

**ELWOOD UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

ELWOOD UNION FREE SCHOOL DISTRICT

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R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Elwood Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Elwood Union Free School District as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Elwood Union Free School District as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension asset/(liability), and the schedule of District's contributions on pages 1 through 15 and 58 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elwood Union Free School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial 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. Such 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 financial information is 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 13, 2020 on our consideration of the Elwood Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Elwood Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Elwood Union Free School District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 13, 2020

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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 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.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- On June 9, 2020, the proposed 2020-2021 budget in the amount of \$64,443,174 was authorized by the District's residents.
- The general fund's unassigned fund balance at year end was \$2,988,065 or 4.64% of the 2020-2021 approved budget.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$2,002,891. This was due to an excess of revenues and other financing sources over expenditures and other financing uses based on the modified accrual basis of accounting
- The District's 2020 fiscal year property tax levy of \$47,113,716 was a 2.56% increase over the 2019 fiscal year levy.
- The District has maintained its Moody's rating of Aa3.
- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic. Schools, along with all but essential businesses, were ordered closed by the State of New York, and remote learning was conducted for the remainder of the school year. The closure of schools resulted in some areas of savings primarily in the area of transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.
- The District has filed the necessary paperwork for building aid restoration, and previously received notification from the State Education Department regarding the timing and amount to be restored. The District received \$1,058,534 in December 2017 and \$73,817 in February 2019. The State noted that the restorations are paid in approval date order when funds become available. The State notified the District on August 3, 2017 a proposed payment schedule as follows:

<u>Year to Be Paid</u>	<u>Amount</u>
2021	\$ 890
2022	\$ 34,889
2028	\$ 1,688
2030	\$ 10,059

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *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, including the employees of District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The 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. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Table A-1: Organization of the District's Annual Financial Report

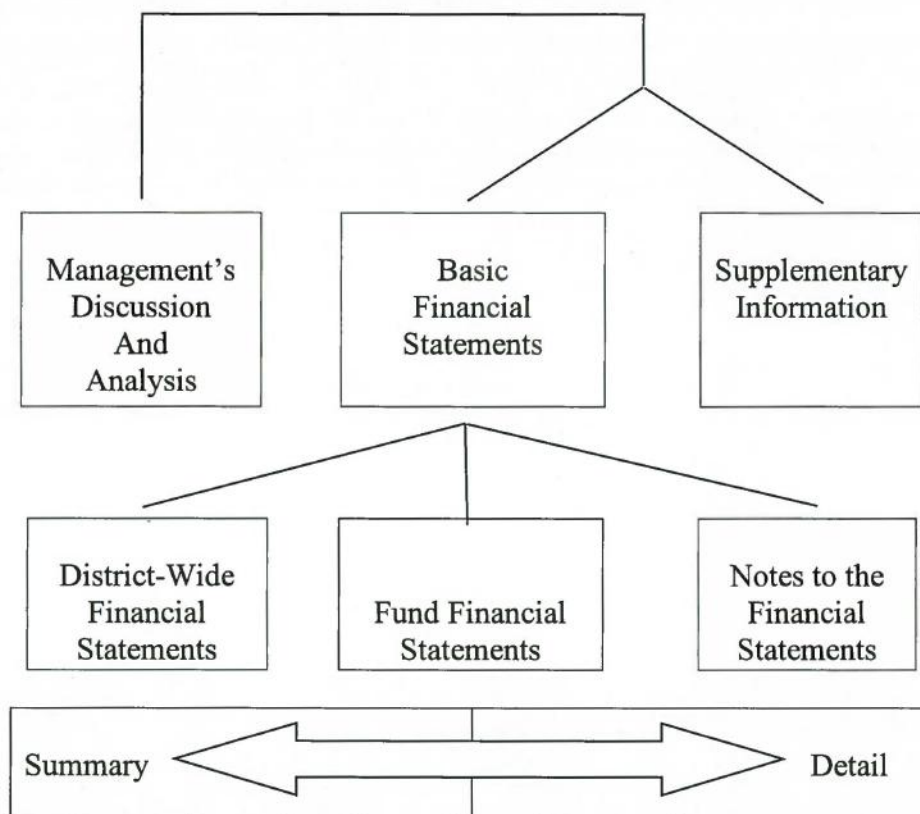


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Table A-2: Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement 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 or available during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; 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

A) 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

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* includes net amounts that do not meet any of the above restrictions.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the 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 Fund Financial Statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, debt service fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary funds:* The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds, employee payroll withholding, and student activities funds. 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. Fiduciary fund reporting focuses on net position and changes in net position.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's net deficit increased by \$5,027,579 in the fiscal year ended June 30, 2020 as detailed in Table A-3.

Table A-3 – Condensed Statement of Net Position-Governmental Activities

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Fiscal Year	* As restated Fiscal Year	Increase/ (Decrease)	Total Percentage Change
	2020	2019		
Current assets and other assets	\$ 29,204,263	\$ 12,929,222	\$ 16,275,041	125.88%
Capital assets, net	29,190,529	23,430,995	5,759,534	24.58%
Net pension asset - proportionate share- teachers' retirement system	4,066,444	2,892,427	1,174,017	40.59%
Deferred outflows of resources	22,364,627	16,429,322	5,935,305	36.13%
Total Assets and Deferred Outflows of Resources	84,825,863	55,681,966	29,143,897	52.34%
Current and other liabilities	4,397,871	9,323,758	(4,925,887)	(52.83%)
Long-term liabilities	151,366,755	112,476,312	38,890,443	34.58%
Deferred inflows of resources	11,836,957	11,630,037	206,920	1.78%
Total Liabilities and Deferred Inflows of Resources	167,601,583	133,430,107	34,171,476	25.61%
Net Position				
Net investment in capital assets	15,704,566	14,719,563	985,003	6.69%
Restricted	5,661,135	3,642,097	2,019,038	55.44%
Unrestricted (deficit)	(104,141,421)	(96,109,801)	(8,031,620)	(8.36%)
Total Net Position (Deficit)	\$ (82,775,720)	\$ (77,748,141)	\$ (5,027,579)	(6.47%)

* The bond premium has been reclassified from deferred inflows of resources to long-term liabilities.

Current assets and other assets increased by \$16,275,041 from prior year primarily due to an increase in cash and cash equivalents and state and federal aid offset by a decrease in due from other governments. Capital assets, net of depreciation, increased by \$5,759,534. This was primarily district-wide capital additions offset by current year depreciation. The net pension asset – proportionate share increased by \$1,174,017, as compared to last year as a result of the actuarial valuation provided by the state. The changes in deferred outflows represent amortization of pension related items as discussed in Note 13 and the District's contribution subsequent to the measurement date, as well as deferred outflows related to the total other post-employment benefits obligation, as discussed in Note 15 and the amortization of deferred charges from advance refunding of bonds.

Current and other liabilities decreased by \$4,925,887. This was primarily attributable to a decrease in due to teachers' retirement system and bond anticipation note offset by an increase in accounts payable and accrued interest payable. Long-term liabilities increased by \$38,890,443 which was primarily attributable to the issuance of a serial bond and energy performance contract debt along with an increase in compensated absences payable, total other post-employment benefit obligation and net pension liability - proportionate share-employees' retirement system. The changes in deferred inflows represent amortization of pension related items as discussed in Note 13, and deferred inflows of other post-employment benefits obligation, as discussed in Note 15.

The net investment in capital assets, relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and machinery & equipment, net of depreciation

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

and related debt. This number increased from the prior year by \$985,003 due to an increase in the related outstanding debt offset by the increase in unspent proceeds.

The restricted net position at June 30, 2020, relates to the District's reserve funds established for a specific purpose. Restricted net position increased by \$2,019,038 primarily due to an increase in all reserve accounts.

The unrestricted net deficit at June 30, 2020 of \$104,141,421 relates to the balance of the District's net position. The unrestricted net deficit increased by \$8,031,620.

Net deficit overall increased by \$5,027,579.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

Table A-4: Change in Net Position from Operating Results

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 386,315	\$ 786,185	\$ (399,870)	(50.86%)
Operating grants	1,357,015	1,498,714	(141,699)	(9.45%)
Capital grants		7,589	(7,589)	(100.00%)
General Revenues				
Real property taxes and other tax items	47,396,174	46,181,380	1,214,794	2.63%
State sources	12,932,113	12,982,605	(50,492)	(0.39%)
Other	596,287	669,651	(73,364)	(10.96%)
Total Revenues	<u>\$ 62,667,904</u>	<u>\$ 62,126,124</u>	<u>\$ 541,780</u>	0.87%
Expenses				
General support	\$ 8,596,179	\$ 8,601,780	\$ (5,601)	(0.07%)
Instruction	54,617,592	50,580,664	4,036,928	7.98%
Pupil transportation	3,118,541	4,014,839	(896,298)	(22.32%)
Debt service - interest	812,150	503,158	308,992	61.41%
Food service program	551,021	645,682	(94,661)	(14.66%)
Total Expenses	<u>67,695,483</u>	<u>64,346,123</u>	<u>3,349,360</u>	5.21%
Total Change in Net Position	<u>\$ (5,027,579)</u>	<u>\$ (2,219,999)</u>	<u>\$ (2,807,580)</u>	126.47%

The District's fiscal year 2020 revenues totaled \$62,667,904. (See Table A-4). Real property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing 75.63% and 20.63%, respectively of total revenues. (See Table A-5). The remainder came from fees charged for services, operating grants and other miscellaneous sources. Total revenues increased by \$541,780 or 0.87%. This was primarily attributable to increases in real property taxes and other tax items, offset by the decrease in charges for services and operating grants.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The cost of all programs and services totaled \$67,695,483 for fiscal year 2020. These expenditures are predominantly related to instruction and transporting students, which account for 85.29% of District expenses (See Table A-6). The District's general support activities accounted for 12.70% of total costs. Total expenses increased by \$3,349,360 or 5.21%. This was primarily attributable to an increase in instruction offset by a decrease in pupil transportation.

Table A-5: Revenues for Fiscal Year 2020 (See Table A-4)

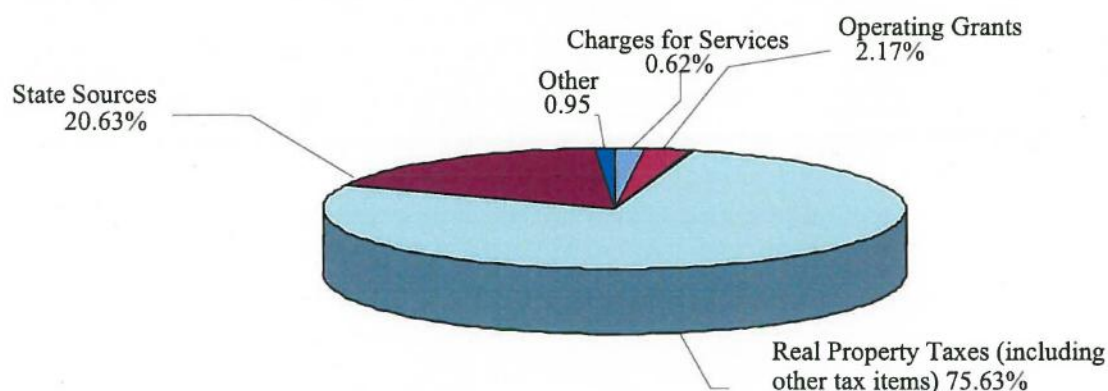
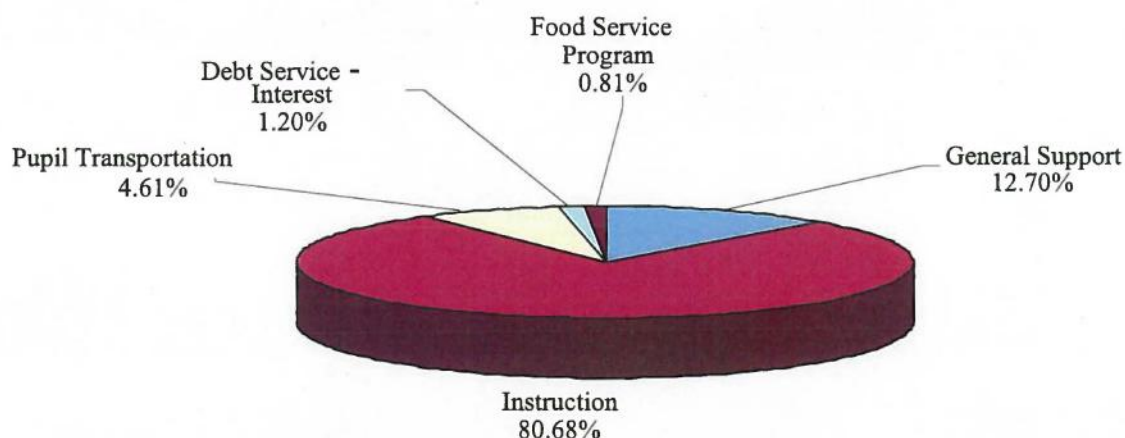


Table A-6: Expenses for Fiscal Year 2020 (See Table A-4)



**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

C) Governmental Activities:

The continuation of the overall good financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Approval of the District's proposed annual budget;
- Improved curriculum and community support.

4. 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, deferred outflows or inflows, 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, and the current payments on other long-term liabilities.

As of June 30, 2020, the District's combined governmental funds reported a total fund balance of \$25,228,077 which is an increase of \$21,528,869 from the prior year.

A summary of the changes in fund balance for all funds are as follows:

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for employee benefit accrued liability	\$ 1,430,256	\$ 1,263,058	\$ 167,198	13.24%
Restricted for retirement contribution-ERS	2,135,102	1,841,414	293,688	15.95%
Restricted for retirement contributions- TRS	518,889		518,889	N/A
Restricted for capital	516,811	507,765	9,046	1.78%
Restricted for debt service	16,324	16,038	286	1.78%
Restricted for unemployment insurance	314,068	13,822	300,246	2172.23%
Assigned appropriated fund balance	1,500,000	1,250,000	250,000	20.00%
Assigned unappropriated fund balance	41,536	56,906	(15,370)	(27.01%)
Unassigned	2,988,065	2,509,157	478,908	19.09%
Total Fund Balance - General Fund	<u>9,461,051</u>	<u>7,458,160</u>	<u>2,002,891</u>	26.86%
School Lunch Fund				
Nonspendable: inventory	40,664	24,820	15,844	63.84%
Assigned - unappropriated	45,900	106,725	(60,825)	(56.99%)
Total Fund Balance - School Lunch Fund	<u>86,564</u>	<u>131,545</u>	<u>(44,981)</u>	(34.19%)
Debt Service Fund				
Restricted for debt service	729,685		729,685	N/A
Total Fund Balance - Debt Service Fund	<u>729,685</u>	<u>-</u>	<u>729,685</u>	N/A
Capital Projects Fund				
Restricted: unspent debt proceeds	15,123,305	111,162	15,012,143	13504.74%
Unassigned: fund balance (deficit)	(172,528)	(4,001,659)	3,829,131	(95.69%)
Total Fund Balance (Deficit) - Capital Projects Fund	<u>14,950,777</u>	<u>(3,890,497)</u>	<u>18,841,274</u>	(484.29%)
Total Fund Balance - All Funds	<u>\$ 25,228,077</u>	<u>\$ 3,699,208</u>	<u>\$ 21,528,869</u>	581.99%

The District can attribute changes to fund balances and reserves primarily due to operating results, Board approved transfers and new financing in the capital projects fund. The most significant change to total fund balance occurred in the capital projects fund, which increased by \$18,841,274 due to a new serial bond and energy performance contract debt financing.

A) General Fund

The net change in the general fund – fund balance is an increase of \$2,002,891. Revenues and other financing sources increased \$519,265 or .86% compared to the prior year, primarily due to the increase in real property taxes offset by a decrease in and other tax items, charges for services and state sources.

Expenditures and other uses decreased by \$1,813,472 or 3.00% compared to the prior year, primarily due to decreases in general support, instruction, pupil transportation and employee benefits.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B) School Lunch Fund

The net change in the school lunch fund – fund balance is a decrease of \$44,981, due to expenditures in excess of revenues and other financing sources under the modified accrual method of accounting.

C) Debt Service Fund

The net change in the debt service fund – fund balance is an increase of \$729,685, due to premiums on obligations and interest income.

D) Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$18,841,274. This increase in fund balance is due to proceeds from a serial bond as part of the bond referendum funding from November 27, 2017 and the energy performance contract debt offset by the capital outlay in the current year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2019-2020 Budget:

The District's general fund adopted budget for the year ended June 30, 2020 was \$62,728,901. This amount was increased by encumbrances carried forward from the prior year in the amount of \$56,906 and budget revisions in the amount of \$29,480 which resulted in a final budget of \$62,815,287. The majority of the funding was property taxes and other tax items of \$47,395,237.

B) Change in General Fund's Unassigned Fund Balance (Budget to Actual):

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent years' budgets. It is this balance that is commonly referred to as "Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening unassigned fund balance	\$ 2,509,157
Revenues and other financing sources over budget	14,305
Expenditures and other financing uses and encumbrances under budget	4,093,956
Unused appropriated reserve	(100,884)
Use of reserve	255,303
Funding of reserves	(2,218,889)
Interest allocated to reserves	(64,883)
Assigned, appropriated for June 30, 2021 budget	(1,500,000)
Closing unassigned fund balance	<u>\$ 2,988,065</u>

The opening unassigned fund balance of \$2,509,157 is the June 30, 2019 unassigned fund balance.

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The revenues were over budget in the amount of \$14,305 (see Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget in the amount of \$4,093,956 was primarily in central services, teaching – regular school, programs for children with handicapping conditions, pupil services, pupil transportation and employee benefits. (see Supplemental Schedule #1 for detail).

In the 2019-2020 budget, \$840,000 of reserves were appropriated for the retirement contribution reserve – employee retirement system. Due to lower than anticipated expenditures, \$100,884 of this funding was not needed and, therefore, it was returned to the reserves for future use.

On May 11, 2020 the Board approved the use of the employee benefit accrued liability reserve of funds not to exceed \$500,000. For the 2019-2020 fiscal year, the District's expenditures amounted to \$255,303.

The District funded the employee benefit accrued liability reserve in the amount of \$400,000, retirement contribution reserve – employee retirement system in the amount of \$1,000,000, retirement contribution reserve – teachers' retirement system in the amount of \$518,889 and unemployment insurance reserve of \$300,000.

Interest of \$64,883 was allocated to reserves as follows: \$22,501 to employee benefit accrued liability reserve, \$32,804 to retirement contribution reserve – employee retirement system, \$9,046 to capital reserve, \$286 to debt service reserve and \$246 to unemployment insurance reserve.

The assigned, appropriated fund balance of \$1,500,000 for the June 30, 2021 budget is the amount the District has chosen to use to partially fund its operating budget for 2020-2021.

The District's unassigned fund balance is 4.64% of the 2020-2021 budget. NYS Real Property Tax Law § 1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets:

The District paid for equipment and various building additions and renovations during fiscal year 2020. A summary of the District's capital assets, net of depreciation is as follows:

Table A-7: Capital Assets (Net of Depreciation)

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Category	Fiscal Year 2020	Fiscal Year 2019	Increase	Percentage Change
Land	\$ 278,950	\$ 278,950	\$ -	0.00%
Construction in progress	7,471,399	3,718,948	3,752,451	100.90%
Buildings & building improvements	47,937,493	45,227,290	2,710,203	5.99%
Furniture, equipment & vehicles	1,749,604	1,726,694	22,910	1.33%
Subtotal	57,437,446	50,951,882	6,485,564	12.73%
Less: Accumulated Depreciation	28,246,917	27,520,887	726,030	2.64%
Total Net Capital Assets	<u>\$ 29,190,529</u>	<u>\$ 23,430,995</u>	<u>\$ 5,759,534</u>	<u>24.58%</u>

The District spent \$6,485,564 in capital additions during the year. This includes \$6,462,654 from capital outlays and \$22,910 of furniture, equipment and vehicle purchases from the general fund.

B) Long-Term Debt:

At June 30, 2020, the District had bonds payable of \$18,620,000. More detailed information about the District's long-term debt is presented in the Note 12 to the Financial Statements.

A summary of outstanding debt at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Serial refunding bonds-4/19/2012	\$ 1,895,000	\$ 3,715,000	\$ (1,820,000)
Serial bonds-8/21/2014	825,000	975,000	(150,000)
Serial bonds-9/15/2019	15,900,000		15,900,000
Total	<u>\$ 18,620,000</u>	<u>\$ 4,690,000</u>	<u>\$ 13,930,000</u>

At June 30, 2020, the District had total energy performance contract debt which were issued for capital construction of \$8,118,928. A summary of the outstanding energy performance contract debt at June 30, 2020 and 2019 is as follows:

Issue Date	Final Maturity	Interest Rate	Fiscal Year 2020	Fiscal Year 2019	Increase
1/16/2020	1/16/2035	2.34%	<u>\$ 8,118,928</u>	<u>\$ -</u>	<u>\$ 8,118,928</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2020-2021 school year was approved by the voters in the amount of \$64,443,174. This is an increase of \$1,714,273 or 2.73% from the previous year's budget. The property tax cap, discussed below, as well as uncertainty in state aid and federal funds, as well as

**ELWOOD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

potential operating adjustments that may be needed due to COVID-19, may impact the District's future budgets.

- B)** The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C)** Over the past several years, the District has been affected by certain trends impacting school districts. The period has been characterized by many events that have affected school revenues including the end of federal stimulus funds, the enactment of the tax cap, and the state-imposed Gap Elimination Adjustment, or GEA. During the same time period, district expenditures, many of which are mandated, have continued to increase. Through this, however, the District has been able to maintain a comprehensive educational program through judicial reductions and the use of fund balance and reserves.
- D)** The District has filed the necessary paperwork for building aid restoration, and previously received notification from the State Education Department regarding the timing and amount to be restored. The State noted that the restorations are paid in approval date order when funds become available. The District received \$1,058,534 in December 2017 and \$73,817 in February 2019. The State notified the District on August 3, 2017 a proposed payment schedule as follows:

<u>Year to Be Paid</u>	<u>Amount</u>
2021	\$ 890
2022	\$ 34,889
2028	\$ 1,688
2030	\$ 10,059

- E)** On October 8, 2020, the District issued tax anticipation notes in the amount of \$14,000,000 with an effective interest rate yield of approximately .4314%.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Elwood Union Free School District
Ms. Lorraine Dunkel
Assistant Superintendent for Business
100 Kenneth Avenue
Greenlawn, New York 11740

ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Current Assets	
Cash and cash equivalents	
Unrestricted	\$ 7,226,742
Restricted	20,054,755
Receivables	
State and federal aid	1,223,700
Due from other governments	646,357
Accounts receivable	12,045
Inventories	40,664
Non Current Assets	
Capital assets	
Not being depreciated	7,750,349
Being depreciated, net of accumulated depreciation	21,440,180
Net pension asset - proportionate share - teachers' retirement system	4,066,444
TOTAL ASSETS	62,461,236
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from refunding	25,321
Pensions	16,103,634
Other post-employment benefits obligation	6,235,672
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,364,627
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	84,825,863
LIABILITIES	
Payables	
Accounts payable	720,617
Accrued liabilities	36,766
Due to other governments	49,674
Due to teachers' retirement system	2,429,752
Due to employees' retirement system	203,834
Due to fiduciary funds, net	6,653
Compensated absences payable	255,470
Accrued interest payable	660,797
Unearned credits	
Collections in advance	34,308
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	2,720,691
Energy performance contract	145,612
Compensated absences payable	161,265
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	17,794,970
Energy performance contract	7,973,316
Compensated absences payable	3,870,353
Total other post-employment benefits obligation	114,450,096
Net pension liability - proportionate share - employees' retirement system	4,250,452
TOTAL LIABILITIES	155,764,626
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,718,879
Other post-employment benefits obligation	6,118,078
TOTAL DEFERRED INFLOWS OF RESOURCES	11,836,957
NET POSITION	
Net investment in capital assets	15,704,566
Restricted	
Employee benefit accrued liability	1,430,256
Retirement contribution	
Employee retirement system	2,135,102
Teachers' retirement system	518,889
Capital	516,811
Debt service	746,009
Unemployment insurance	314,068
	5,661,135
Unrestricted (deficit)	(104,141,421)
TOTAL NET POSITION (DEFICIT)	\$ (82,775,720)

**ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS / PROGRAMS				
General support	\$ 8,596,179	\$ 36,113	\$ -	\$ (8,560,066)
Instruction	54,617,592		981,920	(53,635,672)
Pupil transportation	3,118,541		121,027	(2,997,514)
Debt service-interest	812,150			(812,150)
Food service program	551,021	350,202	254,068	53,249
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 67,695,483</u>	<u>\$ 386,315</u>	<u>\$ 1,357,015</u>	<u>(65,952,153)</u>
 GENERAL REVENUES				
Real property taxes				43,461,048
Other tax items - including STAR reimbursement				3,935,126
Use of money and property				290,183
Sale of property & compensation for loss				12,757
Miscellaneous				293,347
State sources				12,932,113
TOTAL GENERAL REVENUES				<u>60,924,574</u>
 CHANGE IN NET POSITION				(5,027,579)
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(77,748,141)</u>
 TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (82,775,720)</u>

ELWOOD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 6,287,211	\$ 59	\$ 58,271	\$ -	\$ 881,201	\$ 7,226,742
Restricted	4,931,450				15,123,305	20,054,755
Receivables						
State and federal aid	595,752	615,949	11,999			1,223,700
Due from other governments	646,357					646,357
Due from other funds	680,270		9,515	729,685		1,419,470
Accounts receivable	12,045					12,045
Inventories			40,664			40,664
TOTAL ASSETS	\$ 13,153,085	\$ 616,008	\$ 120,449	\$ 729,685	\$ 16,004,506	\$ 30,623,733
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Payables						
Accounts payable	\$ 402,631	\$ 21,278	\$ 169	\$ -	\$ 296,539	\$ 720,617
Accrued liabilities	36,766					36,766
Due to other governments	49,674					49,674
Due to other funds	74,795	594,138			757,190	1,426,123
Due to teachers' retirement system	2,429,752					2,429,752
Due to employees' retirement system	203,834					203,834
Compensated absences	255,470					255,470
Unearned credits						
Collections in advance		592	33,716			34,308
TOTAL LIABILITIES	3,452,922	616,008	33,885	-	1,053,729	5,156,544
DEFERRED INFLOWS OF RESOURCES						
State aid and BOCES aid	239,112	-	-	-	-	239,112
FUND BALANCES						
Nonspendable: inventory			40,664			40,664
Restricted:						
Employee benefit accrued liability	1,430,256					1,430,256
Retirement contribution						
Employee retirement system	2,135,102					2,135,102
Teachers' retirement system	518,889					518,889
Capital	516,811					516,811
Debt service	16,324			729,685		746,009
Unemployment insurance	314,068					314,068
Unspent debt proceeds					15,123,305	15,123,305
Assigned						
Appropriated fund balance	1,500,000					1,500,000
Unappropriated fund balance	41,536		45,900			87,436
Unassigned (deficit)	2,988,065				(172,528)	2,815,537
TOTAL FUND BALANCES	9,461,051	-	86,564	729,685	14,950,777	25,228,077
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,153,085	\$ 616,008	\$ 120,449	\$ 729,685	\$ 16,004,506	\$ 30,623,733

**ELWOOD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund Balances \$ 25,228,077

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources- The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. 239,112

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 57,437,446	
Accumulated depreciation	<u>(28,246,917)</u>	29,190,529

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (5,718,879)	
Deferred inflows related to total OPEB liability	<u>(6,118,078)</u>	(11,836,957)

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows that will be recognized as expenditures in future periods amounted to

Deferred charges from advance refunding	\$ 25,321	
Deferred outflows related to pensions	16,103,634	
Deferred outflows related to total OPEB liability	<u>6,235,672</u>	22,364,627

Certain disbursements previously expended in the governmental funds and invested with the pension system are treated as long-term assets and increase net position. The teachers' retirement system pension asset-proportionate share amounted to: 4,066,444

Payables that are associated with certain long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:

Accrued interest on bonds and energy performance contract		(660,797)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable (inclusive of unamortized premiums)	\$ (20,515,661)	
Energy performance contract	(8,118,928)	
Compensated absences payable	(4,031,618)	
Total other post-employment benefits obligation	(114,450,096)	
Net pension liability - proportionate share - employees' retirement system	<u>(4,250,452)</u>	(151,366,755)

Total Net Position (Deficit)		<u>\$ (82,775,720)</u>
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ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 43,461,048	\$ -	\$ -	\$ -	\$ -	\$ 43,461,048
Other tax items - including STAR reimbursement	3,935,126					3,935,126
Charges for services	36,113					36,113
Use of money and property	203,809		2,254	84,120		290,183
Sale of property and compensation for loss	12,757					12,757
Miscellaneous	216,488		41			216,529
State sources	12,740,527	348,722	9,943			13,099,192
Federal sources		754,225	244,125			998,350
Sales - school lunch			350,202			350,202
TOTAL REVENUES	60,605,868	1,102,947	606,565	84,120	-	62,399,500
EXPENDITURES						
General support	6,470,309					6,470,309
Instruction	32,328,769	1,135,323				33,464,092
Pupil transportation	3,046,447	121,027				3,167,474
Employee benefits	14,206,982		119,970			14,326,952
Debt service - principal	1,970,000					1,970,000
Debt service - interest	494,513					494,513
Cost of sales			540,948			540,948
Capital outlay					6,462,654	6,462,654
TOTAL EXPENDITURES	58,517,020	1,256,350	660,918	-	6,462,654	66,896,942
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,088,848	(153,403)	(54,353)	84,120.00	(6,462,654)	(4,497,442)
OTHER FINANCING SOURCES AND (USES)						
Bond proceeds					15,900,000	15,900,000
Proceeds from energy performance contract					8,118,928	8,118,928
Premiums on obligations	76,818			645,565	1,285,000	2,007,383
Operating transfers in		153,403	9,372			162,775
Operating transfers (out)	(162,775)					(162,775)
TOTAL OTHER FINANCING SOURCES AND (USES)	(85,957)	153,403	9,372	645,565	25,303,928	26,026,311
NET CHANGE IN FUND BALANCES	2,002,891		(44,981)	729,685	18,841,274	21,528,869
FUND BALANCES - BEGINNING OF YEAR	7,458,160		131,545		(3,890,497)	3,699,208
FUND BALANCES - END OF YEAR	\$ 9,461,051	\$ -	\$ 86,564	\$ 729,685	\$ 14,950,777	\$ 25,228,077

**ELWOOD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances \$ 21,528,869

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year.

In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Compensated absences payable for the fiscal year ended June 30, 2020 changed by: (128,979)

Deferred inflows of resources - 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, 2020:

191,586

Changes in the proportionate share of net pension asset/(liability), and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$ (2,789,152)	
Employees' retirement system	(765,946)	
Other post-employment benefits obligation	<u>(4,526,360)</u>	(8,081,458)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$ 6,485,564	
Depreciation expense	<u>(726,030)</u>	5,759,534

Long-Term Debt Differences

Proceeds from bond issuance are recorded as revenue in the governmental funds but not in the Statement of Activities. (15,900,000)

Proceeds from energy performance contract are recorded as revenue in the governmental funds but not in the Statement of Activities. (8,118,928)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,970,000

Bond premiums from the issuance of bonds is an other financing source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (1,930,565)

Premiums and discounts on long-term debt issuances and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities. The amount that was amortized in the current year was: 201,889

Interest on short-term and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from July 1, 2019 to June 30, 2020 changed by: (519,527)

Change in Net Position \$ (5,027,579)

ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION-
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents - restricted	\$ 32,165	\$ 158,802
Due from governmental funds		6,797
TOTAL ASSETS	<u>\$ 32,165</u>	<u>\$ 165,599</u>
LIABILITIES		
Extraclassroom activity balance		\$ 139,121
Other liabilities		26,334
Due to governmental funds		144
TOTAL LIABILITIES		<u>\$ 165,599</u>
NET POSITION		
Restricted for scholarships	<u>\$ 32,165</u>	
TOTAL NET POSITION	<u>32,165</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 32,165</u>	

**ELWOOD UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Gifts and donations	\$ 3,750
Interest and earnings	454
TOTAL ADDITIONS	<u>4,204</u>
DEDUCTIONS	
Scholarships and awards	<u>7,057</u>
TOTAL DEDUCTIONS	<u>7,057</u>
CHANGE IN NET POSITION	(2,853)
NET POSITION - BEGINNING OF YEAR	<u>35,018</u>
NET POSITION - END OF YEAR	<u><u>\$ 32,165</u></u>

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Elwood Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 utilized 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 “Board”) consisting of five members. 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. The Board has 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 Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*. 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 and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. 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 the application of these criteria, the following is a brief description of a certain entity included in the District’s reporting entity:

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by its agent for the extraclassroom organizations in the Statement of Net Position – Fiduciary Funds. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, which 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.

C) Basis of presentation:

i) District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column includes capital specific grants, if applicable.

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, 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 but not limited to real property taxes, are presented as general revenues.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ii) Fund Financial Statements

The Fund Financial Statements provide information about the District's funds, including the fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. 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 fund 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 Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges participants for its services.

Debt Service Fund: This fund accounts for the accumulation of resources that are restricted to expenditure for principal and interest on long-term general obligation debt of governmental activities. Debt service funds should be used to report resources if legally mandated.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary funds:

Fiduciary Fund: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 transaction or events for recognition in the financial statements.

The District-Wide and Fiduciary Fund 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 180 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, compensated absences, termination benefits payable, claims and judgments, total other post-employment benefits and net pension liability 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) Real property taxes:

i) Calendar

Real property taxes are levied annually by the Board of Education no later than October 15th and become a lien on December 1st. Taxes are collected by the Town of Huntington and are remitted to the District from December to June.

ii) Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County (the "County"). The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1st.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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 expenditure 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 and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary 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 compensated absences, workers' compensation claims, potential contingent liabilities, other post-employment benefits, pension asset/liability and useful lives of capital assets.

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. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

J) Receivables:

Receivables 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 inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

A nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. 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. The District had no prepaid items at June 30, 2020.

L) Capital assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical costs based on professional third-party information. Donated assets are reported at acquisition value at the time received.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. 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
Building & building improvements	\$15,000	Straight-line	25-50 years
Furniture, equipment and vehicles	\$5,000	Straight-line	8-20 years

M) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

from the refunding of bonds that is being amortized as a component of interest expense on a straight-line basis over the life of the debt. The other two amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 15.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The two amounts are related to the net pension liability and the other post-employment benefits liability reported in the District-Wide Statement of Net Position and are detailed further in Notes 13 and 15.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflow of resources when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. This includes receivables of certain state aid and BOCES aid allocations. At June 30, 2020, unavailable revenues relating to state aid and BOCES aid receivables of \$239,112 were recorded as deferred inflows of resources in the general fund.

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance consist of amounts received in advance for meals that have not yet been purchased in the school lunch fund and grant money received prior to the qualifying expenditures in the federal fund.

O) 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 collective bargaining agreements and in individual employment contracts. Upon retirement 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.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The 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 Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial 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 go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

P) Other benefits:

Eligible District employees participate in the New York State 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 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are 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 in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Financials Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Q) 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 five years after the original issue date.

The District has issued and redeemed TANs and BANs totaling \$13,500,000 and \$5,140,000, respectively in the fiscal year ended June 30, 2020. See Note 11 for further detail.

R) 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. Claims and judgments, compensated absences, net pension liability and total other post-employment benefits obligation 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 fiscal 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 within one year or due after one year in the Statement of Net Position.

S) Equity classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial Statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, gain on refunding).

Restricted net position – reports net position when constraints placed on the assets 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.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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.

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2020 the District has \$40,664 in nonspendable fund balance for inventory recorded in the school lunch fund.

Restricted fund balance – 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 classified the following reserves as restricted:

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 under restricted fund balance.

Retirement contribution

Retirement contribution reserve (GML§6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for the financing of retirement contributions to the New York State Teachers' 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 reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Effective April 1, 2019, a board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Capital

Capital reserve (EL§3651), must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the general fund under restricted fund balance.

Debt service

The unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the general fund.

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 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 under restricted fund balance.

Unspent debt proceeds

Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted in the private purpose trust fund.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2020.

Assigned fund balance – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. All encumbrances are classified as assigned fund balances. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the general fund.

Unassigned fund balance – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative fund balance.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the 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 included in assigned fund balance are also excluded from the 4% limitation. The District's general fund unassigned fund balance exceed the statutory limit at June 30, 2020.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Education if voter approval is not required. Amendments or modifications to the applied or transferred fund balance must be approved by formal action of the Board of Education.

The Board of Education shall designate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or Board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

T) Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

These are the statements that the District feels may have an impact on these financial statements and are not an all inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 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 Statement of Activities, 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. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

i) Long-term revenue and 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.

**ELWOOD UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on Governmental Fund Financial Statements and the gain or loss on the sale of assets 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.

iii) Long-term debt 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.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) 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) which 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. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5-Schedule of Change from the Adopted Budget to Final Budget.

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.

Budgets are established and used for individual capital project funds 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.

**ELWOOD UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B) 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 assignments or restrictions 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.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in 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.

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 and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material interest rate or foreign currency risk.

Restricted cash:

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 at June 30, 2020 included \$20,054,755 within the governmental funds for general reserves and capital projects and \$190,967 in the fiduciary funds.

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NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year the District was billed \$3,465,743 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$847,898. Financial statements for the BOCES are available from the BOCES administrative office at: Western Suffolk Board of Cooperative Educational Services, 507 Deer Park Road, Dix Hills, New York 11746-9007.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2020 consisted of the following:

General Fund

Excess cost aid	\$ 595,752
Total - General Fund	<u>595,752</u>

Special Aid Fund

Federal grants	168,645
State grants	<u>447,304</u>
Total - Special Aid Fund	<u>615,949</u>

School Lunch Fund

Federal aid	11,646
State aid	<u>353</u>
Total - School Lunch Fund	<u>11,999</u>

Total - All funds	<u><u>\$ 1,223,700</u></u>
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The general fund excess cost state aid receivable includes \$150,939 of unavailable revenues, which is included in deferred inflows of resources on the balance sheet.

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2020 consisted of the following:

BOCES aid	\$ 440,866
Tuition services	<u>205,491</u>
Total	<u><u>\$ 646,357</u></u>

The due from other governments includes \$88,173 of unavailable BOCES aid, which is included in deferred inflows of resources on the balance sheet.

District management has deemed the amounts to be fully collectible.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 8 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2020 consisted of the following:

Special Aid Fund	
Grant advance	\$ 592
School Lunch Fund	
Student prepaid meals	33,716
Total - All Funds	<u>\$ 34,308</u>

NOTE 9 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 278,950	\$ -	\$ -	\$ 278,950
Construction in progress	3,718,948	6,462,654	(2,710,203)	7,471,399
Total capital assets not being depreciated	<u>3,997,898</u>	<u>6,462,654</u>	<u>(2,710,203)</u>	<u>7,750,349</u>
Capital assets that are depreciated:				
Building & building improvements	45,227,290		2,710,203	47,937,493
Furniture, equipment & vehicles	1,726,694	22,910		1,749,604
Total capital assets being depreciated	<u>46,953,984</u>	<u>22,910</u>	<u>2,710,203</u>	<u>49,687,097</u>
Less accumulated depreciation:				
Building & building improvements	26,229,266	661,151		26,890,417
Furniture, equipment & vehicles	1,291,621	64,879		1,356,500
Total accumulated depreciation	<u>27,520,887</u>	<u>726,030</u>	<u>-</u>	<u>28,246,917</u>
Total capital assets being depreciated, net	<u>19,433,097</u>	<u>(703,120)</u>	<u>2,710,203</u>	<u>21,440,180</u>
Total capital assets, net	<u>\$ 23,430,995</u>	<u>\$ 5,759,534</u>	<u>\$ -</u>	<u>\$ 29,190,529</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 68,305
Instruction	647,652
Food service program	10,073
	<u>\$ 726,030</u>

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 10 – INTERFUND TRANSACTIONS:

Interfund balances and activities at June 30, 2020, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 680,270	\$ 74,795	\$ -	\$ 162,775
Special aid fund		594,138	153,403	
School lunch fund	9,515		9,372	
Debt Service Fund	729,685			
Capital projects fund		757,190		
Total government activities	1,419,470	1,426,123	162,775	162,775
Fiduciary agency fund	6,797	144		
Totals	<u>\$ 1,426,267</u>	<u>\$ 1,426,267</u>	<u>\$ 162,775</u>	<u>\$ 162,775</u>

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer school handicap expenses required by New York State law and to fund the State Supported Section 4201 schools. The District typically transfers from the general fund to the school lunch fund to cover student lunch balances that are negative and deemed uncollectible.

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.

NOTE 11 - SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/26/20	2.00%	\$ -	\$ 13,500,000	\$ 13,500,000	\$ -
BAN	9/18/19	3.00%	5,140,000		5,140,000	-
Total			<u>\$ 5,140,000</u>	<u>\$ 13,500,000</u>	<u>\$ 18,640,000</u>	<u>\$ -</u>

The TAN was issued on September 17, 2019 for the purpose of providing cash flow to the general fund in anticipation of revenues from real property taxes. The BAN redeemed on September 18, 2019 was issued on September 12, 2018. The BAN was issued for interim financing in the capital projects fund. Interest on short-term debt for the fiscal year was composed of:

Interest paid	\$ 363,450
Less interest accrued in the prior year	<u>(120,403)</u>
Total short-term debt interest expense	<u>\$ 243,047</u>

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 12 – LONG-TERM LIABILITIES:

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

	Balance June 30, 2019 *	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 4,690,000	\$ 15,900,000	\$ 1,970,000	\$ 18,620,000	\$ 2,525,000
Add: premium on obligation	227,756	1,930,565	262,660	1,895,661	195,691
	<u>4,917,756</u>	<u>17,830,565</u>	<u>2,232,660</u>	<u>20,515,661</u>	<u>2,720,691</u>
Energy performance contract		8,118,928		8,118,928	145,612
Other long-term liabilities:					
Compensated absences payable	3,902,639	469,756	340,777	4,031,618	161,265
Total other post-employment benefits obligation	102,477,709	15,090,426	3,118,039	114,450,096	
Net pension liability-proportionate share ERS	<u>1,178,209</u>	<u>3,832,196</u>	<u>759,953</u>	<u>4,250,452</u>	
Total long-term liabilities	<u>\$ 112,476,313</u>	<u>\$ 45,341,871</u>	<u>\$ 6,451,429</u>	<u>\$ 151,366,755</u>	<u>\$ 3,027,568</u>

* Certain reclassifications for premiums have been made to be in agreement with the current year presentation. There was no effect on net position as previously reported.

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, energy performance contracts, total other post-employment benefits obligation, compensated absences payable and net pension liability.

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial refunding bond	4/19/2012	12/1/2020	2.00-4.00%	\$ 1,895,000
Serial bonds	8/21/2014	8/15/2024	2.00-2.25%	825,000
Serial bonds	9/17/2019	6/30/2035	2.00-5.00%	15,900,000
				<u>\$ 18,620,000</u>

The following is a summary of debt service requirements for bonds payable:

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,525,000	\$ 941,269	\$ 3,466,269
2022	970,000	570,513	1,540,513
2023	1,015,000	525,763	1,540,763
2024	1,065,000	478,575	1,543,575
2025	1,115,000	428,819	1,543,819
2026-2030	5,445,000	1,384,675	6,829,675
2031-2035	6,485,000	342,200	6,827,200
	<u>\$ 18,620,000</u>	<u>\$ 4,671,814</u>	<u>\$ 23,291,814</u>

Upon default of the payment of principal and interest on serial bonds, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance and apply the amount withheld to the payment of the defaulted principal and interest.

Unissued Debt

On November 28, 2017, voters approved a serial bond authorization for a 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, leaving authorized but unissued long-term debt of \$17,383,600. The bonds will mature June 30, 2035 with an effective interest rate yield of 2.00% - 5.00%.

B) Energy performance contract:

Energy performance contracts, which were issued for capital construction, are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Contr:	1/16/2020	1/16/2035	2.34%	<u>\$ 8,118,928</u>

The following is a summary of debt service outstanding and requirements for the energy performance contract:

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$ 145,612	\$ 189,983	\$ 335,595
2022	487,449	183,741	671,190
2023	498,923	172,268	671,191
2024	510,666	160,524	671,190
2025	522,686	148,504	671,190
2026-2030	2,803,858	552,095	3,355,953
2031-2035	3,149,734	206,221	3,355,955
	<u>\$ 8,118,928</u>	<u>\$ 1,613,336</u>	<u>\$ 9,732,264</u>

C) Refunding:

In the District-Wide Financial Statements, the District is amortizing deferred charges on refunding and a refunding bond premium as a component of interest expense on a straight-line basis as follows over the remaining life of the bonds.

D) Long-Term Interest:

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

Interest paid	\$ 131,063
Plus interest accrued in the current year	660,797
Plus amortization of deferred charges from bond refunding	60,770
Less interest accrued in the prior year	(20,867)
Less amortization of bond refunding premium	<u>(262,660)</u>
Total long-term debt interest expense	<u>\$ 569,103</u>

NOTE 13 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State ("RSSL") of New York. The System is governed by a 10- member Board of Trustees. System benefits are established under New York State Law. 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 TRS. 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.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystsr.org.

ii) Employees' Retirement System

The District participates in the New York State & Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer retirement system. The System 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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- i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rate for ERS' fiscal year ended March 31, 2020 of covered payroll was 21.4% for Tier 1, 15.9% for Tiers 3 & 4, 13.3% for Tier 5, and 9.4% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2020 of covered payroll was 8.86%.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	TRS	ERS
2020	\$ 2,296,016	\$ 748,797
2019	\$ 2,774,583	\$ 774,157
2018	\$ 2,553,394	\$ 795,757

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. 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 ERS and TRS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
Net pension asset/(liability)	\$ 4,066,444	\$ (4,250,452)
District's portion of the Plan's total net pension asset/(liability)	0.156522%	0.0160512%
Change in proportion since the prior measurement date	(0.00343%)	(0.000578%)

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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For the fiscal year ended June 30, 2020, the District's recognized pension expense of \$1,514,701 for ERS and pension expense of \$5,088,291 for TRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 2,755,725	\$ 250,156	\$ 302,389	\$ -
Change of assumptions	7,682,057	85,584	1,873,103	73,900
Net difference between projected and actual earnings on pension plan investments		2,178,988	3,261,078	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	426,289	224,985	131,302	77,107
District's contributions subsequent to the measurement date	<u>2,296,016</u>	<u>203,834</u>	<u>5,567,872</u>	<u>151,007</u>
	<u>\$ 13,160,087</u>	<u>\$ 2,943,547</u>	<u>\$ 5,567,872</u>	<u>\$ 151,007</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. 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>TRS</u>	<u>ERS</u>
Plan Year ended:		
2020	\$ 1,899,150	\$ -
2021	176,168	464,843
2022	1,892,482	653,878
2023	1,263,037	817,293
2024	162,822	652,692
2025	(97,460)	
	<u>\$ 5,296,199</u>	<u>\$ 2,588,706</u>

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:

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NOTES TO FINANCIAL STATEMENTS
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	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	4.72%-1.90%
Cost of living adjustments	1.3% annually	1.3% annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

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NOTES TO FINANCIAL STATEMENTS
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Measurement date	ERS		TRS	
	March 31, 2020		June 30, 2019	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.3%
Global equity			4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real Estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%		
Opportunistic portfolio	3%	4.65%		
Real assets	3%	5.95%		
Bond and mortgages	17%	0.75%		
Cash	1%	0.00%		
Inflation-indexed bonds	4%	0.50%		
Domestic fixed income			16%	1.3%
Global bonds			2%	0.9%
Private debt			1%	6.5%
High-yield bonds			1%	3.6%
Real estate debt			7%	2.9%
Short-term			1%	0.3%
	<u>100%</u>		<u>100%</u>	

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

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 liability.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Sensitivity of the Proportionate Share of the Pension 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 6.8% for ERS and 7.1% for TRS, 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-percentage point lower (5.8% for ERS and 6.1% for TRS) or 1-percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
District's proportionate share of the net pension asset/(liability)	(\$7,800,780)	(\$4,250,452)	(\$980,585)

TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
District's proportionate share of the net pension asset/(liability)	(\$18,355,503)	\$4,066,444	\$22,875,927

Pension Plan Fiduciary Net Position

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

	ERS	TRS
	(Dollars in thousands)	
Measurement date	March 31, 2020	June 30, 2019
Employers' total pension liability	\$ (194,596,261)	\$ (119,879,474)
Plan net position	168,115,682	122,477,481
Employers' net pension asset/(liability)	\$ (26,480,579)	\$ 2,598,007
Ratio of plan net position to the Employers' total pension asset/(liability)	86.39%	102.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$203,834.

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For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$2,429,752.

NOTE 14 – OTHER RETIREMENT PLANS:

A) 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 and the employees for the fiscal year ended June 30, 2020, totaled \$20,500 and \$1,478,032, respectively.

B) 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, 2020 totaled \$25,501.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by Empire BlueCross BlueShield, United Healthcare, Beacon Health Options Inc., and CVS Caremark. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 85% of premiums for retirees with individual coverage, 35% - 75% for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of

**ELWOOD UNION FREE SCHOOL DISTRICT
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retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2020, the District contributed an estimated \$3,046,978 to the Plan, including \$3,046,978 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees, spouses or beneficiaries currently receiving benefit payments	371
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>330</u>
	<u>701</u>

There have been no significant changes in the number of employees covered or the type of coverage since the date of the valuation.

Total OPEB Liability:

The District's total OPEB liability of \$114,450,096 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date of July 1, 2019. Update procedures were used to roll forward the OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.60%
Discount rate	2.21%
Healthcare cost trend rates	6.6% decreasing 4.10% over 56 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 a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-Ultimate. This assumption includes a margin for future improvements in longevity.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

B) Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2019	<u>\$ 102,477,709</u>
Changes for the fiscal year:	
Service cost	4,223,725
Interest	3,681,686
Changes of benefit terms	(71,061)
Differences between expected and actual experience	2,093,977
Changes in assumptions or other inputs	5,091,038
Benefit payments	<u>(3,046,978)</u>
Net changes	<u>11,972,387</u>
Balance at June 30, 2020	<u><u>\$ 114,450,096</u></u>

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include the following:

- The discount rate was changed from 3.50% to 2.21%.
- The healthcare cost trend rates were updated from 7.50% scaling down to 4.50% over 6 years to 6.60% scaling down to 4.10% over 56 years.
- The salary scale was updated from 3.00% to 2.60%.
- Medicare Part B cost trend rate was updated from 4.50% to 3.00%.
- The participant rate was changed from 100% to 95% to better reflect the anticipated future experience.
- The future implementation of the excise tax on medical benefits is no longer being valued since it has been officially repealed as of December 20, 2019.

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 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 135,929,652</u>	<u>\$ 114,450,096</u>	<u>\$ 97,474,844</u>

Sensitivity of the Total OPEB Liability to Changes in the 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 1-percentage-point lower (5.60%) or 1-percentage-point higher (7.60%) than the current healthcare cost trend rates:

	1% Decrease (5.60% decreasing to 3.10%)	Healthcare Cost Trend Rates (6.60% decreasing to 4.10%)	1% Increase (7.60% decreasing to 5.10%)
Total OPEB liability	<u>\$ 97,193,797</u>	<u>\$ 114,450,096</u>	<u>\$ 137,420,793</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$7,573,338. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,871,925	\$ -
Changes of assumptions or other inputs	<u>4,363,747</u>	<u>6,118,078</u>
	<u>\$ 6,235,672</u>	<u>\$ 6,118,078</u>

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

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Fiscal Year ended June 30:	
2021	\$ (261,012)
2022	(261,012)
2023	(261,012)
2024	(261,012)
2025	129,505
Thereafter	1,032,137
	<u>\$ 117,594</u>

NOTE 16 – RISK MANAGEMENT:

A) General:

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.

B) Consortiums and Self-Insured Plans:

The District participated 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 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, 2020, discounted at 2.0%, was \$15,912,826. The Workers' Compensation Plan has plan assets of \$21,721,509 at June 30, 2020 to pay these liabilities.

NOTE 17 – TAX ABATEMENTS:

The Suffolk County Industrial Development Agency, established by Article 18A 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 \$282,458 for these programs. The District received payment in lieu of tax (PILOT) payments totaling \$282,458 related to these properties.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2020 the District had encumbered the following amounts:

General fund	
General support	\$ 17,505
Instructional	24,031
Total general fund	<u>\$ 41,536</u>
Capital projects fund	
Capital projects	<u>\$ 3,262,655</u>

B) 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 audits, the District's administration believes disallowances, if any, will be immaterial.

C) Litigation:

As of June 30, 2020, the District is involved in two threatened litigation matters resulting from the normal conduct of its affairs. The District plans to vigorously defend their position and at this juncture is unable to predict the outcome.

D) Operating Leases:

The District is committed under various non-cancelable operating leases, primarily for office equipment. The following is a summary of obligation of government activities under operating lease payments:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2021	\$ 189,197
2022	100,385
2023	<u>57,427</u>
	<u>\$ 347,009</u>

Lease expenses for the fiscal year ended June 30, 2020 were \$172,648.

**ELWOOD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 19 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements, except for the following:

On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic, due to the rapid increase in global exposure. The full impact of this pandemic is still evolving as of the date of this report; however, COVID-19 has interrupted District operations and financial performance. The future performance both operationally and financially will depend upon the duration and spread of the disease, the effect on students, employees, residents, and vendors, as well as federal and state funding, all of which are uncertain and cannot be estimated at this time.

On August 13, 2020, the Division of the Budget (DOB) issued their “FY 2021 First Quarterly State Budget Financial Plan Update” which notes that the DOB approved payment at 80% for accrued General Aid, Excess Cost Aid and BOCES Aid payments. These financial statements reflect revenue at 80% of the accrued amounts for these aids in the general fund. The remaining 20% is included in deferred inflows of resources and will be recognized as revenue upon such time this deferred aid is received.

On October 8, 2020, the District issued tax anticipation notes in the amount of \$14,000,000 with an effective interest rate yield of approximately .4314%.

SUPPLEMENTARY INFORMATION

**ELWOOD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$ 42,133,796	\$ 42,133,796	\$ 43,461,048	\$ 1,327,252
Other real property tax items	5,261,441	5,261,441	3,935,126	(1,326,315)
Charges for services	116,834	116,834	36,113	(80,721)
Use of money & property	90,000	90,000	203,809	113,809
Sale of property				
& compensation for loss			12,757	12,757
Miscellaneous	160,000	189,480	216,488	27,008
State aid	12,781,830	12,781,830	12,740,527	(41,303)
TOTAL REVENUES	<u>60,543,901</u>	<u>60,573,381</u>	<u>60,605,868</u>	<u>32,487</u>
OTHER FINANCING SOURCES				
Premiums on obligations	<u>95,000</u>	<u>95,000</u>	<u>76,818</u>	<u>(18,182)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>60,638,901</u>	<u>60,668,381</u>	<u>60,682,686</u>	<u>\$ 14,305</u>
Appropriated fund balance	1,250,000	1,250,000		
Appropriated reserves	<u>896,906</u>	<u>896,906</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE, AND RESERVES	<u>\$ 62,785,807</u>	<u>\$ 62,815,287</u>		

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. Annual budgets are not adopted for the Special Aid Fund and School Lunch Fund as the District is not legally required to adopt these budgets annually.

ELWOOD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$ 31,000	\$ 49,000	\$ 22,019	\$ -	\$ 26,981
Central administration	336,651	336,651	331,528		5,123
Finance	747,825	793,325	744,997	17,400	30,928
Staff	443,369	473,469	391,701		81,768
Central services	4,923,500	4,934,625	4,453,546	105	480,974
Special items	530,994	530,994	526,518		4,476
Total general support	7,013,339	7,118,064	6,470,309	17,505	630,250
Instructional					
Instruction, adm. & imp.	2,943,954	2,982,252	2,932,361	2,659	47,232
Teaching - regular school	18,689,073	18,570,686	18,090,495	1,291	478,900
Programs for children with handicapping conditions	7,033,554	7,088,420	6,403,532		684,888
Occupational education	368,700	368,700	368,700		-
Teaching special schools	1,552	1,552	660		892
Instructional media	1,809,618	1,803,895	1,691,476	13,503	98,916
Pupil services	3,183,182	3,128,076	2,841,545	6,578	279,953
Total instructional	34,029,633	33,943,581	32,328,769	24,031	1,590,781
Pupil transportation	4,015,956	4,012,838	3,046,447		966,391
Employee benefits	15,098,616	15,022,766	14,206,982		815,784
Debt service					
Debt service principal	1,970,000	1,970,000	1,970,000		-
Debt service interest	585,263	585,263	494,513		90,750
Total debt service	2,555,263	2,555,263	2,464,513	-	90,750
TOTAL EXPENDITURES	62,712,807	62,652,512	58,517,020	41,536	4,093,956
Other financing uses					
Transfers to other funds	73,000	162,775	162,775		-
TOTAL EXPENDITURES AND OTHER USES	\$ 62,785,807	\$ 62,815,287	58,679,795	\$ 41,536	\$ 4,093,956
NET CHANGE IN FUND BALANCE			2,002,891		
FUND BALANCE - BEGINNING OF YEAR			7,458,160		
FUND BALANCE - END OF YEAR			\$ 9,461,051		

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. Annual budgets are not adopted for the Special Aid Fund and School Lunch Fund as the District is not legally required to adopt these budgets annually.

**ELWOOD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE LAST THREE FISCAL YEARS ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 4,223,725	\$ 4,624,971	\$ 4,490,263
Interest	3,681,686	3,280,007	3,127,457
Changes of benefit terms	(71,061)		
Differences between expected and actual experience	2,093,977		119,916
Changes of assumptions or other inputs	5,091,038	(8,721,516)	
Benefit payments	(3,046,978)	(2,807,947)	(2,767,086)
Net change in total OPEB liability	11,972,387	(3,624,485)	4,970,550
Total OPEB liability - beginning	102,477,709	106,102,194	101,131,644
Total OPEB liability - ending	<u>\$ 114,450,096</u>	<u>\$ 102,477,709</u>	<u>\$ 106,102,194</u>
Covered-employee payroll	\$ 29,056,754	\$ 30,527,948	\$ 30,527,948
Total OPEB liability as a percentage of covered-employee payroll	393.88%	335.68%	347.56%

Notes to Schedule:*Trust Assets*

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2020	2.21%
2019	3.50%
2018	3.00%

For 2020:

- The healthcare cost trend rates were updated from 7.50% scaling down to 4.50% over 6 years to 6.60% scaling down to 4.10% over 56 years.
- The salary scale was updated from 3.00% to 2.60%.
- Medicare Part B cost trend rate was updated from 4.50% to 3.00%.
- The participant rate was changed from 100% to 95% to better reflect the anticipated future experience.
- The future implementation of the excise tax on medical benefits is no longer being valued since it as been officially repealed as of December 20, 2019.

**ELWOOD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE LAST SIX FISCAL YEARS ENDED JUNE 30,***

<u>NYSERS Pension Plan</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.0160512%	0.0166289%	0.0176034%	0.018356%	0.017598%	0.017685%
District's proportionate share of the net pension asset/(liability)	\$ (4,250,452)	\$ (1,178,209)	\$ (568,139)	\$ (1,724,756)	\$ (2,824,582)	\$ (597,439)
District's covered payroll	\$ 5,527,100	\$ 5,489,010	\$ 5,493,238	\$ 5,208,568	\$ 4,917,093	\$ 5,021,001
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	76.90%	21.46%	10.34%	33.11%	57.44%	11.90%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
<u>NYSTRS Pension Plan</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.156522%	0.159956%	0.157734%	0.160339%	0.162718%	0.164813%
District's proportionate share of the net pension asset/(liability)	\$ 4,066,444	\$ 2,892,427	\$ 1,198,932	\$ (1,717,293)	\$ 16,901,211	\$ 18,359,086
District's covered payroll	\$ 26,528,846	\$ 26,429,527	\$ 24,838,208	\$ 24,670,156	\$ 25,032,272	\$ 24,791,431
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.33%	10.94%	4.83%	6.96%	67.52%	74.05%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**ELWOOD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 748,797	\$ 774,157	\$ 795,757	\$ 791,178	\$ 761,543	\$ 848,350	\$ 921,615	\$ 847,553	\$ 958,322	\$ 684,848
Contributions in relation to the contractually required contribution	748,797	774,157	795,757	791,178	761,543	848,350	921,615	847,553	958,322	684,848
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	5,432,468	\$ 5,602,565	\$ 5,465,705	\$ 5,292,941	\$ 4,661,463	\$ 5,125,450	\$ 4,945,720	\$ 4,919,954	\$ 4,644,595	\$ 4,676,040
Contributions as a percentage of covered payroll	13.78%	13.82%	14.56%	14.95%	16.34%	16.55%	18.63%	17.23%	20.63%	14.65%
NYSTRS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,296,016	\$ 2,774,583	\$ 2,553,394	\$ 2,929,483	\$ 3,076,309	\$ 3,280,771	\$ 4,282,449	\$ 3,956,137	\$ 2,824,848	\$ 2,471,495
Contributions in relation to the contractually required contribution	2,296,016	2,774,583	2,553,394	2,929,483	3,076,309	3,280,771	4,282,449	3,956,137	2,824,848	2,471,495
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	25,914,402	\$ 26,528,846	\$ 26,429,527	\$ 24,838,208	\$ 24,670,156	\$ 25,032,272	\$ 24,791,431	\$ 23,507,316	\$ 23,346,475	\$ 22,966,204
Contributions as a percentage of covered payroll	8.86%	10.46%	9.66%	11.79%	12.47%	13.11%	17.27%	16.83%	12.10%	10.76%

**ELWOOD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 62,728,901
Add: Prior year's encumbrances	<u>56,906</u>
Original Budget	62,785,807
Add: Budget revisions	
Gifts/donations	<u>29,480</u>
Final Budget	<u><u>\$ 62,815,287</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter approved expenditure budget	<u><u>\$ 64,443,174</u></u>
Maximum allowed (4% of 2020-2021 budget)	<u><u>\$ 2,577,727</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	
Assigned fund balance	\$ 1,541,536
Unassigned fund balance	<u>2,988,065</u>
Total unrestricted fund balance	<u>4,529,601</u>
Less:	
Appropriated fund balance	\$ 1,500,000
Encumbrances	<u>41,536</u>
Total adjustments	<u>1,541,536</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,988,065</u></u>
Actual percentage	4.64%

ELWOOD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
AS OF JUNE 30, 2020

Project Title	Prior Year Appropriation	Current Appropriation	Expenditures and Transfers to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2020	
			Prior Years	Current Year Capital Outlay	Total		Proceeds of Obligations	State Aid	Total		
Referendum approved December 9, 2010											
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) *	
Referendum approved November 28, 2017											
James H. Boyd Intermediate School	5,050,000	5,050,000	331,995	1,874,088	2,206,083	2,843,917	3,975,000		3,975,000	1,768,917	
Harley Avenue Primary School	3,737,100	3,737,100	779,154	38,316	817,470	2,919,630	2,862,000		2,862,000	2,044,530	
Elwood Middle School	12,945,000	12,945,000	2,495,918	1,004,882	3,500,800	9,444,200	3,339,000		3,339,000	(161,800) *	
John H. Glenn High School	12,836,500	12,836,500	383,862	2,680,787	3,064,649	9,771,851	7,009,000		7,009,000	3,944,351	
Energy performance contract-January 2020		8,118,926		864,581	864,581	7,254,345	8,118,926		8,118,926	7,254,345	
	\$ 35,278,395	\$ 43,397,321	\$ 4,551,572	\$ 6,462,654	\$ 11,014,226	\$ 32,383,095	\$ 25,500,566	\$ 464,437	\$ 25,965,003	\$ 14,950,777	

* The deficit fund balance will be eliminated once the District receives reimbursement in Smart Schools Bond State Aid from the New York State Education Department and bond proceeds are received from additional borrowings from the referendum approved on November 28, 2017.

**ELWOOD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Capital assets, net		\$ 29,190,529
Add:		
Unamortized deferred charges from advance refunding	\$ 25,321	25,321
Deduct:		
Energy performance contract		
Short-term energy performance contract	\$ 145,612	
Long-term energy performance contract	7,973,316	
Bonds payable (inclusive of unamortized premiums)		
Short-term bonds payable	2,720,691	
Long-term bonds payable	17,794,970	
Less: unspent debt proceeds	<u>(15,123,305)</u>	<u>13,511,284</u>
Net investment in capital assets		<u>\$ 15,704,566</u>



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Alexandria M. Battaglia, CPA

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
Elwood Union Free School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Elwood Union Free School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Elwood Union Free School District's basic financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 13, 2020