Port Chester - Rye Union Free School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2020

Port Chester - Rye Union Free School District, New York

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Education of the
Port Chester - Rye Union Free School District, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Port Chester - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4B in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
October 13, 2020

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Introduction

Our discussion and analysis of the Port Chester - Rye Union Free School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. To enhance your understanding of the School District's financial performance, it should be read in conjunction with the basic financial statements that immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2019-2020 are as follows:

- At the close of the current fiscal year, the School District's General Fund shows an ending fund balance of $13,671,866, an increase of $3,962,387 from the prior year. This increase was primarily due to expenditures being less than budgeted due to savings realized from the school closure due to the COVID -19 pandemic.

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, this amount for the General Fund was $5,501,226 or 5.03%. The School District anticipates using the excess amount to purchase COVID-19 related supplies for the 2020-21 school year and to offset any potential cuts to state aid.

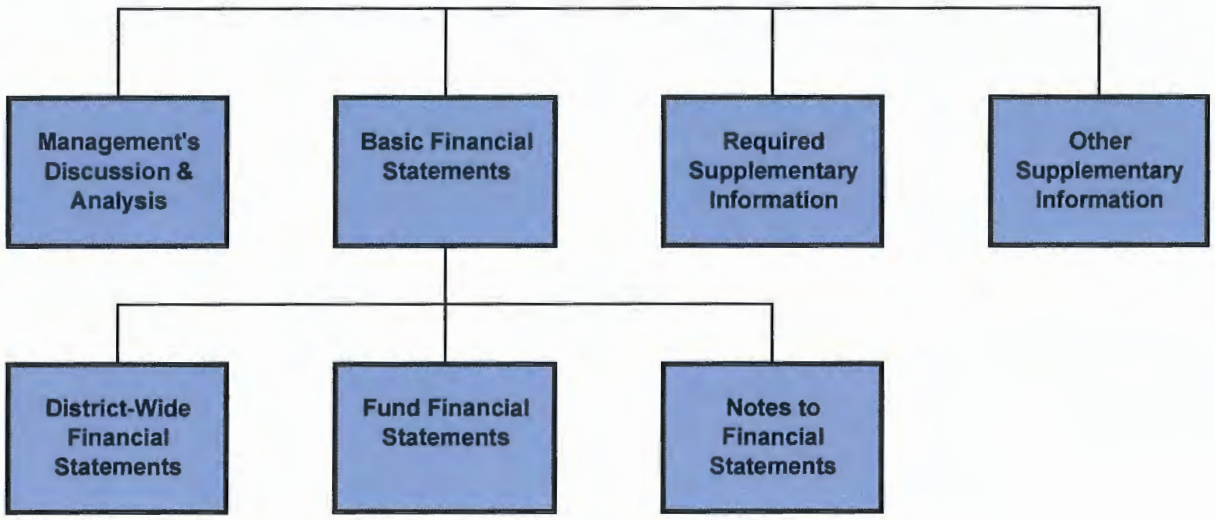
- During the current fiscal year, the School District issued serial bonds in the amount of $83,465,000, maturing June 1, 2040, with principal and interest payments due December and June. These proceeds were used to retire short-term bond anticipation notes and provide the final funding for the 2017 Bond Referendum and MS Façade and Window Replacement capital projects.

- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by $51,175,421, an increase of $4,813,649 (inclusive of a prior period adjustment) for the year ended June 30, 2020. For the year ending June 30, 2020, the School District's OPEB obligations of $119,993,208 are reflected as a liability on the district-wide Statement of Net Position and impact the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*", is presented in note 3E in the notes to the financial statements.

- The district-wide financial statements for the year ended June 30, 2020 are also significantly impacted by the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*." This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under this standard, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2020, the School District reported in its Statement of Net Position a liability for its proportionate share of the ERS net pension liability of $6,508,999 and an asset of $6,932,810 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3E in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements, which are comprised of four components: (1) management's discussion and analysis (MD&A), (2) basic financial statements, (3) required supplementary information and (4) other supplementary information.



District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
    - The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
    - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
    - The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, interest and general administrative support.

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

Fund Financial Statements

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

- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

- The School District maintains seven individual governmental funds; General Fund, Special Aid Fund, Capital Projects Fund, School Lunch Fund, Special Purpose Fund, Permanent Fund and Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects funds, which are considered to be major funds. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Port Chester - Rye Union Free School District, New York at the close of the current fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $51,175,421.

	June 30, 2020	June 30, 2019
Current Assets	$ 67,850,076	$ 89,991,959
Capital Assets, net	86,847,534	44,957,185
Total Assets	154,697,610	134,949,144
Deferred Outflows of Resources	43,378,016	27,322,543
Current Liabilities	11,079,221	88,772,416
Long-term Liabilities	227,776,998	110,864,225
Total Liabilities	238,856,219	199,636,641
Deferred Inflows of Resources	10,394,828	8,996,818
Net Position		
Net Investment in Capital Assets	21,272,638	21,383,513
Restricted		
Capital Projects	148,582	-
Debt Service	3,500,721	-
Tax Certiorari	2,577,671	1,834,328
Unemployment	500,000	-
ERS and TRS Retirement Contributions	2,144,150	2,122,921
Employee Benefit Accrued Liability	-	1,011,288
Special Purposes	89,109	-
Unrestricted	(81,408,292)	(72,713,822)
Total Net Position	$ (51,175,421)	$ (46,361,772)

A large component of the School District's net position ($21,272,638) reflects its investment in capital assets, less any related debt that is still outstanding that was used to acquire those assets. The School District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute $8,960,233 of net position and are comprised of amounts restricted for specific purposes, i.e., payments of tax certiorari claims, debt service, retirement contributions, etc. There is a negative balance of unrestricted net position of $81,408,292 primarily a result of the recognition of the OPEB liabilities. Overall, net position decreased by $4,813,649.

Changes in Net Position

	June 30, 2020	June 30, 2019
REVENUES		
Program Revenues		
Charges for Services	$ 497,394	$ 444,342
Operating Grants and Contributions	8,090,483	7,605,120
Capital Grants and Contributions	655,327	304,483
Total Program Revenues	9,243,204	8,353,945
General Revenues		
Real Property Taxes	60,203,990	56,416,551
Other Tax Items	8,213,616	8,434,774
Non-Property Taxes	2,467,575	1,862,402
Unrestricted Use of Money and Property	282,112	1,194,891
Sale of Property and Compensation for Loss	5,930	16,188
Unrestricted State Aid	29,261,270	29,138,657
Miscellaneous	695,899	1,641,303
Total General Revenues	101,130,392	98,704,766
Total Revenues	110,373,596	107,058,711
PROGRAM EXPENSES		
General Support	11,615,078	9,947,843
Instruction	96,431,765	88,031,614
Pupil Transportation	3,367,986	3,616,184
Community Services	34,066	40,786
Cost of Food Sales	1,865,886	2,306,943
Other	39,650	-
Interest	1,280,445	925,576
Total Expenses	114,634,876	104,868,946
Change in Net Position	(4,261,280)	2,189,765
NET POSITION		
Beginning, as reported	(46,361,772)	(48,551,537)
Prior Period Adjustment	(552,369)	-
Beginning, as reported	(46,914,141)	(48,551,537)
Ending	$ (51,175,421)	$ (46,361,772)

The following are the major changes in Net Position:

Revenues:

- Real property taxes increased by $3,787,439, or 6.7%. The current property tax increase is attributed to increased expenses related to instruction and employee benefits. The School District relies upon real property taxes as its primary source of revenue.

- Other tax items include revenues received for the School Tax Relief Reimbursement Program ("STAR"). The STAR Program provides tax relief to homeowners by decreasing the assessments

taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result in changes to the law, this revenue decreased by $221,158 during the 2019-2020 fiscal year.

- The receipt of sales tax revenue increased by $605,173, or 3.2%, due to an increase in Westchester County's sales tax rate that went into effect August 1, 2019 and that is shared with local municipalities and school districts.

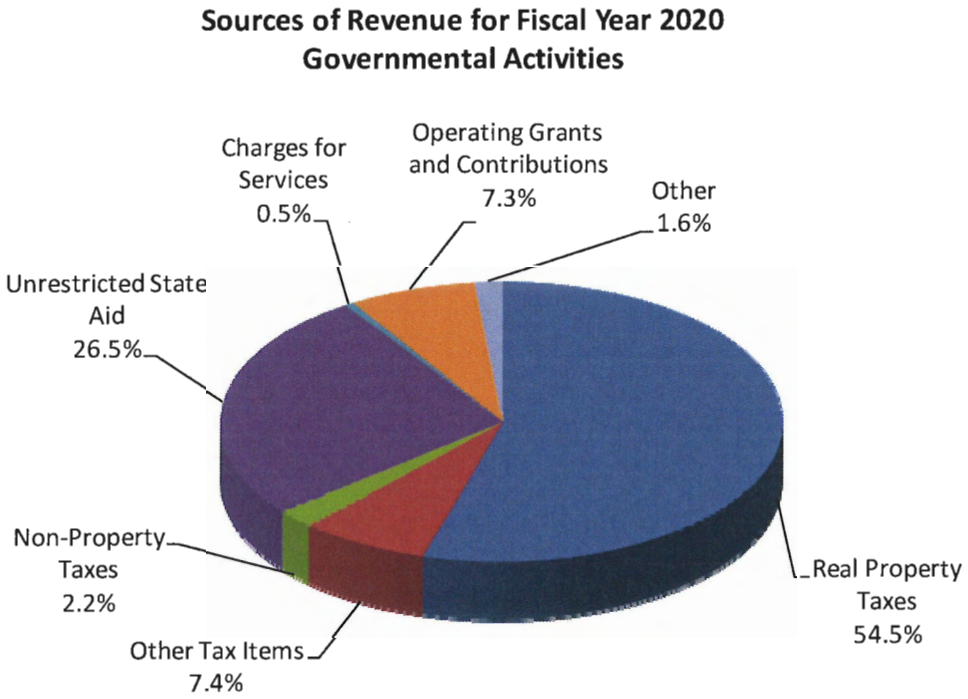
- Revenue from interest decreased by $912,779, or 76.4%, as a result of interest rate reductions due to the pandemic and reclassification of interest earned in the Capital Projects Fund to the Debt Service Fund.

Expenses:

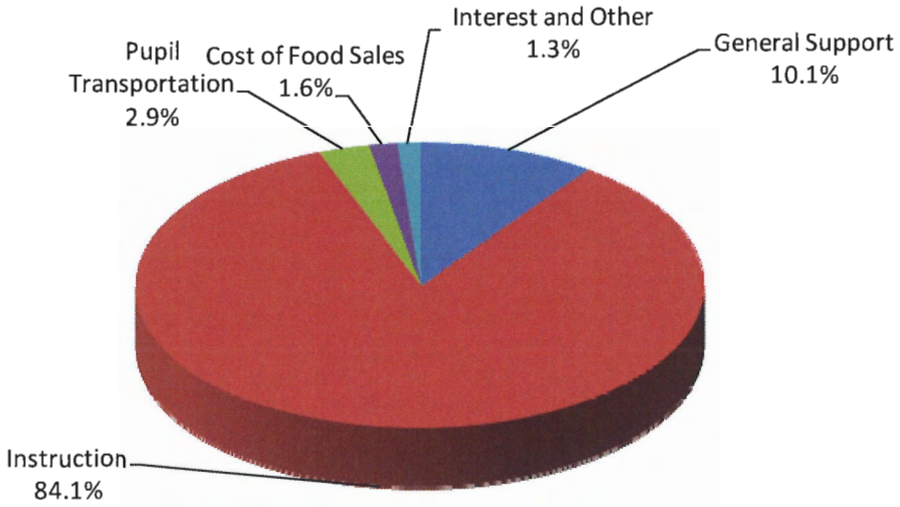
- Instructional program expenses increased by $8,400,151, or 9.5%, over the prior year. This is primarily the result of the increase in OPEB liabilities. Without accounting for OPEB, instruction expenses would have increased by $1,342,491, or 2.0%.

- General support expenses increased by $1,667,235, or 16.8%. This is the result of the increase in OPEB liabilities. Without accounting for OPEB, general support expenses decreased by $131,300, or 1.6%.

The following graphs depict where the School District revenues were derived and how monies were spent. Real property taxes (54.5%) and State Aid (26.5%) represent 81% of the School District's revenue, while the School District's largest expense, instructional costs, accounts for 84.1% of total expenses.



Expenses for Fiscal Year 2020
Governmental Activities



Financial Analysis of the School District's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Fund Balance Reporting

GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" in February 2009. The requirements of Statement No. 54 became effective for financial statements for periods ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below:

- Nonspendable – consists of assets that either are inherently nonspendable in the current period because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.
- Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority (Board of Education), or by their designated body or official (Assistant Superintendent for Business). The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned – represents the residual classification for the School District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of $49,593,176, an increase of $54,745,069 from the deficit of $5,151,893 reported in the prior year. This increase is a result the issuance of serial bonds and the payoff of the bond anticipation notes in the Capital Projects Fund. The Capital Projects Fund accounted for $46,917,362, or 85.7%, of the increase.

	June 30,	
	2020	2019
Nonspendable:		
Inventories	$ 32,376	$ 4,992
Permanent Fund	135,589	-
Total Nonspendable:	167,965	4,992
Restricted:		
Tax Certiorari	2,577,671	1,834,328
Employee Benefit Accrued Liability	861,808	1,011,288
ERS Retirement Contributions	1,679,550	1,662,921
TRS Retirement Contributions	464,600	460,000
Debt Service	3,500,721	-
Capital Projects	31,638,296	-
Unemployment Benefits	500,000	-
Permanent Fund	12,862	-
Special Purposes	89,109	-
Total Restricted	41,324,617	4,968,537
Assigned:		
Purchases On Order:		
General Government Support	798,295	162,994
Instruction	88,716	-
	887,011	162,994
For Subsequent Year's Expenditures -		
General Fund	1,200,000	1,000,000
School Lunch Fund	512,357	412,702
Total Assigned	2,599,368	1,575,696
Unassigned		
General Fund	5,501,226	3,577,948
Capital Projects Fund	-	(15,279,066)
Total Unassigned	5,501,226	(11,701,118)
Total Fund Balances (Deficits)	$ 49,593,176	$ (5,151,893)

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was $13,671,866. This represents an increase of $3,962,387 from the prior year. The amount of the unassigned fund balance is $5,501,226, or 5.03%, of the ensuing year's budget, which is above the State limit of 4%. This was the result of savings caused by the unexpected closure of schools due to the COVID-19 pandemic.

More detailed information about the School District's governmental fund balances is presented in note 3H in the notes to financial statements.

General Fund Budgetary Highlights – 2019-2020

The original, voter approved adopted budget of $103,751,836 was increased by $162,994 as a result of the rollover of prior year encumbrances for a total original budget of $103,914,830. No additional budget amendments occurred during the fiscal year.

Revenue Highlights include:

- Revenue exceeded budget by $492,891
- $254,108 shortage in real property taxes caused by residential property tax refunds related to the 2019-20 fiscal year
- $717,575 excess in county sales tax as a result of the increase in Westchester County's sales tax rate
- $268,203 shortage in earnings on investments due to sharp drop in interest rates caused by the pandemic
- $313,399 excess in miscellaneous revenues

Expenditure Highlights include:

- Expenditures and encumbrances are $3,945,479 below the final budget
- General Support is $1,143,334 below budget primarily due to savings in central services due to the school closures caused by the pandemic
- Instruction is $1,623,918 due to pandemic related savings in programs for students with disabilities, computer assisted instruction and interscholastic activities
- Transportation expenditures were $229,162 below expectations due to the unexpected closure of schools due to the pandemic
- Employee benefits were $912,747 less than budget due to savings in the teacher's retirement system charges

Fund Balance Highlights include:

- The June 30, 2020 fund balance in the General Fund is $13,671,866, increasing by $3,962,387 from the prior year
- The School District established and funded an unemployment insurance reserve of $500,000
- The School District increased its tax certiorari reserve by $750,000
- Due to unexpected savings resulting from the COVID-19 pandemic, the School District was able to increase its unassigned fund balance by $1,923,278

Capital Assets

As of June 30, 2020, the School District had $86,847,534, net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, as well as machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30, 2020	June 30, 2019
Land	$ 911,250	$ 911,250
Construction-in-Progress	59,455,389	17,372,652
Buildings and Improvements	25,775,552	25,232,711
Site Improvements	69,095	127,953
Vehicles	125,789	158,444
Furniture and Equipment	510,459	1,154,175
Total Capital Assets, net of Accumulated depreciation	$ 86,847,534	$ 44,957,185

The change in capital assets during the current fiscal year results from the ongoing activity authorized under the 2017 Bond Referendum and the MS Façade and Window Replacement capital projects.

More detailed information about the School District's capital assets is presented in note 3B in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30, 2020	June 30, 2019
Bonds Payable, net	$ 97,154,689	$ 7,784,905
Compensated Absences	4,120,102	3,132,217
Net Pension Liability	6,508,999	1,808,711
Other Post Employment Benefit Obligations	119,993,208	98,138,392
Total	$ 227,776,998	$ 110,864,225

The School District issued $83,465,000 in serial bonds (and received a premium of $7,828,622) to finance its capital improvement projects while retiring $1,685,000 in outstanding bonds. The School District recorded its net pension liability to ERS and TRS as required by the provisions of GASB Statement No. 68. The School District's other postemployment benefit obligation was recorded in accordance with the provisions of GASB Statement No. 75. This liability will continue to grow as the School District is permitted at this time by New York State only to fund its pay-as-you-go obligations for health insurance.

More detailed information about the School District's long-term liabilities is presented in note 3E in the notes to financial statements.

For the Future

The Port Chester - Rye Union Free School District is financially stable and strong. However, there are two inter-related challenges that will require some discussion: Enrollment and Budget.

Enrollment:

As the chart below shows, from 2010-11 to 2019-2020, with the exception of 2016-2017 and 2017-2018, there has been an increase in enrollment in all of the School District's facilities. While the increases have been small on an annual basis, the cumulative effect has required increased staffing at various levels in different years. Enrollment for the 2020-2021 school year is projected to exceed 4,755 students.

Port Chester - Rye School District's Changing Enrollment

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
K-5	2,116	2,154	2,206	2,161	2,161	2,218	2,139	2,060	2,065	2,073
6-8	884	880	908	997	1,039	1,107	1,077	1,074	1,075	1,079
9-12	1,183	1,199	1,255	1,262	1,318	1,345	1,436	1,489	1,515	1,618
Total	4,183	4,233	4,369	4,420	4,518	4,670	4,652	4,623	4,655	4,770

Budget:

The School District is dependent upon real property taxes as they represent approximately 54.5% of School District revenues (exclusive of STAR) and State aid which represent 26.5% of the School District budget.

Any future cuts to State Aid can have an adverse effect on the school district finances.

Effective in the 2012-2013 school year, legislation was passed by New York State capping tax levy increases to 2%. Under these circumstances, the challenge of presenting a fiscally responsible budget, while meeting the needs of children and mandates, will require effective and efficient management of School District operations in future years.

Requests for Information

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

Port Chester - Rye Union Free School District
Attn: Philip Silano
Assistant Superintendent for Business
113 Bowman Ave
Port Chester - Rye, New York 10573

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Port Chester - Rye Union Free School District, New York

Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and equivalents	$ 3,190,063
Investments	51,661,061
Receivables	
Accounts	129,944
State and Federal aid	4,048,775
Due from other governments	1,855,047
Inventories	32,376
Net pension asset	6,932,810
Capital assets	
Not being depreciated	60,366,639
Being depreciated, net	26,480,895
Total Assets	154,697,610
DEFERRED OUTFLOWS OF RESOURCES	43,378,016
LIABILITIES	
Current liabilities	
Accounts payable	5,571,321
Accrued liabilities	89,995
Unearned revenues	324,167
Due to retirement systems	4,864,782
Accrued interest payable	228,956
Non-current liabilities	
Due within one year	5,027,000
Due in more than one year	222,749,998
Total Liabilities	238,856,219
DEFERRED INFLOWS OF RESOURCES	10,394,828
NET POSITION	
Net investment in capital assets	21,272,638
Restricted	
Capital projects	148,582
Debt service	3,500,721
Tax certiorari	2,577,671
ERS Retirement contributions	1,679,550
TRS Retirement contributions	464,600
Unemployment benefits	500,000
Special purposes	89,109
Permanent fund	148,451
Unrestricted	(81,556,743)
Total Net Position	$ (51,175,421)

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

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Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
General support	$ 11,615,078	$ 220,010	$ 49,685	$ -	$ (11,345,383)
Instruction	96,431,765	26,914	6,074,394	-	(90,330,457)
Pupil transportation	3,367,986	19,170	171,039	-	(3,177,777)
Community services	34,066	-	-	-	(34,066)
Cost of food sales	1,865,886	231,300	1,750,009	-	115,423
Other	39,650	-	45,356	-	5,706
Interest	1,280,445	-	-	655,327	(625,118)
Total Governmental Activities	$ 114,634,876	$ 497,394	$ 8,090,483	$ 655,327	(105,391,672)
General revenues					
Real property taxes					60,203,990
Other tax items					
School tax relief reimbursement					6,075,129
Payments in lieu of taxes					2,138,487
Non-property taxes					
Non-property tax distribution from County					2,467,575
Unrestricted use of money and property					282,112
Sale of property and compensation for loss					5,930
Unrestricted State aid					29,261,270
Miscellaneous					695,899
Total General Revenues					101,130,392
Change in Net Position					(4,261,280)
Net Position - Beginning as reported					(46,361,772)
Prior Period Adjustment					(552,369)
Net Position - Beginning, as restated					(46,914,141)
Net Position - Ending					$ (51,175,421)

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

Port Chester - Rye Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2020

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	$ 892,637	$ 26,063	$ 1,505,063
Investments	16,004,850	-	35,656,211
Receivables			
Accounts	126,055	3,889	-
State and Federal aid	1,721,767	1,957,712	304,483
Due from other governments	1,855,047	-	-
Due from other funds	1,940,807	-	320,973
Inventories	-	-	-
Total Assets	$ 22,541,163	$ 1,987,664	$ 37,786,730
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 2,788,744	$ 70,396	$ 2,647,713
Accrued liabilities	54,971	34,400	-
Unearned revenues	266,679	41,384	-
Due to other funds	420,296	1,841,484	3,500,721
Due to retirement systems	4,864,782	-	-
Total Liabilities	8,395,472	1,987,664	6,148,434
Deferred inflows of resources			
Deferred revenues	473,825	-	-
Total Liabilities and Deferred Inflows of Resources	8,869,297	1,987,664	6,148,434
Fund balances			
Nonspendable	-	-	-
Restricted	6,083,629	-	31,638,296
Assigned	2,087,011	-	-
Unassigned	5,501,226	-	-
Total Fund Balances	13,671,866	-	31,638,296
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 22,541,163	$ 1,987,664	$ 37,786,730

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

Non-Major Governmental	Total Governmental Funds
$ 766,300	$ 3,190,063
-	51,661,061
-	129,944
64,813	4,048,775
-	1,855,047
3,500,721	5,762,501
32,376	32,376
$ 4,364,210	$ 66,679,767
$ 64,468	$ 5,571,321
624	89,995
16,104	324,167
-	5,762,501
-	4,864,782
81,196	16,612,766
-	473,825
81,196	17,086,591
167,965	167,965
3,602,692	41,324,617
512,357	2,599,368
-	5,501,226
4,283,014	49,593,176
$ 4,364,210	$ 66,679,767

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Port Chester - Rye Union Free School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2020

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

Fund Balances - Total Governmental Funds	$ 49,593,176
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,847,534
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension and other post employment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	90,079
Deferred amounts on net pension assets (liabilities)	16,411,137
Deferred amounts on other post employment benefits	16,481,972
	32,983,188
Other long-term assets that are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension assets	6,932,810
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
State aid	473,825
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(228,956)
Bonds payable	(97,154,689)
Compensated absences	(4,120,102)
Net pension liability	(6,508,999)
Other post employment benefit obligations payable	(119,993,208)
	(228,005,954)
Net Position of Governmental Activities	$ (51,175,421)

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

Port Chester - Rye Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	$ 60,203,990	$ -	$ -
Other tax items	8,213,616	-	-
Non-property taxes	2,467,575	-	-
Charges for services	46,084	-	-
Use of money and property	551,807	-	-
Sale of property and compensation for loss	5,930	-	-
State aid	30,725,608	480,037	-
Federal aid	134,218	5,144,318	-
Food sales	-	-	-
Miscellaneous	695,899	21,466	-
Total Revenues	103,044,727	5,645,821	-
EXPENDITURES			
Current			
General support	8,123,825	-	-
Instruction	61,452,069	5,724,782	-
Pupil transportation	3,187,567	171,039	-
Community services	34,066	-	-
Employee benefits	21,022,447	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	1,685,000	-	-
Interest	1,359,978	-	-
Capital outlay	-	-	43,486,638
Total Expenditures	96,864,952	5,895,821	43,486,638
Excess (Deficiency) of Revenues Over Expenditures	6,179,775	(250,000)	(43,486,638)
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	83,465,000
Issuance premium	-	-	4,983,228
Transfers in	-	250,000	1,955,772
Transfers out	(2,217,388)	-	-
Total Other Financing Sources (Uses)	(2,217,388)	250,000	90,404,000
Net Change in Fund Balances	3,962,387	-	46,917,362
FUND BALANCES (DEFICITS)			
Beginning of Year, as reported	9,709,479	-	(15,279,066)
Prior Period Adjustment	-	-	-
Beginning of Year, as restated	9,709,479	-	(15,279,066)
End of Year	$ 13,671,866	$ -	$ 31,638,296

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

Non-Major Governmental	Total Governmental Funds
$ -	$ 60,203,990
-	8,213,616
-	2,467,575
-	46,084
664,251	1,216,058
-	5,930
53,014	31,258,659
1,689,149	6,967,685
231,300	231,300
44,278	761,643
2,681,992	111,372,540
-	8,123,825
-	67,176,851
-	3,358,606
-	34,066
-	21,022,447
1,865,886	1,865,886
39,650	39,650
-	1,685,000
-	1,359,978
-	43,486,638
1,905,536	148,152,947
776,456	(36,780,407)
-	83,465,000
2,845,394	7,828,622
11,616	2,217,388
-	(2,217,388)
2,857,010	91,293,622
3,633,466	54,513,215
417,694	(5,151,893)
231,854	231,854
649,548	(4,920,039)
$ 4,283,014	$ 49,593,176

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds	$ 54,513,215
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	43,512,758
Depreciation expense	(838,186)
	42,674,572
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
State aid	(998,944)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal paid on serial bonds	1,685,000
Bonds issued	(83,465,000)
Issuance premium	(7,828,622)
Amortization of loss on refunding and issuance premium	209,363
	(89,399,259)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(129,830)
Compensated absences	(987,885)
Pension obligations	(5,518,607)
Other post employment benefit obligations	(4,414,542)
	(11,050,864)
Change in Net Position of Governmental Activities	$ (4,261,280)

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

Port Chester - Rye Union Free School District, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 60,458,098	$ 60,458,098	$ 60,203,990	$ (254,108)
Other tax items	8,192,258	8,192,258	8,213,616	21,358
Non-property taxes	1,750,000	1,750,000	2,467,575	717,575
Charges for services	93,000	93,000	46,084	(46,916)
Use of money and property	815,000	815,000	551,807	(263,193)
Sale of property and compensation for loss	17,000	17,000	5,930	(11,070)
State aid	30,643,980	30,643,980	30,725,608	81,628
Federal aid	200,000	200,000	134,218	(65,782)
Miscellaneous	382,500	382,500	695,899	313,399
Total Revenues	102,551,836	102,551,836	103,044,727	492,891
EXPENDITURES				
Current				
General support	9,315,561	10,065,454	8,123,825	1,941,629
Instruction	62,451,992	63,164,703	61,452,069	1,712,634
Pupil transportation	3,487,003	3,416,729	3,187,567	229,162
Community services	57,000	57,000	34,066	22,934
Employee benefits	23,327,524	21,935,194	21,022,447	912,747
Debt service				
Principal	1,685,000	1,685,000	1,685,000	-
Interest	3,035,750	1,359,978	1,359,978	-
Total Expenditures	103,359,830	101,684,058	96,864,952	4,819,106
Excess (Deficiency) of Revenues Over Expenditures	(807,994)	867,778	6,179,775	5,311,997
OTHER FINANCING USES				
Transfers out	(555,000)	(2,230,772)	(2,217,388)	13,384
Net Change in Fund Balances	(1,362,994)	(1,362,994)	3,962,387	5,325,381
FUND BALANCE				
Beginning of Year	1,362,994	1,362,994	9,709,479	8,346,485
End of Year	$ -	$ -	$ 13,671,866	$ 13,671,866

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

Port Chester - Rye Union Free School District, New York

Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2020

	Agency
ASSETS	
Cash and equivalents	$ 67,055
Accounts receivable	500
Total Assets	$ 67,555
LIABILITIES	
Accounts payable	$ 48
Deposits	9,029
Student activity funds	58,478
Total Liabilities	$ 67,555

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

Note 1 - Summary of Significant Accounting Policies

The Port Chester - Rye Union Free School District, New York ("School District"), as presently constituted, was established in 1853 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statements can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special

Note 1 - Summary of Significant Accounting Policies (Continued)

Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

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

Permanent Fund - The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the School District's programs.

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30th.

The School Districts position in the pool is equal to the value of the pool shares.

The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAm by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2020.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Town of Rye, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus food which is recorded at a stated value, which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Class	Life in Years
Buildings and Improvements	50
Site Improvements	20-50
Vehicles	5-10
Furniture and Equipment	5-10

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In district-wide financial statements, unearned revenues consist of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of $266,679 for fees received in advance in the General Fund, $41,384 for State and Federal aid received in advance in the Special Aid Fund and $16,104 for unused meal deposits in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	$ 4,314,757	$ 170,661
New York State Teachers' Retirement System	22,491,208	10,224,167
Other post employment benefit obligations	16,481,972	-
Deferred loss on refunding bonds	90,079	-
	$ 43,378,016	$ 10,394,828

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

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

The School District also reported deferred inflows of resources of $473,825 in the General Fund for State aid that is not available.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

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

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

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the

Note 1 - Summary of Significant Accounting Policies (Continued)

legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent for Business for amounts assigned as encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

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

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4B).

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 13, 2020.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.

c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.

d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

Note 2 - Stewardship, Compliance and Accountability (Continued)

f) Formal budgetary integration is employed during the year as a management control device for the General Fund.

g) The General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, Debt Service, Special Purpose or Permanent funds.

h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

C. Property Tax Limitation

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

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

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law.

Note 2 - Stewardship, Compliance and Accountability (Continued)

However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

D. Prior Period Adjustments

During the current year, the School District updated its capital asset appraisal. As a result, certain assets and the related accumulated depreciation were adjusted as of July 1, 2019. Accordingly, a prior period adjustment of ($784,223) has been reflected in the district-wide financial statements.

During the current year, it was determined that certain activity that had been reported in fiduciary activities was more properly reflected in a Special Purpose Fund and a Permanent Fund. Accordingly, a prior period adjustment of $90,085 and $141,769 were recorded in the Special Purpose and Permanent funds, respectively. The total of $231,854 was also reflected as a prior period adjustment in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

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

Fund	Due From	Due To
General	$ 1,940,807	$ 420,296
Special Aid	-	1,841,484
Capital Projects	320,973	3,500,721
Non-Major Governmental	3,500,721	-
	$ 5,762,501	$ 5,762,501

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

Changes in the School District's capital assets are as follows:

Class	Balance, as reported July 1, 2019	Prior Period Adjustment*	Balance, as restated July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets, not being depreciated:						
Land	$ 911,250	$ -	$ 911,250	$ -	$ -	$ 911,250
Construction-in-progress	17,372,652	-	17,372,652	43,425,123	1,342,386	59,455,389
	$ 18,283,902	$ -	$ 18,283,902	$ 43,425,123	$ 1,342,386	$ 60,366,639

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance, as reported July 1, 2019	Prior Period Adjustment*	Balance, as restated July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets, being depreciated:						
Buildings and Improvements	$ 61,204,994	$ (1)	$ 61,204,993	$ 1,348,386	$ -	$ 62,553,379
Site improvements	1,349,838	(61,955)	1,287,883	-	-	1,287,883
Vehicles	490,656	(1,295)	489,361	-	-	489,361
Furniture and Equipment	3,255,820	(2,034,402)	1,221,418	81,635	63,602	1,239,451
Total Capital Assets, being depreciated	66,301,308	(2,097,653)	64,203,655	1,430,021	63,602	65,570,074
Less Accumulated Depreciation for:						
Buildings and Improvements	35,972,283	103,665	36,075,948	701,879	-	36,777,827
Site improvements	1,221,885	(52,716)	1,169,169	49,619	-	1,218,788
Vehicles	332,212	(1,295)	330,917	32,655	-	363,572
Furniture and Equipment	2,101,645	(1,363,084)	738,561	54,033	63,602	728,992
Total Accumulated Depreciation	39,628,025	(1,313,430)	38,314,595	838,186	63,602	39,089,179
Total Capital Assets, being depreciated, net	$ 26,673,283	$ (784,223)	$ 25,889,060	$ 591,835	$ -	$ 26,480,895
Capital Assets, net	$ 44,957,185	$ (784,223)	$ 44,172,962	$ 44,016,958	$ 1,342,386	$ 86,847,534

*See Note 2D.

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

General Support	$ 62,612
Instruction	775,239
Transportation	335
Total Depreciation Expense	$ 838,186

C. Accrued Liabilities

Accrued liabilities at June 30, 2020 were as follows:

	Fund			
	General	Special Aid	Non-Major Governmental	Total
Payroll and employee benefits	$ 54,971	$ 34,400	$ 624	$ 89,995

D. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Interest Rate	Maturity Date	Balance July 1, 2019	New Issues	Redemptions	Balance June 30, 2020
2017 Bond Referendum	2019	-	-	$ 80,934,027	$ -	$ 80,934,027	$ -

Note 3 - Detailed Notes on All Funds (Continued)

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

Interest expense of $1,242,678 was recorded in the district-wide financial statements and in the fund financial statements in the General Fund.

E. Long-Term Liabilities

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

	Balance July 1, 2019	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2020	Due Within One-Year
General Obligation Bonds Payable	$ 7,610,000	$ 83,465,000	$ 1,685,000	$ 89,390,000	$ 4,615,000
Plus - Unamortized premium on bonds	174,905	7,828,622	238,838	7,764,689	-
	7,784,905	91,293,622	1,923,838	97,154,689	4,615,000
Other Non-current Liabilities:					
Compensated Absences	3,132,217	1,207,885	220,000	4,120,102	412,000
Net Pension Liability	1,808,711	4,700,288	-	6,508,999	-
Other Post Employment Benefit Obligations Payable	98,138,392	23,201,181	1,346,365	119,993,208	-
Total Long-Term Liabilities	$ 110,864,225	$ 120,402,976	$ 3,490,203	$ 227,776,998	$ 5,027,000

Each governmental fund's liability for general obligation bonds, compensated absences, net pension liability and other post employment benefit obligations is liquidated by the General Fund.

General Obligation Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2020
Serial Bonds - QZAB	2007	$ 17,000,000	October, 2021	0.000 %	$ 2,600,000
Refunding Bonds	2015	5,195,000	June, 2026	2.000 - 4.000	3,325,000
Serial Bonds	2020	83,465,000	June, 2040	2.000 - 5.000	83,465,000
					$ 89,390,000

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of $117,300 were recorded in the fund financial statements in the General Fund. Interest expense of $37,767 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2020, including interest payments of $27,133,863 are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2021	$ 4,615,000	$ 2,796,418
2022	4,705,000	2,712,769
2023	3,570,000	2,547,769
2024	3,750,000	2,374,719
2025	3,920,000	2,204,469
2026-2030	19,895,000	8,283,244
2031-2035	23,175,000	4,402,744
2036-2040	25,760,000	1,811,731
	$ 89,390,000	$ 27,133,863

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

Compensated Absences

The School District is not required to compensate employees for accumulated sick leave upon separation from service, except for the purposes of retirement. Vacation leave for CSEA 12 month employees is generally taken in the year subsequent to the year in which it is earned. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans

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

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The

Note 3 - Detailed Notes on All Funds (Continued)

School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

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

	Tier/Plan	Rate
ERS	1 75I	21.2 %
	3 A14	15.8
	4 A15	15.8
	5 A15	13.2
	6 A15	9.3
TRS	1-6	8.86 %

Note 3 - Detailed Notes on All Funds (Continued)

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

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Net pension liability (asset)	$ 6,508,999	$ (6,932,810)
School Districts' proportion of the net pension liability (asset)	0.0245803 %	0.266851 %
Change in proportion since the prior measurement date	(0.0009473) %	(0.009535) %

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

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of $10,694,088 ($2,264,289 for ERS and $8,429,799 for TRS). Pension expenditures of $5,175,481 were recorded in the fund financial statements ($1,061,180 for ERS and $4,114,301 for TRS). For ERS, the amount was charged to the General Fund. For TRS, $4,065,666 was charged to the General Fund and $48,635 to the Special Aid Fund.

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

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 383,081	$ -	$ 4,698,189	$ 515,537
Changes of assumptions	131,060	113,168	13,097,006	3,193,421
Net difference between projected and actual earnings on pension plan investments	3,336,829	-	-	5,559,756
Changes in proportion and differences between School District contributions and proportionate share of contributions	163,999	57,493	605,383	955,453
School District contributions subsequent to the measurement date	299,788	-	4,090,630	-
	$ 4,314,757	$ 170,661	$ 22,491,208	$ 10,224,167

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,081,270	$ 515,537
Changes of assumptions	13,228,066	3,306,589
Net difference between projected and actual earnings on pension plan investments	3,336,829	5,559,756
Changes in proportion and differences between School District contributions and proportionate share of contributions	769,382	1,012,946
School District contributions subsequent to the measurement date	4,390,418	-
	$ 26,805,965	$ 10,394,828

$299,788 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2021. The $4,090,630 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2020	$ -	$ 2,972,978
2021	664,149	35,496
2022	971,465	2,961,610
2023	1,228,462	2,003,090
2024	980,232	324,169
Thereafter	-	(120,932)

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8% *	7.1% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.2%
Cost of living adjustments	1.3%	1.3%

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

Note 3 - Detailed Notes on All Funds (Continued)

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries 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.

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

	ERS March 31, 2020		TRS 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	7.8
Private Equity	10	6.75	8	9.9
Real Estate	10	4.95	11	4.6
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.6
Global Equities	-	-	4	7.2
Private Debt	-	-	1	6.5
Real Estate Debt	-	-	7	2.9
Absolute Return Strategies	2	3.25	-	-
Opportunistic Portfolio	3	4.65	-	-
Real Assets	3	5.95	-	-
Bonds and Mortgages	17	0.75	-	-
Cash	1	-	1	0.3
Inflation Indexed Bonds	4	0.50	-	-
	100 %		100 %	

Note 3 - Detailed Notes on All Funds (Continued)

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

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.8% for ERS and 6.1% for TRS) or 1 percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
School District's proportionate share of the ERS net pension liability	$ 11,945,851	$ 6,508,999	$ 1,501,635

	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	$ 31,293,982	$ (6,932,810)	$ (39,000,776)

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

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

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 based on

Note 3 - Detailed Notes on All Funds (Continued)

paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2020 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2020 were $299,788 to ERS and $4,564,994 to TRS, inclusive of $474,364 of employee contributions.

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of $75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post Employment Benefit Obligations ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	247
Active employees	593
	840

The School District's total OPEB liability of $119,993,208 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Note 3 - Detailed Notes on All Funds (Continued)

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:

Salary increases	3.00%, average, including inflation
Discount rate	2.60%
Healthcare cost trend rates	8.0% for 2021, decreasing 0.5% per year to an ultimate rate of 5.0% for 2026 and later years
Retirees' share of benefit-related costs	Varies from 0% to 65%, depending on applicable retirement year and bargaining unit

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

Mortality rates were based on the RP-2014 Healthy Male and Female Tables, as appropriate, with adjustments for mortality improvements based on Scale MP-2018.

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

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

Total OPEB Liability - Beginning of Year	$ 98,138,392
Service cost	1,836,927
Interest	3,011,273
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	18,352,981
Benefit payments	(1,346,365)
Total OPEB Liability - End of Year	$ 119,993,208

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.60%) or 1 percentage point higher (3.60%) than the current discount rate:

	1% Decrease (1.60%)	Current Assumption (2.60%)	1% Increase (3.60%)
Total OPEB Liability	$ 173,494,143	$ 119,993,208	$ 86,711,366

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are

Note 3 - Detailed Notes on All Funds (Continued)

1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	$ 82,330,907	$ 119,993,208	$ 181,210,577

For the year ended June 30, 2020, the School District recognized OPEB expense of $5,760,907 in the district-wide financial statements. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions or other inputs	$ 16,481,972
Differences between expected and actual experience	-
	$ 16,481,972

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

Year Ended June 30,	
2021	$ 912,707
2022	912,707
2023	912,707
2024	912,707
2025	912,707
Thereafter	11,918,437

F. Revenues and Expenditures

Interfund Transfers

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

Note 3 - Detailed Notes on All Funds (Continued)

	Transfers in			
Transfers Out	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
General Fund	$ 250,000	$ 1,955,772	$ 11,616	$ 2,217,388

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

G. Net Position

The components of net position are detailed below:

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

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

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

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

Restricted for ERS Retirement Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for TRS Retirement Contributions - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Permanent Fund – the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.
Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

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

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Inventories	$ -	$ -	$ 32,376	$ 32,376
Permanent Fund	-	-	135,589	135,589
	-	-	167,965	167,965
Restricted:				
Tax certiorari	2,577,671	-	-	2,577,671
Employee benefit accrued liability	861,808	-	-	861,808
ERS retirement contributions	1,679,550	-	-	1,679,550
TRS retirement contributions	464,600	-	-	464,600
Debt service	-	-	3,500,721	3,500,721
Capital projects	-	31,638,296	-	31,638,296
Unemployment benefits	500,000	-	-	500,000
Permanent Fund	-	-	12,862	12,862
Special purposes	-	-	89,109	89,109
	6,083,629	31,638,296	3,602,692	41,324,617
Assigned:				
Purchases on order:				
General government support	798,295	-	-	798,295
Instruction	88,716	-	-	88,716
	887,011	-	-	887,011
For subsequent year's expenditures	1,200,000	-	-	1,200,000
School Lunch Fund	-	-	512,357	512,357
	2,087,011	-	512,357	2,599,368
Unassigned	5,501,226	-	-	5,501,226
Total Fund Balances	$ 13,671,866	$ 31,638,296	$ 4,283,014	$ 49,593,176

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

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

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Note 3 - Detailed Notes on All Funds (Continued)

Subsequent year's expenditures represent that at June 30, 2020, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

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

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Coronavirus

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

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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

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

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

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company, called the New York State Insurance Reciprocal ("NYSIR") to be owned by these districts. NYSIR operates under an agreement effective July 1, 1989. The purpose of NYSIR is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. NYSIR retains a management company, which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. NYSIR is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of NYSIR and can be assessed their proportionate share by the State Insurance Department if the funds of NYSIR are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District purchases various insurance coverages from NYSIR to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to $10 million and an excess catastrophe liability policy with coverage up to $25 million. The School District also maintains liability coverage for school board members up to $1 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participants' employees. The School District has transferred all related risk to the Plan.

Note 5 - Tax Abatements

The Village of Port Chester Industrial Development Agency, enters into various property tax abatement agreements for the purpose of economic development.

Information relevant to disclosure of these agreements for the School District fiscal year ended June 30, 2020 is as follows:

Start Date	Agreement	Tax Yr	Taxable Assessed Value	Tax Rate	Total Tax Value	PILOT Received	Taxes Abated
10/3/2001	G&S Port Chester Retail 1, LLC	2019/20	$ 56,861,200	$ 23.656215	$ 1,345,121	$ 917,657	$ 427,464
12/11/2003	G&S Port Chester Unit 2A, LLC	2019/20	7,144,600	23.656215	169,014	127,844	41,170
12/30/2003	G&S Port Chester Unit 2B, LLC	2019/20	1,359,500	23.656215	32,161	14,670	17,491
12/30/2003	G&S Port Chester Unit 2C, LLC	2019/20	3,489,500	23.656215	82,548	38,796	43,752
12/30/2003	G&S Port Chester Unit 2D, LLC	2019/20	3,015,300	23.656215	71,331	11,684	59,647
5/23/2000	G&S Port Chester Unit 3, LLC	2019/20	26,152,200	23.656215	618,662	648,308	(29,646)
1/15/2008	G&S Port Chester Unit 4A, LLC	2019/20	2,360,400	23.656215	55,838	32,958	22,880
7/16/2001	Kingsport Apartment LP	2019/20	11,020,500	23.656215	260,703	32,216	228,487
1/1/2005	Southport Mews Preservation LP	2019/20	6,615,900	23.656215	156,507	41,141	115,366
11/10/2010	JMDH Real Estate- Rest.Depot	2019/20	8,982,000	23.656215	212,480	205,083	7,397
	Other	2019/20	N/A	N/A	N/A	15,772	(15,772)
1/1/2002	Port Chester Housing Authority	2019/20	127,001,100	23.656215	164,886	52,358	112,528
Total			$ 254,002,200		$ 3,169,251	$ 2,138,487	$ 1,030,764

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Required Supplementary Information - Schedule of Changes in the
School District's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1) (2)

	2020	2019	2018
Total OPEB Liability:			
Service cost	$ 1,836,927	$ 1,595,080	$ 1,608,928
Interest	3,011,273	2,954,706	3,399,554
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	18,352,981 (4)	(1,011,541)	-
Benefit payments	(1,346,365)	(1,425,911)	(1,724,522)
Net Change in Total OPEB Liability	21,854,816	2,112,334	3,283,960
Total OPEB Liability – Beginning of Year	98,138,392	96,026,058	92,742,098 (3)
Total OPEB Liability – End of Year	$ 119,993,208	$ 98,138,392	$ 96,026,058
School District's covered-employee payroll	$ 51,373,367	$ 51,373,367	$ 54,058,958
Total OPEB liability as a percentage of covered-employee payroll	233.57%	191.03%	177.63%

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*".
(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related
(3) Restated for the implementation of the provisions of GASB Statement No. 75.
(4) Resulted from change in discount rate from 3.1% to 2.6%.

See independent auditors' report.

Port Chester - Rye Union Free School District, New York

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

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

	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	0.266851%	0.276386%	0.276648%	0.264440%	0.253039%	0.246939%
School District's proportionate share of the net pension liability (asset)	$ (6,932,810)	$ (4,997,793)	$ (2,102,797)	$ 2,832,258	$ (26,282,662)	$ (27,507,425)
School District's covered payroll	$ 44,464,090	$ 45,020,226	$ 44,193,746	$ 40,841,823	$ 38,010,895	$ 36,115,160
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(15.59)%	(11.10)%	(4.76)%	6.93%	(69.15)%	(76.17)%
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,090,630	$ 4,731,702	$ 4,413,445	$ 5,137,511	$ 5,412,735	$ 6,667,222
Contributions in relation to the contractually required contribution	(4,090,630)	(4,731,702)	(4,413,445)	(5,137,511)	(5,412,735)	(6,667,222)
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 46,169,638	$ 44,464,090	$ 45,020,226	$ 44,193,746	$ 40,841,823	$ 38,010,895
Contributions as a percentage of covered payroll	8.86%	10.64%	9.80%	11.62%	13.25%	17.54%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*".
(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.
(3) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.
(4) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.
(5) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.1% effective with the June 30, 2019 measurement date.

See independent auditors' report.

Port Chester - Rye Union Free School District, New York

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

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

	2020 (4)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	0.0245803%	0.0255276%	0.0257972%	0.0258177%	0.0253253%	0.0258298%
School District's proportionate share of the net pension liability	$ 6,508,999	$ 1,808,711	$ 832,591	$ 2,425,886	$ 4,064,781	$ 872,593
School District's covered payroll	$ 7,753,553	$ 7,653,099	$ 7,616,404	$ 7,326,386	$ 6,953,662	$ 6,724,831
School District's proportionate share of the net pension liability as a percentage of its covered payroll	83.95%	23.63%	10.93%	33.11%	58.46%	12.98%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,071,263	$ 1,216,331	$ 1,023,456	$ 1,029,333	$ 1,155,170	$ 1,177,300
Contributions in relation to the contractually required contribution	(1,071,263)	(1,216,331)	(1,023,456)	(1,029,333)	(1,155,170)	(1,177,300)
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 7,706,545	$ 7,659,210	$ 7,690,211	$ 7,484,345	$ 7,032,072	$ 6,768,008
Contributions as a percentage of covered payroll	13.90%	15.88%	13.31%	13.75%	16.43%	17.40%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*".
(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.
(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

See independent auditors' report.

Port Chester - Rye Union Free School District, New York

General Fund
Schedule of Revenues Compared to Budget
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	$ 60,458,098	$ 60,458,098	$ 60,203,990	$ (254,108)
OTHER TAX ITEMS				
School tax relief reimbursement	6,075,129	6,075,129	6,075,129	-
Payments in lieu of taxes	2,117,129	2,117,129	2,138,487	21,358
	8,192,258	8,192,258	8,213,616	21,358
NON-PROPERTY TAXES				
Non-property tax distribution from County	1,750,000	1,750,000	2,467,575	717,575
CHARGES FOR SERVICES				
Day school tuition - Other districts	-	-	4,341	4,341
Transportation for other governments	65,000	65,000	19,170	(45,830)
Health services - Other districts	10,000	10,000	9,290	(710)
Other	18,000	18,000	13,283	(4,717)
	93,000	93,000	46,084	(46,916)
USE OF MONEY AND PROPERTY				
Earnings on investments	600,000	600,000	331,797	(268,203)
Rental of real property	215,000	215,000	220,010	5,010
	815,000	815,000	551,807	(263,193)

SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	15,000	15,000	-	(15,000)
Minor sales	500	500	5,401	4,901
Other	1,500	1,500	529	(971)
	17,000	17,000	5,930	(11,070)
STATE AID				
Basic formula	22,487,148	22,487,148	22,981,547	494,399
Lottery aid	5,901,659	5,901,659	5,901,659	-
BOCES aid	1,543,108	1,543,108	1,377,008	(166,100)
Textbook aid	468,301	468,301	221,630	(246,671)
Computer software aid	139,975	139,975	139,975	-
Library materials aid	28,789	28,789	28,789	-
Other	75,000	75,000	75,000	-
	30,643,980	30,643,980	30,725,608	81,628
FEDERAL AID				
Medical assistance	200,000	200,000	134,218	(65,782)
MISCELLANEOUS				
Refund of prior year's expenditures	75,000	75,000	381,817	306,817
Refunds of BOCES aided services	200,000	200,000	281,243	81,243
Other	107,500	107,500	32,839	(74,661)
	382,500	382,500	695,899	313,399
TOTAL REVENUES	$ 102,551,836	$ 102,551,836	$ 103,044,727	$ 492,891

See independent auditors' report.

Port Chester - Rye Union Free School District, New York

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

	Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	$ 31,150	$ 29,355	$ 20,739	$ -	$ 8,616
District clerk	16,637	16,637	15,064	-	1,573
District meeting	33,940	122,312	49,076	-	73,236
Total Board of Education	81,727	168,304	84,879	-	83,425
CENTRAL ADMINISTRATION					
Chief school administrator	469,954	471,749	453,226	-	18,523
FINANCE					
Business administration	915,076	860,646	769,313	2,144	89,189
Accounting and auditing	78,150	78,150	37,508	40,500	142
Treasurer	144,855	142,855	142,015	-	840
Other	11,000	13,000	13,000	-	-
Total Finance	1,149,081	1,094,651	961,836	42,644	90,171
STAFF					
Legal	123,100	204,728	201,628	-	3,100
Personnel	15,000	35,530	35,526	-	4
Records management officer	5,000	10,660	3,700	-	6,960
Public information and services	67,000	92,655	83,522	-	9,133
Total Staff	210,100	343,573	324,376	-	19,197

CENTRAL SERVICES					
Operation of plant	3,390,966	4,316,064	3,087,952	576,593	651,519
Maintenance of plant	2,028,272	2,068,459	1,746,070	81,240	241,149
Central printing and mailing	295,264	296,465	263,244	7,760	25,461
Total Central Services	5,714,502	6,680,988	5,097,266	665,593	918,129
SPECIAL ITEMS					
Unallocated insurance	399,620	354,625	354,624	-	1
Judgments and claims	15,000	90,058	-	90,058	-
Assessments on school property	72,000	72,000	62,702	-	9,298
Refund of school property tax	500,000	85,929	85,929	-	-
Administrative charge - BOCES	557,688	557,688	557,688	-	-
Other	145,889	145,889	141,299	-	4,590
Total Special Items	1,690,197	1,306,189	1,202,242	90,058	13,889
Total General Support	9,315,561	10,065,454	8,123,825	798,295	1,143,334
INSTRUCTION					
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT					
Curriculum development and supervision	1,481,519	1,637,211	1,502,376	135	134,700
Supervision - Regular school	2,885,902	2,841,005	2,806,163	6,494	28,348
In-service training - Instruction	141,627	217,405	182,898	279	34,228
Total Instruction, Administration and Improvement	4,509,048	4,695,621	4,491,437	6,908	197,276
TEACHING - REGULAR SCHOOL	32,701,537	31,855,867	31,266,912	41,540	547,415
PROGRAMS FOR STUDENTS WITH DISABILITIES	18,695,121	19,292,101	18,791,451	2,134	498,516
OCCUPATIONAL EDUCATION	723,690	673,615	600,320	-	73,295

(Continued)

Port Chester - Rye Union Free School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
TEACHING - SPECIAL SCHOOLS	$ 5,000	$ 5,000	$ 3,318	$ -	$ 1,682
INSTRUCTIONAL MEDIA					
School library and audiovisual	398,571	311,968	299,888	1,010	11,070
Educational television	47,500	56,131	55,442	-	689
Computer assisted instruction	706,832	1,423,113	1,289,795	24,918	108,400
Total Instructional Media	1,152,903	1,791,212	1,645,125	25,928	120,159
PUPIL SERVICES					
Guidance - Regular school	1,442,346	1,408,333	1,392,535	1,810	13,988
Health services - Regular school	901,195	936,223	883,001	8,596	44,626
Psychological services - Regular school	885,896	990,173	989,325	-	848
Social work services	375,103	390,071	390,071	-	-
Co-curricular activities - Regular school	170,948	188,586	185,062	-	3,524
Interscholastic activities - Regular school	889,205	937,901	813,512	1,800	122,589
Total Pupil Services	4,664,693	4,851,287	4,653,506	12,206	185,575
Total Instruction	62,451,992	63,164,703	61,452,069	88,716	1,623,918
PUPIL TRANSPORTATION					
District transportation services	18,409	18,409	18,284	-	125
Contract transportation	3,462,944	3,392,146	3,163,109	-	229,037
Transportation from BOCES	5,650	6,174	6,174	-	-
Total Pupil Transportation	3,487,003	3,416,729	3,187,567	-	229,162
COMMUNITY SERVICES					
Census	57,000	57,000	34,066	-	22,934

EMPLOYEE BENEFITS					
State retirement	1,317,317	1,110,568	1,061,180	-	49,388
Teachers' retirement	4,739,370	4,725,870	4,065,666	-	660,204
Social security	4,408,978	4,082,167	4,029,605	-	52,562
Workers' compensation benefits	385,000	371,584	361,827	-	9,757
Life Insurance	11,636	11,636	11,636	-	-
Unemployment benefits	60,000	107,032	107,032	-	-
Hospital and medical insurance	11,490,223	10,609,421	10,546,210	-	63,211
Employee assistance program	225,600	227,516	182,109	-	45,407
Union welfare benefits	689,400	689,400	657,182	-	32,218
Total Employee Benefits	23,327,524	21,935,194	21,022,447	-	912,747
DEBT SERVICE					
Principal					
Serial bonds	1,685,000	1,685,000	1,685,000	-	-
Interest					
Serial bonds	117,300	117,300	117,300	-	-
Bond anticipation notes	2,918,450	1,242,678	1,242,678	-	-
	3,035,750	1,359,978	1,359,978	-	-
Total Debt Service	4,720,750	3,044,978	3,044,978	-	-
TOTAL EXPENDITURES	103,359,830	101,684,058	96,864,952	887,011	3,932,095
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	250,000	250,000	250,000	-	-
Capital Projects Fund	280,000	1,955,772	1,955,772	-	-
School Lunch Fund	25,000	25,000	11,616	-	13,384
TOTAL OTHER FINANCING USES	555,000	2,230,772	2,217,388	-	13,384
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 103,914,830	$ 103,914,830	$ 99,082,340	$ 887,011	$ 3,945,479

See independent auditors' report.

Port Chester - Rye Union Free School District, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through June 30, 2020

Project	Appropriation	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
2017 Bond Referendum				
High School Additions and Reconstruction	$ 49,307,312	$ 2,327,957	$ 22,697,193	$ 25,025,150
Edison Green Space and Reconstruction	440,468	334,905	81,859	416,764
JFK Additions and Reconstruction	16,354,143	4,232,769	7,598,819	11,831,588
King Street Additions and Reconstruction	10,744,713	4,315,572	5,436,825	9,752,397
Park Avenue Additions and Reconstruction	3,103,364	2,203,980	483,383	2,687,363
Total 2017 Bond Referendum	79,950,000	13,415,183	36,298,079	49,713,262
MS Façade and Window Replacement	11,025,000	2,589,465	7,182,559	9,772,024
High School Standpipe	550,000	542,924	-	542,924
Emergency MS Façade	1,348,386	1,342,386	6,000	1,348,386
PA Systems - Districtwide	127,401	-	-	-
Middle School Interior Doors	25,600	11,495	-	11,495
Edison Railings	14,125	14,125	-	14,125
Totals	$ 93,040,512	$ 17,915,578	$ 43,486,638	$ 61,402,216

See independent auditors' report.

Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: Transfers	Methods of Financing: Totals	Fund Balance at June 30, 2020
$ 24,282,162	$ 49,307,312	$ -	$ 49,307,312	$ 24,282,162
23,704	440,468	-	440,468	23,704
4,522,555	16,354,143	-	16,354,143	4,522,555
992,316	10,744,713	-	10,744,713	992,316
416,001	3,103,364	-	3,103,364	416,001
30,236,738	79,950,000	-	79,950,000	30,236,738
1,252,976	11,025,000	-	11,025,000	1,252,976
7,076	-	550,000	550,000	7,076
-	-	1,348,386	1,348,386	-
127,401	-	127,401	127,401	127,401
14,105	-	25,600	25,600	14,105
-	-	14,125	14,125	-
$ 31,638,296	$ 90,975,000	$ 2,065,512	$ 93,040,512	$ 31,638,296

Port Chester - Rye Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	School Lunch	Special Purpose	Permanent
ASSETS			
Cash and equivalents	$ 528,240	$ 89,609	$ 148,451
Receivables			
State and Federal aid	64,813	-	-
Due from other funds	-	-	-
	64,813	-	-
Inventories	32,376	-	-
Total Assets	$ 625,429	$ 89,609	$ 148,451
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 63,968	$ 500	$ -
Accrued liabilities	624	-	-
Unearned revenues	16,104	-	-
Total Liabilities	80,696	500	-
Fund balances			
Nonspendable	32,376	-	135,589
Restricted	-	89,109	12,862
Assigned	512,357	-	-
Total Fund Balances	544,733	89,109	148,451
Total Liabilities and Fund Balances	$ 625,429	$ 89,609	$ 148,451

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds
$ -	$ 766,300
-	64,813
3,500,721	3,500,721
3,500,721	3,565,534
-	32,376
$ 3,500,721	$ 4,364,210
$ -	$ 64,468
-	624
-	16,104
-	81,196
-	167,965
3,500,721	3,602,692
-	512,357
3,500,721	4,283,014
$ 3,500,721	$ 4,364,210

Port Chester - Rye Union Free School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2020

	School Lunch	Special Purpose	Permanent
REVENUES			
Use of money and property	$ 875	$ 1,367	$ 6,682
State aid	53,014	-	-
Federal aid	1,689,149	-	-
Food sales	231,300	-	-
Miscellaneous	6,971	37,307	-
Total Revenues	1,981,309	38,674	6,682
EXPENDITURES			
Current			
Cost of food sales	1,865,886	-	-
Other	-	39,650	-
Total Expenditures	1,865,886	39,650	-
Excess (Deficiency) of Revenues Over Expenditures	115,423	(976)	6,682
OTHER FINANCING SOURCES			
Issuance premium	-	-	-
Transfers in	11,616	-	-
Total Other Financing Sources	11,616	-	-
Net Change in Fund Balances	127,039	(976)	6,682
FUND BALANCES			
Beginning of Year, as reported	417,694	-	-
Prior Period Adjustment	-	90,085	141,769
Beginning of Year, as restated	417,694	90,085	141,769
End of Year	$ 544,733	$ 89,109	$ 148,451

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds
$ 655,327	$ 664,251
-	53,014
-	1,689,149
-	231,300
-	44,278
655,327	2,681,992
-	1,865,886
-	39,650
-	1,905,536
655,327	776,456
2,845,394	2,845,394
-	11,616
2,845,394	2,857,010
3,500,721	3,633,466
-	417,694
-	231,854
-	649,548
$ 3,500,721	$ 4,283,014

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2020

Adopted Budget	$ 103,751,836
Additions -	
Encumbrances	162,994
Original/Final Budget	$ 103,914,830

General Fund
Section 1318 of Real Property Tax Law Limit Calculation
Year Ended June 30, 2020

2019-20 Expenditure Budget		$ 109,405,243
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	2,087,011	
Unassigned fund balance	5,501,226	
Total Unrestricted Fund Balance	7,588,237	
Less		
Encumbrances	887,011	
Appropriated for subsequent year's budget	1,200,000	
Total Adjustments	2,087,011	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 5,501,226
Actual Percentage		5.03%

See independent auditors' report.

Port Chester - Rye Union Free School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2020

Capital Assets, net		$ 86,847,534
Less		
Bonds payable	(89,390,000)	
Unamortized portion of issuance premium on bonds	(7,764,689)	(97,154,689)
Plus		
Unexpended bond proceeds	31,489,714	
Unamortized portion of loss on refunding bonds	90,079	31,579,793
Net Investment in Capital Assets		$ 21,272,638

See independent auditors' report.

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

Independent Auditors' Report

The Board of Education of the
Port Chester - Rye Union Free School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Port Chester - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
October 13, 2020

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

Independent Auditors' Report

The Board of Education of the
Port Chester - Rye Union Free School District, New York

Report on Compliance for Each Major Federal Program

We have audited the Port Chester - Rye Union Free School, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
October 13, 2020

Port Chester - Rye Union Free School District, New York

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number (1)	Pass-Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
U.S. Department of Agriculture				
Indirect Programs - Passed through New York State Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	$ -	$ 290,798
National School Lunch Program - Commodities	10.555	N/A	-	223,074
National School Lunch Program - Cash	10.555	N/A	-	1,175,277
Total U.S. Department of Agriculture			-	1,689,149
U.S. Department of Education				
Indirect Programs - Passed through New York State Department of Education				
Title I Grants to Local Educational Agencies	84.010	021-20-3795	-	1,302,018
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	032-20-1093	122,700	1,042,697
Special Education - Preschool Grants	84.173	033-20-1093	20,291	52,947
			142,991	1,095,644
Education for Homeless Children and Youth	84.196	212-20-4051	-	36,500
English Language Acquisition State Grants	84.365	293-20-3795	-	271,524
Supporting Effective Instruction State Grants	84.367	147-20-3795	-	206,736
Preschool Development Grants	84.419	8120-20-1002	-	2,154,042
Student Support and Academic Enrichment Program	84.424	204-20-3795	-	77,854
Total U.S. Department of Education			-	5,144,318
Total Expenditures of Federal Awards			$ 142,991	$ 6,833,467

(1) Catalog of Federal Domestic Assistance number.

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Port Chester - Rye Union Free School District, New York's ("School District") under programs of the federal government for the year ended June 30, 2020. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note 2 - Summary of Significant Accounting Policies

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

Port Chester - Rye Union Free School District, New York

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

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	____Yes __X__No
• Significant deficiency(ies) identified?	____Yes __X__None reported
Noncompliance material to financial statements noted?	____Yes __X__No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	____Yes __X__No
• Significant deficiency(ies) identified?	____Yes __X__None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____Yes __X__No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program - Commodities
10.555	National School Lunch Program – Cash
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__Yes _____No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Port Chester - Rye Union Free School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Finding 2019-001	Eligibility
Status:	This condition has been resolved.

Finding 2019-002	Procurement
Status:	This condition has been resolved.