

SCARSDALE UNION FREE SCHOOL DISTRICT  
Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report  
June 30, 2021

# SCARSDALE UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Scarsdale Union Free School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Scarsdale Union Free School District (the District), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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.

## 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 Scarsdale Union Free School District as of June 30, 2021, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

As discussed in note 1(d)(ii) to the financial statements, the District adopted the provisions of Governmental Accounting standards Board (GASB) Statement No. 84 - "Fiduciary Activities," during the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, and the additional information on pages 51 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2021, on our consideration of the Scarsdale Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 15, 2021

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2021

The management of the Scarsdale Union Free School District (the District) provides the following narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2021.

### **FINANCIAL HIGHLIGHTS**

At June 30, 2021, the District's general fund balance totaled \$25,536,424, a decrease of \$1,128,314 compared to the prior year. This decrease consisted of budgetary gains in expenditures of approximately \$3.8M as well as \$1.6M of budgetary gains in revenue, offset by \$4.3M of appropriated fund balance and reserves. The \$3.8M in budgetary gains in expenditures are primarily the result of strong budgetary controls. The \$1.6M budgetary gains in revenue came primarily from state sources exceeding budget by \$1.0M.

Unassigned fund balance (the amount available for use at the government's discretion) for the general fund is reported at \$6,648,395 or 3.98% of the 2021-22 General Fund Budget.

Compared to the prior year, governmental fund revenues (primarily property taxes) increased by approximately \$0.4M. Governmental fund expenditures decreased by approximately \$0.2M compared to prior year, primarily a result of expenditures from the Capital Projects fund decreasing.

As noted on pages 35 and 36, capital assets, net of accumulated depreciation, increased by \$16,737,987. This is primarily attributable to the addition of the \$23,313,870 of current year additions which was primarily construction in progress (CIP) offset by the related depreciation on assets \$6,548,017, with exception of land and CIP. CIP only begins depreciation once the projects are finalized.

In addition to the above, the government-wide financial results, which include actuarially determined long-term liabilities, related to other postemployment benefits other than pensions (OPEB) and the liability from both New York State pension systems decreased by \$9.8M and increased by \$8.7M as of June 30, 2021, respectively. Each year these actuarially determined obligations have varied widely due to outside factors such as health care trends or the results of the financial markets, or even more significantly, are changes in the actuarially determined discount rate(s) which can alter the District's liability of any given year. See the sensitivity analysis(s) on pages 43 through 46 noting that a 1% change in three discount rates (ERS, TRS & OPEB) would change the aggregate total Net Position of the District by as much as an additional \$122.1M deficit to as much as an additional \$100.7M surplus. A 1% change in all three of these assumptions could change the District's overall net position from an \$116.3M deficit as of June 30, 2021 to possibly a \$238.4M deficit or possibly a \$15.6M deficit.

The District adopted the provisions of Governmental Accounting standards Board Statement No. 84 - "Fiduciary Activities," as discussed in the note 1(d)(ii) to the financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. As noted previously, the government-wide financial statements include actuarial assumptions to determine long-term liabilities for pensions and the total OPEB liability and may change significantly if assumptions change.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District has improved or deteriorated.

The statement of activities presents information showing how the government's net position changed during each 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. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected State Aid, earned but unused vacation leave, a proportional share of net pension liabilities, and other postemployment benefits other than pensions).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of the costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, pupil services, administration, debt and interest payments, transportation of students and the acquisition or enhancement of assets to further student education. There are no business-type activities for the District.

**FUND FINANCIAL STATEMENTS**

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-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 a government's near-term financing requirements.

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

The governmental fund financial statements include the General Fund, the Special Aid Fund, the School Food Service Fund, the Miscellaneous Fund, the Debt Service Fund, and the Capital Projects Fund. Special Revenue Funds are projects funded primarily by State and/or Federal Aid. Sales of breakfast and lunch to students and faculty primarily support the School Food Service Fund. The Capital Projects Fund accounts for costs to improve/construct capital assets. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for these funds, which are considered major funds.

The District puts forward to the voters an annual appropriated budget for its General Fund, as required by law. A budgetary comparison statement has been provided for this fund on pages 51 and 52 to demonstrate compliance with the voter-approved budget.

The basic governmental fund financial statements can be found on pages 15 - 20 of this report.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$116,289,171 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less related outstanding debt used to acquire those assets. The District uses these capital assets to house and provide services to its students. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt and depreciation, it should be noted that the resources needed to repay this debt must be provided from future budgets since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are reported at historical cost (not market value), net of depreciation.

	<u>2021</u>	<u>2020*</u>	<u>Change</u>
Current and other assets	\$ 58,766,884	68,201,611	(9,434,727)
Long-term assets	<u>148,339,088</u>	<u>142,022,549</u>	<u>6,316,539</u>
Total assets	<u>207,105,972</u>	<u>210,224,160</u>	<u>(3,118,188)</u>
Deferred outflows of resources	<u>90,508,979</u>	<u>69,479,139</u>	<u>21,029,840</u>
Current liabilities	27,020,658	30,199,085	(3,178,427)
Long-term liabilities	<u>328,084,670</u>	<u>330,458,614</u>	<u>(2,373,944)</u>
Total liabilities	<u>355,105,328</u>	<u>360,657,699</u>	<u>(5,552,371)</u>
Deferred inflows of resources	<u>58,798,794</u>	<u>20,025,545</u>	<u>38,773,249</u>
Net position:			
Net investment in capital assets	87,533,135	87,442,211	90,924
Restricted	28,766,000	17,236,394	11,529,606
Unrestricted (deficit)	<u>(232,588,306)</u>	<u>(205,658,550)</u>	<u>(26,929,756)</u>
Total net position (deficit)	\$ <u>(116,289,171)</u>	<u>(100,979,945)</u>	<u>(15,309,226)</u>

\* Restated for change in accounting principle for the implementation of GASB Statement No. 84.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>2021</u>	<u>2020*</u>
Revenue:		
Program revenue:		
Charges for services	\$ 1,197,382	2,311,029
Operating grants	1,269,698	1,219,249
Capital grants	-	21,300
General revenue:		
Property taxes	151,351,380	148,838,352
State sources	6,980,937	6,980,736
Other	<u>2,755,841</u>	<u>3,735,442</u>
Total revenue	<u>163,555,238</u>	<u>163,106,108</u>
Expenses:		
General support	23,702,538	22,164,127
Instruction	140,884,761	140,336,077
Community services	1,518,095	1,752,531
Pupil transportation	3,807,355	4,045,491
Debt service (interest)	1,623,805	1,075,460
School lunch program	779,893	1,760,611
Depreciation - unallocated	<u>6,548,017</u>	<u>6,469,267</u>
Total expenses	<u>178,864,464</u>	<u>177,603,564</u>
Change in net position	<u>(15,309,226)</u>	<u>(14,497,456)</u>
Net position - beginning of year, as previously stated	(101,296,087)	(86,798,631)
Cumulative effect of change in accounting principle (note 17)	<u>316,142</u>	<u>-</u>
Net position - beginning of year, as restated	<u>(100,979,945)</u>	<u>(86,798,631)</u>
Net position - ending of year	\$( <u>116,289,171</u> )	\$( <u>101,296,087</u> )

\* Amounts for 2020 were not restated for the implementation of GASB Statement No. 84 as the necessary information was not readily available.

Governmental activities decreased the District's net position by \$15,309,226 during fiscal year ending 2021. Key elements of the changes are as follows:

- The GASB Statement No. 75 total OPEB liability has decreased by \$9.8M primarily due to changes in the actuarial assumed discount rate. However, there was an additional \$14.4M increase recorded in deferred outflows and an additional \$33.3M increase in deferred inflows resulting in an overall decrease in the deficit net position at year-end of \$9.1M. These results are not determined by any District action or budget decision. Subsequent year's changes in assumptions for the OPEB may have a significant impact on the District's net position in either a position or negative way.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

- The District's proportional share of the GASB Statements No. 68 and 71 net pension liabilities, including deferred inflows and outflows has increased by \$7.6M increasing the District's overall deficit net position. These results are not determined by any District action or budget decision. Subsequent year's changes in assumptions by the pension systems may have a significant impact on the District's net position in either a position or negative way.
- Long-term borrowings increased \$13.7M due to a new bond issuance, however this was offset by an increase in capital assets of \$16.7M.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

Governmental Funds

The focus of the District governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financial requirements and its ability to meet them on a near-term basis. In particular, unassigned fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

The table below summarizes the changes in the fund balance of the District's governmental funds.

	General	Special Aid	School Food Service	Miscellaneous*	Debt Service	Capital Projects	Total
Fund balances (deficit) June 30, 2019	\$ 22,240,470	-	24,625	316,142	545,221	(4,142,390)	18,984,068
Revenue	159,591,207	1,219,249	1,515,412	-	-	808,773	163,134,641
Expenditures	(155,400,819)	(1,269,356)	(1,760,610)	-	-	(28,793,012)	(187,223,797)
Other financing sources (uses)	<u>233,880</u>	<u>50,107</u>	<u>-</u>	<u>-</u>	<u>(68,153)</u>	<u>50,473,443</u>	<u>50,689,277</u>
Fund balances (deficit)							
June 30, 2020	26,664,738	-	(220,573)	316,142	477,068	18,346,814	45,584,189
Revenue	161,626,240	1,269,698	403,542	276,420	-	7,204	163,583,104
Expenditures	(161,143,822)	(1,330,185)	(779,893)	(279,406)	-	(23,515,149)	(187,048,455)
Other financing sources (uses)	<u>(1,610,732)</u>	<u>60,487</u>	<u>720,573</u>	<u>-</u>	<u>(68,153)</u>	<u>18,337,917</u>	<u>17,440,092</u>
Fund balances June 30, 2021	<u>\$ 25,536,424</u>	<u>-</u>	<u>123,649</u>	<u>313,156</u>	<u>408,915</u>	<u>13,176,786</u>	<u>39,558,930</u>

\*The Miscellaneous Fund is new for the year ended June 30, 2021 and shown as a cumulative change in accounting principle. However, the June 30, 2020 balance is not available and therefore 2020 revenue and expenditures are excluded from the above chart.

At the end of the fiscal year, the District's governmental funds reported combined ending fund balance of \$39,558,930, a decrease of \$6,025,259 compared to prior year. This decrease is primarily the capital outlay for projects (net of capital financing) in the capital projects fund of \$5,177,232.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

The General Fund is the District's chief operating fund. At June 30, 2021, General Fund unassigned fund balance was \$6,648,395 while total fund balance was \$25,536,424, a decrease of \$1,128,314 compared to the prior year. This decrease consisted of budgetary gains in expenditures of approximately \$3.8M as well as \$3.4M of deficit revenue, offset by \$1.5M used for subsequent year's budget appropriations. The \$3.8M in budgetary gains in expenditures are primarily the result of strong budgetary controls.

Of the \$25,536,424 General Fund fund balance, 73.97% is reserved to indicate it is already committed: 1) to liquidate contracts and purchase orders of the prior period (\$1,795,886); 2) to pay tax certiorari settlements (\$4,552,375); 3) to pay for voter-approved debt service (\$485,683); 4) to pay for health insurance overages (\$5,174,315); 5) to pay for retirement contributions (\$4,654,770); and 6) to fund the 2021-22 budget (\$2,225,000).

### **GENERAL FUND ANALYSIS**

A measure of the general fund's liquidity is a comparison of both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 3.98% of 2021-22 total general fund budget, while total fund balance represents 15.30%. The comparable amounts from the prior year were 4.28% and 13.83%, respectively.

In the current fiscal year, the District's fund balance within the general fund decreased by \$1,128,314. Key factors contributing to this decrease were:

- The District spent approximately \$3.1M on COVID related purchases that were not budgeted. This was partially offset by approximately \$1.6M of spending freezes implemented in the current year which were needed to fund the COVID related expenditures.
- There were \$812,365 of funds transferred out to other funds above original budgeted amounts, primarily due to the \$720,573 fund balance infusion to the School Lunch Fund to offset more than a year of COVID related deficits experienced in the cafeteria program.
- The District strategically budgeted for a \$920,488 shortfall in State Aid that did not materialize in the 2020-21 school year. The District continues to budget for this eventual shortfall in State Aid once the additional Federal monies are no longer available to supplement the New York State's budget.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**General Fund Revenue**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenue:				
Real property tax	\$ 151,358,120	151,358,120	151,351,380	148,838,352
Non property taxes	1,143,750	1,143,750	1,685,344	1,386,435
Charges for services	785,800	785,800	793,840	795,617
Use of money and property	408,000	408,000	123,526	1,150,544
Sale of property and compensation for loss	25,000	25,000	134,241	91,187
Miscellaneous	320,000	320,000	556,972	348,336
State sources	<u>5,973,493</u>	<u>5,973,493</u>	<u>6,980,937</u>	<u>6,980,736</u>
Total revenue	160,014,163	160,014,163	161,626,240	159,591,207
Other financing sources:				
Proceeds from leases	-	-	-	1,108,318
Operating transfers	932,153	932,153	160,633	386,974
Prior year encumbrances	-	1,506,211	-	-
Appropriated fund balance	<u>1,750,000</u>	<u>4,313,507</u>	<u>-</u>	<u>-</u>
Total revenue and financing other sources	\$ <u>162,696,316</u>	<u>166,766,034</u>	<u>161,786,873</u>	<u>161,086,499</u>

**General Fund Expenditures**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2021</u>	Actual <u>2020</u>
Expenditures:				
General support	\$ 18,527,190	19,456,190	18,835,310	18,370,741
Instruction	92,167,130	94,481,032	91,899,215	88,802,390
Community services	370,927	135,662	127,458	248,599
Pupil transportation	4,504,378	4,126,506	3,753,869	3,878,387
Employee benefits	36,395,437	37,083,352	36,816,045	34,030,517
Debt service	<u>9,772,254</u>	<u>9,711,927</u>	<u>9,711,925</u>	<u>10,070,185</u>
Total expenditures	161,737,316	164,994,669	161,143,822	155,400,819
Other financing uses - operating transfers out	<u>959,000</u>	<u>1,771,365</u>	<u>1,771,365</u>	<u>1,261,412</u>
Total expenditures and other financing uses	\$ <u>162,696,316</u>	<u>166,766,034</u>	<u>162,915,187</u>	<u>156,662,231</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Major differences between the original budget and the final actual amounts are summarized on the previous pages.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The District continues to pay down its debt at a rate faster than the assets purchased with that debt, are depreciated. By itself, this factor would produce only a small positive addition to a net position. However, because of GASB Statement No. 75 (OPEB) and GASB Statements No. 68 and 71 (Pensions), the District will continue to have unpredictable results.

**ECONOMIC FACTORS IMPACTING THE DISTRICT'S FUTURE BUDGETS**

The employees of the District are covered under either the New York State and Local Retirement System (ERS) or the New York State Teachers' Retirement System (TRS) for their pension benefits. The total pension costs for both systems are paid for by contributions from employees and from the District.

Since 2005-06, the District has had relatively stable health insurance costs. The actual annual costs for 2007-08 through 2020-21 were \$9.5M, \$10.3M, \$12.3M, \$11.5M, \$12.7M, \$15.0M, \$14.2M, \$14.0M, \$14.9M, \$15.0M, \$19.1M, \$15.6M, \$15.9M and \$17.7M, respectively. The District has been able to maintain a per enrollee cost that is less than "less commensurate" health plans in the Metropolitan area. Because the plan is self-insured and actual claims are paid as incurred, the actual costs in any one year may be more or less than budgeted. The District maintains a health insurance reserve currently funded at \$5.2M to fund future unanticipated overages. In addition, the District has invested in Stop-Loss insurance in order to limit the risk of an over-budget exposure.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Scarsdale Union Free School District's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office of the Scarsdale Union Free School District, 2 Brewster Road, Scarsdale, New York, 10583.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities  
June 30, 2021

Assets:	
Cash and cash equivalents - unrestricted	\$ 46,309,362
Cash and cash equivalents - restricted	9,772,424
Investments	9,022
Receivables:	
State and federal aid	2,088,908
Other receivables	558,329
Inventory	28,839
Capital assets, net	<u>148,339,088</u>
Total assets	<u>207,105,972</u>
Deferred Outflows of Resources:	
Pensions	49,238,523
Other postemployment benefits	<u>41,270,456</u>
Total deferred outflows of resources	<u>90,508,979</u>
Liabilities:	
Payables:	
Accounts payable and accrued liabilities	7,095,417
Accrued interest	170,846
Due to retirement systems	7,505,617
Other liabilities	4,377,823
Long-term liabilities:	
Due and payable within one year:	
Leases payable	1,973,914
Bonds payable	5,225,000
Unamortized bond premiums	672,041
Due and payable after one year:	
Leases payable	2,973,214
Bonds payable	58,435,000
Unamortized bond premiums	7,423,067
Compensated absences	1,219,402
Total OPEB liability	246,815,266
Net pension liability - proportionate share - ERS System	47,614
Net pension liability - proportionate share - TRS System	<u>11,171,107</u>
Total liabilities	<u>355,105,328</u>
Deferred Inflows of Resources:	
Pensions	19,819,432
Other postemployment benefits	38,750,265
Unearned revenue	<u>229,097</u>
Total deferred inflows of resources	<u>58,798,794</u>
Net Position:	
Net investment in capital assets	87,533,135
Restricted	28,766,000
Unrestricted (deficit)	<u>(232,588,306)</u>
Total net position (deficit)	<u>\$ (116,289,171)</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT

Statement of Activities  
 Governmental Activities  
 Year ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (expense) revenue and changes in net position</u>
		<u>Charges for services</u>	<u>Operating grants</u>	
Functions/programs:				
General support	\$ 23,702,538	-	-	(23,702,538)
Instruction	140,884,761	793,840	1,269,698	(138,821,223)
Community services	1,518,095	-	-	(1,518,095)
Pupil transportation	3,807,355	-	-	(3,807,355)
Debt service - interest	1,623,805	-	-	(1,623,805)
School lunch program	779,893	403,542	-	(376,351)
Depreciation - unallocated	<u>6,548,017</u>	<u>-</u>	<u>-</u>	<u>(6,548,017)</u>
Total functions and programs	<u>\$ 178,864,464</u>	<u>1,197,382</u>	<u>1,269,698</u>	<u>(176,397,384)</u>
General revenue:				
Real property taxes				151,351,380
Non property taxes				1,685,344
Use of money and property				130,794
State sources				6,980,937
Sale of property and compensation for loss				106,375
Miscellaneous				<u>833,328</u>
Total general revenue				<u>161,088,158</u>
Change in net position				<u>(15,309,226)</u>
Net position (deficit) at beginning of year, as previously stated				(101,296,087)
Cumulative effect of change in accounting principle (note 17)				<u>316,142</u>
Net position (deficit) at beginning of year, as restated				<u>(100,979,945)</u>
Net position (deficit) at end of year				<u>\$ (116,289,171)</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	<u>General</u>	<u>Special aid</u>	<u>School food service</u>	<u>Miscellaneous</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
<u>Assets</u>							
Cash and cash equivalents - unrestricted	\$ 30,053,149	-	359,930	-	-	15,896,283	46,309,362
Cash and cash equivalents - restricted	9,456,066	-	-	316,358	-	-	9,772,424
Investments	9,022	-	-	-	-	-	9,022
Receivables:							
Due from other funds	886,593	-	32,134	22,896	408,915	320,722	1,671,260
State and federal aid	1,169,737	919,171	-	-	-	-	2,088,908
Other receivables	558,329	-	-	-	-	-	558,329
Inventory	-	-	28,839	-	-	-	28,839
Total assets	<u>\$ 42,132,896</u>	<u>919,171</u>	<u>420,903</u>	<u>339,254</u>	<u>408,915</u>	<u>16,217,005</u>	<u>60,438,144</u>
<u>Liabilities, Deferred Inflows and Fund Balance</u>							
Liabilities:							
Accounts payable	3,495,656	25,793	68,157	748	-	2,631,304	6,221,658
Accrued liabilities	873,759	-	-	-	-	-	873,759
Due to other funds	343,617	893,378	-	25,350	-	408,915	1,671,260
Due to retirement systems	7,505,617	-	-	-	-	-	7,505,617
Other liabilities	4,377,823	-	-	-	-	-	4,377,823
Total liabilities	<u>16,596,472</u>	<u>919,171</u>	<u>68,157</u>	<u>26,098</u>	<u>-</u>	<u>3,040,219</u>	<u>20,650,117</u>
Deferred inflows - unearned revenue	-	-	229,097	-	-	-	229,097
<u>Fund Balance</u>							
Nonspendable	-	-	28,839	-	-	-	28,839
Restricted	14,867,143	-	-	313,156	408,915	13,176,786	28,766,000
Assigned	4,020,886	-	94,810	-	-	-	4,115,696
Unassigned	6,648,395	-	-	-	-	-	6,648,395
Total fund balance	<u>25,536,424</u>	<u>-</u>	<u>123,649</u>	<u>313,156</u>	<u>408,915</u>	<u>13,176,786</u>	<u>39,558,930</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 42,132,896</u>	<u>919,171</u>	<u>420,903</u>	<u>339,254</u>	<u>408,915</u>	<u>16,217,005</u>	<u>60,438,144</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2021

	Total governmental <u>funds</u>	Long-term assets, <u>liabilities</u>	Reclassifications and <u>eliminations</u>	Total statement of <u>net position</u>
Assets:				
Cash and cash equivalents - unrestricted	\$ 46,309,362	-	-	46,309,362
Cash and cash equivalents - restricted	9,772,424	-	-	9,772,424
Investments	9,022	-	-	9,022
Receivables:				
Due from other funds	1,671,260	-	(1,671,260)	-
State and federal aid	2,088,908	-	-	2,088,908
Other receivables	558,329	-	-	558,329
Inventory	28,839	-	-	28,839
Capital assets, net	-	148,339,088	-	148,339,088
Total assets	<u>60,438,144</u>	<u>148,339,088</u>	<u>(1,671,260)</u>	<u>207,105,972</u>
Deferred outflows of resources:				
Pensions	-	49,238,523	-	49,238,523
Other postemployment benefits	-	41,270,456	-	41,270,456
Total deferred outflows of resources	<u>-</u>	<u>90,508,979</u>	<u>-</u>	<u>90,508,979</u>
Liabilities:				
Payables:				
Accounts payable	6,221,658	-	-	6,221,658
Accrued liabilities	873,759	-	-	873,759
Accrued interest payable	-	170,846	-	170,846
Due to other funds	1,671,260	-	(1,671,260)	-
Due to retirement systems	7,505,617	-	-	7,505,617
Other liabilities	4,377,823	-	-	4,377,823
Lease payable	-	4,947,128	-	4,947,128
Unamortized bond premiums	-	8,095,108	-	8,095,108
Bonds payable	-	63,660,000	-	63,660,000
Compensated absences	-	1,219,402	-	1,219,402
Total OPEB liability	-	246,815,266	-	246,815,266
Net pension liability - ERS proportionate share	-	47,614	-	47,614
Net pension liability - TRS proportionate share	-	11,171,107	-	11,171,107
Total liabilities	<u>20,650,117</u>	<u>336,126,471</u>	<u>(1,671,260)</u>	<u>355,105,328</u>
Deferred inflows of resources:				
Pensions	-	19,819,432	-	19,819,432
Other postemployment benefits	-	38,750,265	-	38,750,265
Unearned revenue	229,097	-	-	229,097
Total deferred inflows of resources	<u>229,097</u>	<u>58,569,697</u>	<u>-</u>	<u>58,798,794</u>
Total fund balance/net position	<u>39,558,930</u>	<u>(155,848,101)</u>	<u>-</u>	<u>(116,289,171)</u>
Total liabilities, deferred inflows of resources and fund balance/net position	<u>\$ 60,438,144</u>	<u>238,848,067</u>	<u>(1,671,260)</u>	<u>297,614,951</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position, Continued

Total fund balances - governmental funds \$ 39,558,930

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The assets consist of:

Land	\$ 764,800
Construction in progress	7,163,933
Buildings and improvements	220,972,423
Land improvements	5,333,495
Machinery, equipment and vehicles	26,763,847
Accumulated depreciation	<u>(112,659,410)</u>

Total capital assets 148,339,088

Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Those liabilities consist of:

Compensated absences	(1,219,402)
Total OPEB liability	(246,815,266)
Accrued interest	(170,846)

Long-term liabilities, including bonds payable and premium on bonds are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	(63,660,000)
Unamortized bond premiums	(8,095,108)
Capital leases	(4,947,128)

Some deferred costs are not reported in the funds. These consist of the following:

Deferred outflows of resources - pensions	49,238,523
Deferred inflows of resources - pensions	(19,819,432)
Deferred outflows of resources - OPEB	41,270,456
Deferred inflows of resources - OPEB	(38,750,265)

The proportionate share of net pension liabilities reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(11,171,107)
Employees' Retirement System	<u>(47,614)</u>

Total net position - end of year \$ (116,289,171)

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2021

	<u>General</u>	<u>Special aid</u>	<u>School food service</u>	<u>Miscellaneous</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
Revenue:							
Real property taxes	\$ 151,351,380	-	-	-	-	-	151,351,380
Non property taxes	1,685,344	-	-	-	-	-	1,685,344
Charges for services	793,840	-	-	-	-	-	793,840
Use of money and property	123,526	-	-	64	-	7,204	130,794
Sale of property and compensation for loss	134,241	-	-	-	-	-	134,241
State sources	6,980,937	288,708	-	-	-	-	7,269,645
Federal sources	-	980,990	-	-	-	-	980,990
School lunch sales	-	-	403,542	-	-	-	403,542
Miscellaneous	556,972	-	-	276,356	-	-	833,328
Total revenue	<u>161,626,240</u>	<u>1,269,698</u>	<u>403,542</u>	<u>276,420</u>	<u>-</u>	<u>7,204</u>	<u>163,583,104</u>
Expenditures:							
General support	18,835,310	-	-	-	-	-	18,835,310
Instruction	91,899,215	1,330,185	-	279,406	-	-	93,508,806
Community services	127,458	-	-	-	-	-	127,458
Pupil transportation	3,753,869	-	-	-	-	-	3,753,869
Employee benefits	36,816,045	-	-	-	-	-	36,816,045
Debt service	9,711,925	-	-	-	-	-	9,711,925
Cost of sales	-	-	779,893	-	-	-	779,893
Capital outlay	-	-	-	-	-	23,515,149	23,515,149
Total expenditures	<u>161,143,822</u>	<u>1,330,185</u>	<u>779,893</u>	<u>279,406</u>	<u>-</u>	<u>23,515,149</u>	<u>187,048,455</u>
Excess (deficiency) of revenue over expenditures	<u>482,418</u>	<u>(60,487)</u>	<u>(376,351)</u>	<u>(2,986)</u>	<u>-</u>	<u>(23,507,945)</u>	<u>(23,465,351)</u>
Other financing sources (uses):							
Proceeds from issuance of bond	-	-	-	-	-	13,735,000	13,735,000
Premium on bond issuance	-	-	-	-	-	2,155,092	2,155,092
Proceeds from leases	-	-	-	-	-	1,550,000	1,550,000
Operating transfers in	160,633	60,487	720,573	-	-	1,058,458	2,000,151
Operating transfers (out)	(1,771,365)	-	-	-	(68,153)	(160,633)	(2,000,151)
Total other financing sources (uses)	<u>(1,610,732)</u>	<u>60,487</u>	<u>720,573</u>	<u>-</u>	<u>(68,153)</u>	<u>18,337,917</u>	<u>17,440,092</u>
Changes in fund balances	<u>(1,128,314)</u>	<u>-</u>	<u>344,222</u>	<u>(2,986)</u>	<u>(68,153)</u>	<u>(5,170,028)</u>	<u>(6,025,259)</u>
Fund balance (deficit) at beginning of year, as previously stated	26,664,738	-	(220,573)	-	477,068	18,346,814	45,268,047
Cumulative effect of change in accounting principle (note 17)	-	-	-	316,142	-	-	316,142
Fund balance (deficit) at beginning of year, as restated	26,664,738	-	(220,573)	316,142	477,068	18,346,814	45,584,189
Fund balance at end of year	<u>\$ 25,536,424</u>	<u>-</u>	<u>123,649</u>	<u>313,156</u>	<u>408,915</u>	<u>13,176,786</u>	<u>39,558,930</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June 30, 2021

	Total governmental <u>funds</u>	Long-term assets, <u>liabilities</u>	Reclassifications and <u>eliminations</u>	Total statement <u>of activities</u>
Revenue:				
Real property taxes	\$ 151,351,380	-	-	151,351,380
Non property taxes	1,685,344	-	-	1,685,344
Charges for services	793,840	-	-	793,840
Use of money and property	130,794	-	-	130,794
Sale of property and compensation for loss	134,241	(27,866)	-	106,375
State sources	7,269,645	-	-	7,269,645
Federal sources	980,990	-	-	980,990
School lunch sales	403,542	-	-	403,542
Miscellaneous	833,328	-	-	833,328
	<u>163,583,104</u>	<u>(27,866)</u>	<u>-</u>	<u>163,555,238</u>
Expenditures:				
General support	18,835,310	-	4,867,228	23,702,538
Instruction	93,508,806	201,279	47,174,676	140,884,761
Community services	127,458	-	1,390,637	1,518,095
Pupil transportation	3,753,869	-	53,486	3,807,355
Employee benefits	36,816,045	16,669,982	(53,486,027)	-
Debt service	9,711,925	(8,088,120)	-	1,623,805
Cost of sales	779,893	-	-	779,893
Capital outlay	23,515,149	(23,515,149)	-	-
Depreciation	-	6,548,017	-	6,548,017
	<u>187,048,455</u>	<u>(8,183,991)</u>	<u>-</u>	<u>178,864,464</u>
Excess (deficiency) of revenue over expenditures	<u>(23,465,351)</u>	<u>8,156,125</u>	<u>-</u>	<u>(15,309,226)</u>
Other financing sources (uses):				
Proceeds from issuance of bond	13,735,000	(13,735,000)	-	-
Premium on bond issuance	2,155,092	(2,155,092)	-	-
Proceeds from issuances of lease	1,550,000	(1,550,000)	-	-
Operating transfers in	2,000,151	-	(2,000,151)	-
Operating transfers (out)	(2,000,151)	-	2,000,151	-
	<u>17,440,092</u>	<u>(17,440,092)</u>	<u>-</u>	<u>-</u>
Net change for the year	<u>\$ (6,025,259)</u>	<u>(9,283,967)</u>	<u>-</u>	<u>(15,309,226)</u>

See accompanying notes to financial statements.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Reconciliation of Statement of Revenue, Expenditures and  
Changes in Fund Balance - Governmental Funds to the Statement of Activities, Continued

Net change in fund balances - total governmental funds \$ (6,025,259)

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

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. This is the amount by which depreciation exceeded capital outlay in the current period.

Additions of assets	\$ 23,313,870	
Depreciation	(6,548,017)	
Disposition of capital assets	<u>(27,866)</u>	16,737,987

Repayment of bond is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of issuance costs, 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 bonds	5,270,000	
Amortization of bond premium	<u>528,369</u>	5,798,369

Payment of lease is an expenditure in the government funds but the repayment reduces long-term liabilities in the statement of net position. 2,327,363

Bond proceeds and premium on bonds and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Proceeds from issuance of bond	(13,735,000)	
Premium on bond issuance	(2,155,092)	
Capital lease proceeds	<u>(1,550,000)</u>	(17,440,092)

Compensated absences represent the value of the earned and unused portion of the liability for the vacation and compensatory time. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds. This is the net change of compensated absences. 8,082

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. (37,612)

Other postemployment benefits represent the value of the unfunded portion of the cost of benefits for current employees upon retirement. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds. 9,825,962

Deferred outflows reported in the statement of activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pensions	6,597,201	
Other postemployment benefits	<u>14,432,639</u>	21,029,840

Deferred inflows reported in the statement of activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pensions	(5,494,340)	
Other postemployment benefits	<u>(33,338,433)</u>	(38,832,773)

Changes in proportionate share of net pension liabilities reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(21,592,555)	
Employees' Retirement System	<u>12,891,462</u>	

Change in net position of governmental activities \$ (15,309,226)

See accompanying notes to financial statements.

# SCARSDALE UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### (1) Summary of Accounting Policies

The financial statements of Scarsdale Union Free School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

#### (a) Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14 - "The Financial Reporting Entity," as amended by GASB Statement 39 - "Component Units." The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2021.

#### (b) Joint Venture

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(b) Joint Venture, Continued

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

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

During the year, the District was billed \$4,042,307 for BOCES administrative and program costs and recognized \$543,564 in revenue as the District's share of BOCES aid.

Participating school districts issue debt on behalf of BOCES. As of year-end, there was no debt issued by the District on behalf of BOCES.

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

(c) The Scarsdale Schools Education Foundation

The Scarsdale Schools Education Foundation (the Foundation) is a not-for-profit 501(c)(3) organization formed to increase the financial resources available to support programs in the District. It was organized by local residents and is operated by a board of directors. During the year ended June 30, 2021 the Foundation did not make any monetary contributions to the District. For more information about the Foundation see [www.scarsdaleschoolseducationfoundation.org](http://www.scarsdaleschoolseducationfoundation.org).

(d) Basis of Presentation

(i) District-Wide Statements

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(d) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

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

(ii) Funds Statements

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

During the year ended June 30, 2021, the District adopted provisions of GASB Statement No 84 - "Fiduciary Activities." The primary objective of this Statement is to improve guidance regarding the indemnification of fiduciary activities for accounting and financial reporting purposes. See note 17 of the financial statement for the impact of the implementation on the financial statements. The following comprise the District's Governmental Funds:

Governmental Funds: are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds or by outside parties. The District reports the special aid fund, the school food service fund, and the miscellaneous fund as major special revenue funds.

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(d) Basis of Presentation, Continued

(ii) Funds Statements, Continued

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest related to the refunding of existing debt obligations.

(e) Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Sales tax related to the current fiscal year, received after the revenue recognition period are not considered available and have been excluded from the financial statements.

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

(f) Property Taxes

Real property taxes are levied annually by the Board of Education. Uncollected real property taxes are subsequently enforced by the Towns of Scarsdale and Mamaroneck (the Towns). The Towns pay an amount representing uncollected real property taxes transmitted to the Towns for enforcement to the District no later than the following April 1.

(g) Restricted Resources

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(h) Interfund Transactions

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

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

(i) Estimates

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

(j) Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

(k) Accounts Receivable

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(1) Investments

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2021.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(m) Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District has no prepaid items as of June 30, 2021.

(n) Capital Assets

Capital assets are reported in the government-wide financials at actual costs or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight line	50
Land improvements	5,000	Straight-line	20
Buildings and improvements	5,000	Straight-line	20
Vehicles	5,000	Straight-line	8
Computer equipment	100	Straight-line	5
Equipment	500	Straight-line	5-15

(o) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third are changes in assumptions related to the total OPEB liability.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(o) Deferred Outflows and Inflows of Resources, Continued

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first arises under both the modified accrual basis of accounting and district-wide and is reported as unearned revenue. The second item is related to pensions reported in the district-wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item are changes of assumptions as well as differences between actual and expected experience related to the total OPEB liability.

(p) Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave and earned but unused vacation.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(q) Other Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through the District's self-insurance plan. The District pays 100% of the cost for retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivor beneficiaries reimburse the District monthly for 100% of the calculated premiums. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(r) Short-Term Debt

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

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

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

(s) Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due after one year in the statement of net position.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(t) Equity Classifications

District-Wide Statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) and unspent bonds proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements to those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds Statements

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This includes prepaid and inventory items. The District has recorded \$28,839 of inventory as nonspendable fund balance as of June 30, 2021.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the General Fund and the Debt Service Funds.

Employee Benefits and Accrued Liabilities

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(t) Equity Classifications, Continued

Funds Statements, Continued

Employees' Retirement System Liability Reserve

According to General Municipal Law §6-r, must be used for New York State and Local Retirement System financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Teachers' Retirement System Liability Reserve

Reserve for teachers' retirement system liability (GML §6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari proceedings and may be expended from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund.

Capital Reserve

Capital reserve (GML §6-c) is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities. This reserve is accounted for the Capital Projects Fund.

Extraclassroom Reserve

This reserve is used to account for extraclassroom funds. This reserve is accounted for in the Miscellaneous Fund.

Deposits Reserve

This reserve is used to account for various student deposits. This reserve is accounted for in the Miscellaneous Fund.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(t) Equity Classifications, Continued

Funds Statements, Continued

Restricted fund balances includes the following:

General fund:

Debt service	\$ 485,683
Employee benefits and accrued liabilities	5,174,315
Retirement contributions	4,654,770
Tax certiorari	<u>4,552,375</u>
Total general fund	<u>\$ 14,867,143</u>

Miscellaneous fund:

Extraclassroom	288,202
Deposits	<u>24,954</u>
	<u>\$ 313,156</u>

Debt service fund - debt service \$ 408,915

Capital projects fund - capital reserve \$ 13,176,786

Committed fund balance - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2021.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance. Encumbrances reported in the general fund amounted to \$1,795,886. Additionally, the District assigned \$2,225,000 of fund balance to reduce the tax levy for the ensuing fiscal year budget.

Unassigned fund balance - Includes all other general fund equity that does not meet the definition of the above four classifications and is deemed to be available for general use by the District.

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Accounting Policies, Continued

(t) Equity Classifications, Continued

Funds Statements, Continued

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

(2) Stewardship, Compliance and Accountability

(a) Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, for which a legal (appropriated) budget is adopted.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

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

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(2) Stewardship, Compliance and Accountability, Continued

(b) Encumbrances

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

The District's unreserved unassigned fund balance exceeded the maximum amount of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District unreserved unassigned fund balance was 3.98% at June 30, 2021.

(3) Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

The District's aggregate bank balances were fully collateralized as of June 30, 2021.

Restricted cash represents cash and cash equivalents whose use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$9,456,066 within the general fund and \$316,358 in the miscellaneous fund.

(4) Investments

The District's investments at June 30, 2021, consist of the following:

<u>Investments - Governmental Funds</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Fair Value</u>
Money Market Accounts	N/A	0.005%	\$ <u>9,022</u>

These investments are classified as a Level 1.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(4) Investments, Continued

Concentration of Credit Risk - For investments, this is the risk of loss attributable to the quantity of the Government's investment in a single issuer. Investments in a single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At June 30, 2021, the District held 100% of its investment balance in Money Market Accounts, which is fully collateralized by a Federal Home Loan Bank irrevocable letter of credit.

(5) Receivables

Major receivables accrued by the District at June 30, 2021 consisted of the following:

(a) Due from State and Federal - Represents amounts due from state and federal governments. Amounts due to the District at June 30, 2021 are listed below:

General fund - State aid	\$	<u>1,169,737</u>
Special aid fund:		
State aid	\$	142,922
Federal aid		<u>776,249</u>
	\$	<u>919,171</u>

(b) Other Receivables - Represents amounts due for out-of-district tuition billings (in the general fund) and other minor charges.

(6) Capital Assets

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 764,800	-	-	764,800
Construction in progress	<u>31,123,050</u>	<u>7,163,933</u>	<u>(31,123,050)</u>	<u>7,163,933</u>
Total nondepreciable historical cost	<u>31,887,850</u>	<u>7,163,933</u>	<u>(31,123,050)</u>	<u>7,928,733</u>
Capital assets that are being depreciated:				
Buildings and improvements	177,283,041	43,689,382	-	220,972,423
Land improvements	3,840,408	1,493,087	-	5,333,495
Machinery, equipment and vehicles	<u>25,712,481</u>	<u>2,090,518</u>	<u>(1,039,152)</u>	<u>26,763,847</u>
Total depreciable historical cost	<u>206,835,930</u>	<u>47,272,987</u>	<u>(1,039,152)</u>	<u>253,069,765</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(6) Capital Assets, Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities, continued:				
Less accumulated depreciation:				
Buildings and improvements	\$ 88,353,644	4,150,050	-	92,503,694
Land improvements	2,415,251	159,462	-	2,574,713
Machinery, equipment and vehicles	<u>16,353,784</u>	<u>2,238,505</u>	<u>(1,011,286)</u>	<u>17,581,003</u>
Total accumulated depreciation	<u>107,122,679</u>	<u>6,548,017</u>	<u>(1,011,286)</u>	<u>112,659,410</u>
Total historical cost, net	<u>99,713,251</u>	<u>40,724,970</u>	<u>(27,866)</u>	<u>140,410,355</u>
Governmental activities - capital assets, net	\$ <u>131,601,101</u>	<u>47,888,903</u>	<u>(31,150,916)</u>	<u>148,339,088</u>

The current year depreciation expense of \$6,548,017 was unallocated.

(7) Short-Term Debt

The District did not have any short-term debt during the year ended June 30, 2021.

(8) Long-Term Debt Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds:					
Bonds payable	\$ 55,195,000	13,735,000	(5,270,000)	63,660,000	5,225,000
Premium on bond issues	<u>6,468,385</u>	<u>2,155,092</u>	<u>(528,369)</u>	<u>8,095,108</u>	<u>672,041</u>
Total bonds	<u>61,663,385</u>	<u>15,890,092</u>	<u>(5,798,369)</u>	<u>71,755,108</u>	<u>5,897,041</u>
Other liabilities:					
Capital leases	5,724,491	1,550,000	(2,327,363)	4,947,128	1,973,914
Compensated absences (net activity)	1,227,484	-	(8,082)	1,219,402	-
Total OPEB liability	256,641,228	-	(9,825,962)	246,815,266	-
Net pension liability - proportionate share - TRS	(10,421,448)	21,592,555	-	11,171,107	-
Net pension liability - proportionate share - ERS	<u>12,939,076</u>	<u>-</u>	<u>(12,891,462)</u>	<u>47,614</u>	<u>-</u>
Total other liabilities	<u>266,110,831</u>	<u>23,142,555</u>	<u>(25,052,869)</u>	<u>264,200,517</u>	<u>1,973,914</u>
Total	<u>\$ 327,774,216</u>	<u>39,032,647</u>	<u>(30,851,238)</u>	<u>335,955,625</u>	<u>7,870,955</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Long-Term Debt Obligations, Continued

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and other postemployment benefits when they become due.

General Obligation Bonds - The District issues general obligation bonds to provide funds for construction, renovations and improvements of major capital facilities. The following is a summary of transactions for the year ended June 30, 2021:

Year of issue/ maturity	Stated interest rate	Effective interest rate	Beginning balance	Increases	Decreases	Ending balance
2014/2026	5.00%	2.46%	\$ 5,910,000	-	(725,000)	5,185,000
2017/2027	3.00%	2.00%	10,875,000	-	(1,420,000)	9,455,000
2020/2035	5.00%	1.47%	38,410,000	-	(3,125,000)	35,285,000
2021/2036	5.00%	1.55%	<u>-</u>	<u>13,735,000</u>	<u>-</u>	<u>13,735,000</u>
			<u>\$ 55,195,000</u>	<u>13,735,000</u>	<u>(5,270,000)</u>	<u>63,660,000</u>

The District issued bonds payable of \$13,735,000 on June 29, 2021 which mature on June 15, 2036. The bonds have a stated interest rate of 5.00% and the District received a premium of \$2,155,092 which resulted in an effective interest rate of 1.55%.

The following is a maturity schedule of bonded debt:

Year ending June 30,	Principal	Interest	Total
2022	\$ 5,225,000	2,335,470	7,560,470
2023	5,425,000	2,127,056	7,552,056
2024	5,100,000	1,884,881	6,984,881
2025	5,465,000	1,659,856	7,124,856
2026	5,710,000	1,417,381	7,127,381
2027 - 2031	20,345,000	3,914,856	24,259,856
2032 - 2036	<u>16,390,000</u>	<u>934,933</u>	<u>17,324,931</u>
	<u>\$ 63,660,000</u>	<u>14,274,433</u>	<u>77,934,433</u>

Interest on serial bonds and capital leases for the year was composed of:

Interest paid	\$ 2,114,562
Plus: Interest accrued in the current year	170,846
Less: Interest accrued in the prior year	(133,234)
Amortization of deferred premium on bonds	<u>(528,369)</u>
Total expense	<u>\$ 1,623,805</u>

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (9) Pension Obligations

##### (a) Plan Descriptions and Benefits Provided

###### Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

###### Employees' Retirement System (ERS)

The District participates in the New York State and Local Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under TRS and ERS tier VI vary based on a sliding salary scale ranging from 3% to 6%. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems; fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

(b) Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/1/2020	6/30/2019
Measurement date	3/31/2021	6/30/2020
Net pension liability	\$ 47,614	11,171,107
District's proportion of the Plan's net pension liability	0.0478178%	0.404271%
Changes in proportionate share	0.0010447	0.003139

For the year ended June 30, 2021, the District's recognized pension expense of \$1,421,820 for ERS and \$15,164,069 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(b) Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 581,497	9,788,125	-	572,498
Changes of assumptions	8,754,695	14,128,851	165,116	5,036,197
Net difference between projected and actual earnings on pension plan investments	-	7,295,712	13,677,569	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	699,664	518,423	126,974	241,078
District's contributions subsequent to the measurement date	<u>669,882</u>	<u>6,801,674</u>	<u>-</u>	<u>-</u>
Total	\$ <u>10,705,738</u>	<u>38,532,785</u>	<u>13,969,659</u>	<u>5,849,773</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ 585,699	4,475,588
2023	105,744	8,908,560
2024	638,808	7,302,459
2025	2,603,552	4,484,110
2026	-	216,301
Thereafter	<u>-</u>	<u>494,320</u>
Total	\$ <u>3,933,803</u>	<u>25,881,338</u>

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(c) Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return (net of investment expense, including inflation)	5.9%	7.1%
Salary scale	4.4%	4.72% - 1.90%
Cost-of-living adjustments	1.4%	1.3%
Inflation rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates based on Plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

The long-term expected rate of return on TRS 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.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

Measurement date	March 31, 2021		June 30, 2020	
	ERS		TRS	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	4.05%	32%	7.10%	33%
International equity	6.30%	15%	7.70%	16%
Real estate equity	4.95%	9%	6.80%	11%
Global equity	-	-	7.40%	4%
Domestic fixed income	-	-	1.80%	16%
Global bonds	-	-	1.00%	2%
High-yield bonds	-	-	3.90%	1%
Real estate debt	-	-	3.60%	7%
Private equity	6.75%	10%	10.40%	8%
Private debt	-	-	5.20%	1%
Real assets	5.95%	3%	-	-
Fixed income	-	23%	-	-
Opportunistic/ARS portfolio	4.50%	3%	-	-
Credit	3.63%	4%	-	-
Cash	0.50%	1%	0.70%	1%

\* Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

(c) Actuarial Assumptions, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% 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 the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$ <u>(13,215,829)</u>	<u>(47,614)</u>	<u>12,096,562</u>
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$ <u>(70,564,036)</u>	<u>(11,171,107)</u>	<u>38,674,611</u>

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2021	6/30/2020
Employers' total pension liability	\$ (220,680)	(123,242)
Plan net position	<u>220,580</u>	<u>120,479</u>
Employers' net pension liability	\$ <u>____(100)</u>	<u>____(2,763)</u>
Ratio of plan net position to the employers' total pension liability	99.95%	97.8%

(g) Contributions to the Pension Plans

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$669,882. This amount has been recorded as an liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2021 were \$2,227,214.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(g) Contributions to the Pension Plans, Continued

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$6,835,735. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2021 were \$6,823,233.

(10) Total OPEB Liability (OPEB)

(a) Plan Description and Benefits

The District pays for a portion of eligible retirees' health insurance, depending on eligibility. Eligibility for postretirement benefits is based on age of retiree and years of service and depends upon the associated group or union.

Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the District's Board of Education. Upon retirement, the District generally pays between 80-100% of the cost of the medical plan currently in effect.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2021, the District recognized \$6,325,714 for its share of insurance premiums for currently enrolled retirees.

(b) Employees covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

Current retirees	450
Active employees	<u>639</u>
	<u>1,089</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$246,815,266 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Total OPEB Liability (OPEB), Continued

(d) Actuarial Assumptions and Other Inputs

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

Salary increases	2.5%
Discount rate	1.9%
Healthcare cost trend rates	6.25% for 2020, decreasing to an ultimate rate of 4.5%

The discount rate was based on review of 20 year Municipal GO AA municipal bond rate index.

Mortality rates were based on the SOA RP-2014 total dataset. Mortality improvements are projected using SOA Scale MP-2014.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2020	\$ <u>256,641,228</u>
Changes for the year:	
Service cost	10,179,658
Interest on total OPEB liability	6,083,481
Differences between actual and expected experience	(19,613,373)
Changes in benefit terms	(135,103)
Changes in assumptions	(14,911)
Benefit payments	<u>(6,325,714)</u>
Total changes	<u>(9,825,962)</u>
Total OPEB liability as of June 30, 2021	\$ <u>246,815,266</u>

(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.9%) or 1-percentage-point higher (2.9%) than the current discount rate:

	1% Decrease (0.9%)	Current Discount Rate (1.9%)	1% Increase (2.9%)
Total OPEB liability	\$ (296,393,424)	(246,815,266)	(208,090,938)

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Total OPEB Liability (OPEB), Continued

(g) Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Trend</u>	<u>Increase</u>
		<u>Rates</u>	
Total OPEB liability	\$ <u>(201,017,636)</u>	(246,815,266)	<u>(308,240,658)</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$15,405,546. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Changes in assumptions	\$ 41,270,456	20,635,317
Differences between actuarial and expected experience	<u>-</u>	<u>18,114,948</u>
Total	\$ <u>41,270,456</u>	<u>38,750,265</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2022	\$ (722,490)
2023	(722,490)
2024	2,710,895
2025	2,710,895
2026	1,347,417
Thereafter	(2,804,036)
Total	\$ <u>2,520,191</u>

(11) Interfund Transactions

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. Interfund receivables, payables and transfers of the District as of and for the year ended June 30, 2021 consisted of the following:

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(11) Interfund Transactions, Continued

<u>Governmental Funds</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 886,593	343,617	160,633	1,771,364
Special aid fund	-	893,378	60,487	-
School food service fund	32,134	-	720,573	-
Miscellaneous fund	22,896	25,350	-	-
Debt service fund	408,915	-	-	68,153
Capital projects fund	<u>320,722</u>	<u>408,915</u>	<u>1,058,458</u>	<u>160,634</u>
Total governmental funds	\$ <u>1,671,260</u>	<u>1,671,260</u>	<u>2,000,151</u>	<u>2,000,151</u>

(12) Risk Management

(a) General

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

(b) Consortiums and Self Insured Plans

The District participates in a risk sharing pool, the Southern Westchester School Cooperative Workers' Compensation Self-Insurance Plan, to insure workers' compensation claims. The risk sharing pool has a total of 22 schools, all within Westchester County. This public entity risk pool was created under Article 5 of Workers' Compensation Law, to finance liability and risks related to workers' compensation claims.

The District pays annual premiums to the pool for its workers' compensation claims coverage. The plan has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the Plan. Although excess compensation insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan's responsibility for payment of the claim.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Risk Management, Continued

(b) Consortiums and Self Insured Plans, Continued

The most recently issued report for workers' compensation is for June 30, 2020. As of June 30, 2020, the Plans' total undiscounted liability for unbilled and opened claims is \$20,234,619 which includes IBNR. Total plan assets were \$26,030,508 and net position was \$5,795,889. During the year ended June 30, 2021, the Districts' contribution to the Plan was \$584,639. Based on the workers' compensation report, the District's portion is undeterminable and considered immaterial.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit program's administrator, POMCO, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the general fund of the District. At June 30, 2021, the District has a liability of \$4,377,823 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date. Claims activity is summarized below:

Balance at Beginning of Year	Claims and Changes in Estimates	Claims Reported	Balance at End of Year
<u>\$5,177,823</u>	<u>17,063,945</u>	<u>17,863,945</u>	<u>4,377,823</u>

Claims reported for the year ended June 30:

2021	\$ 17,863,945
2020	\$ 15,919,395
2019	\$ 15,560,671

Incurred but not reported as of June 30:

2021	\$ 4,377,823
2020	\$ 5,177,823
2019	\$ 4,377,823

(13) Commitments and Contingencies

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

Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability, if any, will not have a material adverse effect on the financial condition or results of operation of the District.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Commitments and Contingencies, Continued

Upon default of the payment of principal or interest on the serial bonds or bond anticipation notes of the District, The bondholders have the right to litigate and the New York State Comptroller is required under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District, and to apply the amount so withhold to the payment of defaulted principal or interest with respect to the serial bonds or bond anticipation notes.

Upon default of the payment of principal or interest of the computer capital leases of the District, the lessor may declare that all amounts eligible or actually appropriated for rental payments to be immediately due and payable. The equipment must also be returned to the lessor.

Upon default of the payment of principal or interest of the energy performance contract of the District, the lessor may retake possession of the equipment or require the lessee to return the equipment.

(14) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(15) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

(16) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued and have determined the following subsequent event requires disclosure under accounting principles generally accepted in the United States of America:

On July 14, 2021 the District entered into a lease agreement with TD Equipment Finance, Inc. for computer equipment. Principal payments for the lease will total \$1,550,000 and interest payments will total \$21,035. The lease is payable over a four year period with \$392,759 total payable each year.

(17) Cumulative Effect of Accounting Principle

For the year ended June 30, 2021, the District implemented GASB Statement No. 84 - "Fiduciary Activities." The implementation of this Statement resulted in reporting certain activities as governmental activities. The District's governmental fund balance and net position at June 30, 2020 has been restated as follows:

Governmental Funds:

Fund balance at beginning of year, as previously stated	\$ 45,268,047
Extraclassroom	\$ 296,270
Student deposits	<u>19,872</u>
GASB Statement No. 84 implementation	<u>316,142</u>
Fund balance at beginning of year, as restated	\$ <u>45,584,189</u>

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$(101,296,087)
Extraclassroom	\$ 296,270
Student deposits	<u>19,872</u>
GASB Statement No. 84 implementation	<u>316,142</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(100,979,945)</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
Revenue:				
Local sources:				
Real property taxes	\$ 151,358,120	151,358,120	151,351,380	(6,740)
Non property taxes	1,143,750	1,143,750	1,685,344	541,594
Charges for services	785,800	785,800	793,840	8,040
Use of money and property	408,000	408,000	123,526	(284,474)
Sale of property and compensation for loss	25,000	25,000	134,241	109,241
Miscellaneous	320,000	320,000	556,972	236,972
State sources	<u>5,973,493</u>	<u>5,973,493</u>	<u>6,980,937</u>	<u>1,007,444</u>
Total revenue	160,014,163	160,014,163	161,626,240	1,612,077
Other financing sources:				
Transfers from other funds	932,153	932,153	160,633	(771,520)
Appropriated fund balance/ reserves	<u>1,750,000</u>	<u>4,313,507</u>	<u>-</u>	<u>(4,313,507)</u>
Total revenue and other financing sources	<u>\$ 162,696,316</u>	165,259,823	<u>161,786,873</u>	<u>(3,472,950)</u>
Prior year encumbrances		<u>1,506,211</u>		
Total revenue and other financing sources, including prior year encumbrances		<u>\$ 166,766,034</u>		

(Continued)

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund, Continued

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of Education	\$ 64,368	52,892	52,223	669	-
Central administration	562,132	550,741	550,534	207	-
Finance	1,239,346	1,262,888	1,243,110	19,012	766
Staff	956,283	1,043,312	1,020,636	22,676	-
Central services	13,516,546	14,202,134	13,630,754	231,568	339,812
Special services	2,188,515	2,344,223	2,338,053	3,678	2,492
Instruction:					
Instruction, administration and improvement	6,602,206	6,680,146	6,129,521	254,732	295,893
Teaching - regular school	58,763,158	59,781,350	58,894,749	373,414	513,187
Special apportionment programs	15,855,946	16,910,360	16,002,168	330,674	577,518
Instructional media	3,253,700	3,318,015	3,283,583	4,710	29,722
Pupil services	7,692,120	7,791,161	7,589,194	102,396	99,571
Community services	370,927	135,662	127,458	2,147	6,057
Pupil transportation	4,504,378	4,126,506	3,753,869	184,271	188,366
Employee benefits	36,395,437	37,083,352	36,816,045	265,732	1,575
Debt service	9,772,254	9,711,927	9,711,925	-	2
Total expenditures	161,737,316	164,994,669	161,143,822	1,795,886	2,054,961
Other financing uses - transfers to other funds	959,000	1,771,365	1,771,365	-	-
Total expenditures and other financing uses	\$ 162,696,316	166,766,034	162,915,187	1,795,886	2,054,961
Net change in fund balance			(1,128,314)		
Fund balance at beginning of year			26,664,738		
Fund balance at end of year			\$ 25,536,424		

Budget Basis of Accounting

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

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Changes in the District's  
 Total OPEB Liability and Related Ratios  
 June 30, 2021  
 (Dollar amount in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 10,179	9,556	7,859	9,961	9,487
Interest on total OPEB liability	6,083	6,644	7,053	6,226	5,905
Differences between actual and expected experience	(19,613)	-	(2,281)	-	-
Changes in benefit terms	(135)	-	(271)	-	-
Changes in assumptions	(15)	29,060	11,825	(20,600)	-
Benefit payments	<u>(6,325)</u>	<u>(5,913)</u>	<u>(5,597)</u>	<u>(4,420)</u>	<u>(4,713)</u>
Net change in total OPEB liability	(9,826)	39,347	18,588	(8,833)	10,679
Total OPEB liability - beginning	<u>256,641</u>	<u>217,294</u>	<u>198,706</u>	<u>207,539</u>	<u>196,860</u>
Total OPEB liability - ending	<u>\$ 246,815</u>	<u>256,641</u>	<u>217,294</u>	<u>198,706</u>	<u>207,539</u>
Covered employee payroll	\$ 81,143	75,247	75,247	72,898	72,898
Total OPEB liability as a percentage of covered employee payroll	304.17%	341.06%	288.77%	272.58%	284.70%

## Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1.90%	2.40%	3.10%	3.00%	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of District's Proportionate Share of the Net Pension Asset/Liability  
Year ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0478178%	0.0488625%	0.0490124%	0.0487797%	0.0512495%	0.0481908%	0.0492132%	0.0492132%
District's proportionate share of the net pension liability	\$ (47,614)	(12,939,076)	(3,472,678)	(1,574,340)	(4,815,520)	(7,734,751)	(1,662,543)	(2,223,876)
District's covered payroll	\$ 16,708,694	16,186,393	15,871,980	15,789,997	15,937,598	15,368,020	14,869,288	14,918,367
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.28%	79.94%	21.88%	9.97%	30.21%	50.33%	11.18%	14.91%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset (liability)	0.404271%	0.401132%	0.405983%	0.403894%	0.406346%	0.408725%	0.430549%	0.418135%
District's proportionate share of the net pension asset (liability)	\$ (11,171,107)	10,421,448	7,341,245	3,069,993	(4,352,138)	42,453,511	46,577,660	2,834,105
District's covered payroll	\$ 71,371,189	68,617,641	67,242,294	65,752,873	64,003,832	62,703,309	61,396,055	61,765,087
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.65%	15.19%	10.92%	4.67%	6.80%	67.71%	75.86%	4.59%
Plan fiduciary net position as a percentage of the total pension asset	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of District's Pension Contributions  
 Year ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,227,214	2,398,073	2,356,863	2,168,935	2,354,449	2,112,940	2,758,643	3,000,818	2,705,396	2,369,361
Contributions in relation to the contractually required contribution	<u>2,227,214</u>	<u>2,398,073</u>	<u>2,356,863</u>	<u>2,168,935</u>	<u>2,354,449</u>	<u>2,112,940</u>	<u>2,758,643</u>	<u>3,000,818</u>	<u>2,705,396</u>	<u>2,369,361</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 16,708,694	16,186,393	15,871,980	15,789,997	15,937,598	15,368,020	14,869,288	14,918,367	N/A	N/A
Contributions as a percentage of covered payroll	13.33%	14.82%	14.85%	13.74%	14.77%	13.75%	18.55%	20.11%	N/A	N/A

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 6,823,233	6,127,521	7,233,622	6,480,749	7,501,249	8,314,459	10,762,729	10,036,827	7,467,029	6,800,357
Contributions in relation to the contractually required contribution	<u>6,823,233</u>	<u>6,127,521</u>	<u>7,233,622</u>	<u>6,480,749</u>	<u>7,501,249</u>	<u>8,314,459</u>	<u>10,762,729</u>	<u>10,036,827</u>	<u>7,467,029</u>	<u>6,800,357</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 71,371,189	68,617,641	67,242,294	65,752,873	64,003,832	62,703,309	61,396,055	61,765,087	N/A	N/A
Contributions as a percentage of covered payroll	9.56%	8.93%	10.76%	9.86%	11.72%	13.26%	17.53%	16.25%	N/A	N/A

OTHER SUPPLEMENTARY INFORMATION

SCARSDALE UNION FREE SCHOOL DISTRICT  
 Other Supplementary Information  
 Schedule of Change from Adopted Budget to Final Budget  
 and the Real Property Tax Law Limit Calculation  
 Year ended June 30, 2021

Change from adopted budget to final budget:		
Original budget		\$ 162,696,316
Add prior year's encumbrances		<u>1,506,211</u>
Adopted budget		164,202,527
Budget revisions		<u>2,563,507</u>
Final budget		<u>\$ 166,766,034</u>
 <u>Section 1318 of Real Property Tax Law Limit Calculation:</u>		
2021-2022 voter approved expenditure budget		<u>\$ 166,862,755</u>
Maximum allowed 4% of 2021-2022 budget		<u>\$ 6,674,510</u>
 General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 4,020,886	
Unassigned fund balance	<u>6,648,395</u>	
Total unrestricted fund balance		10,669,281
 Less:		
Appropriated fund balance	2,225,000	
Encumbrances included in assigned fund balance	<u>1,795,886</u>	
Total adjustments		<u>4,020,886</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 6,648,395</u>
Actual percentage		3.98%

\* Per New York State Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Schedule of Project Expenditures - Capital Projects Fund  
Year ended June 30, 2021

<u>Project Title</u>	<u>Budget</u>	<u>Revised budget</u>	<u>Expenditures</u>		<u>Total</u>	<u>Unexpended balance</u>	<u>Local sources</u>	<u>Fund balance</u>
			<u>Prior years</u>	<u>Current year</u>				
High School Autoshop	\$ 300,000	150,000	-	-	-	150,000	-	150,000
\$18.12M Project	18,120,000	23,285,383	23,221,366	64,017	23,285,383	-	-	-
\$64.9M Project	64,867,577	64,867,577	30,650,046	21,053,270	51,703,316	13,164,261	-	13,164,261
Butler Field Lights	25,000	643,087	473,005	170,082	643,087	-	-	-
MS Main Elevator	150,000	191,442	-	100,000	100,000	91,442	-	91,442
HS Elevators	400,000	400,000	-	345,713	345,713	54,287	-	54,287
HS Auditorium	700,000	822,558	-	105,762	105,762	716,796	-	716,796
Computer Lease Payment	1,550,000	1,550,000	-	1,550,000	1,550,000	-	-	-
Garage Lease Payment	126,305	126,305	-	126,305	126,305	-	-	-
<b>Total</b>	<b>\$ 86,238,882</b>	<b>92,036,352</b>	<b>54,344,417</b>	<b>23,515,149</b>	<b>77,859,566</b>	<b>14,176,786</b>	-	14,176,786
							Unissued debt	(1,000,000)
								<b>\$ 13,176,786</b>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Net Investment in Capital Assets  
June 30, 2021

Capital assets, net		\$ 148,339,088
Add - unspent debt proceeds		15,896,283
Deduct:		
Short-term portion of leases payable	\$ 1,973,914	
Short-term portion of bonds payable	5,225,000	
Short-term portion of unamortized bond premiums	672,041	
Long-term portion of leases payable	2,973,214	
Long-term portion of bonds payable	58,435,000	
Long-term portion of unamortized bond premiums	<u>7,423,067</u>	<u>76,702,236</u>
Net investment in capital assets		<u>\$ 87,533,135</u>

SCARSDALE UNION FREE SCHOOL DISTRICT  
Federal Grant Compliance Audit  
June 30, 2021

SCARSDALE UNION FREE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education:</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-1097	\$ 899,220	79,350
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-21-1097	<u>22,230</u>	<u>11,844</u>
Total Special Education Cluster			921,450	91,194
English Language Acquisition State Grants	84.365	0293-21-3805	15,450	-
Supporting Effective Instruction State Grants	84.367	0147-20-3805	2,046	-
Supporting Effective Instruction State Grants	84.367	0147-21-3805	40,798	-
Student Support and Academic Enrichment Program	84.424	0204-20-3805	353	-
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-3805	<u>893</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 980,990</u>	<u>91,194</u>

See accompanying notes to schedule of expenditures of federal awards.

SCARSDALE UNION FREE SCHOOL DISTRICT  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2021

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

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

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District did not use indirect costs and therefore did not elect to use the 10% de minimis election.

**INDEPENDENT AUDITORS' 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**

The Board of Education  
Scarsdale Union Free School District:

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 Scarsdale Union Free School District (the District), as of and for the year ended June 30, 2021, and the related notes to the District's basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 15, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education  
Scarsdale Union Free School District:

Report on Compliance for Each Major Federal Program

We have audited Scarsdale Union Free School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the District's major federal program 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 (CFR) 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 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Scarsdale Union Free 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 its major federal program for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on the District's major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the District's 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 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, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
November 15, 2021

SCARSDALE CENTRAL SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2021

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified?  Yes  No
- 2. Significant deficiency(ies) identified not considered to be material weakness(es)?  Yes  None reported
- 3. Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified?  Yes  No
- 5. Significant deficiency(ies) identified not considered to be material weakness(es)?  Yes  None reported

Type of auditors' report issued on compliance for major programs: Unmodified

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)?  Yes  No

7. The District's major program audited was:

<u>Name of Federal Programs</u>	Assistance <u>Listing Number</u>
Special Education Cluster	84.027/84.173

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

9. Auditee qualified as low-risk auditee?  Yes  No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable finding and questioned costs.

SCARSDALE UNION FREE SCHOOL DISTRICT

Status of Prior Year Audit Findings

Year ended June 30, 2021

Reference: 2020-001

Condition - The District's unrestricted fund balance at June 30, 2020 after excluding amounts assigned for the subsequent year end and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2020, this portion of the District's unrestricted fund balance was \$6,965,343, which was 4.28% of the 2020-21 voter approved General Fund budget.

Status - For the year ended June 30, 2021, the portion of the District's unrestricted fund balance was \$6,648,395 which is 3.98% of the 2021-22 voter approved General Fund budget. This finding has been resolved.