

Chappaqua Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2020

Chappaqua Central School District, New York

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Independent Auditors' Report

**The Board of Education of the
Chappaqua Central 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 Chappaqua Central School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, 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

As discussed in Note 4B in the notes to the financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as result of the spread of COVID-19 ("Coronavirus"). 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, 2020 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 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, 2020 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, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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, 2019 (not presented herein), and issued our report thereon dated September 17, 2019, 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, 2019 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 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 30, 2020

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Chappaqua Central School District, New York

Management's Discussion and Analysis ("MD&A") June 30, 2020

Introduction

This discussion and analysis of the Chappaqua Central School District's ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. It should be read in conjunction with the financial statements which immediately follow this section.

During the 2019-20 school year, the greatest impact to the District as a whole and to the financial status of the District was COVID-19. The School District along with all public school districts in New York State was shut down from March 16 through the end of the school year. Instruction was changed from in-person to remote. For the most part, staff worked remotely from home. On the revenue side, Sale Tax, Continuing Education Tuition, Interest & Earnings, Rental Income, Unclassified Revenue, and State Aid were all impacted negatively. On the expenditure site, ordinary expenses were reduced, e.g., Transportation, Utility, General Supplies, Equipment, Substitutes, Stipends for Interscholastic and Co-Curricular. On the other hand, in anticipation of school re-opening, the District spent funds to prepare for remote and/or hybrid instruction, provided additional professional development for staff for remote instruction and work, upgraded and serviced all HVAC equipment districtwide, and purchased necessary personal protective equipment (PPE) and additional cleaning supplies. Additional financial impacts of COVID-19 are discussed throughout this report.

Financial Highlights

Key financial highlights for fiscal year 2019-20 are as follows:

- New York State Law limits the amount of unassigned (formerly known as unreserved) fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year the unassigned fund balance of the General Fund is \$5,636,662. The unassigned fund balance of the General Fund is 4.40% of the 2020-21 budget which is over the 4% statutory limit. This amount is available for spending at the discretion of the District. At the May Audit Committee meeting, it was decided that the District will maintain its unassigned fund balance in that category rather than assign it to a reserve fund. This will provide flexibility to the district to address the possible shortfall in revenues and any unanticipated expenses during the 2020-21 school year.
- The District's overall fund balance decreased from \$32,603,159 to \$27,418,939, a decrease of \$5,184,220 of which the Capital Projects Fund saw a decrease of \$5,749,870. This is expected during a capital project process because these funds have been paid out to complete the capital projects that the District is undertaking. There remains \$4,422,850 in the restricted reserve for capital projects at the end of June 30, 2020. We are hopeful that District will be able to complete the capital project during the 2020-21 school year, and therefore these funds will be used up.
- The District's General Fund balance increased by \$745,572 from \$22,166,279 to \$22,911,851. The unassigned fund balance accounts for \$655,596 of the increase.

- On the district-wide financial statements, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District (net position) at the close of the fiscal year by \$78,126,972 which was similar to last year's. The negative net position was due to the major changes for GASB Statement No. 75 vs. GASB Statement No. 45 for reporting the Other Post Employment Benefits ("OPEB") liability. Under GASB Statement No. 45, the District reported the net OPEB Obligation. Now, under GASB Statement No. 75, the District must report the entire unfunded accrued liability. The financial condition of the district is similar to prior years with no major changes. This liability is for reporting and disclosure purposes rather than for funding purpose.

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 the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

- The District-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.
 - The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
 - 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 instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.

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

Fund Financial Statements

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

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The District maintains five individual governmental funds; General Fund, Special Aid Fund, Capital Projects Fund, School Lunch Fund and Special Purpose Fund. For this reporting purpose, the School Lunch Fund and Special Purpose Fund are combined into "Non-Major Governmental Funds". 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 major funds of the District's General, Special Aid and Capital Projects funds.
- The District adopts an annual budget for its General Fund. Budgets are developed for the Special Aid Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the respective budget.
- Fiduciary Funds are used to account for assets held by the District in an agency capacity: assets held by the District on behalf of others. Fiduciary funds are not reflected in the District-wide financial statements 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 the 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 the financial statements can be found following the basic financial statements section of this report.

The Chappaqua Central School District completed its valuation of costs for other post employment benefit obligations in accordance with Government Accounting Standards Board ("GASB") Statements No. 75 for the fiscal year July 1, 2019 to June 30, 2020 based on the input of qualified actuaries. The opinion formed by such actuaries and the underlying actuarial methods, considerations, and analyses conform to the appropriate Standards of Practice and Guidelines of the Actuarial Standards Board. We believe that the assumptions used for the valuation and the reporting of results are consistent with assumptions, benefits and provisions for similar school districts in the county of Westchester, the state of New York and nationally. The actuarial report also includes results under various scenarios based on different assumptions for key factors such as healthcare cost inflation, future retirees contribution rates and discount rates, which by their nature are estimates and subject to change. A change in one or more of these factors could have a significant effect on the valuation of the unfunded accrued liability and the difference could be material. More detailed information about the District's "Other Post Employment Benefit Obligations"

is presented in the notes to the financial statements (Note 3D - Long-Term Liabilities – Other Post Employment Benefit Obligations).

For the full GASB Statement No. 75 report, please visit the District website at:

https://www.ccsd.ws/uploaded/CCSD/Departments/Business_Office/Financial_Legal/GASB_75_Year_Ending_June_30_2020.pdf

District-Wide Financial Analysis

Net position may serve over time as a useful indicator of the District's financial position. For illustrative purposes, the District's actuary consultant prepared a detailed report regarding this matter illustrated the comparison and cited the primary drivers of the liability increase from year to year.

Net Position

	June 30,	
	2020	2019
ASSETS		
Current Assets	\$ 46,452,722	\$ 47,924,395
Capital Assets, net	145,550,173	141,320,890
Total Assets	192,002,895	189,245,285
DEFERRED OUTFLOWS OF RESOURCES	60,205,450	33,825,373
LIABILITIES		
Current Liabilities	11,319,911	10,185,031
Long-term Liabilities	307,642,347	270,098,182
Total Liabilities	318,962,258	280,283,213
DEFERRED INFLOWS OF RESOURCES	11,373,059	12,538,452
NET POSITION		
Net Investment in Capital Assets	78,144,751	74,859,530
Restricted		
Capital Projects	904,027	460,939
Future Capital Projects	1,569,797	1,568,229
Tax Certiorari	2,825,490	2,822,668
Tax Reduction	4,701	4,696
Property Loss	59,334	59,275
Insurance	211,435	211,224
Liability Claims	219,786	219,566
Repairs	138,564	138,426
Retirement Contributions	1,469,697	1,568,229
Debt Service	890,025	752,970
Special Purpose	53,870	55,590
Unrestricted	(164,618,449)	(152,472,349)
Total Net Position	\$ (78,126,972)	\$ (69,751,007)

By far, the largest component of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The 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. For the 2019-20 school year, the District budgeted \$4,550,000 in its General Fund to pay off the scheduled capital debt principal and to pay for interest payments.

In 2016, voters approved a \$42.5 million bond proposition for capital projects. The District has borrowed the full amount of this bond and has begun all of the proposed projects and the district's assets and liabilities fully reflect these changes. Since all projects have been completed except for the High School and the Public Library projects that are still in progress, the district is holding the remaining borrowed funds for capital projects that are underway. The District's Capital Assets increased from \$141,320,890 to \$145,550,173 because the district is able to capitalize some of the capital projects that are completed or underway. The District anticipates to complete all the capital projects during the 2020-21 school year.

The Long-term Liabilities increased from \$270,098,182 to \$307,642,347, an increase of \$37,544,165. This is not due to additional borrowing by the District but is primarily due to a change in the discount rate used by our actuaries to calculate our OPEB liability, which increased by \$43,068,037. The discount rate, which is based on an average of three 20 year bond indices, was decreased from 3.5% to 2.6% and is more in line with reality. Another contributing factor was an increase in our pension liability of \$4,974,823, but this increase was offset by the decrease in bonds payable.

Those assets subject to external restrictions constitute \$8,346,726 of net position, which includes Restriction for Future Capital Projects of \$1,565,197, Retirement Contributions of \$1,469,697, and Tax Certiorari of \$2,825,490 (the three largest items). Again, the District's net position remains relatively unchanged.

Changes in Net Position

	June 30,	
	2020	2019
REVENUES		
Program Revenues		
Charges for Services	\$ 1,857,274	\$ 2,802,227
Operating Grants and Contributions	1,980,026	2,309,288
Capital Grants and Contributions	688,172	3,612
Total Program Revenues	4,525,472	5,115,127
General Revenues		
Real Property Taxes	106,624,781	104,110,848
Other Tax Items (STAR)	3,403,781	4,895,369
Non-Property Taxes	1,224,797	941,439
Unrestricted Use of Money and Property	576,658	1,086,414
Unrestricted State Aid	9,082,638	8,726,569
Miscellaneous	575,039	1,018,059
Total General Revenues	121,487,694	120,778,698
Total Revenues	126,013,166	125,893,825
EXPENSES		
General Support	17,750,460	16,814,130
Instruction	108,500,263	98,490,706
Pupil Transportation	5,048,726	6,498,428
Community Services	22,747	21,978
Cost of Food Sales	1,289,851	1,978,758
Other	2,730	8,522
Interest	1,774,354	2,361,502
Total Expenses	134,389,131	126,174,024
Change in Net Position	(8,375,965)	(280,199)
Net Position - Beginning	(69,751,007)	(69,470,808)
Ending	<u>\$ (78,126,972)</u>	<u>\$ (69,751,007)</u>

The District's net position decreased by \$8,375,965, from a negative \$69,751,007 to a negative \$78,126,972. The District maintains a similar financial condition to the previous year. As presented in the following graphs, the District relies upon real property taxes and other tax items (STAR) as its primary revenue sources (87.77%, a slight increase from prior year's 86.59%).

The major changes from 2018-19 to 2019-20 are as follows:

Revenues:

The District's total program revenues saw a decrease of \$589,655, general revenues increased by \$708,996, and the total revenues increased slightly by \$119,341. The primary elements of these changes were:

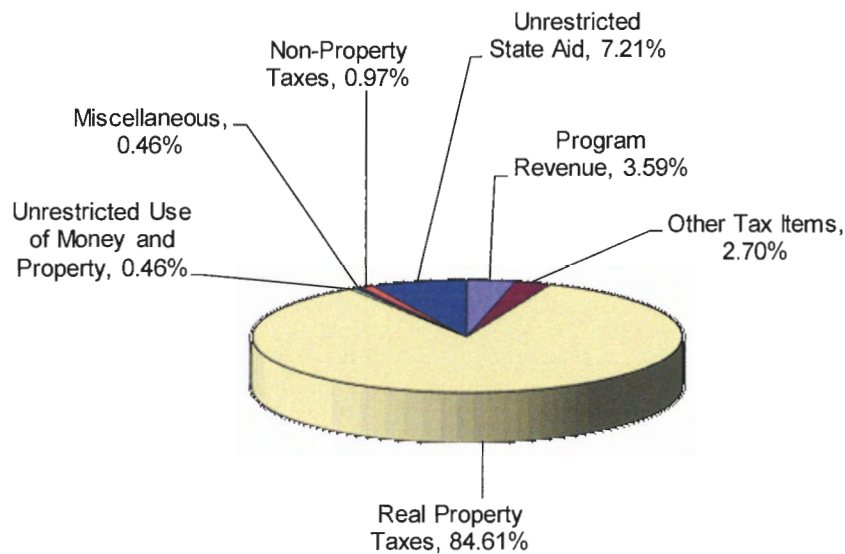
- For the Program Revenues category, Charges for Services decreased by \$944,953, Operating Grants and Contributions decreased by \$329,262 and Capital Grants and Contributions increased by \$684,560. These reflect yearly fluctuation of the District operations.
- Real Property Taxes (excluding STAR) increased by \$2,513,933.
- Other Tax Items (STAR) saw a decrease of \$1,491,588. This decrease is the result of two changes to the STAR program: all new buyers who qualify for the STAR program will no longer able to have STAR deducted from their taxes but rather must file with the State for rebates. Also, those taxpayers whose taxable income is over \$250,000 but less than \$500,000 must also file for rebates.
- Unrestricted Use of Money and Property saw a decrease of \$509,756, mainly due to the drop of interest rate for investments.

Expenses:

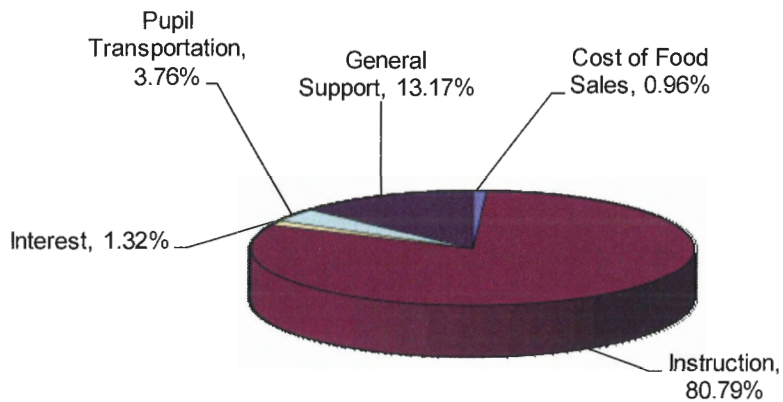
The District's expenses increased by \$8,155,772. The highlights were:

- General Support saw an increase of \$876,995. This increase was due to the allocation of employee benefits from the fund level.
- Instruction saw the largest increase in the amount of \$10,009,557 which was due to the allocation of the OPEB expense which experienced a very large increase and the TRS GASB 68 adjustment.
- Pupil Transportation saw a decrease of \$1,449,702 which was due to the COVID-19 closure of school for in-person instruction. For three and a half months, District did not run buses and therefore saved the contractual amounts and the fuel costs during this period. However, the District did reach an agreement with Chappaqua Transportation Corp. to fulfill its partial obligation during the closed three and a half months.
- Cost of Food Sale also saw a decrease of \$688,907. Again, this was impacted by COVID-19. For three and a half months, we did not operate the food service for the general student population but provided free and reduced meals to those eligible students.
- Other expenditure items remain relatively stable.

Revenues for Fiscal Year 2019-20 Governmental Activities



Expenses for Fiscal Year 2019-20 Governmental Activities



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.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined fund balances of \$27,418,939, a decrease of \$5,184,220 from prior year's \$32,603,159. These two numbers are not comparable and therefore a fair comparison cannot be made. The District borrowed \$19.295 million in bonds for capital projects and at the end of June 2020 had retained \$4,422,850 in the Capital Projects Fund which became part of the overall fund balance for the prior fiscal year. During 2019-20, \$8,075,585 of the Capital Projects Fund has been used for the on-going projects.

The comparable comparison is the comparison of District's fund balance for the General Fund which increased by \$745,572, from \$22,166,279 to \$22,911,851 for the current fiscal year. As mentioned in the "Fiscal Highlights" section, this is due to the fact that the District has year-end fund balance from the operating budget and choose to retain them in the Unassigned Fund Balance rather than to allocate them to Restricted Fund Balance accounts. The Assigned Fund Balance for the subsequent year of \$3,542,865 came from the Unassigned Fund Balance. The District is anticipating to sell a piece of property in the future. When this property is sold, a portion of the proceeds will be used to balance the budget rather than totally relying on funds from the Unassigned Fund Balance.

For fiscal year 2019-20, General Fund revenues exceeded the final budget by \$381,934. The largest variance was a positive variance of \$329,797 in Non-property Taxes (sale tax from the County). If District had remained open for the remainder of the school year, rather than closed down after March 13, the General Fund revenues would have had an increase in the areas of rental income and Continuing Education.

General Fund expenditures and other financing uses for 2019-20 were \$5,343,272 less than the final budget, after the deduction of \$2,327,730 for encumbrances, primarily due to the pandemic related school closure. Positive variances (spent less than budgeted amount) were shown in the following areas: General Support: \$444,476, Instruction: \$2,680,529, Pupil Transportation: \$1,008,407, Employee Benefits: \$1,027,610, and Debt Service: \$182,250.

General Fund Budgetary Highlights

The original expenditure budget and the final amended budget showed an increase of \$23,760,582. The modifications were mainly made up from the payment to refund a bond in the amount of \$22,217,304. This is a one-time event which will not be repeated in future years. The remainder of the increase was basically for funds spent in maintenance to prepare for school re-opening.

Fund Balance Analysis

Fund Balance of the General Fund is made up of four categories and they are illustrated below:

<u>Fund Balance</u>	<u>June 30, 2020</u>
Non-spendable	\$ 1,402,153
Restricted	10,002,441
Assigned	5,870,595
Unassigned	<u>5,636,662</u>
Total	<u>\$ 22,911,851</u>

By far the largest category of fund balance is in "Restricted" and these funds were established and set aside for very specific purposes. The "Assigned" fund balance consists of two parts: \$2,327,730 (vs. last year's \$2,039,327) is for encumbrances (purchases on order) - commitments made by the District for goods or services, and \$3,542,865 (vs. last year's \$3,812,954) is assigned for subsequent year's expenditures. The remainder of \$5,636,662 is "Unassigned" fund balance and as we previously mentioned this is the amount that is available for spending at the discretion of the District. At the end of the day, fund balance is an indicator of the financial strength of a school district.

The actual amount of fund balance in each reserve category is presented in Note 3G - Fund Balances.

Capital Assets

At the end of June 30, 2020, the District had \$145,550,173 net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below:

Class	June 30,	
	2020	2019
Land	\$ 2,177,700	\$ 2,177,700
Construction in Progress	30,505,985	26,639,887
Buildings and Improvements	108,046,730	107,251,337
Machinery and Equipment	4,819,758	5,251,966
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 145,550,173</u>	<u>\$ 141,320,890</u>

The major changes in Capital Assets are an increase of \$3,866,098 in Construction in Progress and an increase of \$795,393 in Building and Improvement. These two increases are due to District's ongoing capital projects at all six schools. As the District continues to complete its capital projects for the 2016 capital bond, one will expect to see an increase in Buildings and Improvements until all of the capital projects are completed (currently the expected completion date is 2020-21). More detailed information about the District's capital assets is presented in the notes to the financial statements (Note 3B – Capital Assets).

Long-Term Liabilities

As of June 30, 2020, the District had \$63,103,370 in general obligation debt and other long-term liabilities outstanding, as follows:

	June 30,	
	2020	2019
General Obligations Bonds Payable Plus Unamortized Premium	\$ 63,103,370	\$ 67,651,959
Other Non-Current Liabilities -		
Net Pension Liability	6,877,759	1,902,936
Energy Performance Contract Debt	9,209,433	10,184,716
Compensated Absences	4,047,566	4,042,783
Other Post Employment Benefit Obligations	224,404,219	186,315,788
Total	<u>\$ 307,642,347</u>	<u>\$ 270,098,182</u>

Long-term liabilities are made up of five figures: general obligation bonds payable, energy performance contract debt, compensated absences, net pension liability and other post employment benefit obligations. Bonds payable plus unamortized interest on bonds saw a decrease of \$4,548,589. The District has completed its borrowing for the \$42.5 million serial bonds and has begun to pay down its debt. Therefore, one should see a continue decrease in general obligation bonds payable for future years.

During this school year, District took advantage of the low interest rates and refinanced again its bond from 2002 and this will be the last refinancing for this bond until maturity. The total savings for the life of this bond will be \$2,165,480 and for the 2019-20 school year, District realized a saving of \$182,249.

Other post employment benefit obligations saw a large increase in the amount of \$38,088,431 (the implementation of GASB Statement No. 75 happened during the 2017-18 fiscal year). This large increase was mainly due to realigning the discount rate to match the reality.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements (Note 3D - Long-Term Liabilities).

Summary

The Chappaqua Central School District is financially solid. Overall, the financial position of the District for year ended June 30, 2020 is fairly similar to the prior fiscal year and remains strong. The fact that the District's fund balance for the General Fund continues to increase is a positive indicator.

Requests for Information

This financial report is designed to provide a comprehensive general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Chappaqua Central School District
Attn: John L. Chow
Assistant Superintendent for Business
PO Box 21
Chappaqua, New York 10514
Tel: (914)238-7200 X 1006
E-mail: jochow@ccsd.ws

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Chappaqua Central School District, New YorkStatement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 32,878,861
Receivables	
Accounts	617,597
State and Federal aid	3,368,793
Prepaid expenses	1,402,153
Inventories	10,415
Net pension asset	8,174,903
Capital assets	
Not being depreciated	32,683,685
Being depreciated, net	112,866,488
 Total Assets	 <u>192,002,895</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>60,205,450</u>
LIABILITIES	
Accounts payable	1,918,032
Accrued liabilities	1,764,838
Due to retirement systems	5,402,934
Due to other governments	1,082,630
Unearned revenues	690,446
Accrued interest payable	461,031
Non-current liabilities	
Due within one year	5,903,357
Due in more than one year	301,738,990
 Total Liabilities	 <u>318,962,258</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,373,059</u>
NET POSITION	
Net investment in capital assets	78,144,751
Restricted	
Capital projects	904,027
Future capital projects	1,569,797
Tax certiorari	2,825,490
Tax reduction	4,701
Property loss	59,334
Insurance	211,435
Liability claims	219,786
Repairs	138,564
Retirement contributions	1,469,697
Debt service	890,025
Special purpose	53,870
Unrestricted	(164,618,449)
 Total Net Position	 <u><u>\$ (78,126,972)</u></u>

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

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Chappaqua Central School District, New York

Statement of Activities
Year Ended June 30, 2020

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	\$ 17,750,460	\$ 167,378	\$ 7,535	\$ -	\$ (17,575,547)
Instruction	108,500,263	449,972	1,847,346	685,715	(105,517,230)
Pupil transportation	5,048,726	-	-	-	(5,048,726)
Community services	22,747	-	-	-	(22,747)
Cost of food sales	1,289,851	1,239,924	124,135	-	74,208
Other	2,730	-	1,010	-	(1,720)
Interest	1,774,354	-	-	2,457	(1,771,897)
Total Governmental Activities	<u>\$ 134,389,131</u>	<u>\$ 1,857,274</u>	<u>\$ 1,980,026</u>	<u>\$ 688,172</u>	<u>(129,863,659)</u>
General revenues					
Real property taxes					106,624,781
Other tax items					
School tax relief reimbursement					3,403,781
Non-property taxes					
Non-property tax distribution from County					1,224,797
Unrestricted use of money and property					576,658
Unrestricted State aid					9,082,638
Miscellaneous					575,039
Total General Revenues					<u>121,487,694</u>
Change in Net Position					(8,375,965)
Net Position - Beginning					<u>(69,751,007)</u>
Net Position - Ending					<u>\$ (78,126,972)</u>

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

Chappaqua Central School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2020

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 27,353,077	\$ 44,418	\$ 5,313,413
Receivables			
Accounts	611,061	-	-
State and Federal aid	1,155,046	1,519,256	685,715
Due from other funds	2,116,351	-	-
Prepaid expenditures	1,402,153	-	-
Inventories	-	-	-
Total Assets	<u>\$ 32,637,688</u>	<u>\$ 1,563,674</u>	<u>\$ 5,999,128</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,021,694	\$ 20,891	\$ 869,171
Accrued liabilities	1,661,838	-	103,000
Due to other funds	69,007	1,517,826	604,107
Due to retirement systems	5,402,934	-	-
Due to other governments	1,080,650	-	-
Unearned revenues	489,714	24,957	-
Total Liabilities	<u>9,725,837</u>	<u>1,563,674</u>	<u>1,576,278</u>
Fund balances			
Nonspendable	1,402,153	-	-
Restricted	10,002,441	-	4,422,850
Assigned	5,870,595	-	-
Unassigned	5,636,662	-	-
Total Fund Balances	<u>22,911,851</u>	<u>-</u>	<u>4,422,850</u>
Total Liabilities and Fund Balances	<u>\$ 32,637,688</u>	<u>\$ 1,563,674</u>	<u>\$ 5,999,128</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 167,953	\$ 32,878,861
6,536	617,597
8,776	3,368,793
74,589	2,190,940
-	1,402,153
10,415	10,415
<u>\$ 268,269</u>	<u>\$ 40,468,759</u>
\$ 6,276	\$ 1,918,032
-	1,764,838
-	2,190,940
-	5,402,934
1,980	1,082,630
175,775	690,446
<u>184,031</u>	<u>13,049,820</u>
10,415	1,412,568
53,870	14,479,161
19,953	5,890,548
-	5,636,662
<u>84,238</u>	<u>27,418,939</u>
<u>\$ 268,269</u>	<u>\$ 40,468,759</u>

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Chappaqua Central School District, New YorkReconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2020

Fund Balances - Total Governmental Funds	<u>\$ 27,418,939</u>
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Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>145,550,173</u>
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Governmental funds do not report the effect of losses on refunding
bonds and assets or liabilities related to net pension assets (liabilities)
whereas these amounts are deferred and amortized in the
statement of activities.

Deferred amounts on refunding bonds	1,388,558
Deferred amounts on net pension assets (liabilities)	20,398,803
Deferred amounts on other postemployment benefit obligations	<u>27,045,030</u>

	<u>48,832,391</u>
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Other long-term assets are not available to pay for current period
expenditures and, therefore, are not reported in the funds.

Net pension asset	<u>8,174,903</u>
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Long-term liabilities that are not due and payable in the current
period are not reported in the funds.

Accrued interest payable	(461,031)
Bonds payable	(63,103,370)
Energy performance contract debt payable	(9,209,433)
Compensated absences	(4,047,566)
Net pension liability	(6,877,759)
Other post employment benefit obligations payable	<u>(224,404,219)</u>

	<u>(308,103,378)</u>
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Net Position of Governmental Activities	<u><u>\$ (78,126,972)</u></u>
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The notes to the financial statements are an integral part of this statement.

Chappaqua Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2020

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 106,624,781	\$ -	\$ -
Other tax items	3,403,781	-	-
Non-property taxes	1,224,797	-	-
Charges for services	449,459	-	-
Use of money and property	754,541	-	-
State aid	9,534,643	513,921	685,715
Federal aid	60,513	815,340	-
Food sales	-	-	-
Miscellaneous	580,606	-	-
Total Revenues	122,633,121	1,329,261	685,715
EXPENDITURES			
Current			
General support	14,605,406	-	-
Instruction	67,822,085	1,484,261	-
Pupil transportation	5,048,726	-	-
Community services	22,747	-	-
Employee benefits	25,130,920	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	5,530,296	-	-
Interest	2,122,369	-	-
Refunding bond issuance costs	176,242	-	-
Capital outlay	-	-	8,075,585
Total Expenditures	120,458,791	1,484,261	8,075,585
Excess (Deficiency) of Revenues Over Expenditures	2,174,330	(155,000)	(7,389,870)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	19,295,000	-	-
Issuance premium	3,098,546	-	-
Payment to refunding bond escrow agent	(22,217,304)	-	-
Transfers in	-	155,000	1,640,000
Transfers out	(1,605,000)	-	-
Total Other Financing Sources (Uses)	(1,428,758)	155,000	1,640,000
Net Change in Fund Balances	745,572	-	(5,749,870)
FUND BALANCES			
Beginning of Year	22,166,279	-	10,172,720
End of Year	\$ 22,911,851	\$ -	\$ 4,422,850

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 106,624,781
-	3,403,781
-	1,224,797
-	449,459
36	754,577
5,934	10,740,213
118,176	994,029
1,219,650	1,219,650
21,273	601,879
<u>1,365,069</u>	<u>126,013,166</u>
-	14,605,406
-	69,306,346
-	5,048,726
-	22,747
-	25,130,920
1,352,261	1,352,261
2,730	2,730
-	5,530,296
-	2,122,369
-	176,242
-	8,075,585
<u>1,354,991</u>	<u>131,373,628</u>
<u>10,078</u>	<u>(5,360,462)</u>
-	19,295,000
-	3,098,546
-	(22,217,304)
-	1,795,000
<u>(190,000)</u>	<u>(1,795,000)</u>
<u>(190,000)</u>	<u>176,242</u>
<u>(179,922)</u>	<u>(5,184,220)</u>
<u>264,160</u>	<u>32,603,159</u>
<u>\$ 84,238</u>	<u>\$ 27,418,939</u>

Chappaqua Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
General Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes				
Other tax items	\$ 106,624,782	\$ 106,624,782	\$ 106,624,781	\$ (1)
Non-property taxes	3,403,781	3,403,781	3,403,781	-
Charges for services	895,000	895,000	1,224,797	329,797
Use of money and property	403,412	403,412	449,459	46,047
State aid	575,000	575,000	754,541	179,541
Federal aid	9,787,259	9,787,259	9,534,643	(252,616)
Miscellaneous	-	-	60,513	60,513
	550,000	561,953	580,606	18,653
Total Revenues	122,239,234	122,251,187	122,633,121	381,934
EXPENDITURES				
Current				
General support				
Instruction	15,277,847	16,934,965	14,605,406	2,329,559
Pupil transportation	70,734,735	70,915,261	67,822,085	3,093,176
Community services	6,969,692	6,087,133	5,048,726	1,038,407
Employee benefits	21,978	22,747	22,747	-
Debt service	26,522,737	26,158,530	25,130,920	1,027,610
Principal				
Interest	6,099,894	5,530,296	5,530,296	-
Refunding bond issuance costs	2,309,632	2,304,619	2,122,369	182,250
	-	176,242	176,242	-
Total Expenditures	127,936,515	128,129,793	120,458,791	7,671,002
Excess (Deficiency) of Revenues Over Expenditures	(5,697,281)	(5,878,606)	2,174,330	8,052,936
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued				
Issuance premium	-	19,295,000	19,295,000	-
Payment to refunding bond escrow agent	-	3,098,546	3,098,546	-
Transfers out	-	(22,217,304)	(22,217,304)	-
	(255,000)	(1,605,000)	(1,605,000)	-
Total Other Financing Uses	(255,000)	(1,428,758)	(1,428,758)	-
Net Change in Fund Balances	(5,952,281)	(7,307,364)	745,572	8,052,936
FUND BALANCES				
Beginning of Year	5,952,281	7,307,364	22,166,279	14,858,915
End of Year	\$ -	\$ -	\$ 22,911,851	\$ 22,911,851

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

Chappaqua Central 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, 2020

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

Net Change in Fund Balances - Total Governmental Funds	\$ (5,184,220)
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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	8,578,841
Depreciation expense	<u>(4,349,558)</u>
	<u>4,229,283</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Refunding bonds issued	(19,295,000)
Issuance premium	(3,098,546)
Payment to refunded bond escrow agent	22,217,304
Principal paid on serial bonds	4,555,013
Principal paid on energy performance contract debt	975,283
Amortization of loss on refunding bonds and issuance premium	<u>327,403</u>
	<u>5,681,457</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	20,610
Compensated absences	(4,783)
Pension assets (obligations)	(6,944,366)
Other post employment benefit obligations	<u>(6,173,946)</u>
	<u>(13,102,485)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (8,375,965)</u></u>
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The notes to the financial statements are an integral part of this statement.

Chappaqua Central School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2020

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 602,219
Accounts receivable	<u>1,980</u>
Total Assets	<u><u>\$ 604,199</u></u>
LIABILITIES	
Accounts payable	\$ 393,159
Employee payroll deductions	3,784
Deposits payable	103,086
Student activity funds	<u>104,170</u>
Total Liabilities	<u><u>\$ 604,199</u></u>

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

Note 1 - Summary of Significant Accounting Policies

The Chappaqua Central School District, New York ("School District"), as presently constituted, was established in 1905 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

The School District participates in the Putnam-Northern 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 the ratio which the component school district's value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within BOCES as defined by Education Law. Copies of BOCES' financial statement can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental 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 operating 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 Federal and State 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.

The School District also reported the following non-major governmental funds.

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the lunch program of the School District.

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current

Note 1 - Summary of Significant Accounting Policies (Continued)

period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for 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 post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2020.

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Towns of New Castle, New York and Mount Pleasant, New York which are included in the levy are responsible for the billing and collection of the taxes. The towns guarantee the full payment of the School District warrant and assume 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 expenses/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, 2020, 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 consist of health insurance costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
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 consist of revenue 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 \$489,714 in the General Fund for fees received in advance, \$24,957 in the Special Aid fund for funds received in advance and \$175,775 in the School Lunch Fund for meal cards purchased in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 5,138,617	\$ 195,849
New York State Teachers' Retirement System	26,633,245	11,177,210
Other post employment benefit obligations	27,045,030	-
Deferred loss on refunding bonds	1,388,558	-
	<u>\$ 60,205,450</u>	<u>\$ 11,373,059</u>

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 deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) 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 is 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 for amounts assigned for balancing the subsequent year's budget 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 School District 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 for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent for Business for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that

Note 1 - Summary of Significant Accounting Policies (Continued)

additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

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

F. Encumbrances

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

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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4B).

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 30, 2020.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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. The School District is currently in excess of this limit.

C. Property Tax Limitation

Under New York State Law, the District is not limited as to the maximum amount of real property taxes which may be raised. However, 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"). The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, certain to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor, provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (1) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The District is required to calculate its tax limit for the upcoming year in accordance with the provisions above and provide all relevant information to the New York State Comptroller prior to adopting its budget. 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.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2020 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 2,116,351	\$ 69,007
Special Aid	-	1,517,826
Capital Projects	-	604,107
Non-Major Governmental	74,589	-
	<u>\$ 2,190,940</u>	<u>\$ 2,190,940</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, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital Assets, not being depreciated:				
Land	\$ 2,177,700	\$ -	\$ -	\$ 2,177,700
Construction-in-progress	26,639,887	9,580,273	5,714,175	30,505,985
Total Capital Assets, not being depreciated	<u>\$ 28,817,587</u>	<u>\$ 9,580,273</u>	<u>\$ 5,714,175</u>	<u>\$ 32,683,685</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 168,106,066	\$ 4,388,774	\$ -	\$ 172,494,840
Machinery and Equipment	9,721,666	323,969	-	10,045,635
Total Capital Assets, being depreciated	<u>177,827,732</u>	<u>4,712,743</u>	<u>-</u>	<u>182,540,475</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	60,854,729	3,593,381	-	64,448,110
Machinery and Equipment	4,469,700	756,177	-	5,225,877
Total Accumulated Depreciation	<u>65,324,429</u>	<u>4,349,558</u>	<u>-</u>	<u>69,673,987</u>
Total Capital Assets, being depreciated, net	<u>\$ 112,503,303</u>	<u>\$ 363,185</u>	<u>\$ -</u>	<u>\$ 112,866,488</u>
Capital Assets, net	<u>\$ 141,320,890</u>	<u>\$ 9,943,458</u>	<u>\$ 5,714,175</u>	<u>\$ 145,550,173</u>

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

General Support	\$ 217,478
Instruction	4,117,448
Cost of Food Sales	<u>14,632</u>
Total Depreciation Expense	<u>\$ 4,349,558</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2020 were as follows:

	Fund		
	General Fund	Capital Projects Fund	Total
Other	\$ 1,216,420	\$ 103,000	\$ 1,319,420
Payroll and employee benefits	<u>445,418</u>	<u>-</u>	<u>445,418</u>
	<u>\$ 1,661,838</u>	<u>\$ 103,000</u>	<u>\$ 1,764,838</u>

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2020	Due Within One-Year
General Obligation Bonds Payable	\$ 65,555,000	\$ 19,295,000	\$ 26,470,013	\$ 58,379,987	\$ 4,500,000
Plus - Unamortized premium on bonds	<u>2,096,959</u>	<u>3,098,546</u>	<u>472,122</u>	<u>4,723,383</u>	<u>-</u>
	<u>67,651,959</u>	<u>22,393,546</u>	<u>26,942,135</u>	<u>63,103,370</u>	<u>4,500,000</u>
Energy Performance Contract Debt Payable	<u>10,184,716</u>	<u>-</u>	<u>975,283</u>	<u>9,209,433</u>	<u>998,357</u>
Other Non-current Liabilities:					
Compensated Absences	4,042,783	408,783	404,000	4,047,566	405,000
Net Pension Liability	1,902,936	4,974,823	-	6,877,759	-
Other Post Employment Benefit Obligations	<u>186,315,788</u>	<u>42,826,031</u>	<u>4,737,600</u>	<u>224,404,219</u>	<u>-</u>
Total Other Non- current Liabilities	<u>192,261,507</u>	<u>48,209,637</u>	<u>5,141,600</u>	<u>235,329,544</u>	<u>405,000</u>
Total Long-Term Liabilities	<u>\$ 270,098,182</u>	<u>\$ 70,603,183</u>	<u>\$ 33,059,018</u>	<u>\$ 307,642,347</u>	<u>\$ 5,903,357</u>

The School District's indebtedness for general obligation bonds, energy performance contract debt payable, compensated absences, net pension liability and other post employment benefit obligations is liquidated by the General Fund.

Note 3 - Detailed Notes on All Funds (Continued)**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2020 is comprised of the following issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2020
District-wide Improvements	2018	\$ 26,500,000	June, 2039	3.0 %	\$ 25,235,000
District-wide Improvements	2018	16,000,000	June, 2038	2.125-3.0	13,855,000
School District Refunding	2019	19,295,000	January, 2030	1.125-5.0	19,289,987
					<u>\$ 58,379,987</u>

Interest expenditures of \$1,892,732 were recorded in the fund financial statements in the General Fund. Interest expense of \$2,107,756 was recorded in the district-wide financial statements.

Energy Performance Contract Debt Payable

The School District, in September 2011, entered into a \$6,010,000 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with bi-annual installments of \$241,014 through December 2027. Payments include interest at 2.84%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms.

In September 2012, the School District entered into a \$5,752,450 agreement for Phase II of the energy performance enhancement. The terms of Phase II provide for repayment over 15 years, with bi-annual installments of \$231,016 through December 2027. Payments include interest at 2.09%.

In August 2016, the School District entered into a \$3,383,396 agreement to further upgrade to energy saving equipment. The terms of this contract provide for repayment over 15 years with bi-annual installments of \$130,431 through June 2032. Payments include interest at 1.9296%.

The aggregate balance due at June 30, 2020 was \$9,209,433. Interest expenditures of \$229,637 were recorded in the fund financial statements in the General Fund. Interest expense of \$251,230 was recorded in the district-wide financial statements.

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

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2020 including interest payments of \$16,161,065 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 4,500,000	\$ 1,806,369	\$ 998,357	\$ 206,564	\$ 5,498,357	\$ 2,012,933
2022	4,670,000	1,812,669	1,021,992	182,929	5,691,992	1,995,598
2023	4,840,000	1,621,794	1,046,203	158,718	5,886,203	1,780,512
2024	3,360,000	1,423,431	1,071,004	133,917	4,431,004	1,557,348
2025	3,450,000	1,154,841	1,096,410	108,511	4,546,410	1,263,352
2026-2030	18,185,000	4,601,109	3,466,091	198,365	21,651,091	4,799,474
2031-2035	11,730,000	2,202,050	509,376	12,348	12,239,376	2,214,398
2036-2039	7,644,987	537,450	-	-	7,644,987	537,450
	<u>\$ 58,379,987</u>	<u>\$ 15,159,713</u>	<u>\$ 9,209,433</u>	<u>\$ 1,001,352</u>	<u>\$ 67,589,420</u>	<u>\$ 16,161,065</u>

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

Advance Refunding

During the current fiscal year, the School District issued \$19,295,000 in serial bonds with an interest rate ranging from 1.125% to 5.0%. The proceeds were used to advance refund \$21,915,000 of outstanding 2010 serial bonds bearing interest ranging from 2.0% to 5.0%. The net proceeds \$22,393,546 (inclusive of \$3,098,546 reoffering premium and after underwriting fees and other issuance costs of \$176,386) 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 2010 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 \$274,822 in governmental activities. This amount and the premium are being amortized over the remaining life of the refunded debt. The School District advance refunded the 2010 serial bonds to reduce total debt service payments over 10 years by \$2,166,892 and to obtain a net present value economic gain of \$2,038,299.

Compensated Absences

Pursuant to collective bargaining agreements, upon separation of service, the School District is required to compensate administrators, clerical staff and custodians for unused vacation time. For all other employees, vacation time is generally taken in the year earned. The School District is not required to compensate employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

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 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 or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2020 are as follows:

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.6 %
	2 75I	19.7
	3 A14	15.9
	4 A15	15.9
	5 A15	13.1
	6 A15	9.4
TRS	1-6	8.86 %

At June 30, 2020, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension liability (asset)	\$ 6,877,759	\$ (8,174,903)
School Districts' proportion of the net pension liability (asset)	0.0301590 %	0.314661 %
Change in proportion since the prior measurement date	(0.0009382) %	0.003985 %

The net pension liability (asset) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of \$12,945,977 (\$2,661,092 for ERS and \$10,284,885 for TRS). Pension expenditures of \$1,382,842 and \$1,854 were recorded in the fund financial statements and were charged to the General and Special Aid Funds, respectively for ERS and \$4,616,915 was charged to the General Fund for TRS.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 404,784	\$ -	\$ 5,539,923	\$ 607,902
Changes of assumptions	138,485	119,580	15,443,486	3,765,559
Net difference between projected and actual earnings on pension plan investments	3,525,873	-	-	6,555,851
Changes in proportion and differences between School District contributions and proportionate share of contributions	735,424	76,269	909,421	247,898
School District contributions subsequent to the measurement date	334,051	-	4,740,415	-
	<u>\$ 5,138,617</u>	<u>\$ 195,849</u>	<u>\$ 26,633,245</u>	<u>\$ 11,177,210</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 5,944,707	\$ 607,902		
Changes of assumptions	15,581,971	3,885,139		
Net difference between projected and actual earnings on pension plan investments	3,525,873	6,555,851		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,644,845	324,167		
School District contributions subsequent to the measurement date	5,074,466	-		
	<u>\$ 31,771,862</u>	<u>\$ 11,373,059</u>		

\$334,051 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2020. The \$4,740,415 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. 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,	June 30,
	ERS	TRS
2020	\$ -	\$ 3,870,279
2021	922,939	406,513
2022	1,190,692	3,856,874
2023	1,404,225	2,565,038
2024	1,090,861	324,385
Thereafter	-	(307,469)

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, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8% *	7.10% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	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-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

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

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, 2020		TRS June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.05 %	33 %	6.3 %
International Equity	14	6.15	16	7.8
Private Equity	10	6.75	8	9.9
Real Estate	10	4.95	11	4.6
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.6
Short-Term	-	-	4	7.2
Global Equities	-	-	1	6.5
Private Debt	-	-	7	2.9
Real Estate Debt	2	3.25	-	-
Absolute Return Strategies	3	4.65	-	-
Opportunistic Portfolio	3	5.95	-	-
Real Assets	17	0.75	-	-
Bonds and Mortgages	1	-	1	0.30
Cash	4	0.50	-	-
Inflation Indexed Bonds				
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 6.8% 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 (5.8% for ERS and 6.1% for TRS) or 1 percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 12,658,778</u>	<u>\$ 6,877,759</u>	<u>\$ 1,591,252</u>
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 36,900,659</u>	<u>\$ (8,174,903)</u>	<u>\$ (45,988,213)</u>

The components of the collective net pension liability as of the March 31, 2020 ERS measurement date and the June 30, 2019 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 194,596,261,000	\$ 119,879,473,882
Fiduciary net position	<u>168,115,682,000</u>	<u>122,477,480,654</u>
Employers' net pension liability (asset)	<u>\$ 26,480,579,000</u>	<u>\$ (2,598,006,772)</u>
Fiduciary net position as a percentage of total pension liability	<u>86.39%</u>	<u>102.17%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 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, 2020 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, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 were \$334,051 to ERS and \$5,068,883 to TRS, which include employee contributions of \$328,468.

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees 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 Post Employment Benefit Obligations ("OPEB")**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of 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, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	427
Active employees	603
	<u>1,030</u>

The School District's total OPEB liability of \$224,404,219 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0%, average, including inflation
Discount rate	2.6%
Healthcare cost trend rates	7.0% for 2020, decreasing 0.5% per year to an ultimate rate of 4.0% for 2026 and later years
Retirees' share of benefit-related costs	Varies from 5% to 22%, depending on applicable retirement year and bargaining unit

The discount rate was based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years).

Mortality rates were based on the RP-2014 Healthy Male and Female Tables for both pre and post retirement, projected with mortality improvements using Projections Scale AA for 3.5 years, (i.e., from date of table to the valuation date), plus ten years additional mortality improvement.

The actuarial assumptions used in the July 1, 2020 valuation were based on the most recent decrement tables for turnover, disability and retirement for ERS and TRS. ERS and TRS tables were based on a version released in 2015.

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 186,315,788
Service cost	2,824,382
Interest	4,782,622
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	35,219,027
Benefit payments	<u>(4,737,600)</u>
Total OPEB Liability - End of Year	<u><u>\$ 224,404,219</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 (1.6%) or 1 percentage point higher (2.6%) than the current discount rate:

	1% Decrease (1.6%)	Current Assumption (2.6%)	1% Increase (3.6%)
Total OPEB Liability	<u><u>\$ 281,405,850</u></u>	<u><u>\$ 224,404,219</u></u>	<u><u>\$ 183,289,641</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 healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.0%) or 1 percentage point higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.0%)	1% Increase (8.0% decreasing to 5.0%)
Total OPEB Liability	<u><u>\$ 183,619,567</u></u>	<u><u>\$ 224,404,219</u></u>	<u><u>\$ 279,055,023</u></u>

For the year ended June 30, 2020, the School District recognized OPEB expense of \$10,911,547 in the district-wide financial statements. At June 30, 2020, the School District reported deferred outflows of resources 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	\$ 27,045,030	\$ -
Differences between expected and actual experience	<u>-</u>	<u>-</u>
	<u><u>\$ 27,045,030</u></u>	<u><u>\$ -</u></u>

Note 3 - Detailed Notes on All Funds (Continued)

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,	
2021	\$ 3,304,543
2022	3,304,543
2023	3,304,543
2024	3,304,543
2025	3,304,543
Thereafter	10,522,315

E. Revenues and Expenditures**Interfund Transfers**

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

Transfers Out	Transfer In		Total
	Special Aid Fund	Capital Projects Fund	
General Fund	\$ 155,000	\$ 1,450,000	\$ 1,605,000
Non-Major Governmental	-	190,000	190,000
	<u>\$ 155,000</u>	<u>\$ 1,640,000</u>	<u>\$ 1,795,000</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures.

F. Net Position

The components of net position are detailed below:

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

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earning.

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

Note 3 - Detailed Notes on All Funds (Continued)

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

Restricted for Tax Reduction - the component of net position that has been established in accordance with Education Law of the State of New York to provide for the reduction of school district property taxes.

Restricted for Property Loss - the component of net position that has been established in accordance with Education Law of the State of New York to set aside funds for the deductible provisions of the School District's insurance policies.

Restricted for Insurance - the component of net position that has been established to set aside funds to repair assets funded by insurance recoveries pursuant to General Municipal Law of the State of New York.

Restricted for Liability Claims - the component of net position that has been established to set aside funds for liability claims incurred pursuant to General Municipal Law of the State of New York.

Restricted for Repairs - the component of net position that has been established in accordance with General Municipal Law of the State of New York to provide funds for the repairs to capital improvements and equipment.

Restricted for Retirement Contributions - the component of net position that has been established in accordance with General Municipal Law of the State of New York Section 6r to provide funds for the purpose of paying retirement contributions to the New York State Local Employees' Retirement System.

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

Restricted for Special Purpose - 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.

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

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2020				2019			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 10,415	\$ 10,415	\$ -	\$ -	\$ 7,594	\$ 7,594
Prepaid expenditures	1,402,153	-	-	1,402,153	1,376,648	-	-	1,376,648
Total Nonspendable	1,402,153	-	10,415	1,412,568	1,376,648	-	7,594	1,384,242
Restricted:								
Tax certiorari	2,825,490	-	-	2,825,490	2,822,668	-	-	2,822,668
Tax reduction	4,701	-	-	4,701	4,696	-	-	4,696
Property loss	59,334	-	-	59,334	59,275	-	-	59,275
Insurance	211,435	-	-	211,435	211,224	-	-	211,224
Liability claims	219,786	-	-	219,786	219,566	-	-	219,566
Employee benefit accrued liability	2,613,612	-	-	2,613,612	2,611,001	-	-	2,611,001
Repairs	138,564	-	-	138,564	138,426	-	-	138,426
ERS retirement contributions	1,469,697	-	-	1,469,697	1,468,229	-	-	1,468,229
ERS retirement contributions - for subsequent year's expenditures	-	-	-	-	100,000	-	-	100,000
Debt service	890,025	-	-	890,025	752,970	-	-	752,970
Capital projects	-	4,422,850	-	4,422,850	-	10,172,720	-	10,172,720
Future capital projects	1,569,797	-	-	1,569,797	1,568,229	-	-	1,568,229
Special purposes	-	-	53,870	53,870	-	-	55,590	55,590
Total Restricted	10,002,441	4,422,850	53,870	14,479,161	9,956,284	10,172,720	55,590	20,184,594
Assigned:								
Purchases on order:								
General government support	1,885,083	-	-	1,885,083	1,224,250	-	-	1,224,250
Instruction	412,647	-	-	412,647	771,169	-	-	771,169
Pupil transportation	30,000	-	-	30,000	21,300	-	-	21,300
Employee benefits	-	-	-	-	22,608	-	-	22,608
	2,327,730	-	-	2,327,730	2,039,327	-	-	2,039,327
For subsequent year's expenditures -								
General Fund	3,542,865	-	-	3,542,865	3,812,954	-	-	3,812,954
School Lunch Fund	-	-	19,953	19,953	-	-	200,976	200,976
	3,542,865	-	19,953	3,562,818	3,812,954	-	200,976	4,013,930
Total Assigned	5,870,595	-	19,953	5,890,548	5,852,281	-	200,976	6,053,257
Unassigned	5,636,662	-	-	5,636,662	4,981,066	-	-	4,981,066
Total Fund Balances	\$ 22,911,851	\$ 4,422,850	\$ 84,238	\$ 27,418,939	\$ 22,166,279	\$ 10,172,720	\$ 264,160	\$ 32,603,159

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.

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 of unused sick time and other forms of 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, 2020, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

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

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or committed.

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.

At the end of June 30, 2020, the School District was involved in several tuition reimbursement matters in which the parents of the students have requested an impartial hearing seeking tuition reimbursement at private schools. If the parents are successful, the School District could be obligated for tuition reimbursement and the parents' attorney's fees. The total amount of these obligations are currently unknown. These cases are presently being defended aggressively, and in the opinion of the District's counsel, the outcome is indeterminable at this time.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

In addition, there are currently six civil matters, involving six plaintiffs against the School District regarding allegations of sexual abuse against a former drama teacher. In all six cases, discovery is ongoing. The potential loss is within the New York State Insurance Reciprocal ("NYSIR"), School District insurance carrier, applicable policy limits according to the attorneys assigned to the civil cases by NYSIR.

B. Contingencies

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

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.

Coronavirus

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and school district aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority. Such measures have already impacted the state aid revenues reported by the School District for the year ended June 30, 2020.

In addition to these New York State actions, the School District's economically sensitive revenues (i.e., sales tax distributions, interest earnings, charges for services) are being negatively impacted. Meanwhile, the School District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support remote work and remote learning, additional bus runs to lower capacity) will increase significantly.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the School District's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the School District. The School District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be 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. The School District maintains liability coverage for school board members up to \$1 million. The School District also maintains an umbrella policy with coverage up to \$25 million. 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 Northern Westchester and Putnam Counties participate in the Westchester-Putnam 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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester – Putnam School Cooperative Medical Expense Benefit Plan. The Plan operates under an agreement dated February 17, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against Plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the Plan rests in the Board of Trustees, which shall consist of five Trustees selected by the Plan members. A majority of the total number of Trustees shall be required to take any actions. The billings are based upon coverages provided each participant's employees. The School District has transferred all related risk to the Plan.

D. Leases

The total cost for these leases was \$190,415 for the year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 187,438
2022	187,438
2023	<u>186,351</u>
	<u>\$ 561,227</u>

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Chappaqua Central 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)

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 2,824,382	\$ 2,527,367	\$ 2,194,861
Interest	4,782,622	6,292,489	6,710,502
Difference between expected and actual experience	-	-	-
Changes of benefit terms	-	-	-
Changes of assumptions or other inputs	35,219,027 (4)	(5,478,137)	-
Benefit payments	(4,737,600)	(4,578,919)	(5,434,577)
Net Change in Total OPEB Liability	38,088,431	(1,237,200)	3,470,786
Total OPEB Liability – Beginning of Year	186,315,788	187,552,988	184,082,202 (3)
Total OPEB Liability – End of Year	<u>\$ 224,404,219</u>	<u>\$ 186,315,788</u>	<u>\$ 187,552,988</u>
School District's covered - employee payroll	<u>\$ 60,717,351</u>	<u>\$ 60,350,801</u>	<u>\$ 58,345,696</u>
Total OPEB liability as a percentage of covered - employee payroll	<u>370%</u>	<u>309%</u>	<u>321%</u>

Notes to Schedule:

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

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 pay related benefits.

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

(4) Due to a change in the discount rate from 3.5% in the prior evaluation to 2.6% and a change in plan costs (premium rates) since the prior evaluation.

See independent auditors' report.

Chappaqua Central 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)

	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	0.314661%	0.310676%	0.316707%	0.323428%	0.331148%	0.336998%
School District's proportionate share of the net pension liability (asset)	\$ (8,174,903)	\$ (5,617,846)	\$ (2,407,289)	\$ 3,464,044	\$ (34,395,696)	\$ (37,539,478)
School District's covered payroll	\$ 53,775,744	\$ 51,600,127	\$ 53,093,788	\$ 50,729,623	\$ 50,609,401	\$ 50,635,655
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	15.20%	10.89%	4.53%	6.83%	67.96%	74.14%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,740,415	\$ 5,710,984	\$ 5,056,812	\$ 6,222,592	\$ 6,726,748	\$ 8,871,828
Contributions in relation to the contractually required contribution	(4,740,415)	(5,710,984)	(5,056,812)	(6,222,592)	(6,726,748)	(8,871,828)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 53,469,347	\$ 53,775,744	\$ 51,600,127	\$ 53,093,788	\$ 50,729,623	\$ 50,609,401
Contributions as a percentage of covered payroll	8.87%	10.62%	9.80%	11.72%	13.26%	17.53%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Standard 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 7.1% effective with the June 30, 2019 measurement date.

See independent auditors' report.

Chappaqua Central 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)

	2020 (4)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	0.0301590%	0.0310972%	0.0320008%	0.0325663%	0.0323534%	0.0335254%
School District's proportionate share of the net pension liability	\$ 6,877,759	\$ 1,902,936	\$ 879,674	\$ 2,561,529	\$ 4,413,891	\$ 1,132,570
School District's covered payroll	\$ 9,910,368	\$ 9,599,579	\$ 9,454,210	\$ 10,351,599	\$ 9,891,195	\$ 8,900,621
School District's proportionate share of the net pension liability as a percentage of its covered payroll	69.40%	19.82%	9.30%	24.75%	44.62%	12.72%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,620,366	\$ 1,645,399	\$ 1,692,938	\$ 1,625,564	\$ 1,554,491	\$ 1,708,720
Contributions in relation to the contractually required contribution	(1,620,366)	(1,645,399)	(1,692,938)	(1,625,564)	(1,554,491)	(1,708,720)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 9,784,798	\$ 9,687,278	\$ 9,482,190	\$ 9,438,329	\$ 9,048,078	\$ 8,900,621
Contributions as a percentage of covered payroll	16.56%	16.99%	17.85%	17.22%	17.18%	19.20%

(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 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.

See independent auditors' report.

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Chappaqua Central School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2020	2019
ASSETS		
Cash and equivalents	\$ 27,353,077	\$ 24,531,535
Receivables		
Accounts	611,061	222,992
State and Federal aid	1,155,046	1,238,708
Due from other funds	2,116,351	2,485,607
	3,882,458	3,947,307
Prepaid expenditures	1,402,153	1,376,648
Total Assets	\$ 32,637,688	\$ 29,855,490
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,021,694	\$ 282,422
Accrued liabilities	1,661,838	904,078
Due to other funds	69,007	-
Due to retirement systems	5,402,934	6,318,852
Due to other governments	1,080,650	177,380
Unearned revenues	489,714	6,479
Total Liabilities	9,725,837	7,689,211
Fund balance		
Nonspendable	1,402,153	1,376,648
Restricted	10,002,441	9,956,284
Assigned	5,870,595	5,852,281
Unassigned	5,636,662	4,981,066
Total Fund Balance	22,911,851	22,166,279
Total Liabilities and Fund Balance	\$ 32,637,688	\$ 29,855,490

See independent auditors' report.

Chappaqua Central School District, New York

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

	2020				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
REVENUES					
Real property taxes	\$ 106,624,782	\$ 106,624,782	\$ 106,624,781	\$	\$ (1)
Other tax items	3,403,781	3,403,781	3,403,781		-
Non-property taxes	895,000	895,000	1,224,797		329,797
Charges for services	403,412	403,412	449,459		46,047
Use of money and property	575,000	575,000	754,541		179,541
State aid	9,787,259	9,787,259	9,534,643		(252,616)
Federal aid	-	-	60,513		60,513
Miscellaneous	550,000	561,953	580,606		18,653
Total Revenues	122,239,234	122,251,187	122,633,121		381,934
EXPENDITURES					
Current					
General support					
Board of education	61,027	95,616	77,962	-	17,654
Central administration	410,650	421,165	414,793	-	6,372
Finance	1,177,011	1,432,001	1,281,768	142,775	7,458
Staff	1,007,663	1,098,172	958,389	98,191	41,592
Central services	10,654,876	11,848,810	9,996,040	1,564,117	288,653
Special items	1,966,620	2,039,201	1,876,454	80,000	82,747
Total General Support	15,277,847	16,934,965	14,605,406	1,885,083	444,476
Instruction					
Instruction, administration and improvement	5,305,114	5,539,720	5,314,125	16,069	209,526
Teaching - Regular school	41,913,517	41,675,760	39,986,591	285,188	1,403,981
Programs for students with disabilities	12,994,555	12,454,635	11,799,717	-	654,918
Teaching - Special schools	290,412	293,251	227,793	-	65,458
Instructional media	3,479,873	4,203,381	4,007,245	86,122	110,014
Pupil services	6,751,264	6,748,514	6,486,614	25,268	236,632
Total Instruction	70,734,735	70,915,261	67,822,085	412,647	2,680,529
Pupil transportation	6,969,692	6,087,133	5,048,726	30,000	1,008,407
Community services	21,978	22,747	22,747	-	-
Employee benefits	26,522,737	26,158,530	25,130,920	-	1,027,610
Debt service					
Principal	6,099,894	5,530,296	5,530,296	-	-
Interest	2,309,632	2,304,619	2,122,369	-	182,250
Refunding bond issuance costs	-	176,242	176,242	-	-
Total Expenditures	127,936,515	128,129,793	120,458,791	2,327,730	5,343,272
Excess (Deficiency) of Revenues Over Expenditures	(5,697,281)	(5,878,606)	2,174,330	(2,327,730)	5,725,206
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	19,295,000	19,295,000	-	-
Issuance premium	-	3,098,546	3,098,546	-	-
Payment to refunding bond escrow agent	-	(22,217,304)	(22,217,304)	-	-
Transfers out	(255,000)	(1,605,000)	(1,605,000)	-	-
Total Other Financing Uses	(255,000)	(1,428,758)	(1,428,758)	-	-
Net Change in Fund Balance	(5,952,281)	(7,307,364)	745,572	\$ (2,327,730)	\$ 5,725,206
FUND BALANCE					
Beginning of Year	5,952,281	7,307,364	22,166,279		
End of Year	\$ -	\$ -	\$ 22,911,851		

See independent auditors' report.

2019				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 104,107,172	\$ 104,110,848	\$ 104,110,848	\$	\$ -
4,895,369	4,895,369	4,895,369		-
860,000	860,000	941,439		81,439
490,869	490,869	678,245		187,376
235,000	235,000	1,287,184		1,052,184
8,865,760	8,865,760	9,341,391		475,631
-	-	10,399		10,399
550,000	579,707	1,047,766		468,059
120,004,170	120,037,553	122,312,641		2,275,088
55,301	43,791	34,853	2,404	6,534
384,861	411,654	406,116	-	5,538
1,268,320	1,462,229	1,395,493	40,621	26,115
1,015,554	961,463	735,215	115,377	110,871
11,617,166	12,565,257	11,585,909	979,348	-
1,884,939	1,846,053	1,759,553	86,500	-
16,226,141	17,290,447	15,917,139	1,224,250	149,058
5,315,650	5,194,358	5,148,659	45,699	-
41,559,859	41,240,547	40,749,761	473,879	16,907
12,795,704	12,087,074	11,747,931	60,564	278,579
288,412	289,479	289,479	-	-
3,310,826	3,749,367	3,642,551	103,690	3,126
6,665,221	6,590,753	6,482,119	87,337	21,297
69,935,672	69,151,578	68,060,500	771,169	319,909
6,846,518	6,782,268	6,498,428	21,300	262,540
21,235	21,978	21,978	-	-
27,368,477	25,758,355	25,417,824	22,608	317,923
4,786,092	5,475,391	5,475,391	-	-
1,696,474	2,479,186	2,478,064	-	1,122
-	-	-	-	-
126,880,609	126,959,203	123,869,324	2,039,327	1,050,552
(6,876,439)	(6,921,650)	(1,556,683)	(2,039,327)	3,325,640
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(265,000)	(219,789)	(219,789)	-	-
(265,000)	(219,789)	(219,789)	-	-
(7,141,439)	(7,141,439)	(1,776,472)	\$ (2,039,327)	\$ 3,325,640
7,141,439	7,141,439	23,942,751		
\$ -	\$ -	\$ 22,166,279		

Chappaqua Central School District, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 106,624,782	\$ 106,624,782	\$ 106,624,781	\$ (1)
OTHER TAX ITEMS				
School tax relief reimbursement	3,403,781	3,403,781	3,403,781	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	895,000	895,000	1,224,797	329,797
CHARGES FOR SERVICES				
Continuing education tuition	290,412	290,412	261,500	(28,912)
Cultural arts	-	-	126,000	126,000
Other student fees and charges	113,000	113,000	61,959	(51,041)
	403,412	403,412	449,459	46,047
USE OF MONEY AND PROPERTY				
Earnings on investments	375,000	375,000	586,650	211,650
Rental of real property	200,000	200,000	167,378	(32,622)
Commissions	-	-	513	513
	575,000	575,000	754,541	179,541
STATE AID				
Basic formula	7,881,610	7,881,610	6,813,015	(1,068,595)
BOCES	976,649	976,649	1,127,425	150,776
Lottery	660,000	660,000	1,142,198	482,198
Textbooks	170,000	170,000	165,172	(4,828)
Computer software aid	75,000	75,000	74,612	(388)
Library aid	24,000	24,000	23,300	(700)
Tuition aided handicapped	-	-	188,921	188,921
	9,787,259	9,787,259	9,534,643	(252,616)

FEDERAL AID

Medical assistance	-	-	60,513	60,513
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MISCELLANEOUS

Refund of prior year's expenditures	300,000	300,000	335,768	35,768
Refund of BOCES aided services	-	-	151,682	151,682
Gifts and donations	-	11,953	5,567	(6,386)
Other	250,000	250,000	87,589	(162,411)

	550,000	561,953	580,606	18,653
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TOTAL REVENUES

	122,239,234	122,251,187	122,633,121	381,934
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OTHER FINANCING SOURCES

Refunding bonds issued	-	19,295,000	19,295,000	-
Issuance premium	-	3,098,546	3,098,546	-

TOTAL OTHER FINANCING SOURCES

	-	22,393,546	22,393,546	-
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**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

	\$ 122,239,234	\$ 144,644,733	\$ 145,026,667	\$ 381,934
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See independent auditors' report.

Chappaqua Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 17,550	\$ 28,090	\$ 25,043	\$ -	\$ 3,047
District clerk	26,023	29,726	26,468	-	3,258
District meeting	17,454	37,800	26,451	-	11,349
Total Board of Education	61,027	95,616	77,962	-	17,654
CENTRAL ADMINISTRATION					
Chief school administrator	410,650	421,165	414,793	-	6,372
FINANCE					
Business administration	1,072,975	1,325,890	1,182,459	139,682	3,749
Accounting and auditing	104,036	106,111	99,309	3,093	3,709
Total Finance	1,177,011	1,432,001	1,281,768	142,775	7,458
STAFF					
Legal	469,355	467,328	339,739	96,891	30,698
Personnel	463,708	553,893	544,221	1,300	8,372
Public information and services	74,600	76,951	74,429	-	2,522
Total Staff	1,007,663	1,098,172	958,389	98,191	41,592
CENTRAL SERVICES					
Operation of plant	7,364,172	7,270,322	6,497,671	540,517	232,134
Maintenance of plant	3,290,704	4,578,488	3,498,369	1,023,600	56,519
Total Central Services	10,654,876	11,848,810	9,996,040	1,564,117	288,653

SPECIAL ITEMS

Unallocated insurance	566,500	566,500	462,356	80,000	24,144
Judgments and claims	250,000	250,000	250,000	-	-
School association dues	23,000	23,000	21,920	-	1,080
Assessments on school property	65,000	66,676	66,676	-	-
Refunds of real property taxes	100,000	77,674	20,151	-	57,523
Administrative charge - BOCES	962,120	1,055,351	1,055,351	-	-
Total Special Items	1,966,620	2,039,201	1,876,454	80,000	82,747
Total General Support	15,277,847	16,934,965	14,605,406	1,885,083	444,476

INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	1,397,054	1,453,545	1,363,584	15,319	74,642
Supervision - Regular school	3,883,060	4,048,175	3,919,323	750	128,102
Research, planning and evaluation	25,000	38,000	31,218	-	6,782
Total Instruction, Administration and Improvement	5,305,114	5,539,720	5,314,125	16,069	209,526

TEACHING - REGULAR SCHOOL

41,913,517	41,675,760	39,986,591	285,188	1,403,981
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**PROGRAMS FOR STUDENTS
WITH DISABILITIES**

12,994,555	12,454,635	11,799,717	-	654,918
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TEACHING - SPECIAL SCHOOLS

290,412	293,251	227,793	-	65,458
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INSTRUCTIONAL MEDIA

School library and audiovisual	1,179,705	1,163,343	1,065,621	10,619	87,103
Computer assisted instruction	2,300,168	3,040,038	2,941,624	75,503	22,911
Total Instructional Media	3,479,873	4,203,381	4,007,245	86,122	110,014

(Continued)

Chappaqua Central School District, New York

General Fund

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

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
PUPIL SERVICES					
Attendance - Regular school	\$ 45,965	\$ 45,965	\$ 45,965	\$ -	\$ -
Guidance - Regular school	2,455,042	2,438,513	2,344,661	357	93,495
Health services - Regular school	819,776	869,551	834,234	6,299	29,018
Psychological services - Regular school	1,365,830	1,371,199	1,369,551	-	1,648
Co-curricular activities - Regular school	423,344	422,825	368,910	1,558	52,357
Interscholastic athletics - Regular school	1,641,307	1,600,461	1,523,293	17,054	60,114
Total Pupil Services	6,751,264	6,748,514	6,486,614	25,268	236,632
Total Instruction	70,734,735	70,915,261	67,822,085	412,647	2,680,529
PUPIL TRANSPORTATION					
Contract and public carrier transportation	6,969,692	6,087,133	5,048,726	30,000	1,008,407
COMMUNITY SERVICES					
Census	21,978	22,747	22,747	-	-
EMPLOYEE BENEFITS					
State retirement	1,463,510	1,388,510	1,382,842	-	5,668
Teachers' retirement	5,209,689	5,065,800	4,616,915	-	448,885
Social security	4,770,544	4,508,725	4,444,951	-	63,774
Hospital and medical insurance	13,693,828	13,502,324	13,040,792	-	461,532
Dental and vision insurance	107,483	107,483	101,172	-	6,311
Workers' compensation benefits	343,212	343,212	325,801	-	17,411
Unemployment benefits	85,000	85,000	81,034	-	3,966
Disability insurance	19,247	19,247	17,977	-	1,270
Life insurance	16,564	16,564	13,590	-	2,974
Union welfare benefits	798,660	798,660	785,933	-	12,727
Other benefits	15,000	323,005	319,913	-	3,092
Total Employee Benefits	26,522,737	26,158,530	25,130,920	-	1,027,610

DEBT SERVICE

Principal

Serial bonds	4,550,000	4,555,013	4,555,013	-	-
Energy performance contract debt	975,283	975,283	975,283	-	-
Installment purchase debt	574,611	-	-	-	-
	<u>6,099,894</u>	<u>5,530,296</u>	<u>5,530,296</u>	<u>-</u>	<u>-</u>

Interest

Serial bonds	2,079,994	2,074,981	1,892,732	-	182,249
Energy performance contract debt	229,638	229,638	229,637	-	1
	<u>2,309,632</u>	<u>2,304,619</u>	<u>2,122,369</u>	<u>-</u>	<u>182,250</u>

Refunding bond issuance costs

	<u>-</u>	<u>176,242</u>	<u>176,242</u>	<u>-</u>	<u>182,250</u>
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Total Debt Service

	<u>8,409,526</u>	<u>8,011,157</u>	<u>7,828,907</u>	<u>-</u>	<u>182,250</u>
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TOTAL EXPENDITURES

	<u>127,936,515</u>	<u>128,129,793</u>	<u>120,458,791</u>	<u>2,327,730</u>	<u>5,343,272</u>
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OTHER FINANCING USES

Payment to refunding bond

escrow agent	-	22,217,304	22,217,304	-	-
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Transfers out

Special Aid Fund	155,000	155,000	155,000	-	-
Capital Projects Fund	100,000	1,450,000	1,450,000	-	-
	<u>255,000</u>	<u>23,822,304</u>	<u>23,822,304</u>	<u>-</u>	<u>-</u>

TOTAL OTHER FINANCING USES

	<u>255,000</u>	<u>23,822,304</u>	<u>23,822,304</u>	<u>-</u>	<u>-</u>
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**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

	<u>\$ 128,191,515</u>	<u>\$ 151,952,097</u>	<u>\$ 144,281,095</u>	<u>\$ 2,327,730</u>	<u>\$ 5,343,272</u>
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See independent auditors' report.

Chappaqua Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 44,418	\$ 30,606
State and Federal aid receivable	<u>1,519,256</u>	<u>1,569,511</u>
Total Assets	<u>\$ 1,563,674</u>	<u>\$ 1,600,117</u>
LIABILITIES		
Liabilities		
Accounts payable	\$ 20,891	\$ -
Due to other funds	1,517,826	1,600,117
Unearned revenues	<u>24,957</u>	<u>-</u>
Total Liabilities	<u>\$ 1,563,674</u>	<u>\$ 1,600,117</u>

See independent auditors' report.

Chappaqua Central School District, New York

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

	<u>2020</u>	<u>2019</u>
REVENUES		
State aid	\$ 513,921	\$ 479,155
Federal aid	<u>815,340</u>	<u>1,014,599</u>
Total Revenues	1,329,261	1,493,754
EXPENDITURES		
Current		
Instruction	<u>1,484,261</u>	<u>1,613,543</u>
Deficiency of Revenues Over Expenditures	(155,000)	(119,789)
OTHER FINANCING SOURCES		
Transfers in	<u>155,000</u>	<u>119,789</u>
Net Change in Fund Balance	-	-
FUND BALANCE		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

Chappaqua Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 5,313,413	\$ 12,952,563
State and Federal aid receivable	<u>685,715</u>	<u>-</u>
Total Assets	<u><u>\$ 5,999,128</u></u>	<u><u>\$ 12,952,563</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 869,171	\$ 1,894,353
Accrued liabilities	103,000	-
Due to other funds	<u>604,107</u>	<u>885,490</u>
Total Liabilities	1,576,278	2,779,843
Fund balance		
Restricted	<u>4,422,850</u>	<u>10,172,720</u>
Total Liabilities and Fund Balance	<u><u>\$ 5,999,128</u></u>	<u><u>\$ 12,952,563</u></u>

See independent auditors' report.

Chappaqua Central School District, New York

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

	<u>2020</u>	<u>2019</u>
REVENUES		
State aid	\$ 685,715	\$ -
EXPENDITURES		
Capital outlay	<u>8,075,585</u>	<u>22,092,927</u>
Deficiency of Revenues Over Expenditures	(7,389,870)	(22,092,927)
OTHER FINANCING SOURCES		
Transfers in	<u>1,640,000</u>	<u>100,000</u>
Net Change in Fund Balance	(5,749,870)	(21,992,927)
FUND BALANCE		
Beginning of Year	<u>10,172,720</u>	<u>32,165,647</u>
End of Year	<u><u>\$ 4,422,850</u></u>	<u><u>\$ 10,172,720</u></u>

See independent auditors' report.

Chappaqua Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2020

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
School - Wide Improvements	\$ 42,500,000	\$ 32,355,658	\$ 6,625,519	\$ 38,981,177	\$ 3,518,823
Smart Schools Bond Act	686,946	432,561	253,154	685,715	1,231
Fitness Center	600,000	536,083	-	536,083	63,917
Bell Parking Lot	900,002	862,330	-	862,330	37,672
Horace Greeley K Building Roof	275,000	-	-	-	275,000
Bell Cafeteria	390,000	15,650	3,458	19,108	370,892
Security	1,350,000	-	1,193,454	1,193,454	156,546
Totals	<u>\$ 46,701,948</u>	<u>\$ 34,202,282</u>	<u>\$ 8,075,585</u>	<u>\$ 42,277,867</u>	<u>\$ 4,424,081</u>

See independent auditors' report.

Methods of Financing					
Proceeds of Obligations	State Aid	Transfers	Miscellaneous	Totals	Fund Balance at 6/30/2020
\$ 42,500,000	\$ -	\$ -	\$ -	\$ 42,500,000	\$ 3,518,823
-	685,715	-	-	685,715	-
-	-	-	600,000	600,000	63,917
-	-	300,002	600,000	900,002	37,672
-	-	275,000	-	275,000	275,000
-	-	390,000	-	390,000	370,892
-	-	1,350,000	-	1,350,000	156,546
<u>\$ 42,500,000</u>	<u>\$ 685,715</u>	<u>\$ 2,315,002</u>	<u>\$ 1,200,000</u>	<u>\$ 46,700,717</u>	<u>\$ 4,422,850</u>

Chappaqua Central School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020
(With Comparative Totals for 2019)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2020	2019
ASSETS				
Cash and equivalents	\$ 112,103	\$ 55,850	\$ 167,953	\$ 344,229
Receivables				
Accounts	6,536	-	6,536	14,745
State and Federal aid	8,776	-	8,776	17,418
Due from other funds	74,589	-	74,589	-
	89,901	-	89,901	32,163
Inventories	10,415	-	10,415	7,594
Total Assets	\$ 212,419	\$ 55,850	\$ 268,269	\$ 383,986
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,276	\$ -	\$ 6,276	\$ -
Unearned revenues	175,775	-	175,775	119,826
Due to other funds	-	1,980	1,980	-
Total Liabilities	182,051	1,980	184,031	119,826
Fund balances				
Nonspendable	10,415	-	10,415	7,594
Restricted	-	53,870	53,870	55,590
Assigned	19,953	-	19,953	200,976
Total Fund Balances	30,368	53,870	84,238	264,160
Total Liabilities and Fund Balances	\$ 212,419	\$ 55,850	\$ 268,269	\$ 383,986

See independent auditors' report.

Chappaqua Central School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2020
(With Comparative Totals for 2019)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2020	2019
REVENUES				
Use of money and property	\$ 25	\$ 11	\$ 36	\$ 1,168
State aid	5,934	-	5,934	9,139
Federal aid	118,176	-	118,176	127,853
Food sales	1,219,650	-	1,219,650	1,873,391
Miscellaneous	20,274	999	21,273	75,879
	<u>1,364,059</u>	<u>1,010</u>	<u>1,365,069</u>	<u>2,087,430</u>
Total Revenues				
EXPENDITURES				
Current				
Cost of food sales	1,352,261	-	1,352,261	2,068,446
Other	-	2,730	2,730	8,522
	<u>1,352,261</u>	<u>2,730</u>	<u>1,354,991</u>	<u>2,076,968</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	11,798	(1,720)	10,078	10,462
OTHER FINANCING USES				
Transfers out	(190,000)	-	(190,000)	-
	<u>(190,000)</u>	<u>-</u>	<u>(190,000)</u>	<u>-</u>
Net Change in Fund Balance	(178,202)	(1,720)	(179,922)	10,462
FUND BALANCES				
Beginning of Year	208,570	55,590	264,160	253,698
	<u>208,570</u>	<u>55,590</u>	<u>264,160</u>	<u>253,698</u>
End of Year	\$ 30,368	\$ 53,870	\$ 84,238	\$ 264,160
	<u>\$ 30,368</u>	<u>\$ 53,870</u>	<u>\$ 84,238</u>	<u>\$ 264,160</u>

See independent auditors' report.

Chappaqua Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	2020	2019
ASSETS		
Cash and equivalents	\$ 112,103	\$ 288,639
Receivables		
Accounts	6,536	14,745
State and Federal aid	8,776	17,418
Due from other funds	74,589	-
	89,901	32,163
Inventories	10,415	7,594
Total Assets	\$ 212,419	\$ 328,396
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 6,276	\$ -
Unearned revenues	175,775	119,826
Total Liabilities	182,051	119,826
Fund balance		
Nonspendable	10,415	7,594
Assigned	19,953	200,976
Total Fund Balance	30,368	208,570
Total Liabilities and Fund Balance	\$ 212,419	\$ 328,396

See independent auditors' report.

Chappaqua Central School District, New York

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

	2020	2019
REVENUES		
Use of money and property	\$ 25	\$ 1,143
State aid	5,934	9,139
Federal aid	118,176	127,853
Food sales	1,219,650	1,873,391
Miscellaneous	20,274	69,629
Total Revenues	1,364,059	2,081,155
EXPENDITURES		
Current		
Cost of food sales	1,352,261	2,068,446
Excess of Revenues Over Expenditures	11,798	12,709
OTHER FINANCING USES		
Transfers out	(190,000)	-
Net Change in Fund Balance	(178,202)	12,709
FUND BALANCE		
Beginning of Year	208,570	195,861
End of Year	\$ 30,368	\$ 208,570

See independent auditors' report.

Chappaqua Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 55,850</u>	<u>\$ 55,590</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 1,980	\$ -
Fund balance		
Restricted	<u>53,870</u>	<u>55,590</u>
Total Liabilities and Fund Balance	<u>\$ 55,850</u>	<u>\$ 55,590</u>

See independent auditors' report.

Chappaqua Central School District, New York

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

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 11	\$ 25
Miscellaneous	<u>999</u>	<u>6,250</u>
Total Revenues	1,010	6,275
EXPENDITURES		
Current		
Other	<u>2,730</u>	<u>8,522</u>
Deficiency of Revenues Over Expenditures	(1,720)	(2,247)
FUND BALANCE		
Beginning of Year	<u>55,590</u>	<u>57,837</u>
End of Year	<u>\$ 53,870</u>	<u>\$ 55,590</u>

See independent auditors' report.

Chappaqua Central School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2020

Adopted Budget	\$ 126,152,188
Additions	
Encumbrances	<u>2,039,327</u>
Original Budget	128,191,515
Budget Amendments	<u>23,760,582</u>
Final Budget	<u><u>\$ 151,952,097</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2020

2020-21 Expenditure Budget	\$ <u>128,237,168</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	5,870,595
Unassigned fund balance	<u>5,636,662</u>
Total Unrestricted Fund Balance	<u>11,507,257</u>
Less	
Appropriated for subsequent year's budget	3,542,865
Encumbrances	<u>2,327,730</u>
Total Adjustments	<u>5,870,595</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,636,662</u></u>
Actual Percentage	<u><u>4.40%</u></u>

See independent auditors' report.

Chappaqua Central School District, New YorkSchedule of Net Investment In Capital Assets
Year Ended June 30, 2020

Capital Assets, net		\$	145,550,173
Less			
General Obligation Bonds Payable	(58,379,987)		
Energy Performance Contract Debt Payable	(9,209,433)		
Unamortized Portion of Premium	<u>(4,723,383)</u>		(72,312,803)
Plus			
Unexpended Debt Proceeds	3,518,823		
Unamortized Portion of Loss on Refunding Bonds	<u>1,388,558</u>		<u>4,907,381</u>
Net Investment in Capital Assets		\$	<u><u>78,144,751</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
Chappaqua Central 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 Chappaqua Central School District, New York ("School District") as of and for the year ended June 30, 2020, 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 30, 2020.

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 30, 2020

**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
Chappaqua Central School District, New York**

Report on Compliance for Each Major Federal Program

We have audited the Chappaqua Central 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, 2020. 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, 2020.

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 30, 2020

Chappaqua Central School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</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	\$ -	\$ 3,186
National School Lunch Program - Commodities	10.555	N/A	-	56,139
National School Lunch Program - Cash	10.555	N/A	-	58,851
Total U.S. Department of Agriculture			-	118,176
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	032-20-1067	-	701,190
Special Education - Preschool Grants	84.173	033-20-1067	-	18,680
Subtotal Special Education Cluster			-	719,870
Supporting Effective Instruction State Grants	84.367	147-18-3700	-	39,621
Supporting Effective Instruction State Grants	84.367	147-19-3700	-	5,991
			-	45,612
Title I Grants to Local Educational Agencies	84.010	021-18-3700	-	32,237
Title I Grants to Local Educational Agencies	84.010	021-19-3700	-	12,536
			-	44,773
Student Support and Academic Enrichment Program	84.424	0204-19-3745	-	5,085
Total U.S. Department of Education			-	815,340
Total Expenditures of Federal Awards			\$ -	\$ 933,516

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

The accompanying notes are an integral part of this schedule.

Chappaqua Central School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Chappaqua Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2020. 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.

Chappaqua Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major federal programs:

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

____ Yes X No
____ Yes X None reported

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

Unmodified

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

____ Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

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

Chappaqua Central School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2020

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

None