



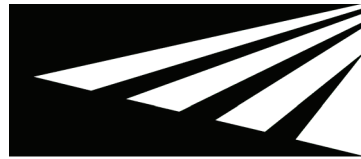
**ELWOOD UNION FREE SCHOOL DISTRICT
GREENLAWN, NEW YORK**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

**ELWOOD UNION FREE SCHOOL DISTRICT
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Elwood Union Free School District
Greenlawn, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Elwood Union Free School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 fiduciary fund of the Elwood Union Free School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Elwood Union Free School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 4-14, and 51-54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by the New York State Education Department and by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hauppauge, New York
October 3, 2022

Nawrocki Smith LLP

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

The following is a discussion and analysis of the Elwood Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- On the District-wide financial statement, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources by \$78,087,035. A detailed explanation of this total Net Position and its change from the previous year is presented in the "Financial Analysis of the District As a Whole" section (see pages 6-10).
- The District's governmental activities' expenses, on the full accrual basis of accounting, for the year, totaled \$58,912,766. Of this amount, \$2,790,794 was offset by program charges for services and operating grants. General revenues of \$64,659,953 amount to 96% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements, was \$12,594,644, which is an increase of \$1,504,100 (see pages 17 and 19). New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the subsequent year's budget. At the end of the 2021/2022 fiscal year, the unassigned fund balance of the General Fund was \$2,767,243 (4% of the 2022/2023 budget) and this amount was within the statutory limit.
- The District's net position as of June 30, 2021 has been restated due to the recognition of prior period installment debt (see Note 17).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of financial statements that present different views of the District:

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide financial statements.
 - The governmental funds financial statements tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
 - The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the District-Wide and Fund Financial Statements			
	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Fund
Scope	Entire District (except fiduciary fund)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures and Changes in Fund Balance	- Statement of Fiduciary Net Position - Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

The two District-wide financial statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.
- **Fiduciary fund:** The District is the trustee or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position (deficit) increased by 9.9% from the year before to \$(78,087,035), as detailed in Tables A-2 and A-3.

The restricted net position of \$8,953,664 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2022, the District has an unrestricted net deficit position of (\$106,316,368). This deficit is driven by the District's required recognition of the total other postemployment benefit ("OPEB") liability of \$102,382,617 as required by GASB Statement No. 75.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Table A-2: Condensed Statement of Net Position - Governmental Activities

	<u>6/30/22</u>	<u>(As Restated) 6/30/21</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 51,170,771	\$ 30,112,014	\$ 21,058,757	69.9
Capital assets, net	<u>46,139,259</u>	<u>38,289,420</u>	<u>7,849,839</u>	20.5
Total assets	<u>\$ 97,310,030</u>	<u>\$ 68,401,434</u>	<u>\$ 28,908,596</u>	42.3
Deferred outflows of resources	<u>\$ 22,761,900</u>	<u>\$ 24,238,305</u>	<u>\$ (1,476,405)</u>	(6.1)
Current liabilities	\$ 9,498,542	\$ 7,909,679	\$ 1,588,863	20.1
Long-term liabilities	<u>133,660,573</u>	<u>159,805,709</u>	<u>(26,145,136)</u>	(16.4)
Total liabilities	<u>\$ 143,159,115</u>	<u>\$ 167,715,388</u>	<u>\$ (24,556,273)</u>	(14.6)
Deferred inflows of resources	<u>\$ 54,999,850</u>	<u>\$ 11,549,367</u>	<u>\$ 43,450,483</u>	376.2
Net position:				
Net investment in capital assets	\$ 19,275,669	\$ 17,021,719	\$ 2,253,950	13.2
Restricted	8,953,664	7,622,135	1,331,529	17.5
Unrestricted (deficit)	<u>(106,316,368)</u>	<u>(111,268,870)</u>	<u>4,952,502</u>	4.5
Total net position	<u>\$ (78,087,035)</u>	<u>\$ (86,625,016)</u>	<u>\$ 8,537,981</u>	9.9

The District's deferred outflows of resources decreased \$1,476,405 due to a decrease in the pension related items as a result of changes in actuarial assumptions.

Long-term liabilities decreased \$26,145,136 primarily due to the net change in the total OPEB liability as well as changes in bonds payable and the proportionate share of net pension liabilities.

Changes in Net Position

The District's revenues on the full accrual basis of accounting increased \$3,712,475 or 5.8% to \$67,450,747 (See Table A-3). Property, other real property tax items and State sources accounted for 94.7% of total revenues (See Table A-4). The remainder came from fees charges for services, operating grants, use of money and property, sale of property and compensation for loss and other miscellaneous sources.

- Real property taxes increased \$1,388,178, or 3.1%, as a result of the budgeted increase in the tax levy in fiscal 2022.
- Operating grants increased \$625,613 or 35.9%, as a result of increases in federal funds under the American Rescue Plan Act.

The District's expenses on the full accrual basis of accounting decreased \$8,578,824, or 12.7% (See Table A-3). These expenses (82.9%) are predominantly related to instruction and transporting students (See Table A-6). The District's administrative and business activities accounted for 14.1% of total costs.

- Expenses related to instruction decreased \$8,001,015, primarily due to decreases in total retirement benefits.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>6/30/22</u>	<u>6/30/21</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 424,364	\$ 374,197	\$ 50,167	13.4
Operating grants	2,366,430	1,740,817	625,613	35.9
General revenues:				
Real property taxes	46,419,394	45,031,216	1,388,178	3.1
Other real property tax items	3,609,950	3,771,205	(161,255)	(4.3)
State sources	13,847,076	12,413,766	1,433,310	11.5
Use of money and property	42,595	73,495	(30,900)	(42.0)
Sale of property and compensation for loss	4,622	9,123	(4,501)	(49.3)
Miscellaneous	736,316	324,453	411,863	126.9
Total revenues	<u>67,450,747</u>	<u>63,738,272</u>	<u>3,712,475</u>	5.8
Expenses				
General support	8,310,256	9,619,823	(1,309,567)	(13.6)
Instruction	44,862,374	52,863,389	(8,001,015)	(15.1)
Pupil transportation	3,998,766	3,515,745	483,021	13.7
Debt service - interest	925,096	763,369	161,727	21.2
School lunch program	816,274	729,264	87,010	11.9
Total expenses	<u>58,912,766</u>	<u>67,491,590</u>	<u>(8,578,824)</u>	(12.7)
Change in net position	8,537,981	(3,753,318)	12,291,299	327.5
Net position (deficit), beginning of year	(86,625,016)	(82,604,434)	(4,020,582)	(4.9)
Prior period adjustment, (see Note 17)	-	(267,264)	267,264	100.0
Net position (deficit), end of year	<u>\$ (78,087,035)</u>	<u>\$ (86,625,016)</u>	<u>\$ 8,537,981</u>	9.9

The decrease in the District's expenses, on the full-accrual basis of accounting, is largely dependent on year-to-year changes in long-term liability accounts, such as other post-employment benefits and pension related items as indicated above, and is not reflective on the District's actual spending. The District's actual spending is better reflected on the modified accrual basis of accounting. Those comparisons are shown later in this section for the year ended June 30, 2022 and on pages 17 and 19 of the basic financial statements.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Table A-4: Revenues for Fiscal Year 2022

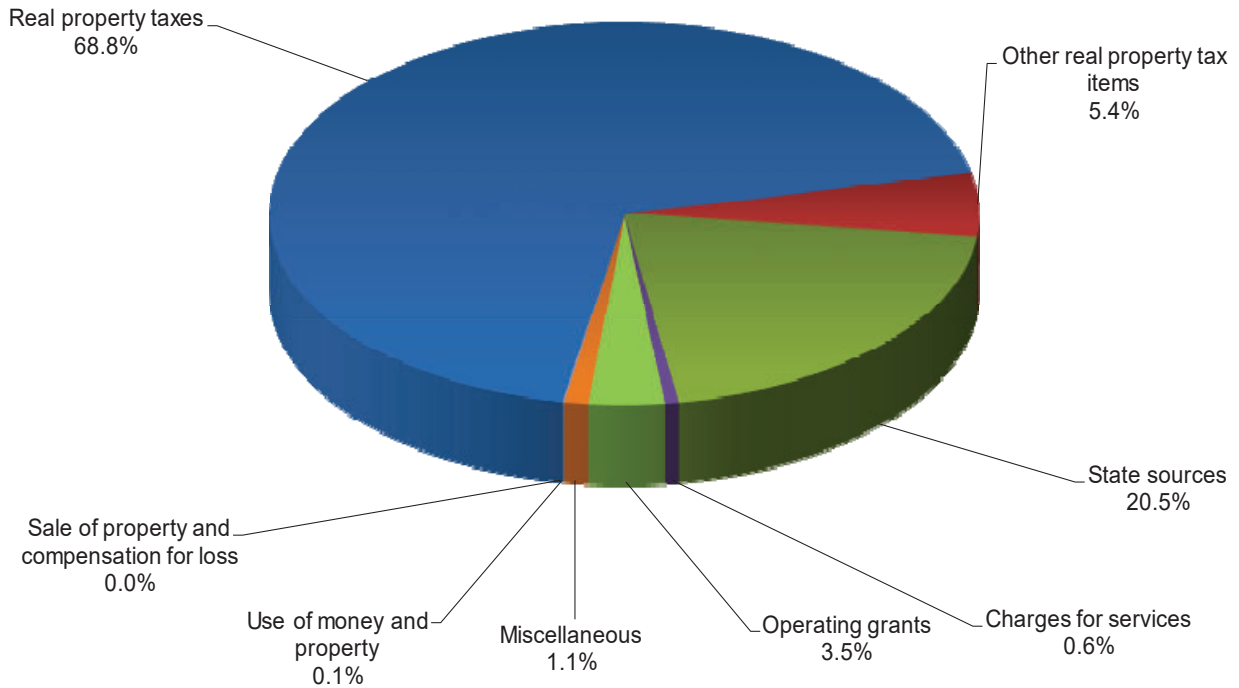
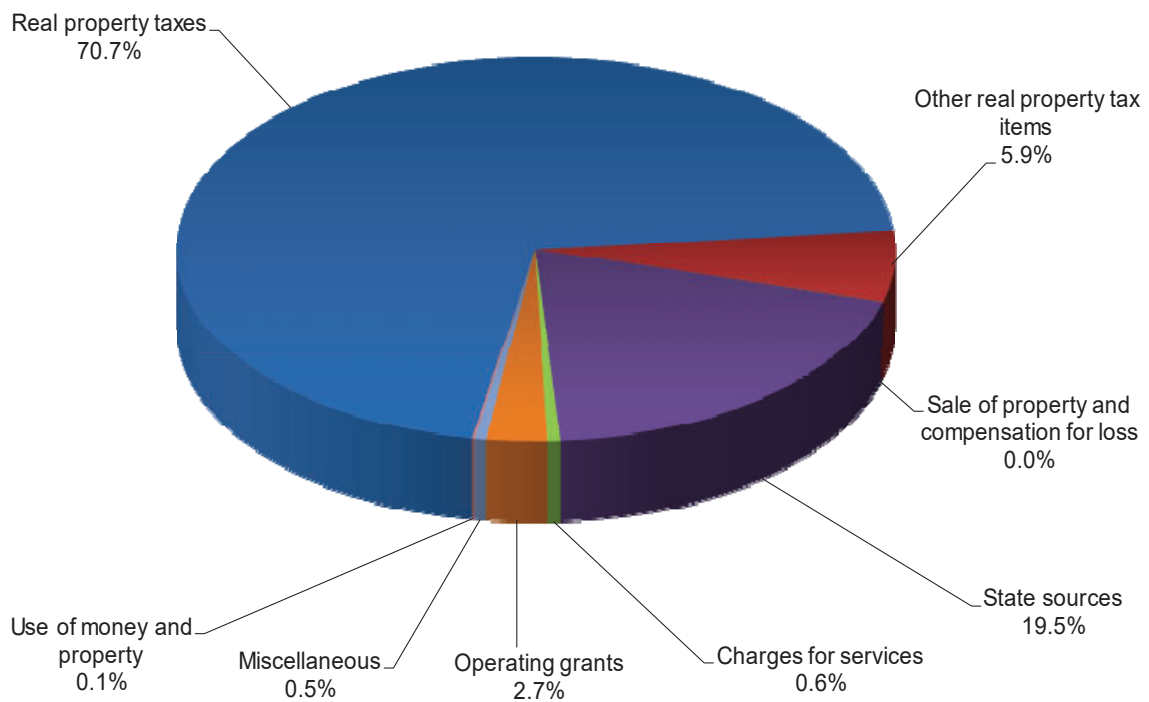


Table A-5: Revenues for Fiscal Year 2021



**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2022

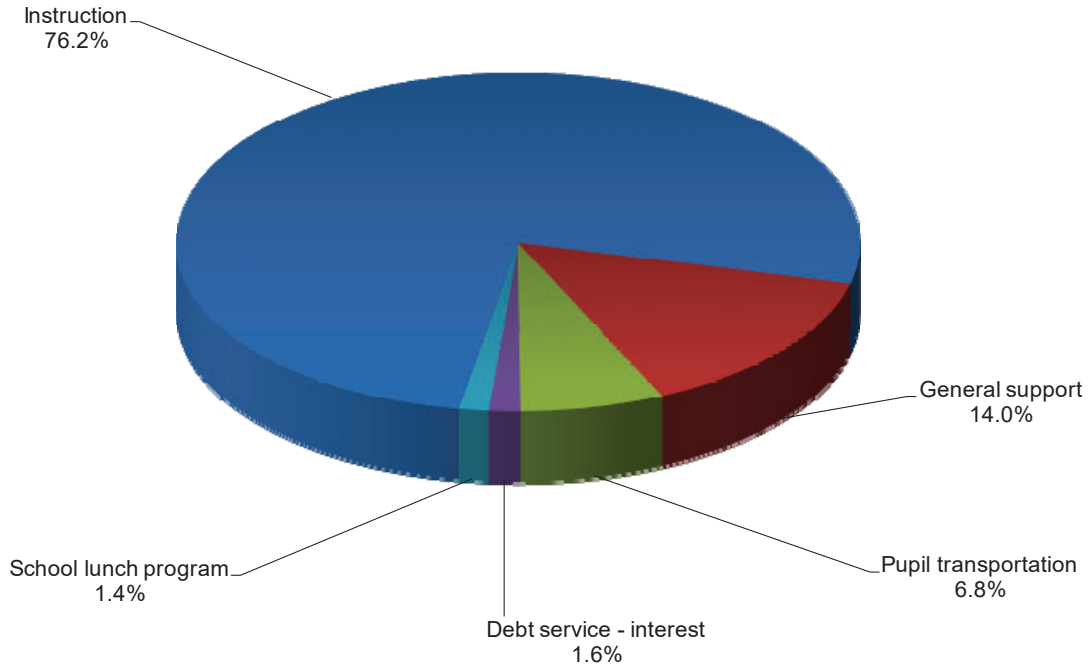
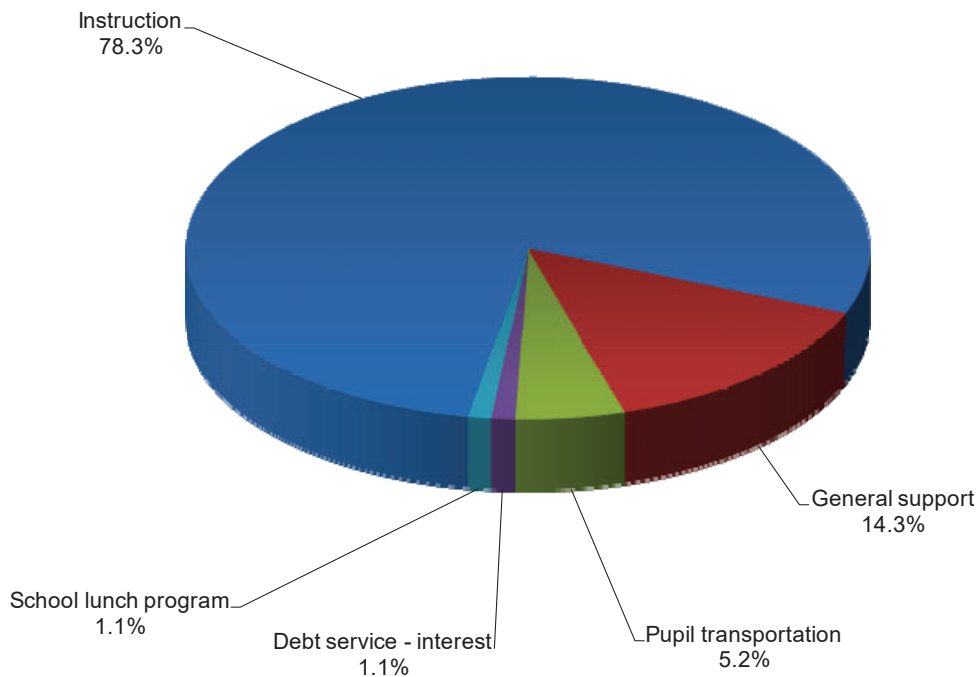


Table A-7: Expenses for Fiscal Year 2021



**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$19,372,719 which is a decrease of \$6,649,123 from June 30, 2021. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds				
	<u>6/30/22</u>	<u>6/30/21</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Insurance	\$ 250,000	\$ -	\$ 250,000	100.0
Retirement Contributions	4,113,761	3,548,919	564,842	15.9
Unemployment Insurance	315,808	315,267	541	0.2
Employee Benefit Accrued Liability	1,939,038	1,935,729	3,309	0.2
Capital Repairs	1,520,529	1,018,788	501,741	49.2
Debt Service	16,414	16,386	28	0.2
Assigned:				
Designated for subsequent year's expenditures	1,500,000	1,500,000	-	-
Encumbrances	171,851	78,910	92,941	117.8
Unassigned	2,767,243	2,676,545	90,698	3.4
Total General Fund	<u>12,594,644</u>	<u>11,090,544</u>	<u>1,504,100</u>	13.6
Special Aid Fund				
Unassigned:				
Special aid	-	(6,000)	6,000	(100.0)
Total Special Aid Fund	<u>-</u>	<u>(6,000)</u>	<u>6,000</u>	(100.0)
School Lunch Fund				
Nonspendable:				
Inventory	39,536	28,754	10,782	37.5
Assigned:				
School Lunch	611,605	91,506	520,099	568.4
Total School Lunch Fund	<u>651,141</u>	<u>120,260</u>	<u>530,881</u>	441.4
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships	25,006	26,478	(1,472)	(5.6)
Committed:				
Extraclassroom activities	106,282	97,222	9,060	9.3
Total Other Miscellaneous Special Revenue Fund	<u>131,288</u>	<u>123,700</u>	<u>7,588</u>	6.1
Debt Service Fund				
Restricted:				
Debt Service	773,108	760,568	12,540	1.6
Total Debt Service Fund	<u>773,108</u>	<u>760,568</u>	<u>12,540</u>	1.6
Capital Projects Fund				
Restricted:				
Unspent bond proceeds	5,222,538	13,943,498	(8,720,960)	(62.5)
Unassigned:				
Capital Projects	-	(10,728)	10,728	(100.0)
Total Capital Projects Fund	<u>5,222,538</u>	<u>13,932,770</u>	<u>(8,710,232)</u>	(62.5)
Total fund balance	<u>\$ 19,372,719</u>	<u>\$ 26,021,842</u>	<u>\$ (6,649,123)</u>	(25.6)

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

General Fund

The General Fund reported an increase in fund balance of \$1,504,100 for fiscal 2022, as compared to an increase in fund balance of \$1,629,493 for fiscal 2021. Revenues increased \$2,519,352 mainly as a result of an increase in real property taxes and State sources. Expenditures increased 2,886,038 due to increases in instruction and technology improvement expenses. Other financing sources (uses) increased \$241,293, due to installment debt issuance. As a result of the revenues being greater than the expenditures, the District reported an increase in the change in fund balance.

Special Aid Fund

Revenues in the Special Aid Fund increased \$443,023 and expenditures increased \$443,427 from the prior year. The District's federal funding increased from \$556,382 to \$1,063,022. Federal sources are received through the New York State Department of Education and are based on approved budgets each year.

School Lunch Fund

The School Lunch Fund reported an increase in fund balance of \$530,881 for fiscal 2022, as compared to an increase of \$33,696 for fiscal 2021. Revenues increased to \$1,347,155. Expenses related to school lunch operations increased \$156,837 primarily due to cost of sales.

Capital Projects Fund

During 2021, the District expended \$8,710,232 for capital projects. Those projects include significant improvements and upgrades to District buildings. Improvements are being funded by long-term debt. The Capital Projects Fund reported a fund balance of \$5,222,538 for fiscal 2022.

General Fund Budgeted Highlights

Reference is made to the schedule on page 51 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were greater than the final budgeted revenues by \$267,726. Miscellaneous local sources were greater than budgeted by \$533,450. State sources were less than budget by \$623,056. Other real property tax items are made up of payments in lieu of taxes collected and school tax relief reimbursements and can vary from year to year.
- Actual expenditures were \$63,375,010 and encumbrances were \$171,851 resulting in a \$3,391,005 overall favorable budget variance.

At June 30, 2022, the District's unassigned fund balance was \$2,767,243 which was within the allowable 4% of the subsequent year's budget as promulgated by New York State (see page 55). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2022:

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Unassigned fund balance, beginning of year	\$ 2,676,545
Add:	
Prior-year appropriated fund balance	1,500,000
Prior-year encumbrances	78,910
Board approved use of Employee Benefit Accrual Reserve	400,000
Net change in fund balance	1,504,100
Less:	
Current-year appropriated fund balance	(1,500,000)
Current-year encumbrances	(171,851)
Board approved transfer to Retirement Contributions Reserve	(558,785)
Board approved transfer to Employee Benefit Accrual Reserve	(400,000)
Board approved transfer to Insurance Reserve	(250,000)
Board approved transfer to Capital Repairs Reserve	(500,000)
Interest allocated to Capital Repairs Reserve	(1,741)
Interest allocated to Employee Benefit Accrued Reserve	(3,309)
Interest allocated to Retirement Contributions Reserve	(6,057)
Interest allocated to Unemployment Insurance Reserve	(541)
Interest allocated to Debt Service Reserve	(28)
	<u>(28)</u>
Unassigned fund balance, end of year	<u>\$ 2,767,243</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2022, the District had invested \$46,139,259 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. See Note 6 in the accompanying notes to financial statements for more information on capital assets.

Table A-9: Capital Assets (net of depreciation)

	<u>6/30/22</u>	<u>6/30/21</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 278,950	\$ 278,950	\$ -	-
Construction-in-progress	14,411,588	12,402,966	2,008,622	16.2
Buildings and building improvements	30,930,293	25,243,491	5,686,802	22.5
Furniture and equipment	<u>518,428</u>	<u>364,013</u>	<u>154,415</u>	42.4
Totals	<u>\$ 46,139,259</u>	<u>\$ 38,289,420</u>	<u>\$ 7,849,839</u>	20.5

Long-Term Liabilities

At year-end, the District had \$138,112,697 in general obligation bonds and other long-term liabilities. The District issued installment debt during the year ended June 30, 2022.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Table A-10: Outstanding Long-Term Debt

	<u>6/30/22</u>	<u>6/30/21</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable	\$ 21,530,000	\$ 24,045,000	\$ (2,515,000)	(10.5)
Unamortized bond premiums	2,640,449	2,925,619	(285,170)	(9.7)
Energy performance contract payable	7,485,866	7,973,316	(487,450)	(6.1)
Installment debt payable	429,813	267,264	162,549	60.8
Compensated absences	3,638,888	3,995,729	(356,841)	(8.9)
Other post-employment benefits	<u>102,382,617</u>	<u>119,901,560</u>	<u>(17,518,943)</u>	(14.6)
Totals	<u>\$ 138,107,633</u>	<u>\$ 159,108,488</u>	<u>\$ (21,000,855)</u>	(13.2)

FACTORS BEARING ON THE FUTURE OF DISTRICT

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that may affect its financial health in the future:

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operations and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2022-2023 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State's unfunded mandates, it is expected that reductions may be necessary. The District will continue to consolidate services to maintain its high standards. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.
- The General Fund Budget for the 2022-2023 school year is impacted by certain trends affecting school districts. These include potential increase in health insurance costs, retirement costs, workers' compensation judgments, and potential unemployment insurance claims and COVID-19 related expenditures, which are beyond the District's control.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Elwood Union Free School District
Attn: Ms. Lorraine Dunkel
Assistant Superintendent for Business
100 Kenneth Avenue
Greenlawn, NY 11740

ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Unrestricted cash	\$ 8,354,950
Receivables:	
State and federal aid	1,027,655
Due from other governments	524,890
Other	5,493
Inventories	39,536
Restricted cash	14,150,380
Proportionate share of net pension asset	27,067,867
Capital assets:	
Non-depreciable	14,690,538
Depreciable, net	31,448,721
Total assets	97,310,030
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pensions	17,925,943
Deferred outflows from OPEB	4,835,957
Total deferred outflows of resources	22,761,900
LIABILITIES	
Accounts payable	1,047,198
Accrued interest payable	321,297
Accrued liabilities	60,301
Due to other governments	30,621
Due to teachers' retirement system	2,794,315
Due to employees' retirement system	193,864
Unearned revenue	157,820
Other liabilities	11,655
Compensated absences	434,411
Long-term liabilities, due within one year:	
Bonds payable, net	3,615,170
Energy performance contract payable	498,923
Installment debt payable	172,967
Compensated absences	160,000
Long-term liabilities, due after one year:	
Bonds payable, net	20,555,279
Energy performance contract payable	6,986,943
Installment debt payable	256,846
Compensated absences	3,478,888
Other post-employment benefits	102,382,617
Total liabilities	143,159,115
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from OPEB	22,054,602
Deferred inflows from pensions	32,945,248
Total deferred inflows of resources	54,999,850
NET POSITION	
Net investment in capital assets	19,275,669
Restricted:	
Insurance	250,000
Retirement Contributions	4,113,761
Unemployment insurance	315,808
Employee Benefit Accrued Liability	1,939,038
Capital Repairs	1,520,529
Scholarships and Student Activities	25,006
Debt Service	789,522
Unrestricted	(106,316,368)
Total net position	\$ (78,087,035)

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

ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services	and Contributions	Change in
				Net Position
Functions and programs:				
General support	\$ 8,310,256	\$ -	\$ -	\$ (8,310,256)
Instruction	44,862,374	188,825	1,180,510	(43,493,039)
Pupil transportation	3,998,766	16,831	105,225	(3,876,710)
Debt service - interest	925,096	-	-	(925,096)
School lunch program	816,274	218,708	1,080,695	483,129
Total functions and programs	<u>\$ 58,912,766</u>	<u>\$ 424,364</u>	<u>\$ 2,366,430</u>	<u>(56,121,972)</u>
General revenues:				
Real property taxes				46,419,394
Other real property tax items				3,609,950
Use of money and property				42,595
Sale of property and compensation for loss				4,622
State sources				13,847,076
Miscellaneous				<u>736,316</u>
Total general revenues				<u>64,659,953</u>
Change in net position				8,537,981
Total net position, beginning of year, as restated (see Note 17)				<u>(86,625,016)</u>
Total net position, end of year				<u>\$ (78,087,035)</u>

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

**ELWOOD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Major Funds						
	Special Revenue						
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash:							
Unrestricted	\$ 7,802,537	\$ -	\$ 446,131	\$ 106,282	\$ -	\$ -	\$ 8,354,950
Receivables:							
State and federal aid	441,168	382,710	203,777	-	-	-	1,027,655
Due from other governments	524,890	-	-	-	-	-	524,890
Due from other funds	263,245	-	75	705	773,108	-	1,037,133
Other	5,493	-	-	-	-	-	5,493
Restricted cash	8,155,550	291	-	24,631	-	5,969,908	14,150,380
Inventories	-	-	39,536	-	-	-	39,536
Total assets	\$ 17,192,883	\$ 383,001	\$ 689,519	\$ 131,618	\$ 773,108	\$ 5,969,908	\$ 25,140,037
LIABILITIES							
Payables:							
Accounts payable	\$ 938,605	\$ 93,720	\$ 14,873	\$ -	\$ -	\$ -	\$ 1,047,198
Accrued liabilities	60,301	-	-	-	-	-	60,301
Due to other funds	59,408	230,025	-	330	-	747,370	1,037,133
Due to other governments	30,621	-	-	-	-	-	30,621
Due to teachers' retirement system	2,794,315	-	-	-	-	-	2,794,315
Due to employees' retirement system	193,864	-	-	-	-	-	193,864
Unearned revenue	75,059	59,256	23,505	-	-	-	157,820
Other liabilities	11,655	-	-	-	-	-	11,655
Compensated absences	434,411	-	-	-	-	-	434,411
Total liabilities	4,598,239	383,001	38,378	330	-	747,370	5,767,318
FUND BALANCE							
Fund balance:							
Nonspendable	-	-	39,536	-	-	-	39,536
Restricted	8,155,550	-	-	25,006	773,108	5,222,538	14,176,202
Committed	-	-	-	106,282	-	-	106,282
Assigned	1,671,851	-	611,605	-	-	-	2,283,456
Unassigned	2,767,243	-	-	-	-	-	2,767,243
Total fund balance	12,594,644	-	651,141	131,288	773,108	5,222,538	19,372,719
Total liabilities and fund balance	\$ 17,192,883	\$ 383,001	\$ 689,519	\$ 131,618	\$ 773,108	\$ 5,969,908	\$ 25,140,037

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

**ELWOOD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balance - Governmental Funds	\$	19,372,719
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:			
Non-depreciable	\$	14,690,538	
Depreciable		61,783,638	
Accumulated depreciation		(30,334,917)	46,139,259

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, net	(24,170,449)		
Energy performance contract payable	(7,485,866)		
Installment debt payable	(429,813)		
Compensated absences	(3,638,888)		(35,725,016)

Proportionate share of long-term asset and liability, and deferred outflows of resources and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the fund financial statements:

Proportionate share of net pension asset - TRS	25,903,259		
Proportionate share of net pension asset - ERS	1,164,608		
Deferred outflows of resources - pension related	17,925,943		
Deferred inflows of resources - pension related	(32,945,248)		12,048,562

Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements.

Deferred outflows of resources - OPEB related	4,835,957		
Total OPEB Liability	(102,382,617)		
Deferred inflows of resources - OPEB related	(22,054,602)		(119,601,262)

Interest payable applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(321,297)

Net Position - Governmental Activities	\$	(78,087,035)
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ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds						
	Special Revenue						Total
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Debt Service	Capital Projects	Governmental Funds
REVENUES							
Real property taxes	\$ 46,419,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,419,394
Other real property tax items	3,609,950	-	-	-	-	-	3,609,950
Charges for services	75,513	-	-	126,380	-	-	201,893
Use of money and property	29,703	-	263	89	12,540	-	42,595
Sale of property and compensation for loss	4,622	-	-	-	-	-	4,622
State sources	13,894,602	124,051	17,673	-	-	-	14,036,326
Federal sources	18,555	1,143,129	1,063,022	-	-	-	2,224,706
Sales	-	-	218,708	-	-	-	218,708
Miscellaneous	688,827	-	47,489	3,763	-	-	740,079
Total revenues	64,741,166	1,267,180	1,347,155	130,232	12,540	-	67,498,273
EXPENDITURES							
Current -							
General support	7,075,297	-	-	-	-	-	7,075,297
Instruction	32,970,325	1,357,941	-	122,644	-	-	34,450,910
Pupil transportation	3,854,606	100,811	-	-	-	-	3,955,417
Employee benefits	15,080,070	-	128,103	-	-	-	15,208,173
Debt service -							
Principal	3,175,417	-	-	-	-	-	3,175,417
Interest	1,219,295	-	-	-	-	-	1,219,295
Cost of sales	-	-	688,171	-	-	-	688,171
Capital outlay	-	-	-	-	-	8,710,232	8,710,232
Total expenditures	63,375,010	1,458,752	816,274	122,644	-	8,710,232	74,482,912
Excess (deficiency) of revenues over (under) expenditures	1,366,156	(191,572)	530,881	7,588	12,540	(8,710,232)	(6,984,639)
OTHER FINANCING SOURCES (USES)							
Proceeds of installment debt issuance	335,516	-	-	-	-	-	335,516
Transfers in	-	197,572	-	-	-	-	197,572
Transfers out	(197,572)	-	-	-	-	-	(197,572)
Total other financing sources (uses)	137,944	197,572	-	-	-	-	335,516
Change in fund balance	1,504,100	6,000	530,881	7,588	12,540	(8,710,232)	(6,649,123)
Fund balance, beginning of year	11,090,544	(6,000)	120,260	123,700	760,568	13,932,770	26,021,842
Fund balance, end of year	\$ 12,594,644	\$ -	\$ 651,141	\$ 131,288	\$ 773,108	\$ 5,222,538	\$ 19,372,719

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

ELWOOD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balance - Governmental Activities \$ (6,649,123)

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. The amount by which capital outlay exceeds depreciation outlay in the current period is:

Capital outlay	\$ 8,922,726	
Depreciation expense	<u>(1,072,887)</u>	7,849,839

The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. This is the difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2022: (47,526)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal	2,515,000	
Repayment of energy performance contract payable	487,450	
Issuance of installment debt	(335,516)	
Repayment of installment debt principal	<u>172,967</u>	2,839,901

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:

Amortization of refunding bond premiums	285,170	
Compensated absences	356,841	
Accrued interest costs	<u>9,029</u>	651,040

Changes in the amounts related to the OPEB liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Deferred outflows of resources - OPEB related	(1,195,639)	
Total OPEB liability	17,518,943	
Deferred inflows of resources - OPEB related	<u>(17,238,243)</u>	(914,939)

Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Proportionate share of net pension asset - TRS	30,122,138	
Deferred outflows of resources from pensions	(280,766)	
Proportionate share of net pension asset - ERS	1,179,657	
Deferred inflows of resources from pensions	<u>(26,212,240)</u>	4,808,789

Net Change in Net Position - Governmental Activities \$ 8,537,981

**ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2022**

	Custodial Fund
ASSETS	
Cash:	
Restricted	\$ -
Total assets	\$ -
LIABILITIES	
Other liabilities	\$ -
Total liabilities	-
NET POSITION	
Restricted	-
Total net position	\$ -

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

**ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Custodial</u>
ADDITIONS	
Library real property taxes received	<u>\$ 1,636,241</u>
Total additions	<u>1,636,241</u>
DEDUCTIONS	
Library real property taxes disbursed	<u>1,636,241</u>
Total deductions	<u>1,636,241</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

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

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The Elwood Union Free School District (the "District"), at Greenlawn, New York, as presently constituted, was established in 1903 and operates in accordance with the provisions of the Education Law of the State of New York. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A. Reporting entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on such criteria, the District has determined there are no component units to be included within their reporting entity.

B. Joint venture

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

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

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

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

During the year, the District was billed \$2,954,387 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,257,113.

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

C. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund financial statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:

Special Aid Fund: Used to account for proceeds from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Used to account for child nutrition or other activities whose funds are restricted as to use.

Miscellaneous Fund: Used to account for the activities of student groups, extra classroom activity funds and scholarships for students.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

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

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

D. Measurement focus and basis of accounting

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E. Property taxes

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than October 1st, and become a lien on December 1st. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30th, are remitted by the Town to Suffolk County which in turn is reasonable for any uncollected taxes.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

F. Restricted resources

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

G. Interfund transactions

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

In the District-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

I. Cash and cash equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

J. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of other inventory items, such as supplies, in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures (nonspendable).

L. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts, premiums and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 15,000	Straight line	25-50 years
Furniture and equipment	\$ 5,000	Straight line	8-20 years

N. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District could have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of 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 second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

O. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District could have four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

P. Unearned revenue

The District reports unearned revenue on its Statement of Net Position and its Balance Sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Q. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Upon resignation, retirement or death the earned benefits may be paid out.

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

R. Other benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and Section 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure (see Note 11 for more information).

S. Short-term debt

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

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2022, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

T. Accrued liabilities and long-term obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

U. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position: Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory in the School Lunch Fund of \$39,536.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances within the General Fund:

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to the tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Employee Benefit Accrued Liability

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

Capital Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Debt Service

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

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance.
4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.
5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Fund balances for all governmental funds as of June 30, 2022 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable:						
Inventories	\$ -	\$ 39,536	\$ -	\$ -	\$ -	\$ 39,536
Total nonspendable	-	39,536	-	-	-	39,536
Restricted:						
Ongoing Capital Projects	-	-	-	-	5,222,538	5,222,538
Insurance	250,000	-	-	-	-	250,000
Retirement Contributions:						
Employees' Retirement System	3,032,864	-	-	-	-	3,032,864
Teachers' Retirement System	1,080,897	-	-	-	-	1,080,897
Unemployment Insurance	315,808	-	-	-	-	315,808
Employee Benefit Accrued Liability	1,939,038	-	-	-	-	1,939,038
Capital Repairs	1,520,529	-	-	-	-	1,520,529
Scholarships and student activities	-	-	25,006	-	-	25,006
Debt Service	16,414	-	-	773,108	-	789,522
Total restricted	8,155,550	-	25,006	773,108	5,222,538	14,176,202
Committed:						
Extraclassroom activities	-	-	106,282	-	-	106,282
Total committed	-	-	106,282	-	-	106,282
Assigned:						
Designated for subsequent year's expenditures	1,500,000	-	-	-	-	1,500,000
Encumbrances	171,851	-	-	-	-	171,851
School Lunch Fund	-	611,605	-	-	-	611,605
Total assigned	1,671,851	611,605	-	-	-	2,283,456
Unassigned	2,767,243	-	-	-	-	2,767,243
Total	<u>\$ 12,594,644</u>	<u>\$ 651,141</u>	<u>\$ 131,288</u>	<u>\$ 773,108</u>	<u>\$ 5,222,538</u>	<u>\$ 19,372,719</u>

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

Order of use of fund balance

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

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the District-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide financial statements, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

4. Pension differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/(liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

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

The following budget revisions occurred during the year:

Other State aid	\$ 190,000
Gifts and donations	<u>5,377</u>
	<u>\$ 195,377</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2022.

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

Encumbrances

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

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

4. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISK

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 23,614,580
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Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$14,242,791 within the governmental funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

5. RECEIVABLES

Receivables at June 30, 2022, consisted of the following:

A. State and federal aid

State and federal aid receivables at June 30, 2022, consisted of the following:

General Fund:

General aid \$ 182,814

New York State Aid - excess cost aid 258,354

Special Aid Fund:

State and federal grants 382,710

School Lunch Fund:

School breakfast and lunch reimbursement 203,777

\$ 1,027,655

B. Due from other governments

Due from other governments at June 30, 2022, consisted of the following:

General Fund:

BOCES aid \$ 458,448

Tuition services 66,442

\$ 524,890

C. Other receivables

Other receivables at June 30, 2022, consisted of the following:

General Fund:

Various receivables \$ 5,493

District management has deemed the amounts to be fully collectible.

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Disposals/ <u>Reclassifications</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 278,950	\$ -	\$ -	\$ 278,950
Construction-in-progress	12,402,966	2,008,622	-	14,411,588
Total nondepreciable assets	<u>12,681,916</u>	<u>2,008,622</u>	<u>-</u>	<u>14,690,538</u>
Capital assets that are depreciated:				
Buildings and building improvements	53,089,396	6,701,610	-	59,791,006
Furniture and equipment	1,780,138	212,494	-	1,992,632
Total depreciable assets	<u>54,869,534</u>	<u>6,914,104</u>	<u>-</u>	<u>61,783,638</u>
Less accumulated depreciation:				
Buildings and building improvements	27,845,905	1,014,808	-	28,860,713
Furniture and equipment	1,416,125	58,079	-	1,474,204
Total accumulated depreciation	<u>29,262,030</u>	<u>1,072,887</u>	<u>-</u>	<u>30,334,917</u>
Total capital assets, net	<u>\$ 38,289,420</u>	<u>\$ 7,849,839</u>	<u>\$ -</u>	<u>\$ 46,139,259</u>

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

General support	\$ 113,645
Instruction	955,334
Pupil transportation	<u>3,908</u>
	<u>\$ 1,072,887</u>

7. SHORT-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/24/2022 at 1.25%	\$ -	\$ 10,500,000	\$ 10,500,000	\$ -

The TAN was issued for the purpose of providing cash flow to the General Fund in anticipation of revenues from real property taxes. Interest on the short-term debt for the fiscal year was \$96,250.

8. LONG-TERM DEBT OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

	(As Restated) Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 24,045,000	\$ -	\$ 2,515,000	\$ 21,530,000	\$ 3,330,000
Unamortized bond premiums	2,925,619	-	285,170	2,640,449	285,170
Total bonds payable, net	26,970,619	-	2,800,170	24,170,449	3,615,170
Energy performance contract payable	7,973,316	-	487,450	7,485,866	498,923
Installment debt payable	267,264	335,516	172,967	429,813	172,967
Compensated absences	3,995,729	109,445	466,286	3,638,888	160,000
Other post-employment benefits	119,901,560	7,305,150	24,824,093	102,382,617	-
Total long-term liabilities	<u>\$ 159,108,488</u>	<u>\$ 7,750,111</u>	<u>\$ 28,750,966</u>	<u>\$ 138,107,633</u>	<u>\$ 4,447,060</u>

The General Fund is typically been used to liquidate the District's long-term liabilities presented above.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2022
Serial bonds	08/21/14	08/15/24	2.00-2.25%	\$ 510,000
Serial bonds	09/17/19	06/30/35	2.00-5.00%	14,615,000
Serial bonds	04/27/21	04/01/29	5.00%	6,405,000
Energy performance contract payable	01/16/20	01/16/35	2.34%	7,485,866
Installment debt for equipment	03/15/21	03/15/24	3.00%	102,176
Installment debt for equipment	07/24/21	07/24/24	3.00%	76,000
Installment debt for equipment	03/15/22	03/15/25	3.00%	251,637
				<u>\$ 29,445,679</u>

The following is a summary of maturing debt service requirements:

The following is a summary of maturing debt service requirements:

Year Ended June 30,	Installment Debt & Energy Performance Contract Payable		Bonds Payable		Totals
	Principal	Interest	Principal	Interest	
2023	\$ 671,890	\$ 172,268	\$ 3,330,000	\$ 846,013	\$ 5,020,171
2024	683,633	160,524	1,665,000	683,075	3,192,232
2025	606,565	148,504	1,745,000	603,319	3,103,388
2026	534,988	136,203	1,650,000	521,725	2,842,916
2027	547,580	123,611	1,735,000	437,850	2,844,041
2028-2032	2,937,399	418,553	7,430,000	1,013,000	11,798,952
2033-2035	1,933,624	79,949	3,975,000	120,250	6,108,823
	<u>\$ 7,915,679</u>	<u>\$ 1,239,612</u>	<u>\$ 21,530,000</u>	<u>\$ 4,225,232</u>	<u>\$ 34,910,523</u>

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 1,219,295
Amortization of premium on bonds	(285,170)
Less interest accrued in the prior year	(330,326)
Plus interest accrued in the current year	321,297
Interest expense	<u>\$ 925,096</u>

In March 2022, the District entered into an installment purchase debt agreement to purchase computers, monitors and tablets. The total amount of the installment purchase was \$335,516, and accrues interest at 3.00%. The installment debt matures on March 21, 2025.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Unissued debt

On November 28, 2017, voters approved a serial bond authorization for total estimated cost not to exceed \$34,568,600 for the construction of various improvements to District buildings and sites. On September 17, 2019, the District issued \$15,900,000 in serial bonds and received a premium of \$1,285,000, which were both used towards the permanent financing of the capital projects referendum. On April 27, 2021, the District issued \$7,950,000 in serial bonds and received a premium of \$1,251,727, which were both used towards the permanent financing of the capital projects referendum. The authorized but unissued long-term debt as of June 30, 2021 was \$8,181,873. These bonds will mature on June 30, 2035 and April 1, 2029, respectively, with interest rates ranging from 2.0%-5.0%.

9. PENSION PLANS

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial Report, which can be found on the System's website at www.nystrs.org.

NYSERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Funding policies

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

The District share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2022	\$ 764,285	\$ 2,610,612
2021	820,784	2,418,751
2020	748,797	2,296,016

Pension assets/(liabilities), pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2022, the District reported the following asset for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2021 for NYSTRS and March 31, 2022 for NYSERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSTRS and NYSERS Systems in reports provided to the District:

	<u>NYSERS</u>	<u>NYSTRS</u>
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Net pension asset/(liability)	\$ 1,164,608	\$ 25,903,259
District's portion of the Plan's total net pension asset/(liability)	0.014247%	0.149479%

For the year ended June 30, 2022, the District recognized pension expense of \$124,404 for NYSERS and (\$1,372,145) for NYSTRS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	\$ 88,182	\$ 3,570,489	\$ 114,377	\$ 134,579
Changes of assumptions	1,943,266	8,520,123	32,791	1,508,788
Net difference between projected and actual earnings on pension plan investments	-	-	3,812,948	27,110,440
Changes in proportion and differences between the District's contributions and proportionate share of contributions	314,622	501,082	154,624	76,701
Employer contributions subsequent to the measurement date	193,864	2,794,315	-	-
Total	<u>\$ 2,539,934</u>	<u>\$ 15,386,009</u>	<u>\$ 4,114,740</u>	<u>\$ 28,830,508</u>

District contributions subsequent to the measurement date will be recognized as an addition/reduction of the net pension asset/liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,:</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2023	\$ (235,285)	\$ (3,230,917)
2024	(382,727)	(3,832,755)
2025	(964,084)	(4,884,789)
2026	(186,574)	(6,449,519)
2027	-	1,279,721
Thereafter	-	879,445

Actuarial assumptions

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

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2015 to June 30, 2020 System's Experience
Inflation rate	2.70%	2.40%

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

For NYSERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For NYSTRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

For NYSERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For NYSTRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

The long-term 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>NYSERS</u>		<u>NYSTRS</u>	
	<u>Target Allocation</u>	<u>Long-term Rate</u>	<u>Target Allocation</u>	<u>Long-term Rate</u>
Measurement date	March 31, 2022		June 30, 2021	
Asset type -				
Cash	1.00%	(1.00%)	1.00%	(0.2%)
Credit	4.00%	3.78%	-	-
Domestic Equity	32.00%	3.30%	33.00%	6.80%
Domestic Fixed Income	-	-	16.00%	1.30%
Fixed Income	23.00%	-	-	-
Global Equity	-	-	4.00%	7.10%
Global Fixed Income	-	-	2.00%	0.80%
High-yield Fixed Income	-	-	1.00%	3.80%
International Equity	15.00%	5.85%	16.00%	7.60%
Opportunistic Portfolio	3.00%	4.10%	-	-
Private Equity	10.00%	6.50%	8.00%	10.00%
Private Debt	-	-	1.00%	5.90%
Real Assets	3.00%	5.58%	-	-
Real Estate Debt	-	-	7.00%	3.30%
Real Estate Equities	9.00%	5.00%	11.00%	6.50%
	<u>100.00%</u>		<u>100.00%</u>	

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for NYSERS and 6.95% for NYSTRS. 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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the proportionate share of the net pension asset/(liability) to the discount rate assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for NYSERS and 6.95% for NYSTRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (4.90% for NYSERS and 5.95% for NYSTRS) or 1% point higher (6.90% for NYSERS and 7.95% for NYSTRS) than the current rate:

	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
<u>NYSERS</u>			
Employer's proportionate share of the net pension asset/(liability)	\$ (2,997,173)	\$ 1,164,608	\$ 4,645,370
	1% Decrease (5.95%)	Current assumption (6.95%)	1% Increase (7.95%)
<u>NYSTRS</u>			
Employer's proportionate share of the net pension asset/(liability)	\$ 2,718,169	\$ 25,903,259	\$ 45,388,644

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Measurement date	April 1, 2021	June 30, 2020	
Employers' total pension liability	\$ (223,874,888)	\$ (130,819,415)	\$ (354,694,303)
Plan net position	232,049,473	148,148,457	380,197,930
Employers' net pension liability	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>	<u>\$ 25,503,627</u>
Ratio of plan net position to the employers' total pension liability	<u>103.65%</u>	<u>113.25%</u>	<u>107.19%</u>

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Payables to the pension plan

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to -\$193,864.14\$193,864.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the system in September, October and November 2021 through a State aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions including employee contributions, as of June 30, 2022 amounted to \$2,794,315.

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Fund	Interfund			
	Receivable	Payable	Transfers in	Transfers out
General	\$ 263,245	\$ 59,408	\$ -	\$ 197,572
Special Aid	-	230,025	197,572	-
School Lunch	75	-	-	-
Miscellaneous Special				
Revenue Fund	705	330	-	-
Debt Service	773,108	-	-	-
Capital Projects	-	747,370	-	-
Totals	<u>\$ 1,037,133</u>	<u>\$ 1,037,133</u>	<u>\$ 197,572</u>	<u>\$ 197,572</u>

Interfund receivables and payables are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

11. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2021, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	356
Active plan members	<u>316</u>
Total plan members	<u><u>672</u></u>

B. Total OPEB liability

The District's total OPEB liability of \$102,382,617 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	2.60% average, including inflation
Discount rate	3.54%
Healthcare cost trend rates	5.10% decreasing to an ultimate rate of 4.10% over 54 years
Retirees share of benefit related costs	15% to 50% of projected health insurance premiums for individuals, 25% to 65% of premiums for family coverage, and 100% of surviving spouse coverage

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table projected to the valuation date with Scale MP-2021.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

C. Changes in the total OPEB liability

Balance as of June 30, 2021	\$ 119,901,560
<u>Changes for the year -</u>	
Service cost	4,556,508
Interest	2,656,354
Changes of benefit terms	92,288
Effect of demographic gains or losses	(17,576,140)
Change in assumptions or other inputs	(4,274,530)
Benefit payments	(2,973,423)
Net changes	(17,518,943)
Balance as of June 30, 2022	\$ 102,382,617

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current assumption (3.54%)	1% Increase (4.54%)
Total OPEB liability as of June 30, 2022	\$ 119,663,463	\$ 102,382,617	\$ 88,477,631

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.10%) or one percentage point higher (6.10%) than the current discount rate:

	1% Decrease (4.10%) decreasing to 3.10%)	Current assumption (5.10%) decreasing to 4.10%)	1% Increase (6.10%) decreasing to 5.10%)
Total OPEB liability as of June 30, 2022	\$ 88,500,375	\$ 102,382,617	\$ 120,359,288

D. OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$13,741,387. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ 1,245,093	\$ (14,913,088)
Changes of assumptions	3,590,864	(7,141,514)
Total	\$ 4,835,957	\$ (22,054,602)

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

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>		
2023	\$	(3,416,788)
2024		(3,416,788)
2025		(3,026,271)
2026		(2,123,639)
2027		(3,248,737)
Thereafter		(1,986,422)

12. OTHER RETIREMENT PLANS

Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District for the fiscal year ended June 30, 2022 totaled \$20,500.

Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code 457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2022 totaled \$272,893.

13. RISK MANAGEMENT

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

The District participates in New York Schools Insurance Reciprocal ("NYSIR"), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

The District participates in the Nassau County Schools Cooperative Self-Insured Plan for Workers' Compensation, a risk sharing pool, to insure Workers' Compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Workers' Compensation Plan's total liability for unbilled and open claims at June 30, 2022, discounted at 2.0%, was \$18,122,866.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

14. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as assigned fund balance. During the fiscal year ended June 30, 2022, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 10,045
Instruction	<u>161,806</u>
	<u>\$ 171,851</u>

Government grants

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

Property tax cap

On June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2021, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for school districts for fiscal years beginning July 1, 2021 at 1.23% (before exemptions). School districts can exceed the tax levy limit by a 60 percent vote of the governing body, or by local law.

Service concession arrangements

In accordance with GASB Pronouncements, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2022, and accordingly, no liability or deferred inflow of resources was reflected on the District's financial statements.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)**

15. TAX ABATEMENTS

The Suffolk County Industrial Development Agency, established by Article ISA of the General Municipal Law of New York State, under the authority of General Municipal Law Section 911-A, entered into a tax abatement program for the purpose of economic development, and general prosperity and economic welfare of the county with Engel Burman Senior Housing at East Northport, LLC. The District's property tax revenue was reduced by \$372,961 for these programs. The District received payment in lieu of tax (PILOT) payments totaling \$372,961 related to these properties.

16. FUTURE ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 91	Conduit Debt Obligations	June 30, 2023
Statement No. 94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	June 30, 2023
Statement No. 96	Subscription-Based Information Technology Arrangements	June 30, 2023

17. PRIOR PERIOD ADJUSTMENTS

The District's financial statements for the year ended June 30, 2021 have been restated as of July 1, 2021 to give effect to the following:

	<u>Net Position</u>
Balance as of July 1, 2021, as previously stated	\$ (86,357,752)
Less: Installment debt payable	<u>(267,264)</u>
Balance as of July 1, 2021, as restated	<u>\$ (86,625,016)</u>

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 3, 2022, which is the date the financial statements were available to be issued, noting no matters requiring further financial statement disclosures.

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	\$ 46,360,561	\$ 46,360,561	\$ 46,419,394		\$ 58,833
Other real property tax items	3,663,860	3,663,860	3,609,950		(53,910)
Charges for services	71,500	71,500	75,513		4,013
Use of money and property	40,000	40,000	29,703		(10,297)
Sale of property and compensation for loss	-	-	4,622		4,622
Miscellaneous	150,000	155,377	688,827		533,450
Total local sources	50,285,921	50,291,298	50,828,009		536,711
State sources	14,327,658	14,517,658	13,894,602		(623,056)
Federal sources	-	-	18,555		18,555
Total revenues	64,613,579	64,808,956	64,741,166		(67,790)
OTHER FINANCING SOURCES					
Installment debt issuance	-	-	335,516		335,516
Appropriated reserves	2,378,910	2,378,910	-		N/A
Total revenues and other financing sources	66,992,489	67,187,866	65,076,682		267,726
EXPENDITURES					
General support:					
Board of Education	50,690	48,690	29,476	\$ -	19,214
Central administration	330,660	331,660	328,747	-	2,913
Finance	995,257	989,057	900,558	-	88,499
Staff	242,641	250,341	244,014	-	6,327
Central services	5,241,094	5,576,779	5,014,624	10,045	552,110
Special items	561,014	561,014	557,878	-	3,136
Total general support	7,421,356	7,757,541	7,075,297	10,045	672,199
Instruction:					
Instruction, administration and improvement	2,763,176	2,758,676	2,649,684	-	108,992
Teaching - regular school	18,567,938	18,619,180	18,318,319	73,068	227,793
Programs for children with handicapping conditions	7,187,131	7,042,606	6,093,171	-	949,435
Teaching - special school	338,550	415,550	396,660	-	18,890
Instructional media	2,055,117	2,129,317	2,115,841	88,738	(75,262)
Pupil services	3,447,822	3,507,782	3,396,650	-	111,132
Total instruction	34,359,734	34,473,111	32,970,325	161,806	1,340,980
Pupil transportation	4,774,207	4,703,207	3,854,606	-	848,601
Employee benefits	15,763,816	15,763,816	15,080,070	-	683,746
Debt service:					
Principal	3,002,450	3,002,450	3,175,417	-	(172,967)
Interest	1,420,926	1,237,741	1,219,295	-	18,446
Total expenditures	66,742,489	66,937,866	63,375,010	171,851	3,391,005
OTHER FINANCING USES					
Transfers out	250,000	250,000	197,572	-	52,428
Total expenditures and other financing uses	66,992,489	67,187,866	63,572,582	\$ 171,851	3,443,433
Net change in fund balance	\$ -	\$ -	1,504,100		\$ 3,711,159
Fund balance, beginning of year			11,090,544		
Fund balance, end of year			\$ 12,594,644		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS***

Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:					
Service cost	\$ 4,556,508	\$ 4,951,324	\$ 4,223,725	\$ 4,624,971	\$ 4,490,263
Interest	2,656,354	2,604,745	3,681,686	3,280,007	3,127,457
Changes in benefit terms	92,288	-	(71,061)	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(17,576,140)	-	2,093,977	-	119,916
Changes of assumptions or other inputs	(4,274,530)	991,563	5,091,038	(8,721,516)	-
Benefit payments	<u>(2,973,423)</u>	<u>(3,096,168)</u>	<u>(3,046,978)</u>	<u>(2,807,947)</u>	<u>(2,767,086)</u>
Net change in total OPEB liability	(17,518,943)	5,451,464	11,972,387	(3,624,485)	4,970,550
Total OPEB liability - beginning of year	<u>119,901,560</u>	<u>114,450,096</u>	<u>102,477,709</u>	<u>106,102,194</u>	<u>101,131,644</u>
Total OPEB liability - end of year	<u>\$ 102,382,617</u>	<u>\$ 119,901,560</u>	<u>\$ 114,450,096</u>	<u>\$ 102,477,709</u>	<u>\$ 106,102,194</u>
Covered payroll	\$ 28,469,224	\$ 29,056,754	\$ 29,056,754	\$ 30,527,948	\$ 30,527,948
Total OPEB liability as a percentage of covered payroll	359.63%	412.65%	393.88%	335.68%	347.56%

Note to Required Supplementary Information

*Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data are available.

The District has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - NYSERS & NYSTRS
LAST EIGHT FISCAL YEARS*
(Dollar amounts in thousands)**

NYSERS								
	2022	(A) 2021	(B) 2020	2019	2018	2017	(C) 2016	2015
District's proportionate share of the net pension asset (liability)	0.01425%	0.01511%	0.01605%	0.01663%	0.01760%	0.01836%	0.01760%	0.01769%
District's proportionate share of the net pension asset (liability)	\$ 1,165	\$ (15)	\$ (4,250)	\$ (1,178)	\$ (568)	\$ (1,725)	\$ (2,825)	\$ (597)
District's covered payroll	\$ 5,570	\$ 5,379	\$ 5,527	\$ 5,489	\$ 5,493	\$ 5,209	\$ 4,917	\$ 5,021
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	20.92%	0.28%	76.90%	21.46%	10.34%	33.12%	57.45%	11.89%
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.90%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
NYSTRS								
	(D) 2022	2021	(E) 2020	2019	(F) 2018	(G) 2017	2016	2015
District's proportionate share of the net pension asset (liability)	0.149479%	0.152677%	0.156522%	0.159956%	0.157734%	0.160339%	0.162718%	0.164813%
District's proportionate share of the net pension asset (liability)	\$ 25,903	\$ (4,219)	\$ 4,066	\$ 2,892	\$ 1,199	\$ (1,717)	\$ 16,901	\$ 18,359
District's covered payroll	\$ 25,371	\$ 25,914	\$ 26,529	\$ 26,430	\$ 24,838	\$ 24,670	\$ 25,032	\$ 24,791
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	102.10%	16.28%	15.33%	10.94%	4.83%	6.96%	67.52%	74.06%
Plan fiduciary net position as a percentage of the total pension asset (liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

The amounts presented for each fiscal year were determined (bi-annually) as of March 31 (ERS) and June 30 (TRS).

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - NYSERS & NYSTRS
LAST EIGHT FISCAL YEARS*
(Dollar amounts in thousands)**

NYSERS								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 764	\$ 821	\$ 749	\$ 774	\$ 796	\$ 791	\$ 762	\$ 848
Contributions in relation to the contractually required contribution	<u>764</u>	<u>821</u>	<u>749</u>	<u>774</u>	<u>796</u>	<u>791</u>	<u>762</u>	<u>848</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,444	\$ 5,584	\$ 5,432	\$ 5,603	\$ 5,466	\$ 5,293	\$ 4,661	\$ 5,125
Contributions as a percentage of covered-employee payroll	14.04%	14.70%	13.78%	13.81%	14.56%	14.94%	16.35%	16.55%
NYSTRS								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,611	\$ 2,419	\$ 2,296	\$ 2,775	\$ 2,553	\$ 2,929	\$ 3,076	\$ 3,281
Contributions in relation to the contractually required contribution	<u>2,611</u>	<u>2,419</u>	<u>2,296</u>	<u>2,775</u>	<u>2,553</u>	<u>2,929</u>	<u>3,076</u>	<u>3,281</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,052	\$ 25,712	\$ 25,914	\$ 26,529	\$ 26,430	\$ 24,838	\$ 24,670	\$ 25,032
Contributions as a percentage of covered-employee payroll	10.42%	9.41%	8.86%	10.46%	9.66%	11.79%	12.47%	13.11%

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

Change from adopted budget to final budget:

Adopted budget	\$ 66,913,579
Add:	
Prior year's encumbrances	<u>78,910</u>
Original budget	66,992,489
Budget revisions:	
Other State aid	190,000
Gifts and donations	<u>5,377</u>
Final budget	<u><u>\$ 67,187,866</u></u>

Section 1318 of Real Property Tax Law Limit calculation:

2022-2023 voter-approved expenditure budget	<u><u>\$ 69,181,071</u></u>
Maximum allowed (4% of 2022-2023 budget)	<u><u>\$ 2,767,243</u></u>
General Fund fund balance subject to §1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,671,851
Unassigned fund balance	<u>2,767,243</u>
	\$ 4,439,094
Less:	
Appropriated fund balance	1,500,000
Encumbrances	<u>171,851</u>
	<u>1,671,851</u>
General Fund fund balance subject to §1318 of Real Property Tax Law	<u><u>\$ 2,767,243</u></u>
Actual percentage	<u><u>4.0%</u></u>

ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Total	
James H. Boyd Intermediate School:										
Repave Lower Driveway & Replace Sidewalk	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 75,960	\$ 24,040	\$ 100,000	\$ -
Energy Performance Upgrades	100,000	100,000	9,518	-	9,518	90,482	80,081	-	80,081	70,563
Other Costs (Legal, Fiscal Advisor, etc.)	40,599	40,599	-	-	-	40,599	40,599	-	40,599	40,599
Smart Schools Bond Projects:										
District-Wide	469,196	469,196	451,125	-	451,125	18,071	-	440,397	440,397	(10,728)
James H. Boyd Intermediate School	5,050,000	5,050,000	3,554,435	974,554	4,528,989	521,011	5,695,000	-	5,695,000	1,166,011
Harley Avenue Primary School	3,737,100	3,737,100	1,575,604	1,211,704	2,787,308	949,792	4,062,000	-	4,062,000	1,274,692
Elwood Middle School	12,945,000	12,945,000	4,415,640	370,252	4,785,892	8,159,108	5,869,000	-	5,869,000	1,083,108
John H. Glenn High School	12,836,500	12,836,500	4,694,533	4,491,802	9,186,335	3,650,165	8,224,000	-	8,224,000	(962,335)
Other Costs (Legal, Fiscal Advisor, etc.)	-	-	-	-	-	-	2,529,760	-	2,529,760	2,529,760
Energy Performance Contract	8,118,926	8,118,926	6,426,138	1,661,920	8,088,058	30,868	8,118,926	-	8,118,926	30,868
Totals	<u>\$43,397,321</u>	<u>\$43,397,321</u>	<u>\$21,226,993</u>	<u>\$ 8,710,232</u>	<u>\$29,937,225</u>	<u>\$13,460,096</u>	<u>\$34,695,326</u>	<u>\$ 464,437</u>	<u>\$35,159,763</u>	<u>\$ 5,222,538</u>

**OTHER
SUPPLEMENTARY
INFORMATION**

**ELWOOD UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

Capital assets, net		\$ 46,139,259
Add:		
Unspent bond proceeds	\$ 5,222,538	
Deduct:		
Short-term portion of bonds payable, net	(3,615,170)	
Short-term portion energy performance contract payable	(498,923)	
Short-term portion of installment debt payable	(172,967)	
Long-term portion of bonds payable, net	(20,555,279)	
Long-term portion of energy performance contract payable	(6,986,943)	
Long-term portion of installment debt payable	<u>(256,846)</u>	<u>(26,863,590)</u>
Net investment in capital assets		<u><u>\$ 19,275,669</u></u>

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed - Through Programs From:</u>			
New York State Department of Education			
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-21-2935	\$ 3,046
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-22-2935	9,691
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-22-2935	36,192
ESEA, Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	0204-22-3190	16,648
			65,577
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-22-0873	418,371
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-22-0873	21,028
			439,399
Title I, Part A Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-21-2935	13,332
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-22-2935	101,298
			114,630
Education Stabilization Fund Cluster:			
ARP, ESF, Elementary and Secondary School Emergency Relief Fund	84.425U	5870-22-9154	221,388
CARES Act, ESF, Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-3790	294,222
CARES Act, ESF, Governor's Emergency Education Relief Fund	84.425C	5896-21-3790	26,468
			542,078
Total U.S. Department of Education			1,161,684
<u>U.S. Department of Agriculture</u>			
<u>Direct Program:</u>			
Commodity Supplemental Food Program	10.565	N/A	74,293
<u>Passed - Through Program From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
Summer Food Service Program	10.559	N/A	988,729
Total U.S. Department of Agriculture			1,063,022
TOTAL FEDERAL EXPENDITURES			\$ 2,224,706

The accompanying notes should be read
in conjunction with this schedule.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Elwood Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2022. 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 District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

2. Basis of Accounting

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 amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

3. Indirect Costs

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

No amounts were provided to subrecipients.

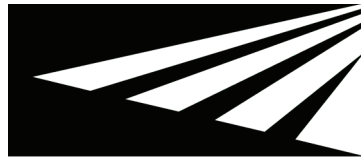
5. Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

6. Major program determination

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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

To the Board of Education of the
Elwood Union Free School District
Greenlawn, 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 fiduciary fund of the Elwood Union Free School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 3, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 District's financial statements are free of 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*.

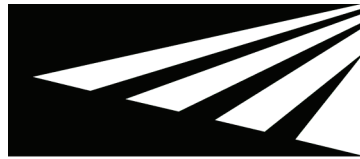
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Purpose of this Report

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.

Hauppauge, New York
October 3, 2022

Nawrocki Smith LLP



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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR ITS MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the
Elwood Union Free School District
Greenlawn, New York:

Report on Compliance for its Major Federal Program

Opinion on Its Major Federal Program

We have audited the Elwood Union Free School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Its Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Hauppauge, New York
October 3, 2022

Nawrocki Smith LLP

**ELWOOD UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

A. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
6. No audit findings relative to the major federal award program that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The program tested as a major program included:

CFDA Number

Name of Federal Program

10.559

U.S. Department of Agriculture
Summer Food Service Program

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None reported.

C. Findings And Questioned Costs - Major Federal Award Program Audit

None reported.

**ELWOOD UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

A. Findings – Financial Statement Audit

None reported.

B. Findings And Questioned Costs – Major Federal Award Programs Audit

None reported.

**ELWOOD UNION FREE SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

This section presents findings and recommendations noted during the audit of the financial statements of the Elwood Union Free School District as of and for the year ended June 30, 2022, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR RECOMMENDATIONS:

None noted.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

None noted.