for 78% of its revenue in 2018-2019, which is consistent with recent years.

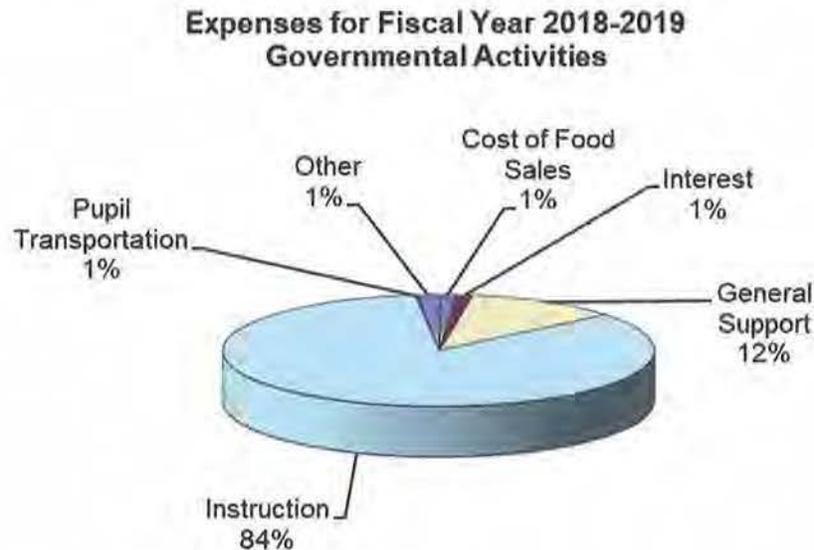
**Sources of Revenue for Fiscal Year 2018-2019  
Governmental Activities**



## Expenses

Overall, Government-wide expenses decreased by \$1,390,141 across all funds. A reduction in OPEB expense accounted for over \$1 million of this decrease.

As indicated on the graph below, the district's instruction costs accounted for 84% of its expenditures in 2018-2019, which is consistent with recent years.



## Financial Analysis of the School District's Funds

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

### Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009 (GASB 54). The requirements of GASB 54 became effective for financial statements for the District's fiscal period ended June 30, 2012 and designate the following classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable - consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

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

Committed - consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned - consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

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

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement was designed to improve the usefulness of fund balance information.

### *Governmental Funds*

The focus of the district's 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 financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a school district's net resources available for discretionary use as it represents the only portion of fund balance which has not been limited to use for a particular purpose by either an external party, the District itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of June 30, 2019, the combined fund balances for the district's governmental funds totaled \$17,782,703, a decrease of \$1,792,209 from the prior year.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the district. The adopted budget for fiscal year 2018-19 of \$73,650,000 was increased by \$1,748,331 as follows:

- \$617,605 for prior year encumbrances;
- \$30,726 for appropriations from the tax certiorari reserves for settlements paid in 2018-19; and
- \$1,100,000 for the purchase of residential property, discussed under "Financial Highlights" above.

During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the district. The final adjusted budget for the fiscal year ending June 30, 2019 was \$75,398,331.

Revenues and Other Financing Sources exceeded budget by \$286,338. Some items of note include:

- State Aid favorable variance of \$209,000 due primarily to non-recurring aid payments for specified purposes.
- Use of Money & Property positive variance of \$69,000 due primarily to higher than anticipated interest earnings.

On the expenditure side of the budget, a positive budgetary variance of \$2,377,069, inclusive of encumbrances, was realized for 2018-19. This variance occurred largely due to the following:

- Central services, consisting of expenditures for utilities and facilities operations & maintenance, including building and grounds repairs and maintenance, achieved a \$1.5 million budgetary savings, inclusive of encumbrances.

- Instructional program services reflected a \$583,000 variance, inclusive of encumbrances, due to savings in various staffing, contractual and supplies line items.

The combined effects of the revenue and expenditure budget variances produced a budgetary surplus of \$2,663,407 for the fiscal year ended June 30, 2019 (versus \$2,216,074 for 2017-18). This budgetary surplus became a component of the General Fund fund balance which consists of nonspendable, restricted, assigned and unassigned balances as discussed under "Financial Highlights" above and was allocated for current year encumbrances, appropriations for the ensuing year's budget, changes in reserve funds, etc.

At the end of the current fiscal year, the total fund balance of the General Fund was \$15,154,893 of which \$2,997,191 was classified as unassigned fund balance, representing 4% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

### Capital Assets

At June 30, 2019, the district had capital assets of \$46,366,048, net of accumulated depreciation, invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, land improvements and machinery and equipment. The change in capital assets, net of accumulated depreciation, is presented below and includes comparative balances from the prior year.

Class	June 30,		% Change
	2019	2018	
Land	\$ 2,167,650	\$ 2,167,650	0%
Construction in Progress	2,430,002	2,829,266	-14%
Buildings and Improvements	40,037,922	40,394,343	-1%
Land Improvements	1,405,675	1,384,806	2%
Machinery and Equipment	324,799	333,070	-2%
Total Capital Assets, net of accumulated depreciation	<u>\$ 46,366,048</u>	<u>\$ 47,109,135</u>	<u>-2%</u>

The net decrease of \$743,087 in capital assets during the current fiscal year results primarily from depreciation expense recorded in 2018-2019 of \$3,375,943, as offset by net asset additions of \$2,632,856. The net capital asset additions consist primarily of an increase in Construction in Progress related to the 2018 Bond projects.

More detailed information about the district's capital assets is presented in note 3,B - Capital Assets in the notes to the financial statements.

## Long-Term Debt

The district had general obligation and other long-term debt outstanding as follows:

	June 30,		%
	2019	2018	Change
Bonds Payable	\$ 31,450,000	\$ 33,920,000	-7%
Unamortized Premium on Bonds	2,125,546	2,321,819	-8%
Compensated Absences	189,065	171,736	10%
Net Pension Liability	1,230,324	571,159	115%
Other Post Employment Benefit Obligations	98,600,069	102,157,372	-3%
Total	<u>\$ 133,595,004</u>	<u>\$ 139,142,086</u>	<u>-4%</u>

More detailed information about the district's long-term liabilities is presented in note 3,D - Long-Term Liabilities in the notes to financial statements.

## Conclusion

The district remains financially solid. In spite of the uncertain economic times, rising personnel costs, additional State Education Department mandates, and ambitious educational goals, the district is prepared to meet future challenges. It has established the educational, financial, and human resources necessary to remain a stable and strong entity ready to serve the school-aged children of the Pelham community with an educational plan that provides academic rigor and high standards for all.

This district Administration and Board of Education monitor its fiscal health through analyses of monthly financial reports, projections and the conduct of various audits. These analyses and audits assist in identifying areas of potential financial stress, in developing realistic budgets that serve the academic and emotional needs of students, and in making informed decisions when faced with important financial choices.

The district is subject to audit by several entities: a claims auditor, an internal auditor, an external auditor, and State auditors. Each entity has an important role in reviewing the financial stability of the district and assisting the Board of Education in upholding its fiduciary responsibility to its community. Each audit conducted in 2018-19 indicated that the district's financial operations are in substantial compliance with state laws and/or existing Board of Education policies and administrative regulations. The audited financial statements that follow reflect relevant data pertaining to the overall financial position of the district as of and for the year ended June 30, 2019.

Effective internal controls are in place across the District. Further, the District goes through a rigorous budget process which yields a spending plan each year which must be approved by the Board of Education and resident voters.

As with all governmental entities, the district depends heavily on its real property taxes, which represent almost 84% of its revenue budget. The challenge of remaining sensitive to district taxpayers while meeting the varied and evolving educational needs of our student population continues to require effective and efficient management and oversight of district operations.

The District's adopted budget for 2019-2020 is \$74,930,000, representing a 1.74% budget-to-budget increase from 2018-2019, which is supported by a 3.17% tax levy increase, the allowable limit.

### **Requests for Information**

This financial report is designed to provide a general overview of the district's finances to all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Pelham Union Free School District  
Attn: Assistant Superintendent for Business  
575 Colonial Avenue  
Pelham, NY 10803-2144  
Visit our Website at [www.pelhamschools.org](http://www.pelhamschools.org)

**Pelham Union Free School District, New York**

Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 18,932,350
Receivables	
Accounts	5,885
State and Federal aid	1,920,160
Due from other governments	902,541
Prepaid expenses	1,642,618
Inventories	1,555
Net pension asset	3,889,780
Capital assets	
Not being depreciated	4,597,652
Being depreciated, net	<u>41,768,396</u>
Total Assets	<u>73,660,937</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>22,170,438</u>
<b>LIABILITIES</b>	
Accounts payable	1,030,104
Accrued liabilities	197,465
Due to other governments	205
Unearned revenues	51,574
Due to retirement systems	4,128,925
Accrued interest payable	265,050
Non-current liabilities	
Due within one year	2,569,000
Due in more than one year	<u>131,026,004</u>
Total Liabilities	<u>139,268,327</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13,850,232</u>
<b>NET POSITION</b>	
Net investment in capital assets	13,689,020
Restricted	
Capital projects	1,403,242
Future capital projects	1,304,581
Tax certiorari	3,713,066
ERS retirement contributions	2,804,457
TRS retirement contributions	700,784
Debt service	1,940,343
Property damage	36,584
Unemployment benefits	154,114
Repairs	586,938
Special purpose	638,176
Permanent Fund	
Spendable	17,756
Nonspendable	592,839
Unrestricted	<u>(84,869,084)</u>
Total Net Position	<u>\$ (57,287,184)</u>

The notes to the financial statements are an integral part of this statement.

**Pelham Union Free School District, New York**

Statement of Activities  
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General support	\$ 8,968,579	\$ 31,419	\$ 24,057	\$ -
Instruction	65,675,539	1,405,080	1,132,903	-
Pupil transportation	1,250,763	-	22,250	-
Community services	115,674	52,467	169,580	-
Cost of food sales	934,436	688,908	204,772	-
Other	396,948	-	688,895	-
Interest	952,314	-	-	13,478
<b>Total Governmental Activities</b>	<b>\$ 78,294,253</b>	<b>\$ 2,177,874</b>	<b>\$ 2,242,457</b>	<b>\$ 13,478</b>

General revenues

  Real property taxes

  Other tax items

    School tax relief reimbursement

  Non-property taxes

    Non-property tax distribution from County

  Unrestricted use of money and property

  Sale of property and compensation  
  for loss

  Unrestricted State aid

  Miscellaneous

    Total General Revenues

    Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

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Net (Expense)  
Revenue and  
Changes in  
Net Position

---

\$ (8,913,103)  
(63,137,556)  
(1,228,513)  
106,373  
(40,756)  
291,947  
(938,836)

---

(73,860,444)

---

57,914,832

3,777,378

723,682

83,836

370

7,639,724

188,345

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70,328,167

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(3,532,277)

(53,754,907)

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\$ (57,287,184)

**Pelham Union Free School District, New York**

Balance Sheet  
 Governmental Funds  
 June 30, 2019

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 14,546,334	\$ 110,506	\$ 389,288
Receivables			
Accounts	-	153	-
State and Federal aid	1,359,469	549,913	-
Due from other governments	902,541	-	-
Due from other funds	3,345,124	-	1,100,000
Prepaid expenditures	1,642,618	-	-
Inventories	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 21,796,086</u>	<u>\$ 660,572</u>	<u>\$ 1,489,288</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ 848,868	\$ 5,633	\$ 18,368
Accrued liabilities	191,860	4,150	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Due to other funds	1,257,407	650,789	2,410,923
Due to retirement systems	4,128,925	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	6,427,060	660,572	2,429,291
Deferred inflows of resources			
Deferred revenues	214,133	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Deferred Inflows of Resources	<u>6,641,193</u>	<u>660,572</u>	<u>2,429,291</u>
Fund balances			
Nonspendable	1,642,618	-	-
Restricted	9,489,589	-	-
Assigned	1,025,495	-	-
Unassigned	2,997,191	-	(940,003)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>15,154,893</u>	<u>-</u>	<u>(940,003)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 21,796,086</u>	<u>\$ 660,572</u>	<u>\$ 1,489,288</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ 1,938,248	\$ 1,947,974	\$ 18,932,350
-	5,732	5,885
-	10,778	1,920,160
-	-	902,541
2,095	97,822	4,545,041
-	-	1,642,618
-	1,555	1,555
<u>\$ 1,940,343</u>	<u>\$ 2,063,861</u>	<u>\$ 27,950,150</u>
\$ -	\$ 157,235	\$ 1,030,104
-	1,455	197,465
-	205	205
-	51,574	51,574
-	225,922	4,545,041
-	-	4,128,925
-	436,391	9,953,314
-	-	214,133
-	436,391	10,167,447
-	594,394	2,237,012
1,940,343	655,932	12,085,864
-	377,144	1,402,639
-	-	2,057,188
<u>1,940,343</u>	<u>1,627,470</u>	<u>17,782,703</u>
<u>\$ 1,940,343</u>	<u>\$ 2,063,861</u>	<u>\$ 27,950,150</u>

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**Pelham Union Free School District, New York**

Reconciliation of Governmental Funds Balance Sheet  
to the District-Wide Statement of Net Position  
Year Ended June 30, 2019

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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	<u>\$ 17,782,703</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>46,366,048</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension and other post employment benefits obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	898,518
Deferred amounts on net pension assets (liabilities)	15,564,470
Deferred amounts on other post employment benefits	<u>(8,142,782)</u>
	<u>8,320,206</u>
Other long-term assets that are not available to pay for current-period expenses and, therefore, are not reported in the funds.	
Net pension asset	<u>3,889,780</u>
Other long-term assets that are not available to pay for current-period expenditures are deferred in the funds.	
Deferred revenues	<u>214,133</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(265,050)
Bonds payable	(33,575,546)
Compensated absences	(189,065)
Net pension liability	(1,230,324)
Other post employment benefits obligations payable	<u>(98,600,069)</u>
	<u>(133,860,054)</u>
Net Position of Governmental Activities	<u><u>\$ (57,287,184)</u></u>

The notes to the financial statements are an integral part of this statement.

**Pelham Union Free School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2019

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 57,914,832	\$ -	\$ -
Other tax items	3,777,378	-	-
Non-property taxes	723,682	-	-
Charges for services	1,243,414	-	-
Use of money and property	141,263	-	-
Sale of property and compensation for loss	370	-	-
State aid	8,052,474	113,054	-
Federal aid	-	629,349	-
Food sales	-	-	-
Miscellaneous	357,925	-	-
<b>Total Revenues</b>	<u>72,211,338</u>	<u>742,403</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
General support	7,001,057	-	-
Instruction	43,537,061	742,854	-
Pupil transportation	1,199,104	27,813	-
Community services	89,727	-	-
Employee benefits	16,256,930	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	2,588,770
<b>Total Expenditures</b>	<u>68,083,879</u>	<u>770,667</u>	<u>2,588,770</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,127,459</u>	<u>(28,264)</u>	<u>(2,588,770)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	200,000	28,264	1,350,000
Transfers out	(4,937,383)	-	(174,367)
<b>Total Other Financing Sources (Uses)</b>	<u>(4,737,383)</u>	<u>28,264</u>	<u>1,175,633</u>
<b>Net Change in Fund Balances</b>	(609,924)	-	(1,413,137)
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	<u>15,764,817</u>	<u>-</u>	<u>473,134</u>
End of Year	<u>\$ 15,154,893</u>	<u>\$ -</u>	<u>\$ (940,003)</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 57,914,832
-	-	3,777,378
-	-	723,682
-	-	1,243,414
11,527	12,477	165,267
-	-	370
-	9,986	8,175,514
-	194,253	823,602
-	688,908	688,908
-	676,951	1,034,876
11,527	1,582,575	74,547,843
-	-	7,001,057
-	-	44,279,915
-	-	1,226,917
-	-	89,727
-	-	16,256,930
-	940,415	940,415
-	397,202	397,202
2,470,000	-	2,470,000
1,089,119	-	1,089,119
-	-	2,588,770
3,559,119	1,337,617	76,340,052
(3,547,592)	244,958	(1,792,209)
3,733,486	-	5,311,750
(200,000)	-	(5,311,750)
3,533,486	-	-
(14,106)	244,958	(1,792,209)
1,954,449	1,382,512	19,574,912
\$ 1,940,343	\$ 1,627,470	\$ 17,782,703

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**Pelham Union Free School District, New York**

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2019

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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,792,209)</u>
<p>Governmental funds report capital outlays 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.</p>	
Capital outlay expenditures	2,632,856
Depreciation expense	<u>(3,375,943)</u>
	<u>(743,087)</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal paid on serial bonds	2,470,000
Amortization of loss on refunding bonds and issuance premium	<u>111,957</u>
	<u>2,581,957</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenues	<u>214,133</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	24,848
Compensated absences	(17,329)
Pension obligations	689,056
Other post employment benefit obligations	<u>(4,489,646)</u>
	<u>(3,793,071)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (3,532,277)</u></u>

The notes to the financial statements are an integral part of this statement.

**Pelham Union Free School District, New York**

Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 57,914,832	\$ 57,914,832	\$ 57,914,832	\$ -
Other tax items	3,777,378	3,777,378	3,777,378	-
Non-property taxes	680,000	680,000	723,682	43,682
Charges for services	1,245,764	1,245,764	1,243,414	(2,350)
Use of money and property	72,237	72,237	141,263	69,026
Sale of property and compensation for loss	-	-	370	370
State aid	7,843,736	7,843,736	8,052,474	208,738
Federal aid	-	-	-	-
Miscellaneous	391,053	391,053	357,925	(33,128)
<b>Total Revenues</b>	<b>71,925,000</b>	<b>71,925,000</b>	<b>72,211,338</b>	<b>286,338</b>
<b>EXPENDITURES</b>				
Current				
General support	8,656,344	8,620,537	7,001,057	1,619,480
Instruction	43,567,406	44,120,498	43,537,061	583,437
Pupil transportation	1,142,177	1,199,647	1,199,104	543
Community services	182,810	175,810	89,727	86,083
Employee benefits	16,879,749	16,342,720	16,256,930	85,790
<b>Total Expenditures</b>	<b>70,428,486</b>	<b>70,459,212</b>	<b>68,083,879</b>	<b>2,375,333</b>
Excess (Deficiency) of Rev- enues Over Expenditures	1,496,514	1,465,788	4,127,459	2,661,671
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	200,000	200,000	-
Transfers out	(3,839,119)	(4,939,119)	(4,937,383)	1,736
<b>Total Other Financing Sources (Uses)</b>	<b>(3,639,119)</b>	<b>(4,739,119)</b>	<b>(4,737,383)</b>	<b>1,736</b>
<b>Net Change in Fund Balances</b>	<b>(2,142,605)</b>	<b>(3,273,331)</b>	<b>(609,924)</b>	<b>2,663,407</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,142,605	3,273,331	15,764,817	12,491,486
End of Year	\$ -	\$ -	\$ 15,154,893	\$ 15,154,893

The notes to the financial statements are an integral part of this statement.

Special Aid Fund

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
113,054	113,054	113,054	-
768,800	768,800	629,349	(139,451)
-	-	-	-
<u>881,854</u>	<u>881,854</u>	<u>742,403</u>	<u>(139,451)</u>
-	-	-	-
866,854	866,854	742,854	124,000
45,000	45,000	27,813	17,187
-	-	-	-
-	-	-	-
<u>911,854</u>	<u>911,854</u>	<u>770,667</u>	<u>141,187</u>
<u>(30,000)</u>	<u>(30,000)</u>	<u>(28,264)</u>	<u>1,736</u>
30,000	30,000	28,264	(1,736)
-	-	-	-
<u>30,000</u>	<u>30,000</u>	<u>28,264</u>	<u>(1,736)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Pelham Union Free School District, New York**

Statement of Assets and Liabilities  
Fiduciary Fund  
June 30, 2019

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 99,199
Accounts receivable	<u>6,870</u>
 Total Assets	 <u>\$ 106,069</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 17
Deposits payable	11,049
Student activity funds	<u>95,003</u>
 Total Liabilities	 <u>\$ 106,069</u>

The notes to the financial statements are an integral part of this statement.

**Note 1 - Summary of Significant Accounting Policies**

The Pelham Union Free School District, New York ("School District"), as presently constituted, was established in 1912 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

**A. Financial Reporting Entity**

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

**B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows -

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are State and Federal aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

- b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenues recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2019.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The Town of Pelham, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories in the School Lunch Fund consists of surplus food at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Land Improvements	15-40
Machinery and Equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consists of amounts received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$51,574 for meal deposits received in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows of resources have been reported on the district-wide Statements of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 864,554	\$ 413,891
New York State Teachers' Retirement System	20,407,366	5,293,559
Deferred Loss on Refunding Bonds	898,518	-
Other Post Employment Benefit Obligations	-	8,142,782
	<u>\$ 22,170,438</u>	<u>\$ 13,850,232</u>

The School District reported deferred outflows of resources for a deferred loss on refunding bonds. This amount results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt.

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other postemployment benefit obligations are detailed in Note 3D.

The School District also reported deferred inflows of resources of \$214,133 for unavailable revenues for health services in the General Fund.

**Long-Term Liabilities** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and

**Note 1 - Summary of Significant Accounting Policies (Continued)**

discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide statement of net position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for capital projects, future capital projects, tax certiorari, ERS retirement contributions, TRS retirement contributions, debt service, property damage, unemployment benefits, repairs and trusts. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as

**Note 1 - Summary of Significant Accounting Policies (Continued)**

provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the School District's Board of Education or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 4, 2019.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose, Permanent or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education, subject to certain thresholds. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Board of Education.

**B. Limitation on Unassigned Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2019

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

**D. Capital Projects Fund Deficits**

The deficits in various individual projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds**

**A. Due From/To Other Funds**

The balances reflected as due from/to other funds at June 30, 2019 were as follows:

Fund	Due From	Due To
General	\$ 3,345,124	\$ 1,257,407
Special Aid	-	650,789
Capital Projects	1,100,000	2,410,923
Debt Service	2,095	-
Non-Major Governmental	97,822	225,922
	<u>\$ 4,545,041</u>	<u>\$ 4,545,041</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

**B. Capital Assets**

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets, not being depreciated:				
Land	\$ 2,167,650	\$ -	\$ -	\$ 2,167,650
Construction-in-Progress	2,829,266	2,430,002	2,829,266	2,430,002
Total Capital Assets, not being depreciated	<u>\$ 4,996,916</u>	<u>\$ 2,430,002</u>	<u>\$ 2,829,266</u>	<u>\$ 4,597,652</u>

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 77,003,347	\$ 2,788,034	\$ -	\$ 79,791,381
Land Improvements	2,963,257	200,000	-	3,163,257
Machinery and Equipment	771,015	44,086	-	815,101
Total Capital Assets, being depreciated	80,737,619	3,032,120	-	83,769,739
Less Accumulated Depreciation for:				
Buildings and Improvements	36,609,004	3,144,455	-	39,753,459
Land Improvements	1,578,451	179,131	-	1,757,582
Machinery and Equipment	437,945	52,357	-	490,302
Total Accumulated Depreciation	38,625,400	3,375,943	-	42,001,343
Total Capital Assets, being depreciated, net	\$ 42,112,219	\$ (343,823)	\$ -	\$ 41,768,396
Capital Assets, net	\$ 47,109,135	\$ 2,086,179	\$ 2,829,266	\$ 46,366,048

Depreciation expense was charged to School District functions and programs as follows:

General support	\$ 32,073
Instruction	3,336,628
Cost of food sales	2,061
Other	5,181
Total Depreciation Expense	\$ 3,375,943

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2019 were as follows:

	Fund			Total
	General	Special Aid	Non-Major Governmental	
Payroll and Employee Benefits	\$ 191,860	\$ 4,150	\$ 1,455	\$ 197,465

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2019:

	Balance at July 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance at June 30, 2019	Due Within One-Year
General Obligation Bonds Payable	\$ 33,920,000	\$ -	\$ 2,470,000	\$ 31,450,000	\$ 2,550,000
Plus - Unamortized premium on bonds	2,321,819	-	196,273	2,125,546	-
	<u>36,241,819</u>	<u>-</u>	<u>2,666,273</u>	<u>33,575,546</u>	<u>2,550,000</u>
Other Non-Current Liabilities					
Compensated Absences	171,736	34,329	17,000	189,065	19,000
Net Pension Liability	571,159	659,165	-	1,230,324	-
Other Post Employment Benefit Obligations Payable	102,157,372	7,882,230	11,439,533	98,600,069	-
Total Non-Current Liabilities	<u>102,900,267</u>	<u>8,575,724</u>	<u>11,456,533</u>	<u>100,019,458</u>	<u>19,000</u>
Total Long-Term Liabilities	<u>\$ 139,142,086</u>	<u>\$ 8,575,724</u>	<u>\$ 14,122,806</u>	<u>\$ 133,595,004</u>	<u>\$ 2,569,000</u>

Each governmental fund's liability for general obligation bonds payable, compensated absences, net pension liability and other postemployment benefit obligations is liquidated by the General Fund. The School District's indebtedness for bonds is satisfied by the Debt Service Fund which is funded primarily by the General Fund.

**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2019
Reconstruction of School Buildings	2010	\$ 16,029,473	November, 2019	3.000 %	\$ 770,000
Reconstruction of School Buildings	2011	7,198,000	October, 2025	2.125 - 3.000	3,685,000
Refunding Bonds	2016	17,150,000	August, 2029	2.000 - 5.000	15,030,000
Refunding Bonds	2017	9,430,000	November, 2029	2.375 - 4.000	9,335,000
Reconstruction of School Buildings	2018	3,000,000	June, 2032	2.000 - 3.000	2,630,000
					<u>\$ 31,450,000</u>

Interest expenditures of \$1,089,119 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$952,314 was recorded in the district-wide financial statements.

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

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**Note 3 - Detailed Notes on All Funds (Continued)**

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of June 30, 2019 including interest payments of \$5,287,150 are as follows:

Year Ending June 30,	Principal	Interest
2020	\$ 2,550,000	\$ 997,403
2021	2,625,000	897,759
2022	2,735,000	790,256
2023	2,840,000	676,531
2024	2,950,000	556,756
2025-2029	14,435,000	1,295,870
2030-2032	3,315,000	72,575
	<u>\$ 31,450,000</u>	<u>\$ 5,287,150</u>

The above general obligation bonds are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

**Prior Year Defeasance of Debt**

In a prior year, the School District defeased certain public improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2019, \$9,415,000 of outstanding public improvement serial bonds are considered defeased.

**Compensated Absences**

School District administrators may accumulate up to ten vacation days. Upon separation of service from the School District, administrators will be compensated for any unused days. Vacation time, for all other employees, generally must be taken in the year granted; however, certain CSEA employees are granted their vacation time in the year after it is earned. The School District is not required to compensate employees for accumulated sick leave upon separation of service. The value of all compensated absences has been reflected in the district-wide financial statements.

**Pension Plans**

*New York State and Local Retirement System and Teachers' Retirement System*

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

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**Note 3 - Detailed Notes on All Funds (Continued)**

the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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 School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS 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/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2019 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75G	18.9 %
	4 A15	15.9
	5 A15	13.1
	6 A15-J1	9.4
	6 A15-J2	9.4
TRS	1-6	10.62 %

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

At June 30, 2019, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

Measurement date	ERS		TRS	
	March 31, 2019		June 30, 2018	
Net pension liability (asset)	\$	1,230,324	\$	(3,889,780)
School Districts' proportion of the net pension liability (asset)		0.0173644 %		(0.215111) %
Change in proportion since the prior measurement date		(0.0003325) %		0.003594 %

The net pension liability (asset) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2019, the School District recognized pension expense in the district-wide financial statements of \$3,804,498 (\$849,930 for ERS and \$2,954,568 for TRS). Pension expenditures of \$4,495,707 (\$759,370 for ERS and \$3,736,337 for TRS) were recorded in the fund financial statements and were charged to the General Fund.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 242,276	\$ 82,589	\$ 2,906,801	\$ 526,535
Changes of assumptions	309,253	-	13,597,333	-
Net difference between projected and actual earnings on pension plan investments	-	315,769	-	4,317,952
Changes in proportion and differences between School District contributions and proportionate share of contributions	121,564	15,533	154,495	449,072
School District contributions subsequent to the measurement date	191,461	-	3,748,737	-
	<u>\$ 864,554</u>	<u>\$ 413,891</u>	<u>\$ 20,407,366</u>	<u>\$ 5,293,559</u>

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,149,077	\$ 609,124
Changes of assumptions	13,906,586	-
Net difference between projected and actual earnings on pension plan investments	-	4,633,721
Changes in proportion and differences between School District contributions and proportionate share of contributions	276,059	464,605
School District contributions subsequent to the measurement date	3,940,198	-
	<u>\$ 21,271,920</u>	<u>\$ 5,707,450</u>

\$191,461 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2020. The \$3,748,737 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2019	\$ -	\$ 3,849,550
2020	287,369	2,597,791
2021	(209,581)	229,858
2022	4,151	2,588,626
2023	177,263	1,720,415
Thereafter	-	378,830

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Investment rate of return	7.0% *	7.25% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

\*Compounded annually, net of pension plan investment expenses, including inflation.

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)

June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.80 %
International Equity	14	6.35	16	7.30
Private Equity	10	7.50	8	8.90
Real Estate	10	5.55	11	4.90
Domestic Fixed Income Securities	-	-	16	1.30
Global Fixed Income Securities	-	-	2	0.90
High Yield Fixed Income Securities	-	-	1	3.50
Short-Term	-	-	1	0.30
Global Equities	-	-	4	6.70
Private Debt	-	-	1	6.80
Real Estate Debt	-	-	7	2.80
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	\$ 5,379,172	\$ 1,230,324	\$ (2,255,003)
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	\$ 26,723,423	\$ (3,889,780)	\$ (29,535,137)

The components of the collective net pension liability as of the March 31, 2019 ERS measurement date and the June 30, 2018 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 189,803,429,000	\$ 118,107,253,288
Fiduciary net position	182,718,124,000	119,915,517,622
Employers' net pension liability (asset)	\$ 7,085,305,000	\$ (1,808,264,334)
Fiduciary net position as a percentage of total pension liability	96.27%	101.53%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

**Note 3 - Detailed Notes on All Funds (Continued)**

Employer and employee contributions for the year ended June 30, 2019 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2019 were \$191,461 to ERS and \$3,937,464 to TRS (inclusive of employee contributions of \$188,727).

*Voluntary Defined Contribution Plan*

The School District can offer a defined contribution plan to all non-union employees who do not participate in the ERS or TRS pension plans hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

**Other Post Employment Benefit Obligations ("OPEB")**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	270
Active employees	349
	<hr/>
	619
	<hr/>

The School District's total OPEB liability of \$98,600,069 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.



**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	<u>\$ 78,898,205</u>	<u>\$ 98,600,069</u>	<u>\$ 126,851,835</u>

For the year ended June 30, 2019, the School District recognized OPEB expense of \$6,720,359 in the district-wide financial statements. At June 30, 2019, the School District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 8,057,717
Differences between expected and actual experience	<u>85,065</u>
	<u>\$ 8,142,782</u>

Amounts reported as and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ (1,161,871)
2021	(1,161,871)
2022	(1,161,871)
2023	(1,161,871)
2024	(1,161,871)
Thereafter	(2,333,427)

**E. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

Transfers Out	Transfers In				Total
	General Fund	Special Aid Fund	Capital Projects Fund	Debt Service Fund	
General Fund	\$ -	\$ 28,264	\$ 1,350,000	\$ 3,559,119	\$ 4,937,383
Capital Projects Fund	-	-	-	174,367	174,367
Debt Service Fund	200,000	-	-	-	200,000
	<u>\$ 200,000</u>	<u>\$ 28,264</u>	<u>\$ 1,350,000</u>	<u>\$ 3,733,486</u>	<u>\$ 5,311,750</u>

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due; 2) move amounts earmarked in the operating funds to fulfill commitments for General, Special Aid and Capital Projects funds expenditures and 3) move amounts from closed capital projects to the Debt Service Fund.

**F. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Future Capital Projects* - the component of net position that has been established in accordance with the General Municipal Law of the State of New York to set aside funds to be used for future capital projects.

*Restricted for Tax Certiorari* - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

*Restricted for ERS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

*Restricted for Property Damage* - the component of net position that has been established pursuant to the General Municipal Law of the State of New York to set aside funds to be used to self-insure the School District for its annual property damage insurance deductibles.

**Note 3 - Detailed Notes on All Funds (Continued)**

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

*Restricted for Repairs* - the component of net position that has been established pursuant to Section 6-d of the General Municipal Law of the State of New York to set aside funds to be used for repairs of capital improvements or equipment.

*Restricted for Special Purposes* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

*Restricted for Permanent Fund* - the component of net position that reports the differences between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**G. Fund Balances**

	2019					2018				
	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>										
Inventories	\$ -	\$ -	\$ -	\$ 1,555	\$ 1,555	\$ -	\$ -	\$ -	\$ 1,419	\$ 1,419
Prepaid expenditures	1,642,618	-	-	-	1,642,618	1,560,422	-	-	-	1,560,422
Permanent Fund	-	-	-	592,839	592,839	-	-	-	592,839	592,839
<b>Total Nonspendable</b>	<b>1,642,618</b>	<b>-</b>	<b>-</b>	<b>594,394</b>	<b>2,237,012</b>	<b>1,560,422</b>	<b>-</b>	<b>-</b>	<b>594,258</b>	<b>2,154,680</b>
<b>Restricted:</b>										
Tax certiorari	3,713,066	-	-	-	3,713,066	4,685,169	-	-	-	4,685,169
Unemployment benefits	154,114	-	-	-	154,114	153,242	-	-	-	153,242
Employee benefit accrued liability	189,065	-	-	-	189,065	171,736	-	-	-	171,736
ERS retirement contributions	2,179,457	-	-	-	2,179,457	2,180,566	-	-	-	2,180,566
ERS Retirement contributions - for Subsequent year's expenditures	625,000	-	-	-	625,000	715,000	-	-	-	715,000
TRS retirement contributions	700,784	-	-	-	700,784	-	-	-	-	-
Property damage	36,584	-	-	-	36,584	36,378	-	-	-	36,378
Repairs	586,938	-	-	-	586,938	586,060	-	-	-	586,060
Debt service	-	-	1,940,343	-	1,940,343	-	-	1,754,449	-	1,754,449
Debt service - for Subsequent year's expenditures	-	-	-	-	-	-	-	200,000	-	200,000
Future capital projects	1,304,581	-	-	-	1,304,581	1,302,630	-	-	-	1,302,630
Capital projects	-	-	-	-	-	-	473,134	-	-	473,134
Special purposes	-	-	-	638,176	638,176	-	-	-	358,078	358,078
Permanent Fund	-	-	-	17,756	17,756	-	-	-	6,161	6,161
<b>Total Restricted</b>	<b>9,489,589</b>	<b>-</b>	<b>1,940,343</b>	<b>655,932</b>	<b>12,085,864</b>	<b>9,830,781</b>	<b>473,134</b>	<b>1,954,449</b>	<b>364,239</b>	<b>12,622,603</b>
<b>Assigned:</b>										
<b>Purchases on order:</b>										
General government support	191,274	-	-	-	191,274	477,410	-	-	-	477,410
Instruction	134,221	-	-	-	134,221	136,218	-	-	-	136,218
Community services	-	-	-	-	-	3,977	-	-	-	3,977
	325,495	-	-	-	325,495	617,605	-	-	-	617,605
For subsequent year's expenditures - General Fund	700,000	-	-	-	700,000	810,000	-	-	-	810,000
School Lunch Fund	-	-	-	377,144	377,144	-	-	-	424,015	424,015
<b>Total Assigned</b>	<b>1,025,495</b>	<b>-</b>	<b>-</b>	<b>377,144</b>	<b>1,402,639</b>	<b>1,427,605</b>	<b>-</b>	<b>-</b>	<b>424,015</b>	<b>1,851,620</b>
<b>Unassigned</b>	<b>2,997,191</b>	<b>(940,003)</b>	<b>-</b>	<b>-</b>	<b>2,057,188</b>	<b>2,946,009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,946,009</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$ 15,154,893</b>	<b>\$ (940,003)</b>	<b>\$ 1,940,343</b>	<b>\$ 1,627,470</b>	<b>\$ 17,782,703</b>	<b>\$ 15,764,817</b>	<b>\$ 473,134</b>	<b>\$ 1,954,449</b>	<b>\$ 1,382,512</b>	<b>\$ 19,574,912</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Prepaid Expenditures have been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2019, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities of the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in various capital projects.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

**B. Contingencies**

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**C. Risk Management**

The School District and other school districts have formed a reciprocal insurance company (the "Company") owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts.

The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence. The School District also maintains liability coverage for school board members up to \$3 million and an excess liability policy with coverage up to \$15 million. Property insurance for fire loss is also maintained for the School District's buildings and contents. In addition, the School District has established a reserve for property damage in the General Fund to be used to cover the deductible portion of property damage insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant's employees. The School District has transferred all related risk to the Plan.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

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**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of Changes in the  
School District's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years (1) (2)

	2019	2018
Total OPEB Liability:		
Service cost	\$ 4,709,439	\$ 4,572,271
Interest	3,172,791	3,008,303
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(106,601)
Changes of assumptions or other inputs	(9,208,280)	-
Benefit payments	<u>(2,230,713)</u>	<u>(2,027,248)</u>
Net Change in Total OPEB Liability	(3,556,763)	5,446,725
Total OPEB Liability – Beginning of Year	<u>102,157,372</u>	<u>96,710,647</u> (3)
Total OPEB Liability – End of Year	<u>\$ 98,600,609</u>	<u>\$ 102,157,372</u>
School District's covered - employee payroll	<u>\$ 39,525,587</u>	<u>\$ 38,564,429</u>
Total OPEB liability as a percentage of covered - employee payroll	<u>249%</u>	<u>265%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of the  
 School District's Proportionate Share of the Net Pension Liability (Asset)  
 New York State Teachers' Retirement System  
 Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018 (3)</u>	<u>2017 (2)</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.215111%</u>	<u>0.211517%</u>	<u>0.207153%</u>	<u>0.210566%</u>	<u>0.211503%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (3,889,780)</u>	<u>\$ (1,607,743)</u>	<u>\$ 2,218,696</u>	<u>\$ (21,871,083)</u>	<u>\$ (23,560,065)</u>
School District's covered payroll	<u>\$ 35,031,818</u>	<u>\$ 33,560,549</u>	<u>\$ 31,965,022</u>	<u>\$ 31,599,598</u>	<u>\$ 31,629,851</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(11.10%)</u>	<u>(4.79%)</u>	<u>6.94%</u>	<u>(69.21%)</u>	<u>(74.49%)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

- (1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".
- (2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.
- (3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of Contributions  
 New York State Teachers' Retirement System  
 Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,748,737	\$ 3,433,056	\$ 3,933,296	\$ 4,238,562	\$ 5,542,078
Contributions in relation to the contractually required contribution	<u>(3,748,737)</u>	<u>(3,433,056)</u>	<u>(3,933,296)</u>	<u>(4,238,562)</u>	<u>(5,542,078)</u>
Contribution excess	<u>\$ -</u>				
School District's covered payroll	<u>\$ 35,298,842</u>	<u>\$ 35,031,818</u>	<u>\$ 33,560,549</u>	<u>\$ 31,965,022</u>	<u>\$ 31,599,598</u>
Contributions as a percentage of covered payroll	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of the  
 School District's Proportionate Share of the Net Pension Liability  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0173644%</u>	<u>0.0176969%</u>	<u>0.0172707%</u>	<u>0.0169319%</u>	<u>0.0168368%</u>
School District's proportionate share of the net pension liability	<u>\$ 1,230,324</u>	<u>\$ 571,159</u>	<u>\$ 1,622,792</u>	<u>\$ 2,717,623</u>	<u>\$ 568,787</u>
School District's covered payroll	<u>\$ 5,380,073</u>	<u>\$ 5,149,195</u>	<u>\$ 4,674,007</u>	<u>\$ 4,338,449</u>	<u>\$ 4,608,844</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>22.87%</u>	<u>11.09%</u>	<u>34.72%</u>	<u>62.64%</u>	<u>12.34%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of Contributions  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 755,496	\$ 760,502	\$ 673,144	\$ 723,714	\$ 864,188
Contributions in relation to the contractually required contribution	<u>(755,496)</u>	<u>(760,502)</u>	<u>(673,144)</u>	<u>(723,714)</u>	<u>(864,188)</u>
Contribution excess	<u>\$ -</u>				
School District's covered payroll	<u>\$ 5,408,128</u>	<u>\$ 5,160,467</u>	<u>\$ 4,744,940</u>	<u>\$ 4,294,161</u>	<u>\$ 4,608,844</u>
Contributions as a percentage of covered payroll	<u>13.97%</u>	<u>14.74%</u>	<u>14.19%</u>	<u>16.85%</u>	<u>18.75%</u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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**Pelham Union Free School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 14,546,334	\$ 16,158,363
Receivables		
Accounts	-	351
State and Federal aid	1,359,469	1,217,727
Due from other governments	902,541	1,163,620
Due from other funds	3,345,124	771,673
	<u>5,607,134</u>	<u>3,153,371</u>
Prepaid expenditures	<u>1,642,618</u>	<u>1,560,422</u>
Total Assets	<u>\$ 21,796,086</u>	<u>\$ 20,872,156</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 848,868	\$ 846,245
Accrued liabilities	191,860	142,600
Due to other governments	-	13,608
Due to other funds	1,257,407	11,845
Due to retirement systems	4,128,925	3,845,861
Total Liabilities	6,427,060	4,860,159
Deferred inflows of resources		
Deferred revenues	<u>214,133</u>	<u>247,180</u>
Total Liabilities and Deferred Inflows of Resources	6,641,193	5,107,339
Fund balance		
Nonspendable	1,642,618	1,560,422
Restricted	9,489,589	9,830,781
Assigned	1,025,495	1,427,605
Unassigned	2,997,191	2,946,009
Total Fund Balance	<u>15,154,893</u>	<u>15,764,817</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 21,796,086</u>	<u>\$ 20,872,156</u>

See independent auditors' report.

**Pelham Union Free School District, New York**

General Fund  
 Comparative Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Years Ended June 30,

	2019				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
<b>REVENUES</b>					
Real property taxes	\$ 57,914,832	\$ 57,914,832	\$ 57,914,832	\$ -	\$ -
Other tax items	3,777,378	3,777,378	3,777,378	-	-
Non-property taxes	680,000	680,000	723,682	-	43,682
Charges for services	1,245,764	1,245,764	1,243,414	-	(2,350)
Use of money and property	72,237	72,237	141,263	-	69,026
Sale of property and compensation for loss	-	-	370	-	370
State aid	7,843,736	7,843,736	8,052,474	-	208,738
Miscellaneous	391,053	391,053	357,925	-	(33,128)
<b>Total Revenues</b>	<b>71,925,000</b>	<b>71,925,000</b>	<b>72,211,338</b>		<b>286,338</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	92,540	149,040	127,415	-	21,625
Central administration	456,026	466,214	456,855	-	9,359
Finance	769,208	787,608	779,266	-	8,342
Staff	451,576	494,443	479,646	-	14,797
Central services	6,217,593	6,023,593	4,475,582	191,274	1,356,737
Special items	669,401	699,639	682,293	-	17,346
<b>Total General Support</b>	<b>8,656,344</b>	<b>8,620,537</b>	<b>7,001,057</b>	<b>191,274</b>	<b>1,428,206</b>
Instruction					
Instruction, administration and improvement	3,011,103	2,856,617	2,766,859	7,219	82,539
Teaching - Regular school	27,854,505	28,070,643	27,840,010	101,374	129,259
Programs for students with disabilities	6,924,742	7,243,011	7,152,506	5,414	85,091
Instructional media	1,173,413	1,214,317	1,140,288	17,239	56,790
Pupil services	4,603,643	4,735,910	4,637,398	2,975	95,537
<b>Total Instruction</b>	<b>43,567,406</b>	<b>44,120,498</b>	<b>43,537,061</b>	<b>134,221</b>	<b>449,216</b>
Pupil transportation	1,142,177	1,199,647	1,199,104	-	543
Community services	182,810	175,810	89,727	-	86,083
Employee benefits	16,879,749	16,342,720	16,256,930	-	85,790
<b>Total Expenditures</b>	<b>70,428,486</b>	<b>70,459,212</b>	<b>68,083,879</b>	<b>325,495</b>	<b>2,049,838</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,496,514</b>	<b>1,465,788</b>	<b>4,127,459</b>	<b>(325,495)</b>	<b>2,336,176</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	200,000	200,000	200,000	-	-
Transfers out	(3,839,119)	(4,939,119)	(4,937,383)	-	1,736
<b>Total Other Financing Uses</b>	<b>(3,639,119)</b>	<b>(4,739,119)</b>	<b>(4,737,383)</b>	<b>-</b>	<b>1,736</b>
<b>Net Change in Fund Balance</b>	<b>(2,142,605)</b>	<b>(3,273,331)</b>	<b>(609,924)</b>	<b>\$ (325,495)</b>	<b>\$ 2,337,912</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,142,605	3,273,331	15,764,817		
End of Year	\$ -	\$ -	\$ 15,154,893		

See independent auditors' report.

2018				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 56,330,270	\$ 56,330,270	\$ 56,330,270	\$	\$ -
4,097,061	4,097,061	4,097,061		-
655,000	655,000	689,846		34,846
1,275,359	1,275,359	1,096,414		(178,945)
70,658	70,658	98,808		28,150
-	-	7,939		7,939
7,335,958	7,335,958	7,568,105		232,147
368,914	368,914	337,173		(31,741)
<u>70,133,220</u>	<u>70,133,220</u>	<u>70,225,616</u>		<u>92,396</u>
84,346	84,646	77,519	-	7,127
522,428	517,728	512,702	1,425	3,601
725,033	800,083	783,216	6,455	10,412
481,605	470,680	415,663	-	55,017
6,364,600	6,346,393	5,206,438	469,530	670,425
637,088	714,669	690,001	-	24,668
<u>8,815,100</u>	<u>8,934,199</u>	<u>7,685,539</u>	<u>477,410</u>	<u>771,250</u>
2,835,245	2,971,111	2,837,520	93,411	40,180
27,419,608	27,386,384	27,053,138	38,931	294,315
6,966,883	7,099,944	7,000,400	-	99,544
1,281,149	1,263,981	1,221,275	2,520	40,186
4,520,268	4,672,004	4,584,859	1,356	85,789
<u>43,023,153</u>	<u>43,393,424</u>	<u>42,697,192</u>	<u>136,218</u>	<u>560,014</u>
1,160,932	1,161,482	1,046,723	-	114,759
167,472	174,193	97,585	3,977	72,631
16,254,070	15,834,359	15,671,941	-	162,418
<u>69,420,727</u>	<u>69,497,657</u>	<u>67,198,980</u>	<u>617,605</u>	<u>1,681,072</u>
<u>712,493</u>	<u>635,563</u>	<u>3,026,636</u>	<u>(617,605)</u>	<u>1,773,468</u>
325,000	325,000	150,000	-	(175,000)
(4,083,049)	(4,083,700)	(4,083,699)	-	1
<u>(3,758,049)</u>	<u>(3,758,700)</u>	<u>(3,933,699)</u>	<u>-</u>	<u>(174,999)</u>
(3,045,556)	(3,123,137)	(907,063)	\$ (617,605)	\$ 1,598,469
<u>3,045,556</u>	<u>3,123,137</u>	<u>16,671,880</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,764,817</u>		

**Pelham Union Free School District, New York**

General Fund  
 Schedule of Revenues and Other Financing Sources Compared to Budget  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 57,914,832	\$ 57,914,832	\$ 57,914,832	\$ -
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	3,777,378	3,777,378	3,777,378	-
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	680,000	680,000	723,682	43,682
<b>CHARGES FOR SERVICES</b>				
Day school tuition	1,032,814	1,032,814	1,072,199	39,385
Youth services for other districts	60,000	60,000	52,467	(7,533)
Health services for other districts	152,950	152,950	118,748	(34,202)
	1,245,764	1,245,764	1,243,414	(2,350)
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	30,000	30,000	109,844	79,844
Rental of real property	42,237	42,237	31,419	(10,818)
	72,237	72,237	141,263	69,026
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Minor sales	-	-	370	370

**STATE AID**

Basic formula	7,843,736	7,843,736	4,867,942	(2,975,794)
Lottery aid	-	-	1,396,140	1,396,140
Textbook aid	-	-	172,770	172,770
Computer software aid	-	-	70,874	70,874
BOCES aid	-	-	1,336,076	1,336,076
Library loan program	-	-	19,106	19,106
Dormitory Authority of the State of New York	-	-	150,000	150,000
Other	-	-	39,566	39,566
	<u>7,843,736</u>	<u>7,843,736</u>	<u>8,052,474</u>	<u>208,738</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	100,000	100,000	21,673	(78,327)
Arts in education	165,000	165,000	169,580	4,580
Refund of BOCES aided services	93,400	93,400	113,086	19,686
Other	32,653	32,653	53,586	20,933
	<u>391,053</u>	<u>391,053</u>	<u>357,925</u>	<u>(33,128)</u>

**TOTAL REVENUES**

	71,925,000	71,925,000	72,211,338	286,338
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**OTHER FINANCING SOURCES**

Transfers in				
Debt Service Fund	200,000	200,000	200,000	-
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>

**TOTAL REVENUES AND  
OTHER FINANCING SOURCES**

	<u>\$ 72,125,000</u>	<u>\$ 72,125,000</u>	<u>\$ 72,411,338</u>	<u>\$ 286,338</u>
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**Pelham Union Free School District, New York**

General Fund  
 Schedule of Expenditures and Other Financing Uses Compared to Budget  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 67,481	\$ 98,481	\$ 87,064	\$ -	\$ 11,417
District clerk	12,559	12,559	12,433	-	126
District meeting	12,500	38,000	27,918	-	10,082
Total Board of Education	<u>92,540</u>	<u>149,040</u>	<u>127,415</u>	<u>-</u>	<u>21,625</u>
<b>CENTRAL ADMINISTRATION</b>					
Chief school administration	<u>456,026</u>	<u>466,214</u>	<u>456,855</u>	<u>-</u>	<u>9,359</u>
<b>FINANCE</b>					
Business administration	694,458	715,258	710,076	-	5,182
Auditing	<u>74,750</u>	<u>72,350</u>	<u>69,190</u>	<u>-</u>	<u>3,160</u>
Total Finance	<u>769,208</u>	<u>787,608</u>	<u>779,266</u>	<u>-</u>	<u>8,342</u>
<b>STAFF</b>					
Legal	150,000	152,400	152,376	-	24
Personnel	231,196	260,966	246,193	-	14,773
Public information and service	<u>70,380</u>	<u>81,077</u>	<u>81,077</u>	<u>-</u>	<u>-</u>
Total Staff	<u>451,576</u>	<u>494,443</u>	<u>479,646</u>	<u>-</u>	<u>14,797</u>
<b>CENTRAL SERVICES</b>					
Operation and maintenance of plant	<u>6,217,593</u>	<u>6,023,593</u>	<u>4,475,582</u>	<u>191,274</u>	<u>1,356,737</u>

**SPECIAL ITEMS**

Unallocated insurance	301,350	299,650	297,045	-	2,605
School association dues	20,000	20,000	16,708	-	3,292
Assessments on school property	61,000	60,805	49,356	-	11,449
Refunds of real property taxes	-	32,133	32,133	-	-
Administrative charge - BOCES	287,051	287,051	287,051	-	-
	<u>669,401</u>	<u>699,639</u>	<u>682,293</u>	<u>-</u>	<u>17,346</u>
Total Special Items					
Total General Support	<u>8,656,344</u>	<u>8,620,537</u>	<u>7,001,057</u>	<u>191,274</u>	<u>1,428,206</u>

**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

Curriculum development and supervision	180,745	145,145	135,799	4,664	4,682
Supervision - Regular school	2,460,713	2,349,427	2,275,326	1,580	72,521
Research, planning and evaluation	83,306	59,306	57,762	975	569
In-service training - Instruction	286,339	302,739	297,972	-	4,767

Total Instruction, Administration  
and Improvement

<u>3,011,103</u>	<u>2,856,617</u>	<u>2,766,859</u>	<u>7,219</u>	<u>82,539</u>
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**TEACHING - REGULAR SCHOOL**

<u>27,854,505</u>	<u>28,070,643</u>	<u>27,840,010</u>	<u>101,374</u>	<u>129,259</u>
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**PROGRAMS FOR STUDENTS WITH  
DISABILITIES**

<u>6,924,742</u>	<u>7,243,011</u>	<u>7,152,506</u>	<u>5,414</u>	<u>85,091</u>
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**INSTRUCTIONAL MEDIA**

Computer assisted instruction	505,348	506,105	441,787	17,239	47,079
School library and audiovisual	668,065	708,212	698,501	-	9,711

## Total Instructional Media

<u>1,173,413</u>	<u>1,214,317</u>	<u>1,140,288</u>	<u>17,239</u>	<u>56,790</u>
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(Continued)

**Pelham Union Free School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>PUPIL SERVICES</b>					
Attendance - Regular school	\$ 549,033	\$ 650,904	\$ 648,225	\$ -	\$ 2,679
Guidance - Regular school	1,556,029	1,557,370	1,526,441	-	30,929
Health services - Regular school	608,658	627,846	582,208	-	45,638
Psychological services - Regular school	718,546	716,321	711,842	-	4,479
Social work services - Regular school	95,000	95,812	95,812	-	-
Co-Curricular activities - Regular school	210,878	210,878	210,523	-	355
⊗ Interscholastic activities - Regular school	865,499	876,779	862,347	2,975	11,457
Total Pupil Services	<u>4,603,643</u>	<u>4,735,910</u>	<u>4,637,398</u>	<u>2,975</u>	<u>95,537</u>
Total Instruction	<u>43,567,406</u>	<u>44,120,498</u>	<u>43,537,061</u>	<u>134,221</u>	<u>449,216</u>
<b>PUPIL TRANSPORTATION</b>					
Pupil transportation	<u>1,142,177</u>	<u>1,199,647</u>	<u>1,199,104</u>	<u>-</u>	<u>543</u>
<b>COMMUNITY SERVICES</b>					
Recreation and other community services	<u>182,810</u>	<u>175,810</u>	<u>89,727</u>	<u>-</u>	<u>86,083</u>

**EMPLOYEE BENEFITS**

State retirement	754,395	759,395	759,370	-	25
Teachers' retirement	3,837,092	3,754,592	3,736,337	-	18,255
Social security	3,093,606	3,093,606	3,045,327	-	48,279
Workers' compensation benefits	315,709	318,209	315,598	-	2,611
Unemployment benefits	20,000	20,000	8,323	-	11,677
Health insurance	8,203,809	7,710,780	7,710,430	-	350
Employee benefit fund	595,138	567,538	562,967	-	4,571
Other unallocated benefits	60,000	118,600	118,578	-	22
	<u>16,879,749</u>	<u>16,342,720</u>	<u>16,256,930</u>	<u>-</u>	<u>85,790</u>
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>16,879,749</b>	<b>16,342,720</b>	<b>16,256,930</b>	<b>325,495</b>	<b>2,049,838</b>
	<u>70,428,486</u>	<u>70,459,212</u>	<u>68,083,879</u>	<u>325,495</u>	<u>2,049,838</u>
<b>TOTAL EXPENDITURES</b>	<b>70,428,486</b>	<b>70,459,212</b>	<b>68,083,879</b>	<b>325,495</b>	<b>2,049,838</b>
<b>OTHER FINANCING USES</b>					
Transfers out					
Special Aid Fund	30,000	30,000	28,264	-	1,736
Capital Projects Fund	250,000	1,350,000	1,350,000	-	-
Debt Service Fund	3,559,119	3,559,119	3,559,119	-	-
	<u>3,839,119</u>	<u>4,939,119</u>	<u>4,937,383</u>	<u>-</u>	<u>1,736</u>
<b>TOTAL OTHER FINANCING USES</b>	<b>3,839,119</b>	<b>4,939,119</b>	<b>4,937,383</b>	<b>-</b>	<b>1,736</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 74,267,605</b>	<b>\$ 75,398,331</b>	<b>\$ 73,021,262</b>	<b>\$ 325,495</b>	<b>\$ 2,051,574</b>
	<u>\$ 74,267,605</u>	<u>\$ 75,398,331</u>	<u>\$ 73,021,262</u>	<u>\$ 325,495</u>	<u>\$ 2,051,574</u>

See independent auditors' report.

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**Pelham Union Free School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 110,506	\$ 45,113
Receivables		
Accounts	153	3,995
State and Federal aid	<u>549,913</u>	<u>643,788</u>
	<u>550,066</u>	<u>647,783</u>
 Total Assets	 <u>\$ 660,572</u>	 <u>\$ 692,896</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 5,633	\$ 4,450
Accrued liabilities	4,150	3,024
Unearned revenues	-	876
Due to other funds	<u>650,789</u>	<u>684,546</u>
 Total Liabilities	 <u>\$ 660,572</u>	 <u>\$ 692,896</u>

**Pelham Union Free School District, New York**

Special Aid Fund  
 Comparative Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Years Ended June 30,

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 113,054	\$ 113,054	\$ 113,054	\$ -
Federal aid	768,800	768,800	629,349	(139,451)
Total Revenues	881,854	881,854	742,403	(139,451)
<b>EXPENDITURES</b>				
Current				
Instruction	866,854	866,854	742,854	124,000
Pupil transportation	45,000	45,000	27,813	17,187
Total Expenditures	911,854	911,854	770,667	141,187
Deficiency of Revenues Over Expenditures	(30,000)	(30,000)	(28,264)	1,736
<b>OTHER FINANCING SOURCES</b>				
Transfers in	30,000	30,000	28,264	(1,736)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2018

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 122,601	\$ 122,601	\$ 122,601	\$ -
758,516	806,815	678,510	(128,305)
881,117	929,416	801,111	(128,305)
851,117	900,067	802,522	97,545
60,000	60,000	29,239	30,761
911,117	960,067	831,761	128,306
(30,000)	(30,651)	(30,650)	1
30,000	30,651	30,650	(1)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Pelham Union Free School District, New York**

Capital Projects Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 389,288	\$ 772,142
Due from other funds	1,100,000	-
<b>Total Assets</b>	<b><u>\$ 1,489,288</u></b>	<b><u>\$ 772,142</u></b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 18,368	\$ 298,710
Due to other funds	2,410,923	298
<b>Total Liabilities</b>	<b><u>2,429,291</u></b>	<b><u>299,008</u></b>
Fund balance (deficit)		
Restricted	-	473,134
Unassigned	(940,003)	-
<b>Total Fund Balance (Deficit)</b>	<b><u>(940,003)</u></b>	<b><u>473,134</u></b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b><u>\$ 1,489,288</u></b>	<b><u>\$ 772,142</u></b>

**Pelham Union Free School District, New York**

Capital Projects Fund  
 Comparative Statement of Revenues, Expenditures and Changes  
 in Fund Balance  
 Years Ended June 30,

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>	\$ -	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>2,588,770</u>	<u>2,878,245</u>
Deficiency of Revenues Over Expenditures	<u>(2,588,770)</u>	<u>(2,878,245)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds issued	-	3,000,000
Transfers in	1,350,000	625,000
Transfers out	<u>(174,367)</u>	<u>-</u>
Total Other Financing Sources	<u>1,175,633</u>	<u>3,625,000</u>
Net Change in Fund Balance	(1,413,137)	746,755
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>473,134</u>	<u>(273,621)</u>
End of Year	<u>\$ (940,003)</u>	<u>\$ 473,134</u>

**Pelham Union Free School District, New York**

Capital Projects Fund  
Project-Length Schedule

Inception of Project Through June 30, 2019

Project	Project Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
High School Locker Rooms/ High School Electrical Panels	\$ 3,000,000	\$ 2,806,866	\$ 193,134	\$ 3,000,000
Prospect Hill Fire Escape Replacement	175,000	145,000	30,000	175,000
High School Reconstruction and Fields	11,655,910	-	592,600	592,600
Hutchinson Elementary School Construction	42,456,391	-	1,606,726	1,606,726
Prospect Hill Elementary School Addition/Reconstruction	3,412,591	-	143,919	143,919
Property Acquisition	1,100,000	-	110,000	110,000
Reconstruction High School Masonry	500,000	-	86,758	86,758
<b>Totals</b>	<b>\$ 62,299,892</b>	<b>\$ 2,951,866</b>	<b>\$ 2,763,137</b>	<b>\$ 5,715,003</b>

See independent auditors' report.

Unexpended Balance	Methods of Financing		Totals	Fund Balance (Deficit) at June 30, 2019
	Proceeds of Obligations	Interfund Transfers		
\$ -	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -
-	-	175,000	175,000	-
11,063,310	-	-	-	(592,600)
40,849,665	-	-	-	(1,606,726)
3,268,672	-	-	-	(143,919)
990,000	-	1,100,000	1,100,000	990,000
413,242	-	500,000	500,000	413,242
<u>\$ 56,584,889</u>	<u>\$ 3,000,000</u>	<u>\$ 1,775,000</u>	<u>\$ 4,775,000</u>	<u>\$ (940,003)</u>

**Pelham Union Free School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,938,248	\$ 1,954,249
Due from other funds	<u>2,095</u>	<u>200</u>
Total Assets	<u>\$ 1,940,343</u>	<u>\$ 1,954,449</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 1,940,343</u>	<u>\$ 1,954,449</u>

**Pelham Union Free School District, New York**

Debt Service Fund  
 Comparative Statement of Revenues, Expenditures and Changes  
 in Fund Balance  
 Years Ended June 30,

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 11,527	\$ 50,499
<b>EXPENDITURES</b>		
Debt service		
Principal	2,470,000	2,390,000
Interest	1,089,119	1,164,503
Total Expenditures	<u>3,559,119</u>	<u>3,554,503</u>
Deficiency of Revenues Over Expenditures	<u>(3,547,592)</u>	<u>(3,504,004)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	3,733,486	3,428,049
Transfers out	<u>(200,000)</u>	<u>(150,000)</u>
Total Other Financing Sources	<u>3,533,486</u>	<u>3,278,049</u>
Net Change in Fund Balance	(14,106)	(225,955)
<b>FUND BALANCE</b>		
Beginning of Year	<u>1,954,449</u>	<u>2,180,404</u>
End of Year	<u>\$ 1,940,343</u>	<u>\$ 1,954,449</u>

**Pelham Union Free School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2019  
 (With Comparative Totals for 2018)

	<u>School Lunch</u>	<u>Special Purpose</u>	<u>Permanent</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 464,404	\$ 875,246	\$ 608,324
Receivables			
Accounts	3,494	-	2,238
State and Federal aid	10,778	-	-
Due from other funds	82,996	14,793	33
	<u>97,268</u>	<u>14,793</u>	<u>2,271</u>
Inventories	<u>1,555</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 563,227</u>	<u>\$ 890,039</u>	<u>\$ 610,595</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 131,294	\$ 25,941	\$ -
Accrued liabilities	1,455	-	-
Due to other governments	205	-	-
Unearned revenues	51,574	-	-
Due to other funds	-	225,922	-
Total Liabilities	<u>184,528</u>	<u>251,863</u>	<u>-</u>
Fund balances			
Nonspendable	1,555	-	592,839
Restricted	-	638,176	17,756
Assigned	<u>377,144</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>378,699</u>	<u>638,176</u>	<u>610,595</u>
Total Liabilities and Fund Balances	<u>\$ 563,227</u>	<u>\$ 890,039</u>	<u>\$ 610,595</u>

See independent auditors' report.



**Pelham Union Free School District, New York**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Permanent
<b>REVENUES</b>			
Use of money and property	\$ 533	\$ 349	\$ 11,595
State aid	9,986	-	-
Federal aid	194,253	-	-
Food sales	688,908	-	-
Miscellaneous	-	676,951	-
<b>Total Revenues</b>	<b>893,680</b>	<b>677,300</b>	<b>11,595</b>
<b>EXPENDITURES</b>			
Current			
Cost of food sales	940,415	-	-
Other	-	397,202	-
<b>Total Expenditures</b>	<b>940,415</b>	<b>397,202</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	(46,735)	280,098	11,595
<b>FUND BALANCES</b>			
Beginning of Year	425,434	358,078	599,000
End of Year	<u>\$ 378,699</u>	<u>\$ 638,176</u>	<u>\$ 610,595</u>

See independent auditors' report.

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Total Non-Major  
Governmental Funds

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<u>2019</u>	<u>2018</u>
\$ 12,477	\$ 2,879
9,986	9,713
194,253	186,805
688,908	648,528
<u>676,951</u>	<u>437,959</u>
<u>1,582,575</u>	<u>1,285,884</u>
940,415	767,336
<u>397,202</u>	<u>447,886</u>
<u>1,337,617</u>	<u>1,215,222</u>
244,958	70,662
<u>1,382,512</u>	<u>1,311,850</u>
<u>\$ 1,627,470</u>	<u>\$ 1,382,512</u>

**Pelham Union Free School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 464,404</u>	<u>\$ 568,782</u>
Receivables		
Accounts	3,494	2,789
State and Federal aid	10,778	8,714
Due from other funds	<u>82,996</u>	<u>-</u>
	<u>97,268</u>	<u>11,503</u>
Inventories	<u>1,555</u>	<u>1,419</u>
Total Assets	<u><u>\$ 563,227</u></u>	<u><u>\$ 581,704</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 131,294	\$ 105,341
Accrued liabilities	1,455	167
Due to other governments	205	239
Unearned revenues	<u>51,574</u>	<u>50,523</u>
Total Liabilities	<u>184,528</u>	<u>156,270</u>
Fund balance		
Nonspendable	1,555	1,419
Assigned	<u>377,144</u>	<u>424,015</u>
Total Fund Balance	<u>378,699</u>	<u>425,434</u>
Total Liabilities and Fund Balance	<u><u>\$ 563,227</u></u>	<u><u>\$ 581,704</u></u>

See independent auditors' report.

**Pelham Union Free School District, New York**

School Lunch Fund  
Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance  
Years Ended June 30,

---

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 533	\$ 353
State aid	9,986	9,713
Federal aid	194,253	186,805
Food sales	<u>688,908</u>	<u>648,528</u>
 Total Revenues	 893,680	 845,399
 <b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>940,415</u>	<u>767,336</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (46,735)	 78,063
 <b>FUND BALANCE</b>		
Beginning of Year	<u>425,434</u>	<u>347,371</u>
 End of Year	 <u>\$ 378,699</u>	 <u>\$ 425,434</u>

**Pelham Union Free School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 875,246	\$ 496,395
Due from other funds	<u>14,793</u>	<u>-</u>
Total Assets	<u>\$ 890,039</u>	<u>\$ 496,395</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 25,941	\$ 28,504
Due to other funds	<u>225,922</u>	<u>109,813</u>
Total Liabilities	251,863	138,317
Fund balance		
Restricted	<u>638,176</u>	<u>358,078</u>
Total Liabilities and Fund Balance	<u>\$ 890,039</u>	<u>\$ 496,395</u>

**Pelham Union Free School District, New York**

Special Purpose Fund  
Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance  
Years Ended June 30,

---

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 349	\$ 146
Miscellaneous	<u>676,951</u>	<u>437,959</u>
Total Revenues	677,300	438,105
<b>EXPENDITURES</b>		
Current		
Other	<u>397,202</u>	<u>447,886</u>
Excess (Deficiency) of Revenues Over Expenditures	280,098	(9,781)
<b>FUND BALANCE</b>		
Beginning of Year	<u>358,078</u>	<u>367,859</u>
End of Year	<u><u>\$ 638,176</u></u>	<u><u>\$ 358,078</u></u>

**Pelham Union Free School District, New York**

Permanent Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 608,324	\$ 562,464
Receivables		
Accounts	2,238	1,907
Due from other funds	<u>33</u>	<u>34,629</u>
	<u>2,271</u>	<u>36,536</u>
 Total Assets	 <u>\$ 610,595</u>	 <u>\$ 599,000</u>
 <b>FUND BALANCE</b>		
Fund balance		
Nonspendable	\$ 592,839	\$ 592,839
Restricted	<u>17,756</u>	<u>6,161</u>
 Total Fund Balance	 <u>\$ 610,595</u>	 <u>\$ 599,000</u>

**Pelham Union Free School District, New York**

Permanent Fund  
Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance  
Years Ended June 30,

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	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 11,595	\$ 2,380
<b>EXPENDITURES</b>		
	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	11,595	2,380
<b>FUND BALANCE</b>		
Beginning of Year	<u>599,000</u>	<u>596,620</u>
End of Year	<u><u>\$ 610,595</u></u>	<u><u>\$ 599,000</u></u>

**Pelham Union Free School District, New York**

General Fund  
Analysis of Change from Adopted Budget to Final Budget  
Year Ended June 30, 2019

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Adopted Budget		\$ 73,650,000
Additions		
Encumbrances		<u>617,605</u>
Original Budget		74,267,605
Budget Amendments		<u>1,130,726</u>
Final Budget		<u><u>\$ 75,398,331</u></u>

General Fund  
Section 1318 of Real Property Tax Law Limit Calculation  
Year Ended June 30, 2019

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2019-20 Expenditure Budget		<u>\$ 74,930,000</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	1,025,495	
Unassigned fund balance	<u>2,997,191</u>	
Total Unrestricted Fund Balance	<u>4,022,686</u>	
Less		
Appropriated for subsequent year's budget	700,000	
Encumbrances	<u>325,495</u>	
Total Adjustments	<u>1,025,495</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,997,191</u></u>
Actual Percentage		<u><u>4.00%</u></u>

**Pelham Union Free School District, New York**

Schedule of Net Investment  
in Capital Assets  
Year Ended June 30, 2019

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Capital Assets, net		\$ 46,366,048
Less		
Bonds payable	(31,450,000)	
Unamortized portion of premium and loss on refunding bonds	<u>(1,227,028)</u>	<u>(32,677,028)</u>
Net Investment in Capital Assets		<u>\$ 13,689,020</u>

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**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**

**Independent Auditors' Report**

**The Board of Education of the  
Pelham Union Free School District, New York**

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 the Pelham Union Free School District, New York ("School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 4, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less 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 School 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 4, 2019

**Report on Compliance For Each Major Federal Program and Report on  
Internal Control Over Compliance Required by  
the Uniform Guidance**

**Independent Auditors' Report**

**The Board of Education of the  
Pelham Union Free School District, New York**

**Report on Compliance for Each Major Federal Program**

We have audited the Pelham Union Free School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are 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 for each of the School District's major federal programs 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 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 School 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 each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, 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 each of its major federal programs for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

Management of the School 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 School 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.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 4, 2019

**Pelham Union Free School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number (1)</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 4,834
National School Lunch Program - Commodities	10.555	N/A	-	58,302
National School Lunch Program - Cash	10.555	N/A	-	131,117
			<u>-</u>	<u>194,253</u>
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
Title I Grants to Local Educational Agencies	84.010	021-18-3780	-	36,647
Title I Grants to Local Educational Agencies	84.010	021-19-3780	-	31,292
			<u>-</u>	<u>67,939</u>
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	032-19-1089	-	497,603
Special Education - Preschool Grants	84.173	033-19-1089	-	9,293
			<u>-</u>	<u>506,896</u>
Supporting Effective Instruction State Grants	84.367	147-18-3779	-	9,597
Supporting Effective Instruction State Grants	84.367	147-19-3780	-	39,370
			<u>-</u>	<u>48,967</u>
English Language Acquisition State Grants	84.365	149-19-3780	-	867
Student Support and Academic Enrichment Program	84.424	204-19-3780	-	4,680
			<u>-</u>	<u>629,349</u>
Total U.S. Department of Education			<u>-</u>	<u>629,349</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 823,602</u>

(1) Catalog of Federal Domestic Assistance number.  
N/A - Information not available.

The accompanying notes are an integral part of this schedule.

## **Pelham Union Free School District, New York**

Notes to Schedule of Expenditures of Federal Awards  
June 30, 2019

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### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Pelham Union Free School District, New York ("School District") under programs of the federal government for the year ended June 30, 2019. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through identifying numbers are presented where available.

**Pelham Union Free School District, New York**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2019

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None

**Pelham Union Free School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_ Yes    X No  
\_\_\_ Yes    X None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes    X No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_ Yes    X No  
\_\_\_ Yes    X None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_ Yes    X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553  
10.555  
10.555

Child Nutrition Cluster:  
School Breakfast Program  
National School Lunch Program - Commodities  
National School Lunch Program - Cash

Dollar threshold used to distinguish between Type A and Type B programs:  
Auditee qualified as low-risk auditee?

\$750,000  
X Yes    \_\_\_ No

**Pelham Union Free School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None