

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2021



# **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, 2021, 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

We draw attention to Note 2D in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

## ***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, 2021 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, 2021 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, 2021 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

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, 2020 (not presented herein), and have issued our report thereon dated September 14, 2020, 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, 2020 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 2020 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 2, 2021

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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, 2021**

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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, 2021. 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 2020-21**

Key financial highlights for fiscal year 2020-21 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, 2021 by \$74,078,718 resulting in a negative Total Net Position. The District's Total Net Position reflects a decrease of \$8,442,041 for the year ended June 30, 2021.
- The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("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, 2021, the School District's Total Net Position reflects its proportionate share of the ERS net pension liability of \$16,301 and its share of the TRS net pension liability of \$5,793,618. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3E - 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, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("GASB 75"). These obligations include any benefits provided to retirees, other than pension, including health insurance, life insurance, vision, dental, etc. At June 30, 2021, the School District's Net Position reflects a long-term liability for OPEB of \$125,921,913. More detailed information about the School District's OPEB reporting in accordance with the provisions of GASB 75 is presented in note 3E - Long-Term Liabilities in the notes to financial statements.

##### Governmental Financials

- As of June 30, 2021, the District's governmental fund financial statements report a combined ending fund balance of \$45,765,427, an increase of \$34,255,924 from the prior year as restated for the implementation of GASB Statement No. 84. This increase is largely related to an increase of \$32 million in the Capital Projects Fund, as the District secured permanent financing for these projects in Fall 2020. The fund balance in the Capital Projects Fund represents the unspent portion of that funding as of June 30, 2021. The District expects that this fund balance will be substantially expended during the 2021-22 school year as the underlying capital projects are completed.

- The General Fund's unassigned fund balance is \$3,211,209. This is the only portion of the combined fund balance of \$45,765,427 that is not classified as nonspendable, restricted or assigned. 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 Capital Projects and Debt Service Funds; and
  - Assigned fund balance including encumbrances and appropriations for the ensuing year's budget.

More information about the District's Fund Balance is presented in note 3H – Fund Balances in the notes to the financial statements.

### 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 \$3,211,209 or 4% of the 2021-2022 school year budget of \$80,280,000 and thus within the statutory limit.
- For 2020-21 and 2021-22, the District budgeted \$655,000 and \$450,000, 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 revenues of \$75,809,399 for 2020-21, which exceeded actual expenditures & transfers out of \$73,313,309 by \$2,496,090. This surplus resulted largely from savings in various operational areas due to the COVID-19 pandemic which left the District operating on a hybrid instructional program for the majority of the school year, and curtailed many extra-classroom activities. These surplus funds were utilized to replenish certain reserves and encumber funds for various technology, facilities, and classroom expenditures across the District.
- The Debt Service Fund, used for the payment of principal and interest payments on the District's outstanding bond issuances, reflected an increase in fund balance of \$66,268 for 2020-21. This increase related to revenue from interest earnings and premiums received on borrowings and refundings.

### Other Highlight Information

- The 2020-21 school year enrollment (measured as of BEDS date) was 2,807 students, a decrease of 106 students from the 2019-2020 BEDS date enrollment of 2,913. Enrollment is currently expected to remain relatively stable in 2021-22.
- During 2020-21, the District continued 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.
- In November 2020, the District issued general obligation bonds in the amount of \$54,025,000 to finance the 2018 Capital Projects, and advance refunded \$2,705,000 of its outstanding 2011 serial bonds. Both transactions reflected favorable interest rates, as the District was able to take advantage of positive borrowing conditions and leverage its AAA/Stable credit rating issued October 21, 2020.
- In response to the COVID-19 pandemic, all school districts in the state were ordered to close to in-person instruction in mid-March 2020. The closure order ultimately extended through the end of that school year. The District operated on a hybrid learning program for most of 2020-21, returning to full-time in-person instruction in mid-April 2021.
- The District adopted Governmental Accounting Standards Board (“GASB”) Statement No. 84, “Fiduciary Activities”, for the year ended June 30, 2021. As a result, certain amounts previously reported in the District’s Fiduciary Fund are now being reported in either the General Fund or Special Purpose Fund.

## **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 like a private-sector business.
  - The *statement of net position* presents information on all 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 75 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 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 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 \$74,078,718 as of June 30, 2021. As noted previously, the change in Total Net Position was significantly impacted by the adoption of GASB 75, which required reflecting a large long-term liability related to OPEB.

<b>Net Position</b>			
	June 30,		%
	2021	2020	Change
Current Assets	\$ 51,670,026	\$ 36,825,633	40%
Net Pension Asset	-	5,491,687	-100%
Capital Assets, net	75,083,516	52,660,401	43%
<b>Total Assets</b>	<b>126,753,542</b>	<b>94,977,721</b>	<b>33%</b>
Deferred Outflows of Resources	36,418,565	34,470,260	6%
Current Liabilities	6,027,240	25,625,838	-76%
Long-Term Liabilities	217,339,487	154,675,541	41%
<b>Total Liabilities</b>	<b>223,366,727</b>	<b>180,301,379</b>	<b>24%</b>
Deferred Inflows of Resources	13,884,098	14,783,279	-6%
<b>Net Position:</b>			
Net Investment in Capital Assets	11,206,231	31,635,648	-65%
Restricted for:			
Capital	567,312	413,242	37%
Future Capital Projects	1,306,472	1,306,081	0%
Tax Certiorari	6,089,826	4,708,570	29%
ERS Retirement Contributions	3,257,425	2,956,737	10%
TRS Retirement Contributions	2,120,935	1,408,786	51%
Debt Service	2,116,337	2,050,069	3%
Property Damage	36,728	36,715	0%
Unemployment Benefits	154,717	154,663	0%
Repairs	587,789	587,613	0%
Special purpose	662,318	721,603	-8%
Permanent Fund:			
Spendable	25,223	25,038	1%
Nonspendable	592,839	592,839	0%
Unrestricted	(102,802,870)	(112,234,281)	-8%
<b>Total Net Position</b>	<b>\$ (74,078,718)</b>	<b>\$ (65,636,677)</b>	<b>13%</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 \$102,802,870. This large deficit reflects the effect of recognizing OPEB liabilities under GASB 75, as well as pension liabilities under GASB 68. Overall, Total Net Position reflects a decrease of \$8,442,041 from the prior year.

### Changes in Net Position

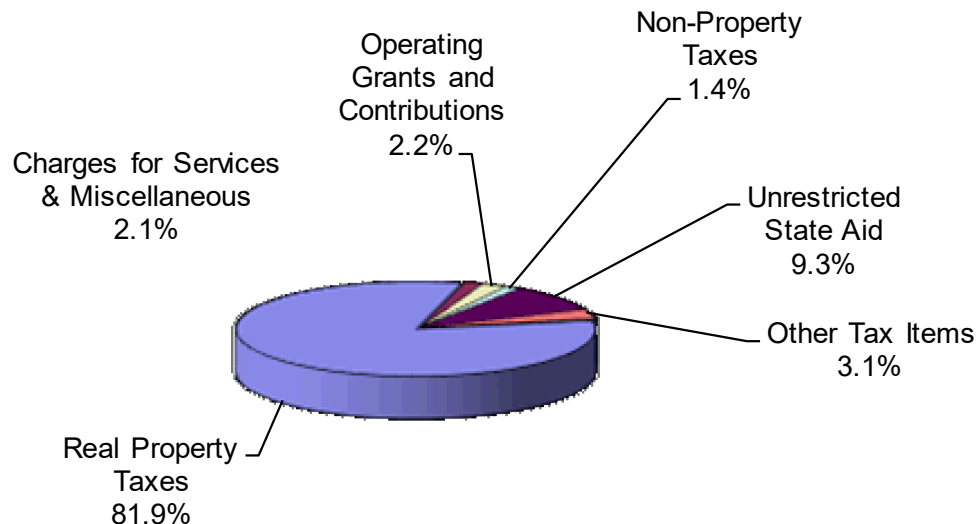
	June 30,		%
	2021	2020	Change
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$ 1,250,016	\$ 1,853,897	-33%
Operating Grants and Contributions	1,727,978	1,794,735	-4%
Capital Grants and Contributions	220,332	111,227	98%
Total Program Revenues	3,198,326	3,759,859	-15%
General Revenues			
Real Property Taxes	63,266,103	60,854,326	4%
Other Tax Items	2,382,078	2,791,980	-15%
Non-Property Taxes	1,062,585	941,498	13%
Unrestricted Use of Money and Property	6,260	46,408	-87%
Sale of Property and Compensation for Loss	1,638	819	100%
Unrestricted State Aid	7,156,106	7,281,680	-2%
Miscellaneous	212,474	177,809	19%
Total General Revenues	74,087,244	72,094,520	3%
Total Revenues	77,285,570	75,854,379	2%
<b>PROGRAM EXPENSES</b>			
General Support	10,137,311	9,790,341	4%
Instruction	72,965,595	71,332,291	2%
Pupil Transportation	957,244	1,040,448	-8%
Community Services	71,914	74,682	-4%
Cost of Food Sales	237,179	619,365	-62%
Other	656,194	246,609	166%
Interest	831,259	1,100,136	-24%
Total Expenses	85,856,696	84,203,872	2%
Change in Net Position	(8,571,126)	(8,349,493)	3%
<b>NET POSITION</b>			
Beginning, as Reported	(65,636,677)	(57,287,184)	15%
Cumulative Effect of Change in Accounting Principle	129,085	-	n/a
Beginning, as restated	(65,507,592)	(57,287,184)	14%
Ending	\$ (74,078,718)	\$ (65,636,677)	13%

As seen above, governmental activities resulted in a decrease to the District's net position of \$8,442,041 during the current fiscal year. OPEB expense required under GASB 75 of \$8,746,242 is included in this amount. Other items of note in these activities include:

### *Revenues*

- Real Property Taxes, including STAR, increased by \$2,001,876 or 3.15% 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 3.15% 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 consists largely of Basic Formula Aid, Lottery Aid, BOCES Aid and Building Aid and decreased by \$125,574 or 1.7% from the prior year amount. This decrease reflects a scheduled drop in Building Aid, as partially offset by restoration of 2019-20 State Aid payments withheld as result of the state's response to the COVID-19 pandemic.
- As indicated on the graph below, the district relied upon real property taxes for 81.9% of its revenue in 2020-2021, which is consistent with recent years.

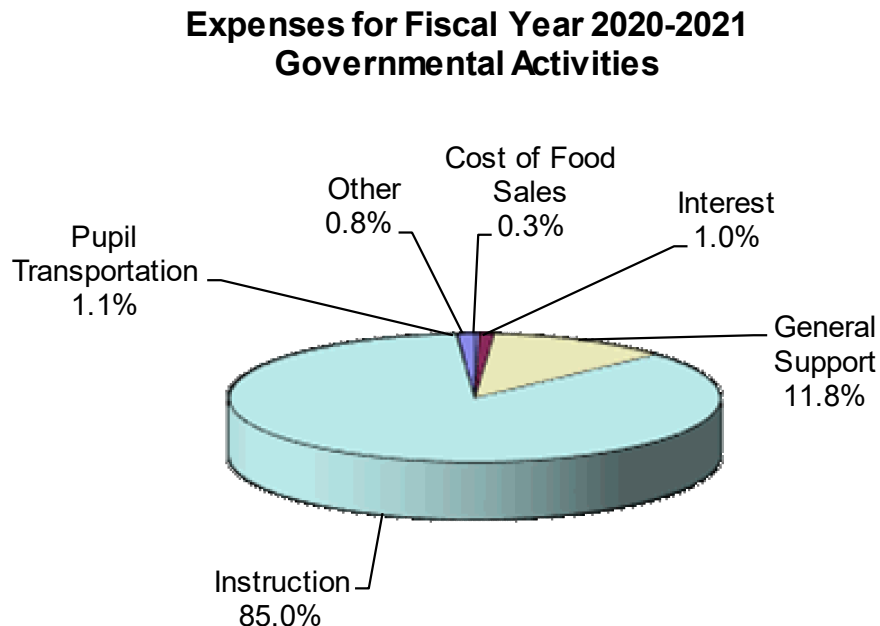
### **Sources of Revenue for Fiscal Year 2020-2021 Governmental Activities**



## Expenses

Overall, Government-wide expenses increased by \$1,652,824 of 2% across all funds.

As indicated on the graph below, the district's instruction costs accounted for 85% of its expenditures in 2020-2021, 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

The District follows the provisions of GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB 54") which designates the following fund balance classifications: nonspendable, restricted, committed, assigned and unassigned. These classifications were established to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. 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.

### *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, 2021, the combined fund balances for the district's governmental funds totaled \$45,765,427, an increase of \$34,255,924 from the prior year as restated for the implementation of GASB Statement No. 84. As previously noted, this change is largely related to the Capital Projects Fund.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the District. The adopted budget for fiscal year 2020-21 of \$76,700,000 was increased by \$1,443,506 as follows:

- \$1,417,534 for prior year encumbrances
- \$25,972 for appropriations from the tax certiorari reserves for settlements paid in 2020-21

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, 2021 was \$78,143,506.

Revenues and Other Financing Sources exceeded budget by \$709,105. Some items of note include:

- Non-property taxes, consisting of sales tax revenue, exceeded budget by approximately \$313,000 due to conservative budgeting in light of the pandemic.
- In 2020-21, the State restored \$276,000 in aid withheld during 2019-20 school year in response to the pandemic.

On the expenditure side of the budget, a positive budgetary variance of \$4,725,627, inclusive of \$1,425,126 in encumbrances, was realized for 2020-21. Positive variances were seen across almost all expenditure categories, in many cases related to the effects of the hybrid learning model and cancellation of many extra-curricular programs. Some items of note include:

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

- Instructional program services reflected a \$1.4 million positive variance, inclusive of encumbrances, due to savings in various staffing, contractual and supplies line items.
- Programs for students with disabilities realized savings of \$275,000 inclusive of encumbrances.
- Instructional media reflects a \$350,000 savings, largely as a result of shifted spending to BOCES.
- Employee benefit savings of \$438,000 followed savings in various salary areas.

The total budgetary surplus was \$5,194,597 for the fiscal year ended June 30, 2021. This 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 \$20,715,446 of which \$3,211,200 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, 2021, the district had capital assets of \$75,083,516, 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
	2021	2020	
Land	\$ 2,441,650	\$ 2,441,650	0%
Construction in Progress	36,711,603	11,096,441	231%
Buildings and Improvements	34,466,804	37,593,129	-8%
Land Improvements	1,061,229	1,226,544	-13%
Machinery and Equipment	402,230	302,637	33%
Total Capital Assets, net of accumulated depreciation	<u>\$ 75,083,516</u>	<u>\$ 52,660,401</u>	<u>43%</u>

The net increase of \$22,423,115 in capital assets during the current fiscal year results primarily from:

- An increase in Construction in Progress related to the 2018 Bond projects of \$25,615,162.
- Recognition of depreciation expense of \$3,381,359, a decrease in net Capital Assets.

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,		%
	2021	2020	Change
Bonds Payable	\$ 80,030,000	\$ 28,900,000	177%
Unamortized Premium on Bonds	5,323,148	1,929,272	176%
Compensated Absences	254,507	189,640	34%
Net Pension Liability	5,809,919	4,697,324	24%
Other Post Employment Benefit Obligations	125,921,913	118,959,305	6%
Total	<u>\$ 217,339,487</u>	<u>\$ 154,675,541</u>	<u>41%</u>

The increase in Bonds Payable largely reflects the permanent financing obtained in November 2020 to fund the 2018 Capital Projects.

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

## Conclusion

Like all government entities, the District continues to face challenges in addressing the health and safety implications and resultant financial impact of the COVID-19 pandemic, however, the District remains financially secure as evidenced by its "AAA-Stabile" credit rating issued by Standard & Poor in October 2020, and its Office of State Comptroller-issued Fiscal Stress Score of "No Designation" since inception of this rating metric. Adequate reserves have been established to fund the obligations of the District and provide a measure of financial flexibility in the short term.

The District feels 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 2020-21 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, 2021.

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. Fortunately, the District enjoys the sustained strong support of its community as evidenced by budget and referendum approval ratings ranging from 67% - 87% in recent years.

As with all governmental entities, the district depends heavily on its real property taxes, which fund almost 85% of its 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 2021-2022 is \$80,280,000, representing a 4.67% budget-to-budget increase from 2020-2021, such increase driven largely by the debt service associated with the 2018 Capital Projects. The budget is supported by a 2.47% tax levy increase which meets 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: James F. Hricay, 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, 2021

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 47,057,691
Receivables	
Accounts	5,147
State and Federal aid	1,694,882
Due from other governments	1,091,303
Prepaid expenses	1,818,776
Inventories	2,227
Capital assets	
Not being depreciated	39,153,253
Being depreciated, net	35,930,263
Total Assets	<u>126,753,542</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding bonds	729,887
Pension related	23,492,036
OPEB related	12,196,642
Total Deferred Outflows of Resources	<u>36,418,565</u>
<b>LIABILITIES</b>	
Accounts payable	1,215,362
Accrued liabilities	472,882
Deposits payable	17,050
Due to other governments	175,453
Unearned revenues	59,984
Due to retirement systems	3,850,498
Accrued interest payable	236,011
Non-current liabilities	
Due within one year	3,315,000
Due in more than one year	214,024,487
Total Liabilities	<u>223,366,727</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	8,065,058
OPEB related	5,819,040
Total Deferred Inflows of Resources	<u>13,884,098</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,206,231
Restricted	
Capital projects	567,312
Future capital projects	1,306,472
Tax certiorari	6,089,826
ERS retirement contributions	3,257,425
TRS retirement contributions	2,120,935
Debt service	2,116,337
Property damage	36,728
Unemployment benefits	154,717
Repairs	587,789
Special purposes	662,318
Permanent Fund	
Spendable	25,223
Nonspendable	592,839
Unrestricted	(102,802,870)
Total Net Position	<u>\$ (74,078,718)</u>

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

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

Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 10,137,311	\$ 10,264	\$ 11,544	\$ -	\$ (10,115,503)
Instruction	72,965,595	1,020,475	1,106,787	153,673	(70,684,660)
Pupil transportation	957,244	-	-	-	(957,244)
Community services	71,914	30,899	123,058	-	82,043
Cost of food sales	237,179	85,214	121,744	-	(30,221)
Other	656,194	103,164	364,845	-	(188,185)
Interest	831,259	-	-	66,659	(764,600)
<b>Total Governmental Activities</b>	<b>\$ 85,856,696</b>	<b>\$ 1,250,016</b>	<b>\$ 1,727,978</b>	<b>\$ 220,332</b>	<b>(82,658,370)</b>
General revenues					
Real property taxes					63,266,103
Other tax items					
School tax relief reimbursement					2,382,078
Non-property taxes					
Non-property tax distribution from County					1,062,585
Unrestricted use of money and property					6,260
Sale of property and compensation for loss					1,638
Unrestricted State aid					7,156,106
Miscellaneous					212,474
<b>Total General Revenues</b>					<b>74,087,244</b>
<b>Change in Net Position</b>					<b>(8,571,126)</b>
<b>Net Position - Beginning</b>					<b>(65,636,677)</b>
<b>Cumulative Effect of Change in Accounting Principle</b>					<b>129,085</b>
<b>Net Position - Beginning, as restated</b>					<b>(65,507,592)</b>
<b>Net Position - Ending</b>					<b>\$ (74,078,718)</b>

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

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

Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 21,839,739	\$ 92,106	\$ 21,204,715
Receivables			
Accounts	-	-	-
State and Federal aid	1,068,724	585,600	-
Due from other governments	1,091,303	-	-
Due from other funds	776,002	2,000	144,144
Prepaid expenditures	1,818,776	-	-
Inventories	-	-	-
Total Assets	<u>\$ 26,594,544</u>	<u>\$ 679,706</u>	<u>\$ 21,348,859</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 1,076,273	\$ 72,824	\$ 35,001
Accrued liabilities	470,916	-	-
Deposits payable	17,050	-	-
Due to other governments	172,809	2,595	-
Unearned revenues	-	-	-
Due to other funds	178,182	604,287	570
Due to retirement systems	3,850,498	-	-
Total Liabilities	5,765,728	679,706	35,571
Deferred inflows of resources			
Deferred revenues	113,370	-	-
Total Liabilities and Deferred Inflows of Resources	<u>5,879,098</u>	<u>679,706</u>	<u>35,571</u>
Fund balances (deficits)			
Nonspendable	1,818,776	-	-
Restricted	13,810,335	-	21,313,288
Assigned	1,875,126	-	-
Unassigned	3,211,209	-	-
Total Fund Balances (Deficits)	<u>20,715,446</u>	<u>-</u>	<u>21,313,288</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficits)	<u>\$ 26,594,544</u>	<u>\$ 679,706</u>	<u>\$ 21,348,859</u>

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ 2,112,837	\$ 1,808,294	\$ 47,057,691
-	5,147	5,147
-	40,558	1,694,882
-	-	1,091,303
3,500	-	925,646
-	-	1,818,776
-	2,227	2,227
<u>\$ 2,116,337</u>	<u>\$ 1,856,226</u>	<u>\$ 52,595,672</u>
\$ -	\$ 31,264	\$ 1,215,362
-	1,966	472,882
-	-	17,050
-	49	175,453
-	59,984	59,984
-	142,607	925,646
-	-	3,850,498
-	235,870	6,716,875
-	-	113,370
-	235,870	6,830,245
-	595,066	2,413,842
2,116,337	687,541	37,927,501
-	337,749	2,212,875
-	-	3,211,209
<u>2,116,337</u>	<u>1,620,356</u>	<u>45,765,427</u>
<u>\$ 2,116,337</u>	<u>\$ 1,856,226</u>	<u>\$ 52,595,672</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, 2021

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

Total Fund Balances - Governmental Funds	<u>\$ 45,765,427</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	39,153,253
Capital assets - depreciable	84,701,042
Accumulated depreciation	<u>(48,770,779)</u>
	<u>75,083,516</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension and other postemployment benefits obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred outflows - pension related	23,492,036
Deferred outflows - OPEB related	12,196,642
Deferred inflows - pension related	(8,065,058)
Deferred inflows - OPEB related	<u>(5,819,040)</u>
	<u>21,804,580</u>
Other long-term assets that are not available to pay for current-period expenditures are deferred in the funds.	
Deferred revenues	<u>113,370</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(236,011)
General obligation bonds payable	(80,030,000)
Compensated absences	(254,507)
Net pension liability - ERS	(16,301)
Net pension liability - TRS	(5,793,618)
Total OPEB Liability	<u>(125,921,913)</u>
	<u>(212,252,350)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amount on refunding	729,887
Premium on general obligation bonds	<u>(5,323,148)</u>
	<u>(4,593,261)</u>
Net Position of Governmental Activities	<u><u>\$ (74,078,718)</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, 2021

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 63,266,103	\$ -	\$ -
Other tax items	2,382,078	-	-
Non-property taxes	1,062,585	-	-
Charges for services	1,237,123	-	-
Use of money and property	19,539	-	-
Sale of property and compensation for loss	1,638	-	-
State aid	7,419,057	43,147	153,673
Federal aid	85,744	723,865	-
Food sales	-	-	-
Miscellaneous	335,532	-	-
Total Revenues	<u>75,809,399</u>	<u>767,012</u>	<u>153,673</u>
<b>EXPENDITURES</b>			
Current			
General support	8,219,970	-	-
Instruction	43,706,765	777,799	-
Pupil transportation	935,946	-	-
Community services	52,199	-	-
Employee benefits	16,320,792	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	-	-	-
Interest	379,268	-	-
Refunding bond issuance costs	-	-	-
Capital outlay	-	-	25,768,835
Total Expenditures	<u>69,614,940</u>	<u>777,799</u>	<u>25,768,835</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,194,459</u>	<u>(10,787)</u>	<u>(25,615,162)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation bonds issued	-	-	54,025,000
Refunding bonds issued	-	-	-
Issuance premium	-	-	3,345,822
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	10,787	154,070
Transfers out	(3,698,369)	-	-
Total Other Financing Sources (Uses)	<u>(3,698,369)</u>	<u>10,787</u>	<u>57,524,892</u>
Net Change in Fund Balances	2,496,090	-	31,909,730
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year, as restated	18,219,356	-	(10,596,442)
End of Year	<u>\$ 20,715,446</u>	<u>\$ -</u>	<u>\$ 21,313,288</u>

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 63,266,103
-	-	2,382,078
-	-	1,062,585
-	-	1,237,123
52,077	365	71,981
-	-	1,638
-	2,170	7,618,047
-	119,534	929,143
-	85,214	85,214
14,191	467,684	817,407
66,268	674,967	77,471,319
-	-	8,219,970
-	-	44,484,564
-	-	935,946
-	-	52,199
-	-	16,320,792
-	234,937	234,937
-	656,194	656,194
2,625,000	-	2,625,000
908,512	-	1,287,780
61,757	-	61,757
-	-	25,768,835
3,595,269	891,131	100,647,974
(3,529,001)	(216,164)	(23,176,655)
-	-	54,025,000
2,435,000	-	2,435,000
345,160	-	3,690,982
(2,718,403)	-	(2,718,403)
3,533,512	-	3,698,369
-	-	(3,698,369)
3,595,269	-	57,432,579
66,268	(216,164)	34,255,924
2,050,069	1,836,520	11,509,503
\$ 2,116,337	\$ 1,620,356	\$ 45,765,427

## 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, 2021

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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>\$ 34,255,924</u>
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.	
Capital outlay expenditures	25,804,474
Depreciation expense	<u>(3,381,359)</u>
	<u>22,423,115</u>
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.	
General obligation bonds issued	(54,025,000)
Principal paid on general obligation bonds	2,625,000
Refunding bonds issued	(2,435,000)
Issuance premium	(3,690,982)
Payment to refunded bond escrow agent	2,718,403
Payment of refunding bond issuance costs	<u>(13,403)</u>
	<u>(54,820,982)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred revenues	<u>(185,749)</u>
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.	
Accrued interest	243,731
Compensated absences	(64,867)
Changes in pension liabilities and related deferred outflows and inflows of resources	(4,077,786)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(6,557,302)
Amortization of premium and loss on refunding bonds	<u>212,790</u>
	<u>(10,243,434)</u>
Change in Net Position of Governmental Activities	<u>\$ (8,571,126)</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 Balance - Budget and Actual  
General Fund  
Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 63,266,103	\$ 63,266,103	\$ 63,266,103	\$ -
Other tax items	2,382,079	2,382,079	2,382,078	(1)
Non-property taxes	750,000	750,000	1,062,585	312,585
Charges for services	1,289,588	1,289,588	1,237,123	(52,465)
Use of money and property	70,610	70,610	19,539	(51,071)
Sale of property and compensation for loss	-	-	1,638	1,638
State aid	7,010,752	7,010,752	7,419,057	408,305
Federal aid	84,928	84,928	85,744	816
Miscellaneous	246,235	246,235	335,532	89,297
<b>Total Revenues</b>	<b>75,100,295</b>	<b>75,100,295</b>	<b>75,809,399</b>	<b>709,104</b>
<b>EXPENDITURES</b>				
Current				
General support	9,414,812	9,784,261	8,219,970	1,564,291
Instruction	45,246,100	46,210,074	43,706,765	2,503,309
Pupil transportation	1,330,679	1,080,779	935,946	144,833
Community services	127,492	127,492	52,199	75,293
Employee benefits	17,973,244	16,758,694	16,320,792	437,902
Debt Service				
Interest	-	379,268	379,268	-
<b>Total Expenditures</b>	<b>74,092,327</b>	<b>74,340,568</b>	<b>69,614,940</b>	<b>4,725,628</b>
Excess of Revenues Over Expenditures	1,007,968	759,727	6,194,459	5,434,732
<b>OTHER FINANCING USES</b>				
Transfers out	(4,025,207)	(3,802,939)	(3,698,369)	104,570
<b>Net Change in Fund Balance</b>	<b>(2,672,534)</b>	<b>(2,698,507)</b>	<b>2,496,090</b>	<b>5,194,597</b>
<b>FUND BALANCE</b>				
Beginning of Year	2,672,534	2,698,507	18,219,356	15,520,849
End of Year	\$ -	\$ -	\$ 20,715,446	\$ 20,715,446

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

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**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 financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to 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 School District's significant accounting policies are described below:

**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.

While separate district-wide and fund financial statements are presented, they are interrelated. 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 grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extrasclassroom activity funds.

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 on behalf of others.

**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 Fiduciary 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 when they have been earned and 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 revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue 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 postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally 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 Measurement 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, 2021.

**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.

**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.

**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, 2021,

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

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. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the 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.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues

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

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 \$59,984 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 includes 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 includes 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.

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

The School District reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities. These amounts are detailed in the discussion of the School District's pension, and other postemployment benefit liabilities in Note 3E.

The School District also reported deferred inflows of resources of \$113,370 primarily 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 discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond 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

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

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 – an Amendment of GASB Statement No.68"*.

**Other Postemployment Benefit Liability ("OPEB")** - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No.75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."*

**Net Position** - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset 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. Restricted net position for the School District includes restricted for capital projects, future capital projects, tax certiorari, ERS retirement contributions, TRS retirement contributions, debt service, property damage, unemployment benefits, repairs, special purposes and trusts, and net investment in capital assets.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**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:

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

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 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 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 unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

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.

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

**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.

**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 2, 2021.

**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

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

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.

- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund is 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 Special Aid, School Lunch, Special Purpose, Permanent or Debt Service funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- 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 the General Fund 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 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").

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

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 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. Adoption of Accounting Standard**

For the year ended June 30 2021, the School District implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

**E. Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84.

**F. Cumulative Effect of Change in Accounting Principle**

The School District implemented the provisions of GASB Statement No.84, "*Fiduciary Activities*", for the year ended June 30, 2021. Certain amounts previously reported in the School District's Fiduciary Fund are now being reported within the Special Purpose Fund and/or the General Fund. As a result, the School District has reported a cumulative effect of change in accounting principle of \$95,003 to the July 1, 2019 fund balance of the Special Purpose Fund (the earliest year presented). The School District also reported on its Statement of Activities a cumulative effect of change in accounting principle of \$129,085 to the July 1, 2020 net position of governmental activities for this same reason.

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

Notes to Financial Statements (Continued)

June 30, 2021

**Note 3 - Detailed Notes on All Funds****A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2021 was as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 776,002	\$ 178,182
Special Aid	2,000	604,287
Capital Projects	144,144	570
Debt Service	3,500	-
Non-Major Governmental	-	142,607
	<u>\$ 925,646</u>	<u>\$ 925,646</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:

<u>Class</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital Assets, not being depreciated:				
Land	\$ 2,441,650	\$ -	\$ -	\$ 2,441,650
Construction-in-Progress	11,096,441	25,615,162	-	36,711,603
Total Capital Assets, not being depreciated	<u>\$ 13,538,091</u>	<u>\$ 25,615,162</u>	<u>\$ -</u>	<u>\$ 39,153,253</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 80,507,381	\$ 35,639	\$ -	\$ 80,543,020
Land Improvements	3,163,257	-	-	3,163,257
Machinery and Equipment	846,371	153,673	5,279	994,765
Total Capital Assets, being depreciated	<u>84,517,009</u>	<u>189,312</u>	<u>5,279</u>	<u>84,701,042</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	42,914,252	3,161,964	-	46,076,216
Land Improvements	1,936,713	165,315	-	2,102,028
Machinery and Equipment	543,734	54,080	5,279	592,535
Total Accumulated Depreciation	<u>45,394,699</u>	<u>3,381,359</u>	<u>5,279</u>	<u>48,770,779</u>
Total Capital Assets, being depreciated, net	<u>\$ 39,122,310</u>	<u>\$ (3,192,047)</u>	<u>\$ -</u>	<u>\$ 35,930,263</u>
Capital Assets, net	<u>\$ 52,660,401</u>	<u>\$ 22,423,115</u>	<u>\$ -</u>	<u>\$ 75,083,516</u>

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

Notes to Financial Statements (Continued)

June 30, 2021

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

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

General support	\$ 27,312
Instruction	3,351,805
Cost of food sales	<u>2,242</u>
Total Depreciation Expense	<u>\$ 3,381,359</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2021 were as follows:

	Fund		Total
	General	School Lunch	
Payroll and Employee Benefits	\$ 358,916	\$ 1,966	\$ 360,882
Payroll and Employee Benefits	<u>112,000</u>	<u>-</u>	<u>112,000</u>
	<u>\$ 470,916</u>	<u>\$ 1,966</u>	<u>\$ 472,882</u>

**D. Short-Term Capital Borrowing**

The schedule below details the changes in short-term capital borrowing:

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance July 1, 2020	Issued	Redeemed	Balance June 30, 2021
Various Improvements	2019	7/15/2020	2.000 %	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
Various Improvements	2020	11/5/2020	1.885	10,000,000	-	10,000,000	-
Various Improvements	2021	11/5/2020	1.000	<u>-</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>
				<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 40,000,000</u>	<u>\$ -</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgements or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$379,268 were recorded in the fund financial statements in the General Fund. Interest expense of \$138,382 was recorded in the district-wide financial statements.

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

Notes to Financial Statements (Continued)

June 30, 2021

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

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2021	Due Within One-Year
General Obligation Bonds Payable	\$ 28,900,000	\$ 56,460,000	\$ 5,330,000	\$ 80,030,000	\$ 3,290,000
Plus - Unamortized premium on bonds	1,929,272	3,690,982	297,106	5,323,148	-
	<u>30,829,272</u>	<u>60,150,982</u>	<u>5,627,106</u>	<u>85,353,148</u>	<u>3,290,000</u>
Other Non-Current Liabilities:					
Compensated Absences	189,640	83,867	19,000	254,507	25,000
Net Pension Liability - ERS	4,697,324	-	4,681,023	16,301	-
Net Pension Liability Asset - TRS	(5,491,687)	11,285,305	-	11,285,305	-
Other Postemployment Benefit Liability	118,959,305	9,151,548	2,188,940	125,921,913	-
Total Non-Current Liabilities	<u>118,354,582</u>	<u>20,520,720</u>	<u>6,888,963</u>	<u>137,478,026</u>	<u>25,000</u>
Total Long-Term Liabilities	<u>\$ 149,183,854</u>	<u>\$ 80,671,702</u>	<u>\$ 12,516,069</u>	<u>\$ 222,831,174</u>	<u>\$ 3,315,000</u>

Each governmental fund's liability for compensated absences, net pension liability and other postemployment benefit obligations is liquidated by the General Fund. The School District's indebtedness for general obligation 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, 2021 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2021
Refunding Bonds	2016	\$ 17,150,000	August, 2029	2.000 - 5.000 %	\$ 12,770,000
Refunding Bonds	2017	9,430,000	November, 2029	2.375 - 4.000	8,535,000
Reconstruction of School Buildings	2018	3,000,000	June, 2032	2.000 - 3.000	2,265,000
Reconstruction of School Buildings	2020	54,025,000	November, 2049	2.000 - 5.000	54,025,000
Refunding Bonds	2020	2,435,000	October, 2025	5.000	2,435,000
					<u>\$ 80,030,000</u>

Interest expenditures of \$908,512 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$692,877 was recorded in the district-wide financial statements.

## Pelham Union Free School District, New York

### Notes to Financial Statements (Continued)

June 30, 2021

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

##### **Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of June 30, 2021 including interest payments of \$23,963,197 are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 3,290,000	\$ 3,194,453
2023	4,305,000	2,233,706
2024	4,500,000	2,027,906
2025	4,700,000	1,812,681
2026	4,900,000	1,609,681
2027-2031	21,530,000	5,604,708
2032-2036	12,105,000	3,371,800
2037-2041	8,525,000	2,341,091
2042-2046	8,655,000	1,404,866
2047-2050	7,520,000	362,305
	<u>\$ 80,030,000</u>	<u>\$ 23,963,197</u>

The above general obligation bonds are direct borrowings 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.

##### **Advance Refunding**

During the current fiscal year, the School issued \$2,435,000 in serial bonds with an interest rate of 5.0%. The proceeds were used to advance refund \$2,705,000 of the outstanding 2011 serial bonds bearing interest ranging from 2.375% to 3.0%. The net proceeds of \$2,718,402 (inclusive of a \$345,160 reoffering premium and after an initial payment of \$61,757 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2011 serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$13,402 in governmental activities. This amount and the premium are being amortized over the remaining life of the refunded debt. The School advance refunded the 2011 serial bonds to reduce its total debt service payments over 5 years by \$151,361 and to obtain a net present value economic gain of \$150,203.

##### **Legal Debt Margin**

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the five year average full valuation of taxable real property. At June 30, 2021, that amount was \$330,795,013. As of June 30, 2021, the total outstanding debt applicable to the limit was \$80,030,000, which is 24.19% of the total debt limit.

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

**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 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.

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

Notes to Financial Statements (Continued)

June 30, 2021

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

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 2021 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75G	19.0 %
	4 A15	16.2
	5 A15	13.5
	6 A15-J1	9.7
	6 A15-J2	9.7
TRS	1-6	9.53 %

At June 30, 2021, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension liability	\$ 16,301	\$ 5,793,618
School Districts' proportion of the net pension liability	0.0163705 %	0.209665 %
Change in proportion since the prior measurement date	(0.0013683) %	(0.001716) %

The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS and the total pension liability used to calculate the net pension liability 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, 2021, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$8,262,004 (\$429,291 for ERS and \$7,832,713 for TRS). Pension expenditures of \$4,184,218 (\$779,553 for ERS and \$3,404,665 for TRS) were recorded in the fund financial statements and were charged to the General Fund.

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

Notes to Financial Statements (Continued)

June 30, 2021

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

At June 30, 2021, the School District reported its proportionate share of 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	\$ 199,077	\$ -	\$ 5,076,369	\$ 296,912
Changes of assumptions	2,997,186	56,528	7,327,579	2,611,899
Net difference between projected and actual earnings on pension plan investments	-	4,682,541	3,783,741	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	144,644	130,663	362,002	286,515
School District contributions subsequent to the measurement date	209,837	-	3,391,601	-
	<u>\$ 3,550,744</u>	<u>\$ 4,869,732</u>	<u>\$ 19,941,292</u>	<u>\$ 3,195,326</u>
Total				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 5,275,446	\$ 296,912		
Changes of assumptions	10,324,765	2,668,427		
Net difference between projected and actual earnings on pension plan investments	3,783,741	4,682,541		
Changes in proportion and differences between School District contributions and proportionate share of contributions	506,646	417,178		
School District contributions subsequent to the measurement date	3,601,438	-		
	<u>\$ 23,492,036</u>	<u>\$ 8,065,058</u>		

\$209,837 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, 2022. The \$3,391,601 reported as deferred outflows of resources related to TRS will be recognized as an decrease of the net pension liability in the plan's year ended June 30, 2021. 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
2021	\$ -	\$ 2,279,103
2022	(255,376)	4,578,155
2023	(93,056)	3,731,291
2024	(260,882)	2,328,862
2025	(919,511)	149,341
Thereafter	-	287,613
	<u>\$ (1,528,825)</u>	<u>\$ 13,354,365</u>

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

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, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return	5.9% *	7.1% *
Salary scale	4.4%	1.90%-4.72%
Inflation rate	2.7%	2.2%
Cost of living adjustments	1.4%	1.3%

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, 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, 2015 - March 31, 2020. 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.

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

Notes to Financial Statements (Continued)

June 30, 2021

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

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, 2021		TRS June 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.05 %	33 %	7.1 %
International Equity	15	6.30	16	7.7
Private Equity	10	6.75	8	10.4
Real Estate	9	4.95	11	6.8
Domestic Fixed Income Securities	-	-	16	1.8
Global Fixed Income Securities	-	-	2	1.0
High Yield Fixed Income Securities	-	-	1	3.9
Global Equities	-	-	4	7.4
Private Debt	-	-	1	5.2
Real Estate Debt	-	-	7	3.6
Opportunistic/ARS Portfolio	3	4.50	-	-
Credit	4	3.63	-	-
Real Assets	3	5.95	-	-
Fixed Income	23	0.00	-	-
Cash	1	0.05	1	0.7
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 5.9% for ERS and 7.1% 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 (4.9% for ERS and 6.1% for TRS) or 1 percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

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

Notes to Financial Statements (Continued)

June 30, 2021

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

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 4,524,460</u>	<u>\$ 16,301</u>	<u>\$ (4,141,277)</u>
	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 36,596,291</u>	<u>\$ 5,793,618</u>	<u>\$ (20,057,630)</u>

The components of the collective net pension liability as of the March 31, 2021 ERS measurement date and the June 30, 2020 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 220,680,157,000	\$ 123,242,776,215
Fiduciary net position	<u>220,580,583,000</u>	<u>120,479,505,380</u>
Employers' net pension liability	<u>\$ 99,574,000</u>	<u>\$ 2,763,270,835</u>
Fiduciary net position as a percentage of total pension liability	<u>99.95%</u>	<u>97.76%</u>

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, 2021 represent the projected employer contribution for the period April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2021 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, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 were \$209,837 to ERS and \$3,640,661 to TRS (inclusive of employee contributions of \$249,060).

***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.

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

**Other Postemployment Benefit Liability ("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 postemployment 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, 2021, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	271
Active employees	<u>341</u>
	<u>612</u>

The School District's total OPEB liability of \$125,921,913 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%
Salary increases	2.6%
Discount rate	2.16%
Healthcare cost trend rates	6.6% for 2022 decreasing 0.5% per year to an ultimate rate of 4.1% for 2026 and later years
Retirees' share of benefit-related costs	Varies from 0% to 50%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Bond Buyer yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The actuarial assumptions used in the July 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

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

Notes to Financial Statements (Continued)

June 30, 2021

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

The School District's change in the total OPEB liability for the year ended June 30, 2021 is as follows:

Total OPEB Liability - Beginning of Year	\$ 118,959,305
Service cost	5,260,581
Interest	2,721,203
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,169,764
Benefit payments	<u>(2,188,940)</u>
Total OPEB Liability - End of Year	<u><u>\$ 125,921,913</u></u>

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 a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$ 152,745,377</u>	<u>\$ 125,921,913</u>	<u>\$ 105,073,656</u>

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 (5.6% decreasing to 3.1%) or 1 percentage point higher (7.6% decreasing to 5.1%) than the current healthcare cost trend rates:

	1% Decrease (5.6% decreasing to 3.1%)	Healthcare Cost Trend Rates (6.6% decreasing to 4.1%)	1% Increase (7.6% decreasing to 5.1%)
Total OPEB Liability	<u>\$ 102,006,375</u>	<u>\$ 125,921,913</u>	<u>\$ 158,489,479</u>

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

## Notes to Financial Statements (Continued)

June 30, 2021

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$8,746,242 in the district-wide financial statements. At June 30, 2021, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 2,486,888	\$ 63,529
Differences between expected and actual experience	9,709,754	5,755,511
	<u>\$ 12,196,642</u>	<u>\$ 5,819,040</u>

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

Year Ended June 30,	
2022	\$ 764,458
2023	764,458
2024	764,458
2025	764,458
2026	764,462
Thereafter	2,555,308
	<u>\$ 6,377,602</u>

**F. 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.

	Transfers In			
	Special Aid Fund	Capital Projects Fund	Debt Service Fund	
Transfers Out				Total
General Fund	<u>\$ 10,787</u>	<u>\$ 154,070</u>	<u>\$ 3,533,512</u>	<u>\$ 3,698,369</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 Special Aid Fund expenditures and 3) move amounts from operating funds to the Capital Projects fund for bond anticipation note principal payments and/or funding of various projects.

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

**G. 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.

*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, 2021

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

### H. Fund Balances

	2021					2020				
	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
Nonspendable:										
Inventories	\$ -	\$ -	\$ -	\$ 2,227	\$ 2,227	\$ -	\$ -	\$ -	\$ 2,637	\$ 2,637
Prepaid expenditures	1,818,776	-	-	-	1,818,776	1,730,027	-	-	-	1,730,027
Permanent Fund	-	-	-	592,839	592,839	-	-	-	592,839	592,839
Total Nonspendable	1,818,776	-	-	595,066	2,413,842	1,730,027	-	-	595,476	2,325,503
Restricted:										
Tax certiorari	6,089,826	-	-	-	6,089,826	4,708,570	-	-	-	4,708,570
Unemployment benefits	154,717	-	-	-	154,717	154,663	-	-	-	154,663
Employee benefit accrued liability	256,443	-	-	-	256,443	189,640	-	-	-	189,640
ERS retirement contributions	3,257,425	-	-	-	3,257,425	2,356,737	-	-	-	2,356,737
ERS Retirement contributions - for										
Subsequent year's expenditures	-	-	-	-	-	600,000	-	-	-	600,000
TRS retirement contributions	2,120,935	-	-	-	2,120,935	1,408,786	-	-	-	1,408,786
Property damage	36,728	-	-	-	36,728	36,715	-	-	-	36,715
Repairs	587,789	-	-	-	587,789	587,613	-	-	-	587,613
Debt service	-	-	466,337	-	466,337	-	-	1,705,364	-	1,705,364
Debt service - for										
Subsequent year's expenditures	-	-	1,650,000	-	1,650,000	-	-	344,705	-	344,705
Future capital projects	1,306,472	-	-	-	1,306,472	1,306,081	-	-	-	1,306,081
Capital projects	-	21,313,288	-	-	21,313,288	-	-	-	-	-
Special purposes (1)	-	-	-	662,318	662,318	-	-	-	721,603	721,603
Permanent Fund	-	-	-	25,223	25,223	-	-	-	25,038	25,038
Total Restricted	13,810,335	21,313,288	2,116,337	687,541	37,927,501	11,348,805	-	2,050,069	746,641	14,145,515
Assigned:										
Purchases on order:										
General government support	366,391	-	-	-	366,391	1,108,343	-	-	-	1,108,343
Instruction	1,043,260	-	-	-	1,043,260	286,716	-	-	-	286,716
Community services	15,475	-	-	-	15,475	22,475	-	-	-	22,475
For subsequent year's	1,425,126	-	-	-	1,425,126	1,417,534	-	-	-	1,417,534
expenditures - General Fund	450,000	-	-	-	450,000	655,000	-	-	-	655,000
School Lunch Fund	-	-	-	337,749	337,749	-	-	-	365,318	365,318
Total Assigned	1,875,126	-	-	337,749	2,212,875	2,072,534	-	-	365,318	2,437,852
Unassigned	3,211,209	-	-	-	3,211,209	3,067,990	(10,596,442)	-	-	(7,528,452)
Total Fund Balances (Deficits)	\$ 20,715,446	\$ 21,313,288	\$ 2,116,337	\$ 1,620,356	\$ 45,765,427	\$ 18,219,356	\$ (10,596,442)	\$ 2,050,069	\$ 1,707,435	\$ 11,380,418

(1) Balance at June 30, 2020 restated for the implementation of the provisions of GASB Statement No.84 "Fiduciary Activities".

**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, 2021, 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.

**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. 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 \$25 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 restricted fund balance 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.

There were no significant reductions in insurance coverage from the previous fiscal year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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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)

	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 5,260,581	\$ 4,187,489	\$ 4,709,439	\$ 4,572,271
Interest	2,721,203	3,560,840	3,172,791	3,008,303
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	3,276,376	-	(106,601)
Changes of assumptions or other inputs	1,169,764 (5)	11,451,243 (4)	(9,208,820)	-
Benefit payments	(2,188,940)	(2,116,712)	(2,230,713)	(2,027,248)
Net Change in Total OPEB Liability	6,962,608	20,359,236	(3,557,303)	5,446,725
Total OPEB Liability – Beginning of Year	118,959,305	98,600,069	102,157,372	96,710,647 (3)
Total OPEB Liability – End of Year	<u>\$ 125,921,913</u>	<u>\$ 118,959,305</u>	<u>\$ 98,600,069</u>	<u>\$ 102,157,372</u>
School District's covered - employee payroll	<u>\$ 37,883,045</u>	<u>\$ 37,883,045</u>	<u>\$ 39,525,587</u>	<u>\$ 38,564,429</u>
Total OPEB liability as a percentage of covered - employee payroll	<u>332%</u>	<u>314%</u>	<u>249%</u>	<u>265%</u>

(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.

(4) The discount rate used to calculate the total OPEB liability was decreased from 3.5% to 2.21% effective with the June 30, 2020 measurement date.

(5) The discount rate used to calculate the total OPEB liability was decreased from 2.21% to 2.16% effective with the June 30, 2021 measurement date.

See independent auditors' report.

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

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

**Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)**

	2021 (6)	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.209665%</u>	<u>0.211381%</u>	<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>\$ 5,793,618</u>	<u>\$ (5,491,687)</u>	<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>\$ 35,576,040</u>	<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>	<u>\$ 31,629,851</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(16.29%)</u>	<u>(15.56%)</u>	<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>97.78%</u>	<u>102.17%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

**Schedule of Contributions**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 3,391,601</u>	<u>\$ 3,152,037</u>	<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>
Contributions in relation to the contractually required contribution	<u>(3,391,601)</u>	<u>(3,152,037)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 35,588,678</u>	<u>\$ 35,576,040</u>	<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>9.53%</u>	<u>8.86%</u>	<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 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(3) 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.

(4) 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.

(5) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date.

(6) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

See independent auditors' report.

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

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (2)							
	2021 (6)	2020 (4) (5)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	<u>0.0163705%</u>	<u>0.0177388%</u>	<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>\$ 16,301</u>	<u>\$ 4,697,324</u>	<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>\$ 5,318,698</u>	<u>\$ 5,313,232</u>	<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>0.31%</u>	<u>88.41%</u>	<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>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Schedule of Contributions							
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 740,209</u>	<u>\$ 733,681</u>	<u>\$ 755,496</u>	<u>\$ 760,502</u>	<u>\$ 673,144</u>	<u>\$ 723,714</u>	<u>\$ 864,188</u>
Contributions in relation to the contractually required contribution	<u>(740,209)</u>	<u>(733,681)</u>	<u>(755,496)</u>	<u>(760,502)</u>	<u>(673,144)</u>	<u>(723,714)</u>	<u>(864,188)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 5,613,740</u>	<u>\$ 5,229,377</u>	<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>13.19%</u>	<u>14.03%</u>	<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".
- (2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
- (3) 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.
- (4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.
- (5) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.
- (6) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains , partially offset by a decrease in the discount rate from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

See independent auditors' report.

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

General Fund  
Comparative Balance Sheet  
June 30,

	2021	2020
<b>ASSETS</b>		
Cash and equivalents	\$ 21,839,739	\$ 19,287,723
Receivables		
Accounts	-	30
State and Federal aid	1,068,724	1,105,841
Due from other governments	1,091,303	768,954
Due from other funds	776,002	625,827
	2,936,029	2,500,652
Prepaid expenditures	1,818,776	1,730,027
Total Assets	\$ 26,594,544	\$ 23,518,402
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,076,273	\$ 1,391,464
Accrued liabilities	470,916	60,640
Deposits payable	17,050	16,050
Due to other governments	172,809	-
Due to other funds	178,182	-
Due to retirement systems	3,850,498	3,531,773
Total Liabilities	5,765,728	4,999,927
Deferred inflows of resources		
Deferred revenues	113,370	299,119
Total Liabilities and Deferred Inflows of Resources	5,879,098	5,299,046
Fund balance		
Nonspendable	1,818,776	1,730,027
Restricted	13,810,335	11,348,805
Assigned	1,875,126	2,072,534
Unassigned	3,211,209	3,067,990
Total Fund Balance	20,715,446	18,219,356
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 26,594,544	\$ 23,518,402

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,

	2021				
	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 63,266,103	\$ 63,266,103	\$ 63,266,103	\$	\$ -
Other tax items	2,382,079	2,382,079	2,382,078		(1)
Non-property taxes	750,000	750,000	1,062,585		312,585
Charges for services	1,289,588	1,289,588	1,237,123		(52,465)
Use of money and property	70,610	70,610	19,539		(51,071)
Sale of property and compensation for loss	-	-	1,638		1,638
State aid	7,010,752	7,010,752	7,419,057		408,305
Federal aid	84,928	84,928	85,744		816
Miscellaneous	246,235	246,235	335,532		89,297
Total Revenues	75,100,295	75,100,295	75,809,399		709,104
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	87,284	88,084	77,968	-	10,116
Central administration	482,745	527,941	517,518	-	10,423
Finance	822,369	854,221	841,737	-	12,484
Staff	495,030	434,358	416,642	637	17,079
Central services	6,748,011	7,039,111	5,559,831	365,754	1,113,526
Special items	779,373	840,546	806,274	-	34,272
Total General Support	9,414,812	9,784,261	8,219,970	366,391	1,197,900
Instruction					
Instruction, administration and improvement	2,926,971	3,140,042	3,055,268	15,333	69,441
Teaching - Regular school	28,761,346	29,365,970	27,922,421	870,011	573,538
Programs for students with disabilities	7,307,073	7,040,684	6,764,680	515	275,489
Instructional media	1,268,432	1,592,987	1,242,849	156,555	193,583
Pupil services	4,982,278	5,070,391	4,721,547	846	347,998
Total Instruction	45,246,100	46,210,074	43,706,765	1,043,260	1,460,049
Pupil transportation	1,330,679	1,080,779	935,946	-	144,833
Community services	127,492	127,492	52,199	15,475	59,818
Employee benefits	17,973,244	16,758,694	16,320,792	-	437,902
Debt Service					
Interest	-	379,268	379,268	-	-
Total Expenditures	74,092,327	74,340,568	69,614,940	1,425,126	3,300,502
Excess of Revenues Over Expenditures	1,007,968	759,727	6,194,459	(1,425,126)	4,009,606
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	344,705	344,705	-	-	(344,705)
Transfers out	(4,025,207)	(3,802,939)	(3,698,369)	-	104,570
Total Other Financing Uses	(3,680,502)	(3,458,234)	(3,698,369)	-	(240,135)
Net Change in Fund Balance	(2,672,534)	(2,698,507)	2,496,090	\$ (1,425,126)	\$ 3,769,471
<b>FUND BALANCE</b>					
Beginning of Year	2,672,534	2,698,507	18,219,356		
End of Year	\$ -	\$ -	\$ 20,715,446		

See independent auditors' report.

2020				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
\$ 60,854,326	\$ 60,854,326	\$ 60,854,326	\$	\$ -
2,791,980	2,791,980	2,791,980		-
715,000	715,000	941,498		226,498
1,215,854	1,215,854	1,285,068		69,214
112,500	112,500	87,564		(24,936)
-	-	819		819
7,585,216	7,585,216	7,542,766		(42,450)
-	-	1,242		1,242
330,124	330,124	403,862		73,738
73,605,000	73,605,000	73,909,125		304,125
86,122	116,122	102,877	-	13,245
463,954	492,790	491,660	-	1,130
776,095	817,636	815,523	491	1,622
489,622	497,923	469,526	850	27,547
5,953,588	5,957,945	4,164,768	1,107,002	686,175
739,734	766,352	764,709	-	1,643
8,509,115	8,648,768	6,809,063	1,108,343	731,362
2,814,321	2,878,588	2,721,898	49,288	107,402
28,392,251	28,705,429	27,753,716	186,304	765,409
7,499,843	7,596,181	7,238,834	12,338	345,009
1,246,004	1,227,604	1,128,486	22,507	76,611
4,849,372	4,872,938	4,610,353	16,279	246,306
44,801,791	45,280,740	43,453,287	286,716	1,540,737
1,293,642	1,293,642	977,063	-	316,579
153,799	153,799	55,704	22,475	75,620
16,919,745	16,301,661	15,969,482	-	332,179
-	-	-	-	-
71,678,092	71,678,610	67,264,599	1,417,534	2,996,477
1,926,908	1,926,390	6,644,526	(1,417,534)	3,300,602
-	-	-	-	-
(3,577,403)	(3,580,403)	(3,580,063)	-	340
(3,577,403)	(3,580,403)	(3,580,063)	-	340
(1,650,495)	(1,654,013)	3,064,463	\$ (1,417,534)	\$ 3,300,942
1,650,495	1,654,013	15,154,893		
\$ -	\$ -	\$ 18,219,356		

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

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REAL PROPERTY TAXES</b>	<u>\$ 63,266,103</u>	<u>\$ 63,266,103</u>	<u>\$ 63,266,103</u>	<u>\$ -</u>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	<u>2,382,079</u>	<u>2,382,079</u>	<u>2,382,078</u>	<u>(1)</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>750,000</u>	<u>750,000</u>	<u>1,062,585</u>	<u>312,585</u>
<b>CHARGES FOR SERVICES</b>				
Day school tuition	1,115,088	1,115,088	1,151,496	36,408
Youth services for other districts	52,500	52,500	30,899	(21,601)
Health services for other districts	<u>122,000</u>	<u>122,000</u>	<u>54,728</u>	<u>(67,272)</u>
	<u>1,289,588</u>	<u>1,289,588</u>	<u>1,237,123</u>	<u>(52,465)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	30,000	30,000	9,275	(20,725)
Rental of real property	<u>40,610</u>	<u>40,610</u>	<u>10,264</u>	<u>(30,346)</u>
	<u>70,610</u>	<u>70,610</u>	<u>19,539</u>	<u>(51,071)</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Minor sales	<u>-</u>	<u>-</u>	<u>1,638</u>	<u>1,638</u>

**STATE AID**

Basic formula	3,549,870	3,549,870	3,711,547	161,677
Lottery aid	1,547,567	1,547,567	1,547,567	-
Textbook aid	172,129	172,129	172,129	-
Computer software aid	71,772	71,772	71,772	-
BOCES aid	1,630,364	1,630,364	1,870,828	240,464
Library loan program	19,050	19,050	19,050	-
Other	20,000	20,000	26,164	6,164
	<u>7,010,752</u>	<u>7,010,752</u>	<u>7,419,057</u>	<u>408,305</u>

**FEDERAL AID**

Elementary and Secondary School Emergency Relief Fund	73,795	73,795	65,691	(8,104)
Governors Emergency Education Relief Fund	11,133	11,133	11,133	-
Federal emergency disaster relief	-	-	8,920	8,920
	<u>84,928</u>	<u>84,928</u>	<u>85,744</u>	<u>816</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	51,235	51,235	60,230	8,995
Arts in education	90,000	90,000	123,058	33,058
Refund of BOCES aided services	80,000	80,000	129,090	49,090
Other	25,000	25,000	23,154	(1,846)
	<u>246,235</u>	<u>246,235</u>	<u>335,532</u>	<u>89,297</u>
<b>TOTAL REVENUES</b>	<u>75,100,295</u>	<u>75,100,295</u>	<u>75,809,399</u>	<u>709,104</u>

**OTHER FINANCING SOURCES**

Transfers in Debt Service Fund	344,705	344,705	-	(344,705)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 75,445,000</u>	<u>\$ 75,445,000</u>	<u>\$ 75,809,399</u>	<u>\$ 364,399</u>

See independent auditors' report.

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

## General Fund

## Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with Final Budget</u>
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 54,784	\$ 54,784	\$ 45,692	\$ -	\$ 9,092
District clerk	12,000	12,000	11,538	-	462
District meetings	20,500	21,300	20,738	-	562
	<u>87,284</u>	<u>88,084</u>	<u>77,968</u>	<u>-</u>	<u>10,116</u>
Total Board of Education					
<b>CENTRAL ADMINISTRATION</b>					
Chief school administration	482,745	527,941	517,518	-	10,423
	<u>482,745</u>	<u>527,941</u>	<u>517,518</u>	<u>-</u>	<u>10,423</u>
<b>FINANCE</b>					
Business administration	744,369	781,221	773,035	-	8,186
Auditing	78,000	73,000	68,702	-	4,298
	<u>822,369</u>	<u>854,221</u>	<u>841,737</u>	<u>-</u>	<u>12,484</u>
Total Finance					
<b>STAFF</b>					
Legal	165,000	122,900	108,670	-	14,230
Personnel	245,126	221,504	218,033	637	2,834
Public information and service	84,904	89,954	89,939	-	15
	<u>495,030</u>	<u>434,358</u>	<u>416,642</u>	<u>637</u>	<u>17,079</u>
Total Staff					
<b>CENTRAL SERVICES</b>					
Operation and maintenance of plant	6,748,011	7,039,111	5,559,831	365,754	1,113,526
	<u>6,748,011</u>	<u>7,039,111</u>	<u>5,559,831</u>	<u>365,754</u>	<u>1,113,526</u>

**SPECIAL ITEMS**

Unallocated insurance	335,000	340,000	336,928	-	3,072
School association dues	20,000	20,000	18,432	-	1,568
Assessments on school property	61,000	91,200	62,568	-	28,632
Refunds of real property taxes	1,000	26,973	25,973	-	1,000
Administrative charge - BOCES	362,373	362,373	362,373	-	-
	<u>779,373</u>	<u>840,546</u>	<u>806,274</u>	<u>-</u>	<u>34,272</u>
Total Special Items					
	<u>779,373</u>	<u>840,546</u>	<u>806,274</u>	<u>-</u>	<u>34,272</u>
Total General Support	9,414,812	9,784,261	8,219,970	366,391	1,197,900
	<u>9,414,812</u>	<u>9,784,261</u>	<u>8,219,970</u>	<u>366,391</u>	<u>1,197,900</u>

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

Curriculum development and supervision	164,367	249,367	248,086	403	878
Supervision - Regular school	2,411,264	2,489,335	2,428,691	100	60,544
Research, planning and evaluation	46,701	60,201	54,201	1,317	4,683
In-service training - Instruction	304,639	341,139	324,290	13,513	3,336
	<u>2,926,971</u>	<u>3,140,042</u>	<u>3,055,268</u>	<u>15,333</u>	<u>69,441</u>
Total Instruction, Administration and Improvement					
	<u>2,926,971</u>	<u>3,140,042</u>	<u>3,055,268</u>	<u>15,333</u>	<u>69,441</u>

**TEACHING - REGULAR SCHOOL**

	<u>28,761,346</u>	<u>29,365,970</u>	<u>27,922,421</u>	<u>870,011</u>	<u>573,538</u>
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**PROGRAMS FOR STUDENTS WITH  
DISABILITIES**

	<u>7,307,073</u>	<u>7,040,684</u>	<u>6,764,680</u>	<u>515</u>	<u>275,489</u>
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**INSTRUCTIONAL MEDIA**

Computer assisted instruction	573,844	895,944	591,022	156,555	148,367
School library and audiovisual	694,588	697,043	651,827	-	45,216
	<u>1,268,432</u>	<u>1,592,987</u>	<u>1,242,849</u>	<u>156,555</u>	<u>193,583</u>
Total Instructional Media					
	<u>1,268,432</u>	<u>1,592,987</u>	<u>1,242,849</u>	<u>156,555</u>	<u>193,583</u>

(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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with Final Budget</u>
<b>PUPIL SERVICES</b>					
Attendance - Regular school	\$ 598,872	\$ 712,672	\$ 619,044	\$ -	\$ 93,628
Guidance - Regular school	1,578,742	1,596,092	1,574,923	-	21,169
Health services - Regular school	620,499	620,502	548,166	-	72,336
Psychological services - Regular school	920,141	936,641	936,324	-	317
Social work services - Regular school	99,346	99,346	99,344	-	2
Co-curricular activities - Regular school	214,464	214,464	190,150	-	24,314
Interscholastic activities - Regular school	950,214	890,674	753,596	846	136,232
Total Pupil Services	<u>4,982,278</u>	<u>5,070,391</u>	<u>4,721,547</u>	<u>846</u>	<u>347,998</u>
Total Instruction	<u>45,246,100</u>	<u>46,210,074</u>	<u>43,706,765</u>	<u>1,043,260</u>	<u>1,460,049</u>
<b>PUPIL TRANSPORTATION</b>					
Pupil transportation	<u>1,330,679</u>	<u>1,080,779</u>	<u>935,946</u>	<u>-</u>	<u>144,833</u>
<b>COMMUNITY SERVICES</b>					
Recreation and other community services	<u>127,492</u>	<u>127,492</u>	<u>52,199</u>	<u>15,475</u>	<u>59,818</u>

**EMPLOYEE BENEFITS**

State retirement	818,380	788,380	779,553	-	8,827
Teachers' retirement	3,504,399	3,504,399	3,404,665	-	99,734
Social security	3,219,253	3,219,253	3,109,567	-	109,686
Workers' compensation benefits	264,059	264,059	264,059	-	-
Unemployment benefits	20,000	120,000	79,715	-	40,285
Health insurance	9,410,900	8,096,350	7,958,450	-	137,900
Employee benefit fund	616,253	616,253	576,775	-	39,478
Other unallocated benefits	120,000	150,000	148,008	-	1,992
	<u>17,973,244</u>	<u>16,758,694</u>	<u>16,320,792</u>	<u>-</u>	<u>437,902</u>
Total Employee Benefits					

**DEBT SERVICE**

Interest					
Bond anticipation notes	-	379,268	379,268	-	-
	<u>-</u>	<u>379,268</u>	<u>379,268</u>	<u>-</u>	<u>-</u>

**TOTAL EXPENDITURES**

	<u>74,092,327</u>	<u>74,340,568</u>	<u>69,614,940</u>	<u>1,425,126</u>	<u>3,300,502</u>
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**OTHER FINANCING USES**

Transfers out					
Special Aid Fund	35,000	35,000	10,787	-	24,213
Capital Projects Fund	-	154,070	154,070	-	-
Debt Service Fund	3,990,207	3,613,869	3,533,512	-	80,357
	<u>3,990,207</u>	<u>3,613,869</u>	<u>3,533,512</u>	<u>-</u>	<u>80,357</u>

**TOTAL OTHER FINANCING USES**

	<u>4,025,207</u>	<u>3,802,939</u>	<u>3,698,369</u>	<u>-</u>	<u>104,570</u>
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**TOTAL EXPENDITURES AND  
OTHER FINANCING USES**

	<u>\$ 78,117,534</u>	<u>\$ 78,143,507</u>	<u>\$ 73,313,309</u>	<u>\$ 1,425,126</u>	<u>\$ 3,405,072</u>
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**Pelham Union Free School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 92,106</u>	<u>\$ 37,418</u>
Receivables		
State and Federal aid	585,600	592,353
Due from other funds	<u>2,000</u>	<u>-</u>
	<u>587,600</u>	<u>592,353</u>
 Total Assets	 <u><u>\$ 679,706</u></u>	 <u><u>\$ 629,771</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 72,824	\$ 4,050
Due to other governments	2,595	-
Due to other funds	<u>604,287</u>	<u>625,721</u>
 Total Liabilities	 <u><u>\$ 679,706</u></u>	 <u><u>\$ 629,771</u></u>

See independent auditors' report.

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

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

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
State aid	\$ 43,147	\$ 130,639
Federal aid	<u>723,865</u>	<u>681,789</u>
Total Revenues	<u>767,012</u>	<u>812,428</u>
<b>EXPENDITURES</b>		
Current		
Instruction	777,799	802,515
Pupil transportation	<u>-</u>	<u>42,573</u>
Total Expenditures	<u>777,799</u>	<u>845,088</u>
Deficiency of Revenues Over Expenditures	(10,787)	(32,660)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>10,787</u>	<u>32,660</u>
Net Change in Fund Balance	-	-
<b>FUND BALANCE</b>		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

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

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	2021	2020
<b>ASSETS</b>		
Cash and equivalents	\$ 21,204,715	\$ 9,404,096
Due from other funds	144,144	-
Total Assets	<u>\$ 21,348,859</u>	<u>\$ 9,404,096</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 35,001	\$ -
Due to other funds	570	538
Bond anticipation notes payable	-	20,000,000
Total Liabilities	<u>35,571</u>	<u>20,000,538</u>
Fund balance (deficit)		
Restricted	21,313,288	-
Unassigned	-	(10,596,442)
Total Fund Balance (Deficit)	<u>21,313,288</u>	<u>(10,596,442)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 21,348,859</u>	<u>\$ 9,404,096</u>

See independent auditors' report.

**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>2021</u>	<u>2020</u>
<b>REVENUES</b>		
State aid	\$ 153,673	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>25,768,835</u>	<u>9,656,439</u>
Deficiency of Revenues Over Expenditures	<u>(25,615,162)</u>	<u>(9,656,439)</u>
<b>OTHER FINANCING SOURCES</b>		
General obligation bonds issued	54,025,000	-
Issuance premium	3,345,822	-
Transfers in	<u>154,070</u>	<u>-</u>
Total Other Financing Sources	<u>57,524,892</u>	<u>-</u>
Net Change in Fund Balance	31,909,730	(9,656,439)
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>(10,596,442)</u>	<u>(940,003)</u>
End of Year	<u>\$ 21,313,288</u>	<u>\$ (10,596,442)</u>

See independent auditors' report.

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

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2021

Project	Project Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
High School Reconstruction and Fields	\$ 11,655,910	\$ 3,247,974	\$ 2,382,364	\$ 5,630,338
Hutchinson Elementary School Construction	42,456,391	7,508,119	22,435,918	29,944,037
Prospect Hill Elementary School Addition/Reconstruction	3,412,591	253,591	796,880	1,050,471
Reconstruction High School Masonry	500,000	86,758	-	86,758
Smart Schools Bond Act	<u>153,673</u>	<u>-</u>	<u>153,673</u>	<u>153,673</u>
Totals	<u>\$ 58,178,565</u>	<u>\$ 11,096,442</u>	<u>\$ 25,768,835</u>	<u>\$ 36,865,277</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing			Totals	Fund Balance at June 30, 2021
	Proceeds of Obligations	Interfund Transfers	State Aid		
\$ 6,025,572	\$ 9,761,249	\$ 30,814	\$ -	\$ 9,792,063	\$ 4,161,725
12,512,354	41,961,095	114,012	-	42,075,107	12,131,070
2,362,120	5,648,478	9,244	-	5,657,722	4,607,251
413,242	-	500,000	-	500,000	413,242
-			153,673	153,673	-
<u>\$ 21,313,288</u>	<u>\$ 57,370,822</u>	<u>\$ 654,070</u>	<u>\$ 153,673</u>	<u>\$ 58,178,565</u>	<u>\$ 21,313,288</u>

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

Debt Service Fund  
Comparative Balance Sheet  
June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,112,837	\$ 2,049,629
Due from other funds	<u>3,500</u>	<u>440</u>
 Total Assets	 <u><u>\$ 2,116,337</u></u>	 <u><u>\$ 2,050,069</u></u>
 <b>FUND BALANCE</b>		
Restricted	<u><u>\$ 2,116,337</u></u>	<u><u>\$ 2,050,069</u></u>

See independent auditors' report.

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

Debt Service Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended June 30,

	2021	2020
<b>REVENUES</b>		
Use of money and property	\$ 52,077	\$ 109,726
Miscellaneous	14,191	-
Total Revenues	66,268	109,726
<b>EXPENDITURES</b>		
Debt service		
Principal	2,625,000	2,550,000
Interest	908,512	997,403
Refunding bond issuance costs	61,757	-
Total Expenditures	3,595,269	3,547,403
Deficiency of Revenues Over Expenditures	(3,529,001)	(3,437,677)
<b>OTHER FINANCING SOURCES (USES)</b>		
Refunding bonds issued	2,435,000	-
Issuance premium	345,160	-
Payment to refunded bond escrow agent	(2,718,403)	-
Transfers in	3,533,512	3,547,403
Total Other Financing Sources	3,595,269	3,547,403
Net Change in Fund Balance	66,268	109,726
<b>FUND BALANCE</b>		
Beginning of Year	2,050,069	1,940,343
End of Year	<u>\$ 2,116,337</u>	<u>\$ 2,050,069</u>

See independent auditors' report.

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

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021  
(With Comparative Totals for 2020)

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	School Lunch	Special Purpose	Permanent
<b>ASSETS</b>			
Cash and equivalents	\$ 385,025	\$ 805,207	\$ 618,062
Receivables			
Accounts	5,147	-	-
State and Federal aid	40,558	-	-
	45,705	-	-
Inventories	2,227	-	-
Total Assets	\$ 432,957	\$ 805,207	\$ 618,062
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 30,982	\$ 282	\$ -
Accrued liabilities	1,966	-	-
Due to other governments	49	-	-
Unearned revenues	59,984	-	-
Due to other funds	-	142,607	-
Total Liabilities	92,981	142,889	-
Fund balances			
Nonspendable	2,227	-	592,839
Restricted	-	662,318	25,223
Assigned	337,749	-	-
Total Fund Balances	339,976	662,318	618,062
Total Liabilities and Fund Balances	\$ 432,957	\$ 805,207	\$ 618,062

See independent auditors' report.

Total Non-Major Governmental Funds	
2021	2020
\$ 1,808,294	\$ 1,982,864
5,147	6,348
40,558	2,878
45,705	9,226
2,227	2,637
\$ 1,856,226	\$ 1,994,727
\$ 31,264	\$ 82,746
1,966	-
49	21
59,984	75,432
142,607	8
235,870	158,207
595,066	595,476
687,541	875,726
337,749	365,318
1,620,356	1,836,520
\$ 1,856,226	\$ 1,994,727

**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, 2021  
(With Comparative Totals for 2020)

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	School Lunch	Special Purpose	Permanent
<b>REVENUES</b>			
Use of money and property	\$ 40	\$ 140	\$ 185
State aid	2,170	-	-
Federal aid	119,534	-	-
Food sales	85,214	-	-
Miscellaneous	-	467,684	-
Total Revenues	206,958	467,824	185
<b>EXPENDITURES</b>			
Current			
Cost of food sales	234,937	-	-
Other	-	656,194	-
Total Expenditures	234,937	656,194	-
Excess (Deficiency) of Revenues Over Expenditures	(27,979)	(188,370)	185
<b>FUND BALANCES</b>			
Beginning of Year, as reported	367,955	850,688	617,877
Cumulative Effect Change in Accounting Principle	-	-	-
Beginning of Year, as restated	367,955	850,688	617,877
End of Year	\$ 339,976	\$ 662,318	\$ 618,062

See independent auditors' report.

Total Non-Major Governmental Funds	
2021	2020
\$ 365	\$ 8,087
2,170	6,940
119,534	138,929
85,214	460,140
467,684	504,379
674,967	1,118,475
234,937	617,123
656,194	387,305
891,131	1,004,428
(216,164)	114,047
1,836,520	1,627,470
-	95,003
1,836,520	1,722,473
\$ 1,620,356	\$ 1,836,520

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

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 385,025</u>	<u>\$ 433,606</u>
Receivables		
Accounts	5,147	6,348
State and Federal aid	<u>40,558</u>	<u>2,878</u>
	<u>45,705</u>	<u>9,226</u>
Inventories	<u>2,227</u>	<u>2,637</u>
Total Assets	<u><u>\$ 432,957</u></u>	<u><u>\$ 445,469</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 30,982	\$ 2,061
Accrued liabilities	1,966	-
Due to other governments	49	21
Unearned revenues	<u>59,984</u>	<u>75,432</u>
Total Liabilities	<u>92,981</u>	<u>77,514</u>
Fund balance		
Nonspendable	2,227	2,637
Assigned	<u>337,749</u>	<u>365,318</u>
Total Fund Balance	<u>339,976</u>	<u>367,955</u>
Total Liabilities and Fund Balance	<u><u>\$ 432,957</u></u>	<u><u>\$ 445,469</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>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Use of money and property	\$ 40	\$ 370
State aid	2,170	6,940
Federal aid	119,534	138,929
Food sales	<u>85,214</u>	<u>460,140</u>
Total Revenues	206,958	606,379
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>234,937</u>	<u>617,123</u>
Deficiency of Revenues Over Expenditures	(27,979)	(10,744)
<b>FUND BALANCE</b>		
Beginning of Year	<u>367,955</u>	<u>378,699</u>
End of Year	<u><u>\$ 339,976</u></u>	<u><u>\$ 367,955</u></u>

See independent auditors' report.

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

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 805,207</u>	<u>\$ 931,381</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 282	\$ 80,685
Due to other funds	<u>142,607</u>	<u>8</u>
Total Liabilities	142,889	80,693
Fund balance		
Restricted	<u>662,318</u>	<u>850,688</u>
Total Liabilities and Fund Balance	<u>\$ 805,207</u>	<u>\$ 931,381</u>

See independent auditors' report.

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

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

	2021	2020
<b>REVENUES</b>		
Use of money and property	\$ 140	\$ 435
Miscellaneous	467,684	504,379
Total Revenues	467,824	504,814
<b>EXPENDITURES</b>		
Current		
Other	656,194	387,305
Excess (Deficiency) of Revenues Over Expenditures	(188,370)	117,509
<b>FUND BALANCE</b>		
Beginning of Year, as reported	850,688	638,176
Cumulative Effect of Change in Accounting Principle	-	95,003
Beginning of Year, as restated	850,688	733,179
End of Year	\$ 662,318	\$ 850,688

See independent auditors' report.

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

Permanent Fund  
Comparative Balance Sheet  
June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 618,062</u>	<u>\$ 617,877</u>
<b>FUND BALANCE</b>		
Fund balance		
Nonspendable	\$ 592,839	\$ 592,839
Restricted	<u>25,223</u>	<u>25,038</u>
 Total Fund Balance	 <u>\$ 618,062</u>	 <u>\$ 617,877</u>

See independent auditors' report.

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

Permanent Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended June 30,

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Use of money and property	\$ 185	\$ 7,282
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	185	7,282
<b>FUND BALANCE</b>		
Beginning of Year	<u>617,877</u>	<u>610,595</u>
End of Year	<u><u>\$ 618,062</u></u>	<u><u>\$ 617,877</u></u>

See independent auditors' report.

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

General Fund  
Analysis of Change from Adopted Budget to Final Budget  
Year Ended June 30, 2021

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Adopted Budget		\$ 76,700,000
Additions		
Encumbrances		<u>1,417,534</u>
Original Budget		78,117,534
Budget Amendments		<u>25,973</u>
Final Budget		<u><u>\$ 78,143,507</u></u>

General Fund  
Section 1318 of Real Property Tax Law Limit Calculation  
Year Ended June 30, 2021

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2021-22 Expenditure Budget		<u>\$ 80,280,000</u>
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General Fund Fund Balance Subject to Section 1318 of  
Real Property Tax Law

Unrestricted fund balance	
Assigned fund balance	\$ 1,875,126
Unassigned fund balance	<u>3,211,209</u>
Total Unrestricted Fund Balance	<u>5,086,335</u>

Less	
Appropriated for subsequent year's budget	450,000
Encumbrances	<u>1,425,126</u>
Total Adjustments	<u>1,875,126</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,211,209</u></u>
-------------------------------------------------------------------------------	----------------------------

Actual Percentage	<u><u>4.00%</u></u>
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See independent auditors' report.

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

Schedule of Net Investment  
in Capital Assets  
Year Ended June 30, 2021

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Capital Assets, net		\$ 75,083,516
Less		
General obligation bonds payable	\$ (80,030,000)	
Unamortized portion of premium on bonds	<u>(5,323,148)</u>	(85,353,148)
Plus		
Unexpended debt proceeds	20,745,976	
Unamortized portion of loss on refunding bonds	<u>729,887</u>	<u>21,475,863</u>
Net Investment in Capital Assets		<u><u>\$ 11,206,231</u></u>

See independent auditors' report.

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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, 2021 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 2, 2021.

**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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 2, 2021

**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, 2021. 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, the 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, 2021.

## **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 2, 2021

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

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal 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	\$ -	\$ 4,619
National School Lunch Program - Cash	10.555	N/A	-	114,915
Total U.S. Department of Agriculture			-	119,534
<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	021-20-3780	-	46,167
Title I Grants to Local Educational Agencies	84.010	021-21-3780	-	13,000
			-	59,167
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	032-21-1089	-	593,313
Special Education - Preschool Grants	84.173	033-21-1089	-	24,772
Subtotal Special Education Cluster			-	618,085
Supporting Effective Instruction State Grants	84.367	147-20-3780	-	6,419
Supporting Effective Instruction State Grants	84.367	147-21-3780	-	29,750
			-	36,169
Student Support and Academic Enrichment Program	84.424	020-42-03780	-	444
Student Support and Academic Enrichment Program	84.424	020-42-13780	-	10,000
			-	10,444
Governor's Emergency Education Relief (GEER) Fund (CARES)	84.425C	589-52-13780	-	12,128
Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)	84.425D	589-02-13780	-	71,563
			-	83,691
Total U.S. Department of Education			-	807,556
<u>U.S. Department of Homeland Security</u>				
Indirect Programs - Passed through New York State Department of Education				
Disaster Grants - Public Assistance - Presidentially led Declared Disasters	97.036	N/A	-	8,920
Total U.S. Department of Homeland Security			-	8,920
Total Expenditures of Federal Awards			\$ -	\$ 936,010

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, 2021

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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, 2021. 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

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

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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:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.027

84.173

Special Education Cluster (IDEA):

Special Education – Grants to States

Special Education – Preschool Grants

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 (Concluded)  
Year Ended June 30, 2021

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**Section II - Financial Statement Findings**

None

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

None

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

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021

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None