

**Chappaqua Central School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2019



# 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, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

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

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2018 (not presented herein), and issued our report thereon dated September 14, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 17, 2019

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# Chappaqua Central School District, New York

## Management's Discussion and Analysis ("MD&A") June 30, 2019

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### 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, 2019. 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 basic financial statements which immediately follow this section.

For the year-ended June 30, 2018 financial statements, there was a substantial change in the District's net position due to the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* which reflects the combination of full accrual (recognition) of other postemployment benefits ("OPEB"), rather than an amortized amount reported under GASB Statement No. 45 plus the use of prescribed requirements under GASB Statement No. 75 (e.g., lower discount rate for calculating the OPEB liabilities, prescribed actuarial cost method, etc.) that further increase reported liabilities. This was a one-time financial reporting adjustment that all municipalities nationally, including school districts, are required to implement when reporting liabilities under GASB. The underlying benefit obligations and promises to retirees has not changed since the prior year's audit report with obligations reflecting employees, including individuals retired and receiving benefits from the District for many years. The current valuation reflects employees that have retired more than twenty-five years ago and employees hired dating back to the 1960s. Since the change happened last year, the net position of the District remains similar to the prior year – only showed a decrease of \$280,199. As indicated last year, this negative net position is consistent with other municipalities' reporting. It was purely to meet a reporting requirement and has no impact on the current financial position of the District. The District's financial position remains strong.

### Financial Highlights

Key financial highlights for fiscal year 2018-19 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 \$4,981,066. The unassigned fund balance of the General Fund is 3.95% of the 2019-20 budget which is in compliance with the 4% statutory limit. This amount is available for spending at the discretion of the District.
- The District's overall fund balance decreased from \$56,362,096 to \$32,603,159, a decrease of \$23,758,937 of which the Capital Projects Fund saw a decrease of \$21,992,927. These funds have been paid out to complete the capital projects that the District is undertaking. There remains \$10,172,720 in the restricted reserves for capital projects at the end of June 30, 2019.
- The District's General Fund balance decreased by \$1,776,472 from \$23,942,751 to \$22,166,279. The main reason was the District borrowed \$26,500,000 of serial bonds on June 20, 2018 for the capital projects and had to pay out \$1,848,958 in principal and interest during the 2018-19 school year. The original plan was to borrow these funds during the 2019-20 school year and therefore

there would have been no payment during the current school year. However, it was decided to borrow early to take advantage of the low interest rates and therefore the borrowing was pushed up to the 2018-19 school year. Since the bonds were issued during 2017-18 fiscal year, principal and interest payments must be made during the subsequent year, 2018-19 fiscal year.

- 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 \$69,751,007 which was similar to last year's. As indicated in last year's statements, 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 and the Special Aid Fund within the basic financial statements to demonstrate compliance with the respective budgets.
- 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, 2018 to June 30, 2019 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 2018-07-01 2019-06-30.pdf](https://www.ccsd.ws/uploaded/CCSD/Departments/Business%20Office/Financial%20Legal/GASB%2075%202018-07-01%202019-06-30.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,	
	2019	2018
<b>ASSETS</b>		
Current Assets	\$ 47,924,395	\$ 68,474,299
Capital Assets, net	141,320,890	120,548,049
Total Assets	189,245,285	189,022,348
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	33,825,373	37,002,721
<b>LIABILITIES</b>		
Current Liabilities	10,185,031	10,229,915
Long-term Liabilities	270,098,182	275,843,682
Total Liabilities	280,283,213	286,073,597
<b>DEFERRED INFLOWS OF RESOURCES</b>	12,538,452	9,422,280
<b>NET POSITION</b>		
Net Investment in Capital Assets	74,859,530	69,734,401
Restricted		
Capital Projects	460,939	981,984
Future Capital Projects	1,568,229	1,565,198
Tax Certiorari	2,822,668	2,817,212
Tax Reduction	4,696	4,687
Property Loss	59,275	59,160
Insurance	211,224	210,816
Liability Claims	219,566	219,142
Repairs	138,426	137,539
Retirement Contributions	1,568,229	1,565,198
Debt Service	752,970	299,953
Special Purpose	55,590	57,837
Unrestricted	(152,472,349)	(147,123,935)
Total Net Position	\$ (69,751,007)	\$ (69,470,808)

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 2018-19 school year, the District budgeted \$4,794,425 in its General Fund to pay off the scheduled capital debt principal and interest payment.

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. For example, the district's current assets decreased from \$68,474,299 to \$47,924,395 and this is due to the funds are being used for the projects. Since most projects are in progress, the district is holding the borrowed funds for capital projects that are underway. The District's Capital Assets increased from \$120,548,049 to \$141,320,890 because the district is able to capitalize some of the capital projects that are completed or underway. The District anticipates to complete all these capital projects during the 2019-20 school year.

The Long-term Liabilities decreased from \$275,843,682 to \$270,098,182, the District has completed its borrowing for capital projects and have begun to pay off its debts.

Those assets subject to external restrictions constitute \$7,761,812 of net position, which includes a restriction for future capital projects of \$1,568,229, ERS retirement contributions of \$1,568,229 and tax certiorari of \$2,822,668 (the three largest items). Again, the District's net position remains relatively unchanged.

## Changes in Net Position

	June 30,	
	2019	2018
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 2,802,227	\$ 2,530,989
Operating Grants and Contributions	2,309,288	2,684,598
Capital Grants and Contributions	3,612	1,200,245
Total Program Revenues	5,115,127	6,415,832
General Revenues		
Real Property Taxes	104,110,848	101,419,422
Other Tax Items (STAR)	4,895,369	5,306,724
Non-Property Taxes	941,439	897,424
Unrestricted Use of Money and Property	1,086,414	414,639
Unrestricted State Aid	8,726,569	8,629,931
Miscellaneous	1,018,059	848,267
Total General Revenues	120,778,698	117,516,407
Total Revenues	125,893,825	123,932,239
<b>EXPENSES</b>		
General Support	16,814,130	16,554,790
Instruction	98,490,706	97,681,941
Pupil Transportation	6,498,428	6,421,411
Community Services	21,978	19,928
Cost of Food Sales	1,978,758	1,996,768
Other	8,522	4,042
Interest	2,361,502	1,591,654
Total Expenses	126,174,024	124,270,534
Change in Net Position	(280,199)	(338,295)
Net Position - Beginning, as Reported	(69,470,808)	97,876,938
Cumulative Effect Of Change in Accounting Principle	-	(167,009,451)
Net Position - Beginning, as Restated	(69,470,808)	(69,132,513)
Ending	\$ (69,751,007)	\$ (69,470,808)

The District's net position decreased by \$280,199, from a negative \$69,470,808 to a negative of \$69,751,007. 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 (86.59%, a slight increase from prior year's 86.12%).

The major changes from 2017-18 to 2018-19 are as follows:

#### Revenues:

The District's total program revenues saw a decrease of \$1,300,705, general revenues increased by \$3,262,291, and the total revenues increased by \$1,961,586. The primary elements of these changes were:

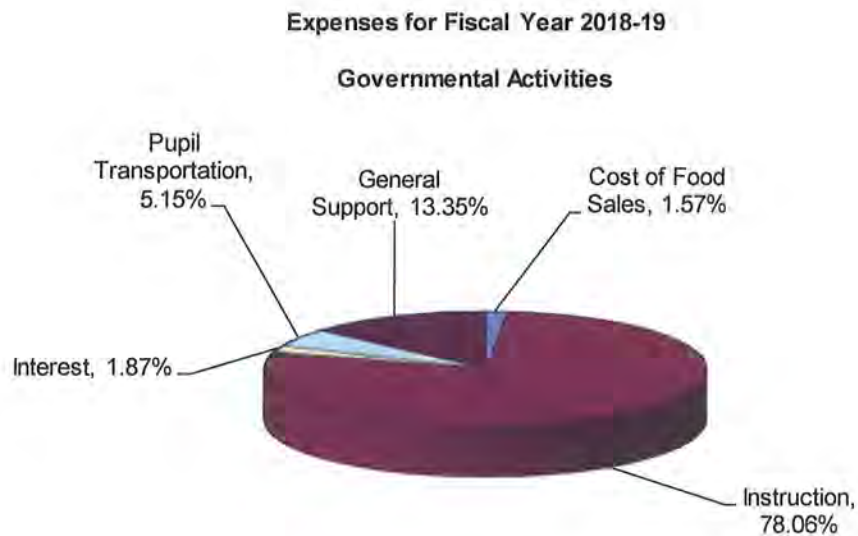
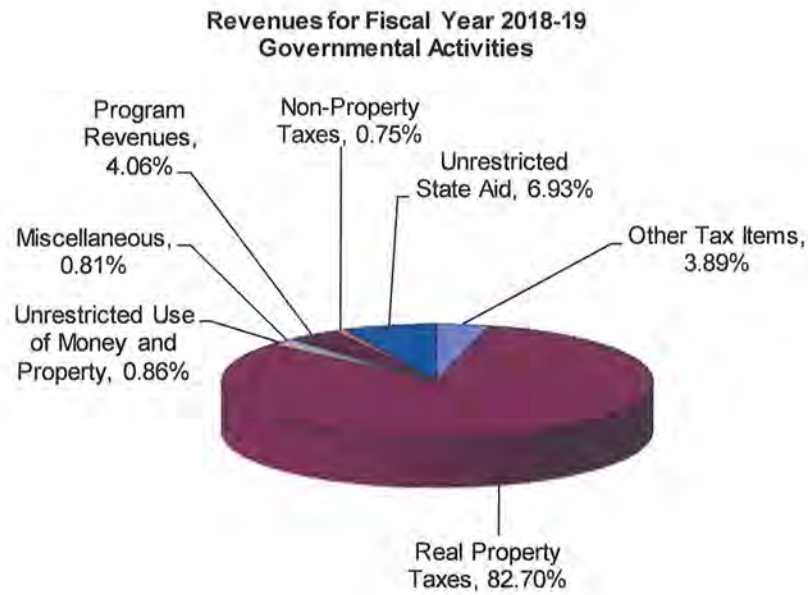
- Capital Grants and Contributions decreased by \$1,196,633. This was due to during the prior year (2017-18), the District received major grants from the Twin Oaks and Chappaqua Education Foundations.
- Real Property Taxes (excluding STAR) increased by \$2,280,071, or 2.65%. This figure is higher than the District proposed.
- Unrestricted Use of Money and Property saw an increase of \$671,775, mainly due to earned interest from investments.
- In addition, Charges for Services from Program Revenues, Non-Property Taxes, Unrestricted State Aid, and Miscellaneous all saw an increase during the 2018-19 school year.

#### Expenses:

The District's expenses increased by \$1,903,490. The highlights were:

- General Support saw an increase of \$259,340. All expenses in this set of budget codes were stable during the 2018-19 school year.
- Instruction saw an increase of \$808,765 and this is largely due to increase in salaries for staff whose budget codes are within Instruction.
- Interest payment saw an increase of \$769,848 which was due to the \$26.5 million of new debt District took on.
- Other expenditure items remain relatively stable.





### **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 \$32,603,159, a decrease of \$23,758,937 from prior year's \$56,362,096. These two numbers are not comparable and therefore a fair comparison cannot be made. The District borrowed \$42.5 million in bonds for capital projects and at the end of June 2018 and retained \$32,165,647 in the Capital Projects Fund which became part of the overall fund balance for the prior fiscal year. During 2018-19, \$22,092,927 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 decreased by \$1,776,472, from \$23,942,751 to \$22,166,279 for the current fiscal year. As mentioned in the "Fiscal Highlights" section, this is due to the fact that the District had to pay out \$1,848,958 in principal and interest for its borrowing that was pushed up into the prior fiscal year in order to have a lower interest rate. The assigned fund balance for the subsequent year drew funds from two sources: \$3,812,954 from the Unassigned Fund Balance and \$100,000 from the Retirement Contributions Fund. The District is anticipating to sell a piece of property during the 2019-20 school year. 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 2018-19, General Fund revenues exceeded the final budget by \$2,275,088. The largest variance was a positive variance of \$1,052,184 in Use of Money and Property, \$475,631 in State Aid, and \$468,059 in Miscellaneous Income.

General Fund expenditures and other financing uses for 2018-19 were \$1,050,552 less than the final budget, after the deduction of \$2,039,327 for encumbrances. Positive variances were shown in the following areas: General Support: \$149,058, Instruction: \$319,909, Pupil Transportation: \$262,540, Employee Benefits: \$317,923, and Debt Service: \$1,122.

### **General Fund Budgetary Highlights**

The original expenditure budget and the final amended budget showed an increase of \$78,594. The modifications were mainly made up from gifts from the community.

### **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, 2019</u>
Non-spendable	\$ 1,376,648
Restricted	9,956,284
Assigned	5,852,281
Unassigned	<u>4,981,066</u>
 Total	 <u>\$ 22,166,279</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: \$2,039,327 (vs. last year's \$4,585,621) is for encumbrances (purchases on order) - commitments made by the District for goods or services, and \$3,812,954 is assigned for subsequent year's expenditures. The remainder of \$4,981,066 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, 2019, the District had \$141,329,890 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,	
	2019	2018
Land	\$ 2,177,700	\$ 2,177,700
Construction in Progress	26,639,887	8,863,947
Buildings and Improvements	107,251,337	107,169,292
Machinery and Equipment	5,251,966	2,337,110
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 141,320,890</u>	<u>\$ 120,548,049</u>

The major changes in Capital Assets are an increase of \$17,775,940 in Construction in Progress and an increase of \$2,914,856 in Machinery and Equipment. These two increases are due to District's on-going capital projects at all six schools. As the District continues to complete its capital projects from 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 2019-20). 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, 2018, the District had \$65,555,000 in general obligation debt and other long-term liabilities outstanding, as follows:

	June 30,	
	2019	2018
General Obligations Bonds Payable		
Plus Unamortized Premium	\$ 67,651,959	\$ 72,262,397
Other Non-Current Liabilities -		
Net Pension Liability	1,902,936	879,674
Energy Performance Contract Debt	10,184,716	11,137,474
Installment Purchase Debt	-	102,633
Compensated Absences	4,042,783	3,908,516
Other Post Employment Benefit Obligations	186,315,788	187,552,988
Total	<u>\$ 270,098,182</u>	<u>\$ 275,843,682</u>

Long-term liabilities are made up of six figures: general obligation bonds payable, energy performance contract debt, compensated absences, net pension liability and other post employment benefit obligations. Bonds payable saw a decrease of \$4,610,438. The District has completed it's borrowing for the \$42.5 million serial bonds and has begun to pay down its debt. Other post employment benefit obligations remain similar to the prior year (the implementation of GASB Statement No. 75 happened during the 2017-18 fiscal year).

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, 2019 is fairly similar to the prior fiscal year and remains strong. The fact that the District's restricted reserve fund balance in 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 York**Statement of Net Position  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 37,858,933
Receivables	
Accounts	237,737
State and Federal aid	2,825,637
Prepaid expenses	1,376,648
Inventories	7,594
Net pension asset	5,617,846
Capital assets	
Not being depreciated	28,817,587
Being depreciated, net	112,503,303
	<hr/>
Total Assets	189,245,285
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	33,825,373
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	2,176,775
Accrued liabilities	904,078
Due to retirement systems	6,318,852
Due to other governments	177,380
Unearned revenues	126,305
Accrued interest payable	481,641
Non-current liabilities	
Due within one year	5,929,283
Due in more than one year	264,168,899
	<hr/>
Total Liabilities	280,283,213
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	12,538,452
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	74,859,530
Restricted	
Capital projects	460,939
Future capital projects	1,568,229
Tax certiorari	2,822,668
Tax reduction	4,696
Property loss	59,275
Insurance	211,224
Liability claims	219,566
Repairs	138,426
Retirement contributions	1,568,229
Debt service	752,970
Special purpose	55,590
Unrestricted	(152,472,349)
	<hr/>
Total Net Position	\$ (69,751,007)
	<hr/>

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
General support	\$ 16,814,130	\$ 180,070	\$ 16,196	\$ -	\$ (16,617,864)
Instruction	98,490,706	679,137	2,148,682	-	(95,662,887)
Pupil transportation	6,498,428	-	-	-	(6,498,428)
Community services	21,978	-	-	-	(21,978)
Cost of food sales	1,978,758	1,943,020	138,135	-	102,397
Other	8,522	-	6,275	-	(2,247)
Interest	2,361,502	-	-	3,612	(2,357,890)
<b>Total Governmental Activities</b>	<b>\$ 126,174,024</b>	<b>\$ 2,802,227</b>	<b>\$ 2,309,288</b>	<b>\$ 3,612</b>	<b>(121,058,897)</b>
<b>General revenues</b>					
Real property taxes					104,110,848
Other tax items					
School tax relief reimbursement					4,895,369
Non-property taxes					
Non-property tax distribution from County					941,439
Unrestricted use of money and property					1,086,414
Unrestricted State aid					8,726,569
Miscellaneous					1,018,059
<b>Total General Revenues</b>					<b>120,778,698</b>
<b>Change in Net Position</b>					<b>(280,199)</b>
<b>Net Position - Beginning</b>					<b>(69,470,808)</b>
<b>Net Position - Ending</b>					<b>\$ (69,751,007)</b>

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, 2019

---

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 24,531,535	\$ 30,606	\$ 12,952,563
Receivables			
Accounts	222,992	-	-
State and Federal aid	1,238,708	1,569,511	-
Due from other funds	2,485,607	-	-
Prepaid expenditures	1,376,648	-	-
Inventories	-	-	-
Total Assets	<u>\$ 29,855,490</u>	<u>\$ 1,600,117</u>	<u>\$ 12,952,563</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 282,422	\$ -	\$ 1,894,353
Accrued liabilities	904,078	-	-
Due to other funds	-	1,600,117	885,490
Due to retirement systems	6,318,852	-	-
Due to other governments	177,380	-	-
Unearned revenues	6,479	-	-
Total Liabilities	<u>7,689,211</u>	<u>1,600,117</u>	<u>2,779,843</u>
Fund balances			
Nonspendable	1,376,648	-	-
Restricted	9,956,284	-	10,172,720
Assigned	5,852,281	-	-
Unassigned	4,981,066	-	-
Total Fund Balances	<u>22,166,279</u>	<u>-</u>	<u>10,172,720</u>
Total Liabilities and Fund Balances	<u>\$ 29,855,490</u>	<u>\$ 1,600,117</u>	<u>\$ 12,952,563</u>

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



Non-Major Governmental	Total Governmental Funds
\$ 344,229	\$ 37,858,933
14,745	237,737
17,418	2,825,637
-	2,485,607
-	1,376,648
7,594	7,594
<u>\$ 383,986</u>	<u>\$ 44,792,156</u>

\$ -	\$ 2,176,775
-	904,078
-	2,485,607
-	6,318,852
-	177,380
119,826	126,305
<u>119,826</u>	<u>12,188,997</u>

7,594	1,384,242
55,590	20,184,594
200,976	6,053,257
-	4,981,066
<u>264,160</u>	<u>32,603,159</u>
<u>\$ 383,986</u>	<u>\$ 44,792,156</u>

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## Chappaqua Central School District, New York

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

---

Fund Balances - Total Governmental Funds	\$ 32,603,159
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.	141,320,890
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	1,230,973
Deferred amounts on net pension assets (liabilities)	24,925,403
Deferred amounts on other postemployment benefit obligations	(4,869,455)
	21,286,921
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Net pension asset	5,617,846
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(481,641)
Bonds payable	(67,651,959)
Energy performance contract debt payable	(10,184,716)
Compensated absences	(4,042,783)
Net pension liability	(1,902,936)
Other post employment benefit obligations payable	(186,315,788)
	(270,579,823)
Net Position of Governmental Activities	\$ (69,751,007)

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, 2019

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 104,110,848	\$ -	\$ -
Other tax items	4,895,369	-	-
Non-property taxes	941,439	-	-
Charges for services	678,245	-	-
Use of money and property	1,287,184	-	-
State aid	9,341,391	479,155	-
Federal aid	10,399	1,014,599	-
Food sales	-	-	-
Miscellaneous	1,047,766	-	-
Total Revenues	122,312,641	1,493,754	-
<b>EXPENDITURES</b>			
Current			
General support	15,917,139	-	-
Instruction	68,060,500	1,613,543	-
Pupil transportation	6,498,428	-	-
Community services	21,978	-	-
Employee benefits	25,417,824	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	5,475,391	-	-
Interest	2,478,064	-	-
Capital outlay	-	-	22,092,927
Total Expenditures	123,869,324	1,613,543	22,092,927
Excess (Deficiency) of Revenues Over Expenditures	(1,556,683)	(119,789)	(22,092,927)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	119,789	100,000
Transfers out	(219,789)	-	-
Total Other Financing Sources (Uses)	(219,789)	119,789	100,000
Net Change in Fund Balances	(1,776,472)	-	(21,992,927)
<b>FUND BALANCES</b>			
Beginning of Year	23,942,751	-	32,165,647
End of Year	\$ 22,166,279	\$ -	\$ 10,172,720

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 104,110,848
-	4,895,369
-	941,439
-	678,245
1,168	1,288,352
9,139	9,829,685
127,853	1,152,851
1,873,391	1,873,391
75,879	1,123,645
<u>2,087,430</u>	<u>125,893,825</u>
-	15,917,139
-	69,674,043
-	6,498,428
-	21,978
-	25,417,824
2,068,446	2,068,446
8,522	8,522
-	5,475,391
-	2,478,064
-	22,092,927
<u>2,076,968</u>	<u>149,652,762</u>
<u>10,462</u>	<u>(23,758,937)</u>
-	219,789
-	(219,789)
-	-
<u>10,462</u>	<u>(23,758,937)</u>
<u>253,698</u>	<u>56,362,096</u>
<u>\$ 264,160</u>	<u>\$ 32,603,159</u>

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## 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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	\$ (23,758,937)
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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	24,778,257
Depreciation expense	<u>(4,005,416)</u>
	<u>20,772,841</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.

Principal paid on serial bonds	4,420,000
Principal paid on energy performance contract debt	952,758
Principal paid on installment purchase debt	102,633
Amortization of loss on refunding bonds and issuance premium	<u>73,202</u>
	<u>5,548,593</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	43,360
Compensated absences	(134,267)
Pension assets (obligations)	880,466
Other post employment benefit obligations	<u>(3,632,255)</u>
	<u>(2,842,696)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (280,199)</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 - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 104,107,172	\$ 104,110,848	\$ 104,110,848	\$ -
Other tax items	4,895,369	4,895,369	4,895,369	-
Non-property taxes	860,000	860,000	941,439	81,439
Charges for services	490,869	490,869	678,245	187,376
Use of money and property	235,000	235,000	1,287,184	1,052,184
State aid	8,865,760	8,865,760	9,341,391	475,631
Federal aid	-	-	10,399	10,399
Miscellaneous	550,000	579,707	1,047,766	468,059
Total Revenues	120,004,170	120,037,553	122,312,641	2,275,088
<b>EXPENDITURES</b>				
Current				
General support	16,226,141	17,290,447	15,917,139	1,373,308
Instruction	69,935,672	69,151,578	68,060,500	1,091,078
Pupil transportation	6,846,518	6,782,268	6,498,428	283,840
Community services	21,235	21,978	21,978	-
Employee benefits	27,368,477	25,758,355	25,417,824	340,531
Debt service				
Principal	4,786,092	5,475,391	5,475,391	-
Interest	1,696,474	2,479,186	2,478,064	1,122
Total Expenditures	126,880,609	126,959,203	123,869,324	3,089,879
Deficiency of Revenues Over Expenditures	(6,876,439)	(6,921,650)	(1,556,683)	5,364,967
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(265,000)	(219,789)	(219,789)	-
Total Other Financing Sources (Uses)	(265,000)	(219,789)	(219,789)	-
Net Change in Fund Balances	(7,141,439)	(7,141,439)	(1,776,472)	5,364,967
<b>FUND BALANCES</b>				
Beginning of Year	7,141,439	7,141,439	23,942,751	16,801,312
End of Year	\$ -	\$ -	\$ 22,166,279	\$ 22,166,279

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



Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
433,944	479,155	479,155	-
1,091,538	1,091,538	1,014,599	(76,939)
-	-	-	-
1,525,482	1,570,693	1,493,754	(76,939)
-	-	-	-
1,690,482	1,690,482	1,613,543	76,939
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,690,482	1,690,482	1,613,543	76,939
(165,000)	(119,789)	(119,789)	-
165,000	119,789	119,789	-
-	-	-	-
165,000	119,789	119,789	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Chappaqua Central School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2019

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 461,248
Accounts receivable	<u>3,229</u>
Total Assets	<u><u>\$ 464,477</u></u>
<b>LIABILITIES</b>	
Employee payroll deductions	\$ 391,502
Deposits payable	18,792
Student activity funds	<u>54,183</u>
Total Liabilities	<u><u>\$ 464,477</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

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

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. 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)**

The School District participates in the New York Liquid Assets Fund ("NYLAF"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. NYLAF has designated RBC Global Asset Management, Inc. as its registered investment advisor.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The School District's position in the pool is equal to the value of the pool shares.

NYLAF is rated AAAm by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The pools invest in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the NYLAF is presented in the annual report, which may be obtained from the Governing Board c/o PMA Financial Network, 2135 City Gate Lane, 7<sup>th</sup> Floor, Naperville, IL 60563.

**Risk Disclosure**

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

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

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

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

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

**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, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures 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. 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.



# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

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

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 \$6,479 in the General Fund for fees received in advance and \$119,826 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.

**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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 1,916,075	\$ 671,734
New York State Teachers' Retirement System	30,678,325	6,997,263
Other post employment benefit obligations	-	4,869,455
Deferred loss on refunding bonds	1,230,973	-
	<u>\$ 33,825,373</u>	<u>\$ 12,538,452</u>

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

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.

**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:

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, 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 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.

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 17, 2019.

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

**A. Budgetary Data**

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the

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

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 General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch 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 General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Fund Balance**

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

**C. Property Tax Limitation**

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

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

# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

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

the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

### **D. Fund Deficits**

The deficit in the Smart Schools Bond Act capital project of \$432,561 arose because of expenditures exceeding current financing on this project. This deficit will be eliminated with the future receipt or issuance of authorized financing.

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

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

The composition of interfund balances at June 30, 2019 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 2,485,607	\$ -
Special Aid	-	1,600,117
Capital Projects	-	885,490
	<u>\$ 2,485,607</u>	<u>\$ 2,485,607</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, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital Assets, not being depreciated:				
Land	\$ 2,177,700	\$ -	\$ -	\$ 2,177,700
Construction-in-progress	8,863,947	18,501,477	725,537	26,639,887
Total Capital Assets, not being depreciated	<u>\$ 11,041,647</u>	<u>\$ 18,501,477</u>	<u>\$ 725,537</u>	<u>\$ 28,817,587</u>

**Chappaqua Central School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2019

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

Class	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 164,626,568	\$ 3,479,498	\$ -	\$ 168,106,066
Machinery and Equipment	6,240,405	3,522,819	41,558	9,721,666
Total Capital Assets, being depreciated	170,866,973	7,002,317	41,558	177,827,732
Less Accumulated Depreciation for:				
Buildings and Improvements	57,457,276	3,397,453	-	60,854,729
Machinery and Equipment	3,903,295	607,963	41,558	4,469,700
Total Accumulated Depreciation	61,360,571	4,005,416	41,558	65,324,429
Total Capital Assets, being depreciated, net	\$ 109,506,402	\$ 2,996,901	\$ -	\$ 112,503,303
Capital Assets, net	\$ 120,548,049	\$ 21,498,378	\$ 725,537	\$ 141,320,890

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

General Support	\$ 200,271
Instruction	3,790,513
Cost of Food Sales	14,632
Total Depreciation Expense	\$ 4,005,416

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2019 were as follows:

	General Fund
Other	\$ 742,758
Payroll and employee benefits	161,320
	\$ 904,078

**Chappaqua Central School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)****D. Long-Term Liabilities**

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

	Balance July 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2019	Due Within One-Year
General Obligation Bonds Payable	\$ 69,975,000	\$ -	\$ 4,420,000	\$ 65,555,000	\$ 4,550,000
Plus - Unamortized premium on bonds	2,287,397	-	190,438	2,096,959	-
	<u>72,262,397</u>	<u>-</u>	<u>4,610,438</u>	<u>67,651,959</u>	<u>4,550,000</u>
Energy Performance Contract Debt Payable	11,137,474	-	952,758	10,184,716	975,283
Installment Purchase Debt Payable	102,633	-	102,633	-	-
Other Non-current Liabilities:					
Compensated Absences	3,908,516	525,267	391,000	4,042,783	404,000
Net Pension Liability	879,674	1,023,262	-	1,902,936	-
Other Post Employment Benefit Obligations	187,552,988	3,341,719	4,578,919	186,315,788	-
Total Other Non- current Liabilities	<u>192,341,178</u>	<u>4,890,248</u>	<u>4,969,919</u>	<u>192,261,507</u>	<u>404,000</u>
Total Long-Term Liabilities	<u>\$ 275,843,682</u>	<u>\$ 4,890,248</u>	<u>\$ 10,635,748</u>	<u>\$ 270,098,182</u>	<u>\$ 5,929,283</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.

**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2019 is comprised of the following issue -

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2019
Refunding Bonds	2011	\$ 32,905,000	January, 2030	2.000-5.0 %	\$ 24,745,000
District-wide Improvements	2018	26,500,000	June, 2039	3.0	25,875,000
District-wide Improvements	2018	16,000,000	June, 2038	2.125-3.0	14,935,000
					<u>\$ 65,555,000</u>

Interest expenditures of \$2,223,383 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



# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

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

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, 2019 was \$10,184,716. Interest expenditures of \$252,163 were recorded in the fund financial statements in the General Fund. Interest expense of \$251,230 was recorded in the district-wide financial statements.

### **Installment Purchase Debt**

The School District, in a prior year, entered into a lease agreement to finance the costs of telephone equipment. The terms of the telephone lease agreement provided for repayment of a principal amount of \$590,120 in an annual installment of \$63,591 in June, 2014 and annual installments of \$126,969 through June, 2018 and an installment of \$21,161 in June 2019. This agreement was satisfied in the current year.

The School District, in a prior year, entered into a lease agreement to finance the costs of certain computer equipment. The terms of this agreement provided for the repayment of a principal amount of \$396,266 in average annual installments of \$83,990 through June, 2019, including interest at 2.99%. This agreement was satisfied in the current year.

Interest expenditures of \$2,518 was recorded in the fund financial statements in the General Fund. Interest expense of \$2,516 was recorded in the district-wide financial statements.

### **Payments to Maturity**

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2019 including interest payments of \$17,828,927 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 4,550,000	\$ 2,079,994	\$ 975,283	\$ 229,637	\$ 5,525,283	\$ 2,309,631
2021	4,800,000	1,703,625	998,357	206,564	5,798,357	1,910,189
2022	4,955,000	1,724,575	1,021,992	182,929	5,976,992	1,907,504
2023	5,140,000	1,519,450	1,046,203	158,718	6,186,203	1,678,168
2024	3,630,000	1,354,313	1,071,004	133,917	4,701,004	1,488,230
2025-2029	18,985,000	4,805,200	4,315,058	293,458	23,300,058	5,098,658
2030-2034	13,460,000	2,572,281	756,819	25,766	14,216,819	2,598,047
2035-2039	10,035,000	838,500	-	-	10,035,000	838,500
	<u>\$ 65,555,000</u>	<u>\$ 16,597,938</u>	<u>\$ 10,184,716</u>	<u>\$ 1,230,989</u>	<u>\$ 75,739,716</u>	<u>\$ 17,828,927</u>

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

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.

**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.

**Pension Plans**

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

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

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

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

	<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	10.62 %

At June 30, 2019, 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, 2019	June 30, 2018
Net pension liability (asset)	\$ 1,902,936	\$ (5,617,846)
School Districts' proportion of the net pension liability (asset)	0.0310972 %	0.310676 %
Change in proportion since the prior measurement date	(0.0009036) %	(0.006031) %

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

For the year ended June 30, 2019, the School District recognized pension expense in the district-wide financial statements of \$6,090,062 (\$1,581,057 for ERS and \$4,509,005 for TRS). Pension expenditures of \$1,419,608 and \$1,854 were recorded in the fund financial statements and were charged to the General and Special Aid Funds, respectively for ERS and \$5,549,066 was charged to the General Fund for TRS.

# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

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

At June 30, 2019, the School District reported 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	\$ 374,728	\$ 127,741	\$ 4,198,171	\$ 760,453
Changes of assumptions	478,320	-	19,638,059	-
Net difference between projected and actual earnings on pension plan investments	-	488,399	-	6,236,237
Changes in proportion and differences between School District contributions and proportionate share of contributions	717,232	55,594	1,131,111	573
School District contributions subsequent to the measurement date	345,795	-	5,710,984	-
	<u>\$ 1,916,075</u>	<u>\$ 671,734</u>	<u>\$ 30,678,325</u>	<u>\$ 6,997,263</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 4,572,899	\$ 888,194		
Changes of assumptions	20,116,379	-		
Net difference between projected and actual earnings on pension plan investments	-	6,724,636		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,848,343	56,167		
School District contributions subsequent to the measurement date	6,056,779	-		
	<u>\$ 32,594,400</u>	<u>\$ 7,668,997</u>		

\$345,795 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 \$5,710,984 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2019	\$ -	\$ 5,847,007
2020	657,314	4,039,143
2021	(179,732)	619,237
2022	99,011	4,025,907
2023	321,953	2,749,690
Thereafter	-	689,094

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

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

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.

**Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2019

**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, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.8 %
International Equity	14	6.35	16	7.3
Private Equity	10	7.50	8	8.9
Real Estate	10	5.55	11	4.9
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.5
Short-Term	-	-	1	0.3
Global Equities	-	-	4	6.7
Private Debt	-	-	1	6.8
Real Estate Debt	-	-	7	2.8
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

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

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Chappaqua Central School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2019

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 9,633,324</u>	<u>\$ 1,902,936</u>	<u>\$ (4,038,386)</u>
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 38,595,522</u>	<u>\$ (5,617,846)</u>	<u>\$ (42,656,362)</u>

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

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

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

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

Accrued retirement contributions as of June 30, 2019 were \$345,795 to ERS and \$5,973,057 to TRS, which include employee contributions of \$262,073.

***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, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	405
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	604
	<u>1,009</u>

The School District's total OPEB liability of \$186,315,788 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

The total OPEB liability in the July 1, 2018 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	3.5%
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 19%, 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, 2018 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.



**Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2019

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

The School District's change in the total OPEB liability for the year ended June 30, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 187,552,988
Service cost	2,527,367
Interest	6,292,489
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(5,478,137)
Benefit payments	<u>(4,578,919)</u>
Total OPEB Liability - End of Year	<u>\$ 186,315,788</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 (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Current Assumption (3.5%)	1% Increase (4.5%)
Total OPEB Liability	<u>\$ 229,775,265</u>	<u>\$ 186,315,788</u>	<u>\$ 154,384,363</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>\$ 152,788,608</u>	<u>\$ 186,315,788</u>	<u>\$ 236,476,639</u>

For the year ended June 30, 2019, the School District recognized OPEB expense of \$3,341,719 in the district-wide financial statements. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2019

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ -	\$ 4,869,455
Differences between expected and actual experience	-	-
	<u>\$ -</u>	<u>\$ 4,869,455</u>

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

<u>Year Ended June 30,</u>	
2020	\$ (608,682)
2021	(608,682)
2022	(608,682)
2023	(608,682)
2024	(608,682)
Thereafter	(1,826,045)

**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.

	<u>Transfer In</u>		
<u>Transfers Out</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
General Fund	<u>\$ 119,789</u>	<u>\$ 100,000</u>	<u>\$ 219,789</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

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

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

*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, 2019

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

#### G. Fund Balances

	2019				2018			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>								
Inventories	\$ -	\$ -	\$ 7,594	\$ 7,594	\$ -	\$ -	\$ 2,323	\$ 2,323
Prepaid expenditures	1,376,648	-	-	1,376,648	1,359,779	-	-	1,359,779
Advances	-	-	-	-	850,000	-	-	850,000
<b>Total Nonspendable</b>	<b>1,376,648</b>	<b>-</b>	<b>7,594</b>	<b>1,384,242</b>	<b>2,209,779</b>	<b>-</b>	<b>2,323</b>	<b>2,212,102</b>
<b>Restricted:</b>								
Tax certiorari	2,822,668	-	-	2,822,668	2,817,212	-	-	2,817,212
Tax reduction	4,696	-	-	4,696	4,687	-	-	4,687
Tax reduction for subsequent year's expenditures	-	-	-	-	135,000	-	-	135,000
Property loss	59,275	-	-	59,275	59,160	-	-	59,160
Insurance	211,224	-	-	211,224	210,816	-	-	210,816
Liability claims	219,566	-	-	219,566	219,142	-	-	219,142
Employee benefit accrued liability	2,611,001	-	-	2,611,001	2,810,228	-	-	2,810,228
Repairs	138,426	-	-	138,426	137,539	-	-	137,539
ERS retirement contributions	1,468,229	-	-	1,468,229	1,565,198	-	-	1,565,198
ERS retirement contributions - for subsequent year's expenditures	100,000	-	-	100,000	100,000	-	-	100,000
Debt service	752,970	-	-	752,970	299,953	-	-	299,953
Capital projects	-	10,172,720	-	10,172,720	-	32,165,647	-	32,165,647
Future capital projects	1,568,229	-	-	1,568,229	1,565,198	-	-	1,565,198
Special purposes	-	-	55,590	55,590	-	-	57,837	57,837
<b>Total Restricted</b>	<b>9,956,284</b>	<b>10,172,720</b>	<b>55,590</b>	<b>20,184,594</b>	<b>9,924,133</b>	<b>32,165,647</b>	<b>57,837</b>	<b>42,147,617</b>
<b>Assigned:</b>								
Purchases on order:								
General government support	1,224,250	-	-	1,224,250	2,632,871	-	-	2,632,871
Instruction	771,169	-	-	771,169	1,840,910	-	-	1,840,910
Pupil transportation	21,300	-	-	21,300	47,350	-	-	47,350
Employee benefits	22,608	-	-	22,608	64,490	-	-	64,490
	<b>2,039,327</b>	<b>-</b>	<b>-</b>	<b>2,039,327</b>	<b>4,585,621</b>	<b>-</b>	<b>-</b>	<b>4,585,621</b>
<b>For subsequent year's expenditures -</b>								
General Fund	3,812,954	-	-	3,812,954	2,320,818	-	-	2,320,818
School Lunch Fund	-	-	200,976	200,976	-	-	193,538	193,538
	<b>3,812,954</b>	<b>-</b>	<b>200,976</b>	<b>4,013,930</b>	<b>2,320,818</b>	<b>-</b>	<b>193,538</b>	<b>2,514,356</b>
<b>Total Assigned</b>	<b>5,852,281</b>	<b>-</b>	<b>200,976</b>	<b>6,053,257</b>	<b>6,906,439</b>	<b>-</b>	<b>193,538</b>	<b>7,099,977</b>
<b>Unassigned</b>	<b>4,981,066</b>	<b>-</b>	<b>-</b>	<b>4,981,066</b>	<b>4,902,400</b>	<b>-</b>	<b>-</b>	<b>4,902,400</b>
<b>Total Fund Balances</b>	<b>\$ 22,166,279</b>	<b>\$ 10,172,720</b>	<b>\$ 264,160</b>	<b>\$ 32,603,159</b>	<b>\$ 23,942,751</b>	<b>\$ 32,165,647</b>	<b>\$ 253,698</b>	<b>\$ 56,362,096</b>

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

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

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

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

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, 2019, 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, 2019, 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 seven civil matters, involving seven plaintiffs against the School District regarding allegations of sexual abuse against a former drama teacher. In all seven 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.

**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.

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

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.

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 School District leases office facilities and equipment under noncancelable operating leases. The total cost for these leases was \$193,762 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2020	\$ 190,415
2021	187,438
2022	187,438
2023	<u>186,351</u>
	<u>\$ 751,642</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) (3)**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 2,527,367	\$ 2,194,861
Interest	6,292,489	6,710,502
Difference between expected and actual experience	-	-
Changes of benefit terms	-	-
Changes of assumptions or other inputs	(5,478,137)	-
Benefit payments	<u>(4,578,919)</u>	<u>(5,434,577)</u>
Net Change in Total OPEB Liability	(1,237,200)	3,470,786
Total OPEB Liability – Beginning of Year	<u>187,552,988</u>	<u>184,082,202</u> (2)
Total OPEB Liability – End of Year	<u>\$ 186,315,788</u>	<u>\$ 187,552,988</u>
School District's covered - employee payroll	<u>\$ 60,350,801</u>	<u>\$ 58,345,696</u>
Total OPEB liability as a percentage of covered - employee payroll	<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) Restated for the implementation of the provisions of GASB Statement No. 75.
- (3) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 pay related benefits.

See independent auditors' report.

**Chappaqua Central School District, New York**

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

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

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

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Standard No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

**Chappaqua Central School District, New York**

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

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

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68,  
*Accounting and Financial Reporting for Pensions.*

**Chappaqua Central School District, New York**

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

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

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

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

**Chappaqua Central School District, New York****Required Supplementary Information - Schedule of Contributions  
New York State and Local Employees' Retirement System  
Last Ten Fiscal Years (1)**

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

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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**Chappaqua Central School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 24,531,535	\$ 54,274,760
Receivables		
Accounts	222,992	10,133
State and Federal aid	1,238,708	852,299
Due from other funds	2,485,607	1,046,757
Advances to other funds	-	850,000
	3,947,307	2,759,189
Prepaid expenditures	1,376,648	1,359,779
Total Assets	\$ 29,855,490	\$ 58,393,728
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 282,422	\$ 314,196
Accrued liabilities	904,078	1,966,654
Due to other funds	-	26,193,637
Due to retirement systems	6,318,852	5,656,011
Due to other governments	177,380	315,337
Unearned revenues	6,479	5,142
Total Liabilities	7,689,211	34,450,977
Fund balance		
Nonspendable	1,376,648	2,209,779
Restricted	9,956,284	9,924,133
Assigned	5,852,281	6,906,439
Unassigned	4,981,066	4,902,400
Total Fund Balance	22,166,279	23,942,751
Total Liabilities and Fund Balance	\$ 29,855,490	\$ 58,393,728

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,

	2019				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Real property taxes	\$ 104,107,172	\$ 104,110,848	\$ 104,110,848	\$	\$ -
Other tax items	4,895,369	4,895,369	4,895,369		-
Non-property taxes	860,000	860,000	941,439		81,439
Charges for services	490,869	490,869	678,245		187,376
Use of money and property	235,000	235,000	1,287,184		1,052,184
State aid	8,865,760	8,865,760	9,341,391		475,631
Federal aid	-	-	10,399		10,399
Miscellaneous	550,000	579,707	1,047,766		468,059
Total Revenues	120,004,170	120,037,553	122,312,641		2,275,088
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	55,301	43,791	34,853	2,404	6,534
Central administration	384,861	411,654	406,116	-	5,538
Finance	1,268,320	1,462,229	1,395,493	40,621	26,115
Staff	1,015,554	961,463	735,215	115,377	110,871
Central services	11,617,166	12,565,257	11,585,909	979,348	-
Special items	1,884,939	1,846,053	1,759,553	86,500	-
Total General Support	16,226,141	17,290,447	15,917,139	1,224,250	149,058
Instruction					
Instruction, administration and improvement	5,315,650	5,194,358	5,148,659	45,699	-
Teaching - Regular school	41,559,859	41,240,547	40,749,761	473,879	16,907
Programs for students with disabilities	12,795,704	12,087,074	11,747,931	60,564	278,579
Teaching - Special schools	288,412	289,479	289,479	-	-
Instructional media	3,310,826	3,749,367	3,642,551	103,690	3,126
Pupil services	6,665,221	6,590,753	6,482,119	87,337	21,297
Total Instruction	69,935,672	69,151,578	68,060,500	771,169	319,909
Pupil transportation	6,846,518	6,782,268	6,498,428	21,300	262,540
Community services	21,235	21,978	21,978	-	-
Employee benefits	27,368,477	25,758,355	25,417,824	22,608	317,923
Debt service					
Principal	4,786,092	5,475,391	5,475,391	-	-
Interest	1,696,474	2,479,186	2,478,064	-	1,122
Total Expenditures	126,880,609	126,959,203	123,869,324	2,039,327	1,050,552
Excess (Deficiency) of Revenues Over Expenditures	(6,876,439)	(6,921,650)	(1,556,683)	(2,039,327)	3,325,640
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance premium	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(265,000)	(219,789)	(219,789)	-	-
Total Other Financing Uses	(265,000)	(219,789)	(219,789)	-	-
Net Change in Fund Balance	(7,141,439)	(7,141,439)	(1,776,472)	\$ (2,039,327)	\$ 3,325,640
<b>FUND BALANCE</b>					
Beginning of Year	7,141,439	7,141,439	23,942,751		
End of Year	\$ -	\$ -	\$ 22,166,279		

See independent auditors' report.



2018				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 101,419,422	\$ 101,419,422	\$ 101,419,422	\$	\$ -
5,306,724	5,306,724	5,306,724		-
835,000	835,000	897,424		62,424
498,319	498,319	512,926		14,607
210,000	210,000	536,026		326,026
8,752,223	8,752,223	9,350,934		598,711
-	-	25		25
550,000	619,373	917,640		298,267
117,571,688	117,641,061	118,941,121		1,300,060
82,917	73,313	73,313	-	-
394,785	386,280	384,109	611	1,560
1,284,295	1,386,470	1,259,362	127,108	-
990,704	910,646	746,507	164,091	48
11,270,836	12,471,240	10,168,827	2,244,122	58,291
1,753,262	1,955,543	1,854,662	96,939	3,942
15,776,799	17,183,492	14,486,780	2,632,871	63,841
5,391,947	5,185,256	4,648,181	35,450	501,625
41,453,289	42,154,281	40,151,839	1,457,195	545,247
12,519,924	12,379,960	11,530,795	119,289	729,876
271,319	273,019	273,019	-	-
3,232,134	3,553,434	3,367,023	131,756	54,655
6,891,712	6,918,812	6,621,591	97,220	200,001
69,760,325	70,464,762	66,592,448	1,840,910	2,031,404
6,716,386	6,694,372	6,421,411	47,350	225,611
22,754	22,754	19,928	-	2,826
26,133,045	24,158,921	23,991,239	64,490	103,192
4,245,761	3,962,286	3,962,286	-	-
1,428,194	1,666,050	1,666,050	-	-
124,083,264	124,152,637	117,140,142	4,585,621	2,426,874
(6,511,576)	(6,511,576)	1,800,979	(4,585,621)	3,726,934
-	-	215,237	-	215,237
-	-	5,146	-	5,146
(740,000)	(740,000)	(731,799)	-	8,201
(740,000)	(740,000)	(511,416)	-	228,584
(7,251,576)	(7,251,576)	1,289,563	<u>\$ (4,585,621)</u>	<u>\$ 3,955,518</u>
7,251,576	7,251,576	22,653,188		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,942,751</u>		

# Chappaqua Central School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 104,107,172	\$ 104,110,848	\$ 104,110,848	\$ -
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	4,895,369	4,895,369	4,895,369	-
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	860,000	860,000	941,439	81,439
<b>CHARGES FOR SERVICES</b>				
Continuing education tuition	280,869	280,869	305,830	24,961
Cultural arts	-	-	180,995	180,995
Other student fees and charges	210,000	210,000	191,420	(18,580)
	490,869	490,869	678,245	187,376
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	100,000	100,000	1,106,222	1,006,222
Rental of real property	135,000	135,000	180,070	45,070
Commissions	-	-	892	892
	235,000	235,000	1,287,184	1,052,184
<b>STATE AID</b>				
Basic formula	6,836,576	6,836,576	6,993,289	156,713
BOCES	969,184	969,184	1,118,252	149,068
Lottery	790,000	790,000	615,028	(174,972)
Textbooks	170,000	170,000	168,948	(1,052)
Computer software aid	75,000	75,000	71,386	(3,614)
Library aid	25,000	25,000	23,850	(1,150)
Tuition aided handicapped	-	-	156,856	156,856
Homeless aid	-	-	193,782	193,782
	8,865,760	8,865,760	9,341,391	475,631

**FEDERAL AID**

Medical assistance

-	-	10,399	10,399
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**MISCELLANEOUS**

Refund of prior year's expenditures

300,000	300,000	521,631	221,631
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Refund of BOCES aided services

-	-	116,620	116,620
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Gifts and donations

-	29,707	29,707	-
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Other

250,000	250,000	379,808	129,808
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550,000	579,707	1,047,766	468,059
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**TOTAL REVENUES**

\$ 120,004,170	\$ 120,037,553	\$ 122,312,641	\$ 2,275,088
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**Chappaqua Central School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 13,000	\$ 15,490	\$ 13,050	\$ 1,550	\$ 890
District clerk	25,701	11,701	10,537	-	1,164
District meeting	16,600	16,600	11,266	854	4,480
Total Board of Education	55,301	43,791	34,853	2,404	6,534
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	384,861	411,654	406,116	-	5,538
<b>FINANCE</b>					
Business administration	1,164,534	1,338,443	1,282,183	37,885	18,375
Accounting and auditing	103,786	123,786	113,310	2,736	7,740
Total Finance	1,268,320	1,462,229	1,395,493	40,621	26,115
<b>STAFF</b>					
Legal	509,091	417,624	216,648	109,355	91,621
Personnel	431,582	467,261	445,639	5,000	16,622
Public information and services	74,881	76,578	72,928	1,022	2,628
Total Staff	1,015,554	961,463	735,215	115,377	110,871

**CENTRAL SERVICES**

Operation of plant	8,252,343	8,863,740	8,522,112	341,628	-
Maintenance of plant	3,364,823	3,701,517	3,063,797	637,720	-

Total Central Services	11,617,166	12,565,257	11,585,909	979,348	-
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**SPECIAL ITEMS**

Unallocated insurance	576,900	526,157	439,657	86,500	-
Judgments and claims	250,000	111,776	111,776	-	-
School association dues	23,039	22,867	22,867	-	-
Assessments on school property	65,000	68,304	68,304	-	-
Refunds of real property taxes	100,000	82,108	82,108	-	-
Administrative charge - BOCES	870,000	1,034,841	1,034,841	-	-

Total Special Items	1,884,939	1,846,053	1,759,553	86,500	-
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Total General Support	16,226,141	17,290,447	15,917,139	1,224,250	149,058
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**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

Curriculum development and supervision	1,426,876	1,420,826	1,375,741	45,085	-
Supervision - Regular school	3,879,774	3,769,032	3,768,418	614	-
Research, planning and evaluation	9,000	4,500	4,500	-	-

Total Instruction, Administration and Improvement	5,315,650	5,194,358	5,148,659	45,699	-
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<b>TEACHING - REGULAR SCHOOL</b>	41,559,859	41,240,547	40,749,761	473,879	16,907
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<b>PROGRAMS FOR STUDENTS WITH DISABILITIES</b>	12,795,704	12,087,074	11,747,931	60,564	278,579
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<b>TEACHING - SPECIAL SCHOOLS</b>	288,412	289,479	289,479	-	-
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(Continued)

**Chappaqua Central School District, New York**

General Fund

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

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual	\$ 1,130,388	\$ 1,138,043	\$ 1,132,376	\$ 2,541	\$ 3,126
Computer assisted instruction	2,180,438	2,611,324	2,510,175	101,149	-
Total Instructional Media	3,310,826	3,749,367	3,642,551	103,690	3,126
<b>PUPIL SERVICES</b>					
Attendance - Regular school	44,036	44,036	43,647	-	389
Guidance - Regular school	2,453,720	2,279,614	2,262,906	9,701	7,007
Health services - Regular school	808,407	831,997	828,241	885	2,871
Psychological services - Regular school	1,351,305	1,342,248	1,342,248	-	-
Co-curricular activities - Regular school	398,449	417,800	402,368	4,405	11,027
Interscholastic athletics - Regular school	1,609,304	1,675,058	1,602,709	72,346	3
Total Pupil Services	6,665,221	6,590,753	6,482,119	87,337	21,297
Total Instruction	69,935,672	69,151,578	68,060,500	771,169	319,909
<b>PUPIL TRANSPORTATION</b>					
Contract and public carrier transportation	6,846,518	6,782,268	6,498,428	21,300	262,540
<b>COMMUNITY SERVICES</b>					
Census	21,235	21,978	21,978	-	-

**EMPLOYEE BENEFITS**

State retirement	1,424,436	1,419,608	1,419,608	-	-
Teachers' retirement	5,862,743	5,556,664	5,549,066	-	7,598
Social security	4,635,998	4,469,557	4,469,557	-	-
Hospital and medical insurance	13,963,221	12,700,390	12,578,970	-	121,420
Dental and vision insurance	105,682	105,682	96,403	-	9,279
Workers' compensation benefits	350,000	350,000	319,256	12,608	18,136
Unemployment benefits	164,490	164,490	19,563	10,000	134,927
Disability insurance	19,247	19,247	14,502	-	4,745
Life insurance	30,000	30,000	14,309	-	15,691
Union welfare benefits	795,660	795,660	789,533	-	6,127
Other benefits	17,000	147,057	147,057	-	-
<b>Total Employee Benefits</b>	<b>27,368,477</b>	<b>25,758,355</b>	<b>25,417,824</b>	<b>22,608</b>	<b>317,923</b>

**DEBT SERVICE**

Principal					
Serial bonds	3,355,000	4,420,000	4,420,000	-	-
Energy performance contract debt	952,758	952,758	952,758	-	-
Installment purchase debt	478,334	102,633	102,633	-	-
	<b>4,786,092</b>	<b>5,475,391</b>	<b>5,475,391</b>	<b>-</b>	<b>-</b>
Interest					
Serial bonds	1,439,425	2,223,383	2,223,383	-	-
Energy performance contract debt	252,163	252,163	252,163	-	-
Installment purchase debt	4,886	3,640	2,518	-	1,122
	<b>1,696,474</b>	<b>2,479,186</b>	<b>2,478,064</b>	<b>-</b>	<b>1,122</b>
<b>Total Debt Service</b>	<b>6,482,566</b>	<b>7,954,577</b>	<b>7,953,455</b>	<b>-</b>	<b>1,122</b>

**TOTAL EXPENDITURES**

<b>126,880,609</b>	<b>126,959,203</b>	<b>123,869,324</b>	<b>2,039,327</b>	<b>1,050,552</b>
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**OTHER FINANCING USES**

Transfers out					
Special Aid Fund	165,000	119,789	119,789	-	-
Capital Projects Fund	100,000	100,000	100,000	-	-
<b>TOTAL OTHER FINANCING USES</b>	<b>265,000</b>	<b>219,789</b>	<b>219,789</b>	<b>-</b>	<b>-</b>

**TOTAL EXPENDITURES AND  
OTHER FINANCING USES**

<b>\$ 127,145,609</b>	<b>\$ 127,178,992</b>	<b>\$ 124,089,113</b>	<b>\$ 2,039,327</b>	<b>\$ 1,050,552</b>
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See independent auditors' report.

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# Chappaqua Central School District, New York

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 30,606	\$ 19,481
State and Federal aid receivable	<u>1,569,511</u>	<u>1,516,200</u>
Total Assets	<u>\$ 1,600,117</u>	<u>\$ 1,535,681</u>
<b>LIABILITIES</b>		
Liabilities		
Due to other funds	\$ 1,600,117	\$ 685,681
Advances from other funds	<u>-</u>	<u>850,000</u>
Total Liabilities	<u>\$ 1,600,117</u>	<u>\$ 1,535,681</u>

**Chappaqua Central School District, New York**

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

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	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 433,944	\$ 479,155	\$ 479,155	\$ -
Federal aid	1,091,538	1,091,538	1,014,599	(76,939)
Total Revenues	1,525,482	1,570,693	1,493,754	(76,939)
<b>EXPENDITURES</b>				
Current				
Instruction	1,690,482	1,690,482	1,613,543	76,939
Deficiency of Revenues Over Expenditures	(165,000)	(119,789)	(119,789)	-
<b>OTHER FINANCING SOURCES</b>				
Transfers in	165,000	119,789	119,789	-
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 662,797	\$ 670,998	\$ 670,997	\$ (1)
1,181,832	1,176,958	1,046,754	(130,204)
1,844,629	1,847,956	1,717,751	(130,205)
2,009,629	2,012,956	1,874,550	138,406
(165,000)	(165,000)	(156,799)	8,201
165,000	165,000	156,799	(8,201)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Chappaqua Central School District, New York**Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 12,952,563	\$ 7,677,323
Due from other funds	<u>-</u>	<u>26,185,237</u>
Total Assets	<u>\$ 12,952,563</u>	<u>\$ 33,862,560</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,894,353	\$ 1,335,837
Due to other funds	<u>885,490</u>	<u>361,076</u>
Total Liabilities	2,779,843	1,696,913
Fund balance		
Restricted	<u>10,172,720</u>	<u>32,165,647</u>
Total Liabilities and Fund Balance	<u>\$ 12,952,563</u>	<u>\$ 33,862,560</u>

**Chappaqua Central School District, New York**

## Capital Projects Fund

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance

Years Ended June 30,

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Miscellaneous	\$ -	\$ 1,200,245
<b>EXPENDITURES</b>		
Capital outlay	<u>22,092,927</u>	<u>9,707,987</u>
Deficiency of Revenues Over Expenditures	<u>(22,092,927)</u>	<u>(8,507,742)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds issued	-	42,500,000
Transfers in	100,000	575,000
Transfers out	<u>-</u>	<u>(5,146)</u>
Total Other Financing Sources	<u>100,000</u>	<u>43,069,854</u>
Net Change in Fund Balance	(21,992,927)	34,562,112
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>32,165,647</u>	<u>(2,396,465)</u>
End of Year	<u>\$ 10,172,720</u>	<u>\$ 32,165,647</u>

**Chappaqua Central School District, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2019

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
School - Wide Improvements	\$ 42,500,000	\$ 11,159,353	\$ 21,196,305	\$ 32,355,658	\$ 10,144,342
Smart Schools Bond Act	686,946	87,672	344,889	432,561	254,385
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	100,000	-	15,650	15,650	84,350
Totals	<u>\$ 45,061,948</u>	<u>\$ 12,109,355</u>	<u>\$ 22,092,927</u>	<u>\$ 34,202,282</u>	<u>\$ 10,859,666</u>

See independent auditors' report.

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Methods of Financing				Fund Balance (Deficit) at June 30, 2018
Proceeds of Obligations	Transfers	Miscellaneous	Totals	
\$ 42,500,000	\$ -	\$ -	\$ 42,500,000	\$ 10,144,342
-	-	-	-	(432,561)
-	-	600,000	600,000	63,917
-	300,002	600,000	900,002	37,672
-	275,000	-	275,000	275,000
-	100,000	-	100,000	84,350
<u>\$ 42,500,000</u>	<u>\$ 675,002</u>	<u>\$ 1,200,000</u>	<u>\$ 44,375,002</u>	<u>\$ 10,172,720</u>

# Chappaqua Central School District, New York

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

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2019	2018
<b>ASSETS</b>				
Cash and equivalents	\$ 288,639	\$ 55,590	\$ 344,229	\$ 321,682
Receivables				
Accounts	14,745	-	14,745	13,865
State and Federal aid	17,418	-	17,418	19,165
Due from other funds	-	-	-	8,400
	<u>32,163</u>	<u>-</u>	<u>32,163</u>	<u>41,430</u>
Inventories	<u>7,594</u>	<u>-</u>	<u>7,594</u>	<u>2,323</u>
Total Assets	<u>\$ 328,396</u>	<u>\$ 55,590</u>	<u>\$ 383,986</u>	<u>\$ 365,435</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Unearned revenues	\$ 119,826	\$ -	\$ 119,826	\$ 111,737
Fund balances				
Nonspendable	7,594	-	7,594	2,323
Restricted	-	55,590	55,590	57,837
Assigned	<u>200,976</u>	<u>-</u>	<u>200,976</u>	<u>193,538</u>
Total Fund Balances	<u>208,570</u>	<u>55,590</u>	<u>264,160</u>	<u>253,698</u>
Total Liabilities and Fund Balances	<u>\$ 328,396</u>	<u>\$ 55,590</u>	<u>\$ 383,986</u>	<u>\$ 365,435</u>

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, 2019  
(With Comparative Totals for 2018)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2019	2018
<b>REVENUES</b>				
Use of money and property	\$ 1,143	\$ 25	\$ 1,168	\$ 725
State aid	9,139	-	9,139	9,866
Federal aid	127,853	-	127,853	146,544
Food sales	1,873,391	-	1,873,391	1,891,633
Miscellaneous	69,629	6,250	75,879	24,354
Total Revenues	2,081,155	6,275	2,087,430	2,073,122
<b>EXPENDITURES</b>				
Current				
Cost of food sales	2,068,446	-	2,068,446	1,994,764
Other	-	8,522	8,522	4,042
Total Expenditures	2,068,446	8,522	2,076,968	1,998,806
Excess (Deficiency) of Revenues Over Expenditures	12,709	(2,247)	10,462	74,316
<b>FUND BALANCES</b>				
Beginning of Year	195,861	57,837	253,698	179,382
End of Year	\$ 208,570	\$ 55,590	\$ 264,160	\$ 253,698

See independent auditors' report.

**Chappaqua Central School District, New York**School Lunch Fund  
Comparative Balance Sheet  
June 30,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 288,639</u>	<u>\$ 272,245</u>
Receivables		
Accounts	14,745	13,865
State and Federal aid	<u>17,418</u>	<u>19,165</u>
	<u>32,163</u>	<u>33,030</u>
Inventories	<u>7,594</u>	<u>2,323</u>
Total Assets	<u><u>\$ 328,396</u></u>	<u><u>\$ 307,598</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Unearned revenues	<u>\$ 119,826</u>	<u>\$ 111,737</u>
Fund balance		
Nonspendable	7,594	2,323
Assigned	<u>200,976</u>	<u>193,538</u>
Total Fund Balance	<u>208,570</u>	<u>195,861</u>
Total Liabilities and Fund Balance	<u><u>\$ 328,396</u></u>	<u><u>\$ 307,598</u></u>

**Chappaqua Central School District, New York**

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

---

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 1,143	\$ 712
State aid	9,139	9,866
Federal aid	127,853	146,544
Food sales	1,873,391	1,891,633
Miscellaneous	<u>69,629</u>	<u>15,354</u>
Total Revenues	2,081,155	2,064,109
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>2,068,446</u>	<u>1,994,764</u>
Excess of Revenues Over Expenditures	12,709	69,345
<b>FUND BALANCE</b>		
Beginning of Year	<u>195,861</u>	<u>126,516</u>
End of Year	<u><u>\$ 208,570</u></u>	<u><u>\$ 195,861</u></u>

**Chappaqua Central School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 55,590	\$ 49,437
Due from other funds	<u>-</u>	<u>8,400</u>
Total Assets	<u>\$ 55,590</u>	<u>\$ 57,837</u>
 <b>FUND BALANCE</b>		
Restricted	<u>\$ 55,590</u>	<u>\$ 57,837</u>

**Chappaqua Central School District, New York**

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

---

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 25	\$ 13
Miscellaneous	<u>6,250</u>	<u>9,000</u>
Total Revenues	6,275	9,013
<b>EXPENDITURES</b>		
Current		
Other	<u>8,522</u>	<u>4,042</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,247)	4,971
<b>FUND BALANCE</b>		
Beginning of Year	<u>57,837</u>	<u>52,866</u>
End of Year	<u>\$ 55,590</u>	<u>\$ 57,837</u>

## Chappaqua Central School District, New York

### General Fund

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

Adopted Budget		\$ 122,559,988
Additions		
Encumbrances		<u>4,585,621</u>
Original Budget		127,145,609
Budget Amendments		<u>33,383</u>
Final Budget		<u><u>\$ 127,178,992</u></u>

### General Fund

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

2019-20 Expenditure Budget		<u>\$ 126,152,188</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	5,852,281	
Unassigned fund balance	<u>4,981,066</u>	
Total Unrestricted Fund Balance	<u>10,833,347</u>	
Less		
Appropriated for subsequent year's budget	3,812,954	
Encumbrances	<u>2,039,327</u>	
Total Adjustments	<u>5,852,281</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 4,981,066</u></u>
Actual Percentage		<u><u>3.95%</u></u>

**Chappaqua Central School District, New York**Schedule of Net Investment In Capital Assets  
Year Ended June 30, 2019

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Capital Assets, net		\$	141,320,890
Less			
General Obligation Bonds Payable	(65,555,000)		
Energy Performance Contract Debt Payable	(10,184,716)		
Unamortized Portion of Premium	<u>(2,096,959)</u>		(77,836,675)
Plus			
Unexpended Debt Proceeds	10,144,342		
Unamortized Portion of Loss on Refunding Bonds	<u>1,230,973</u>		<u>11,375,315</u>
Net Investment in Capital Assets		\$	<u><u>74,859,530</u></u>

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditors' Report**

**The Board of Education of the  
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, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 17, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 17, 2019



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

**Independent Auditors' Report**

**The Board of Education of the  
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, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

In our opinion, 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, 2019.

## Report on Internal Control Over Compliance

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

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

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

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 17, 2019

**Chappaqua Central School District, New York**

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
National School Lunch Program - Commodities	10.555	N/A	\$ -	\$ 41,065
National School Lunch Program - Cash	10.555	N/A	-	86,788
Total U.S. Department of Agriculture			-	127,853
<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	032-19-1067	-	704,572
Special Education - Preschool Grants	84.173	033-19-1067	-	18,068
Subtotal Special Education Cluster			-	722,640
Supporting Effective Instruction State Grants	84.367	147-18-3700	-	4,128
Supporting Effective Instruction State Grants	84.367	147-19-3700	-	37,616
			-	41,744
Title I Grants to Local Educational Agencies	84.010	021-18-3700	-	118,685
Title I Grants to Local Educational Agencies	84.010	021-19-3700	-	119,142
			-	237,827
Student Support and Academic Enrichment Program	84.424	0204-19-3745	-	12,388
Total U.S. Department of Education			-	1,014,599
Total			\$ -	\$ 1,142,452

(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, 2019

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

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

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

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

# Chappaqua Central School District, New York

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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### Section I - Summary of Auditors' Results

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

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

☐ Yes ☒ No  
☐ Yes ☒ None reported

Noncompliance material to financial statements  
noted?

☐ Yes ☒ No

#### Federal Awards

Internal control over major federal programs:

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

☐ Yes ☒ No  
☐ Yes ☒ 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 ☒ 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 (IDEA, Part B)  
Special Education - Preschool Grants (IDEA Preschool)

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

\$750,000  
☒ Yes ☐ No

**Chappaqua Central School District, New York**

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

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**Section II - Financial Statement Findings**

None

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

None



**Chappaqua Central School District, New York**

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

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None