

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

POCANTICO HILLS CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

I. INDEPENDENT AUDITOR’S REPORT, MANAGEMENT’S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

Independent Auditor’s Report

<u>Exhibit Number</u>		<u>Page</u>
1	Management’s Discussion and Analysis (Required Supplementary Information) (MD&A)	1 - 16
2	Statement of Net Position	17
3	Statement of Activities	18
4	Balance Sheet – Governmental Funds	19
5	Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	20
6	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
7	Reconciliation of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
8	Notes to Financial Statements	23 - 55

II. REQUIRED SUPPLEMENTARY INFORMATION

SS1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	56 - 57
SS2	Schedule of Changes in the District’s Total Other Post-Employment Benefits Liability and Related Ratios	58
SS3	Schedule of District’s Proportionate Share of the Net Pension Liability	59
SS4	Schedule of District’s Contributions	60

III. OTHER SUPPLEMENTARY INFORMATION

SS5	Schedule of Change from Adopted Budget to Final Budget – General Fund and Section 1318 of Real Property Tax Law Limit Calculation	61
SS6	Schedule of Project Expenditures - Capital Projects Fund	62
SS7	Net Investment in Capital Assets	63

IV. INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Pocantico Hills Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pocantico Hills Central School District (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis on Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 7, 2021

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Pocantico Hills Central School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions and conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the school district's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The District's Fund Financial Statements report a combined ending fund balance of \$33,026,559, which is an increase of \$4,140,287 over the prior year. This was due to an excess of revenues and other financing sources over expenditures and other financing uses based on the modified accrual basis of accounting. This includes funds that have been assigned or restricted for a particular purpose as well as funds that are unassigned.
- The District's total net position, as reflected in the District-Wide Financial Statements, increased by \$2,223,839. This was due to revenues exceeding expenses based on the accrual basis of accounting.
- The District's total net position at June 30, 2020 was restated and increased by \$40,181, which was due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- New York State Law limits the amount of assigned and unassigned fund balance, excluding encumbrances and amounts designated for the subsequent year's budget, which can be retained by the general fund up to 4.00% of the ensuing year's budget. At the end of the current fiscal year, this amount for the general fund was \$1,210,989 or 4.00%, and is therefore within the statutory limit.
- The District is a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. To offset these challenges to the assessment rolls and the potential payment of tax refunds, the District maintains a tax certiorari reserve fund. During the 2020-2021 school year the Board of Education settled several tax certiorari claims totaling approximately \$118,457. The Board of Education decreased the tax certiorari reserve by approximately \$4.9 million from the unexpended portion of the 2020-2021 budget, bringing the total for the fiscal year ended June 30, 2021 to \$9,134,362.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief Program (ESSER) and the Governor's Emergency Education Relief Program (GEER) in the amount of \$34,513. At June 30, 2021 the District reported \$6,902 in collections in advance related to these grants. The total amount of \$34,513 is expected to be recorded in revenue in the 2021-22 year when the associated expenditures are incurred.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The District applied for additional funding under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amount of \$160,794 through the Elementary and Secondary School Emergency Relief Program (ESSER), which was approved in July of 2021.
- On July 1, 2020, \$8,005,000 in general obligation bonds with an interest rate of 5.00% were issued to advance refund \$9,680,000 of 2010 outstanding bonds with an interest rate of 2.00%-4.50%. The net proceeds of \$9,732,614 (after premium received of \$1,847,762 and payment of \$120,148 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. The District advance refunded the 2010 bonds to reduce its total debt service payments over the next 10 years by \$1,589,652 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,521,687.
- On May 27, 2021, the District received voter approval for the establishment of a new ten-year capital reserve II pursuant to Section 3651 of the Education Law, with a maximum funding amount of \$10,000,000 to be used for renovations and additions to all District facilities.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

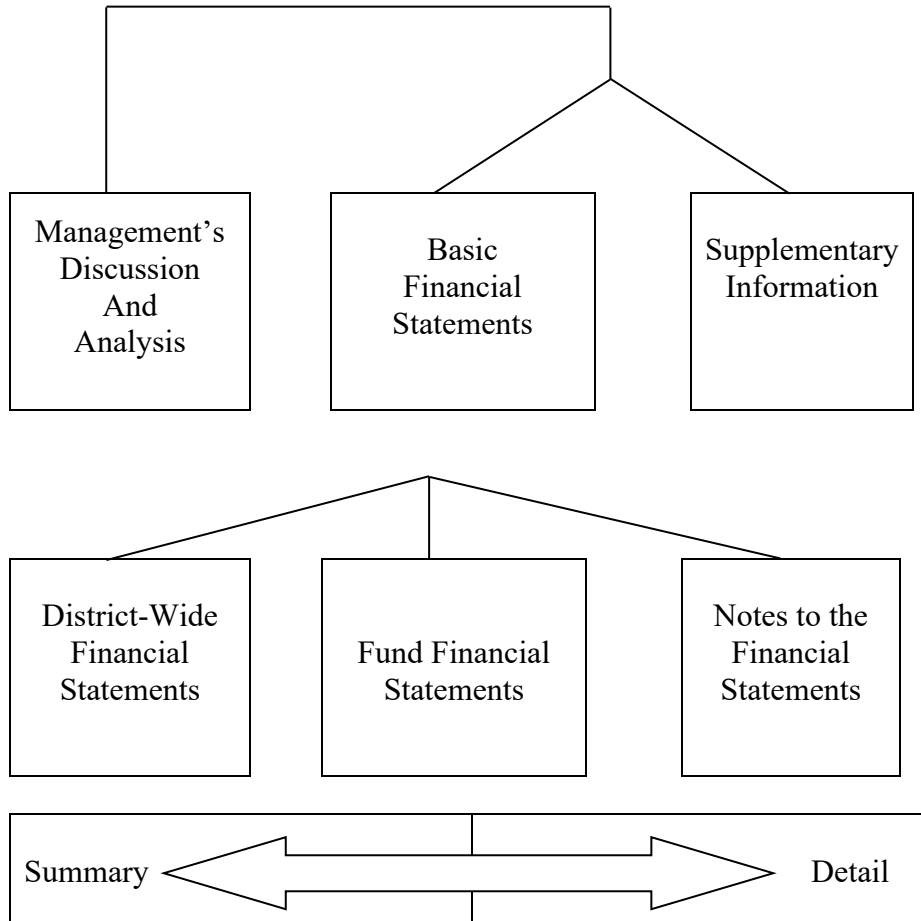
This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements, Exhibits 2 and 3, are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The following table shows how the various parts of this annual report are arranged and related to one another.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Organization of the District’s Annual Financial Report



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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire entity	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

A. District-Wide Financial Statements

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

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

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

B. Fund Financial Statements

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

The District has one kind of fund:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the Governmental Funds Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund, and the debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Current assets, liabilities, and unrestricted net position for 2020 have been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. This statement eliminates the trust and agency and private purpose trust funds and now records those activities in the general fund and miscellaneous special revenue fund. See footnote 20 for further information.

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and other assets	\$ 30,770,371	\$ 30,591,293	\$ 179,078
Current liabilities	1,855,703	1,716,806	138,897
Net position			
Restricted	18,861,204	18,835,322	25,882
Unrestricted (deficit)	(27,184,641)	(27,198,940)	14,299
Total net position (deficit)	(1,735,739)	(1,775,920)	40,181

The District's total net position increased by \$2,223,839 in the fiscal year ended June 30, 2021, as detailed in the table that follows.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$ 35,636,356	\$ 30,770,371	\$ 4,865,985	15.81%
Capital assets, net	16,350,990	16,272,698	78,292	0.48%
Net pension asset, proportionate share	<u>51,987,346</u>	<u>905,069</u>	<u>(905,069)</u>	-100.00%
Total Assets	51,987,346	47,948,138	4,039,208	8.42%
Deferred outflows of resources	<u>12,491,915</u>	<u>11,145,179</u>	<u>1,346,736</u>	12.08%
Total assets and deferred outflows of resources	<u>64,479,261</u>	<u>59,093,317</u>	<u>5,385,944</u>	9.11%
Current liabilities	2,625,037	1,855,703	769,334	41.46%
Long-term liabilities	<u>50,536,463</u>	<u>56,081,982</u>	<u>(5,545,519)</u>	-9.89%
Total Liabilities	53,161,500	57,937,685	(4,776,185)	-8.24%
Deferred inflows of resources	<u>10,829,661</u>	<u>2,891,371</u>	<u>7,938,290</u>	274.55%
Total liabilities and deferred inflows of resources	<u>63,991,161</u>	<u>60,829,056</u>	<u>3,162,105</u>	5.20%
Net Position				
Net investment in capital assets	7,415,857	6,587,698	828,159	12.57%
Restricted	24,832,651	18,861,204	5,971,447	31.66%
Unrestricted (deficit)	<u>(31,760,408)</u>	<u>(27,184,641)</u>	<u>(4,575,767)</u>	-16.83%
Total Net Position (Deficit)	<u>\$ 488,100</u>	<u>\$ (1,735,739)</u>	<u>\$ 2,223,839</u>	128.12%

Current and other assets increased by \$4,865,985 as compared to the prior year. This increase is primarily related to an increase in cash and due from other governments offset by a decrease in state and federal aid receivables.

Capital assets (net of depreciation) increased by \$78,292, as compared to the prior year. This increase is primarily due to the current year's capital asset additions offset by the current year depreciation.

The net pension asset – proportionate share for the teachers' retirement system decreased by \$905,069 as a result of changes in the actuarial valuation provided by the state. The change in deferred outflows of resources represents amortization of the deferred amounts on refunding, as discussed in Note 13, amortization of pension related items, as well as the change in the District's contributions to the plans subsequent to the measurement date, as discussed in Note 14, as well as the amortization of deferred outflows related to the total other post-employment benefits obligation, as discussed in Note 16.

Current liabilities increased by \$769,334 as compared to the prior year. This increase is primarily related to increases in accounts payable, accrued liabilities, due to teachers' retirement system, due to employees' retirement system, and collections in advance, offset by decrease in due to other governments.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term liabilities decreased by \$5,545,519, as compared to the prior year. This decrease is primarily due to decreases in the net pension liability – proportionate share – for employees' retirement system, other post-employment benefits obligation, and bonds payable, offset by an increase in the net pension liability – proportionate share – for the teachers' retirement system.

The change in deferred inflows of resources represents amortization of pension related items, as discussed in Note 14, and the amortization of deferred inflows related to the total other post-employment benefits obligation, as discussed in Note 16.

The net investment in capital assets of \$7,415,857 is the investment in capital assets at cost, such as land, construction in progress, buildings and improvements, and machinery and equipment, net of depreciation and related debt. This increase of \$828,159, as compared to the prior year is due to current year capital asset additions and capital outlay and principal payments on serial bonds, offset by current year's depreciation.

The restricted net position at June 30, 2021, relates to the District's reserves and restricted amounts. Restricted net position increased by \$5,971,447 primarily due to an increase in the retirement contribution, and capital projects reserves, offset by a decrease in the employee benefit accrued liability reserve, and the tax certiorari.

The unrestricted deficit in the amount of \$31,760,408 relates to the balance of the District's net position. The unrestricted deficit increased by \$4,575,767.

B. Changes in Net Position

Prior year revenue for charges for services and operating grants and contributions, and instructional expenses were increased due to the implementation of GASB Statement No. 84, *Fiduciary Activities*.

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Charges for services	\$ 441,320	\$ 440,861	\$ 459
Operating grants and contributions	393,862	380,370	13,492
Expenses			
Instruction	21,412,219	21,410,889	1,330

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

Change in Net Position from Operating Results Governmental Activities Only

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

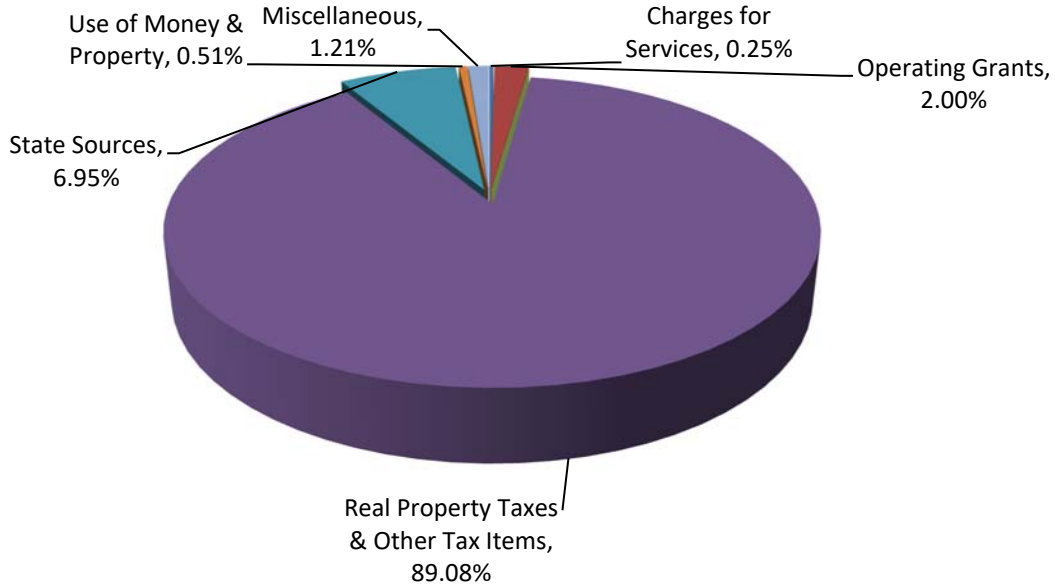
	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 75,749	\$ 441,320	\$ (365,571)	-82.84%
Operating Grants and Contributions	611,508	393,862	217,646	55.26%
General Revenues				
Real Property Taxes & Other Tax Items	27,211,892	26,991,806	220,086	0.82%
Use of Money & Property	155,322	467,862	(312,540)	-66.80%
Miscellaneous	368,342	426,784	(58,442)	-13.69%
State Sources	2,124,366	2,964,840	(840,474)	-28.35%
Total Revenues	<u>30,547,179</u>	<u>31,686,474</u>	<u>(1,139,295)</u>	-3.60%
Expenses				
General Support	5,285,991	5,101,876	184,115	3.61%
Instruction	19,705,711	21,412,219	(1,706,508)	-7.97%
Pupil Transportation	2,245,441	2,139,903	105,538	4.93%
Community services	496,535	1,047,200	(550,665)	-52.58%
Debt Service - Interest	202,763	411,802	(209,039)	-50.76%
Food Service Program	386,899	275,780	111,119	40.29%
Total Expenses	<u>28,323,340</u>	<u>30,388,780</u>	<u>(2,065,440)</u>	-6.80%
Increase (Decrease) in Net Position	<u>\$ 2,223,839</u>	<u>\$ 1,297,694</u>	<u>\$ 926,145</u>	71.37%

The District's total fiscal year 2021 revenues totaled \$30,547,179. Real property taxes and state sources accounted for most of the District's revenue by contributing 89.08% and 6.95%, respectively of total revenue. The remainder came from fees charges for services, operating grants and contributions, use of money and property, and other miscellaneous sources. Total revenues decreased by \$1,139,295 or 3.60%.

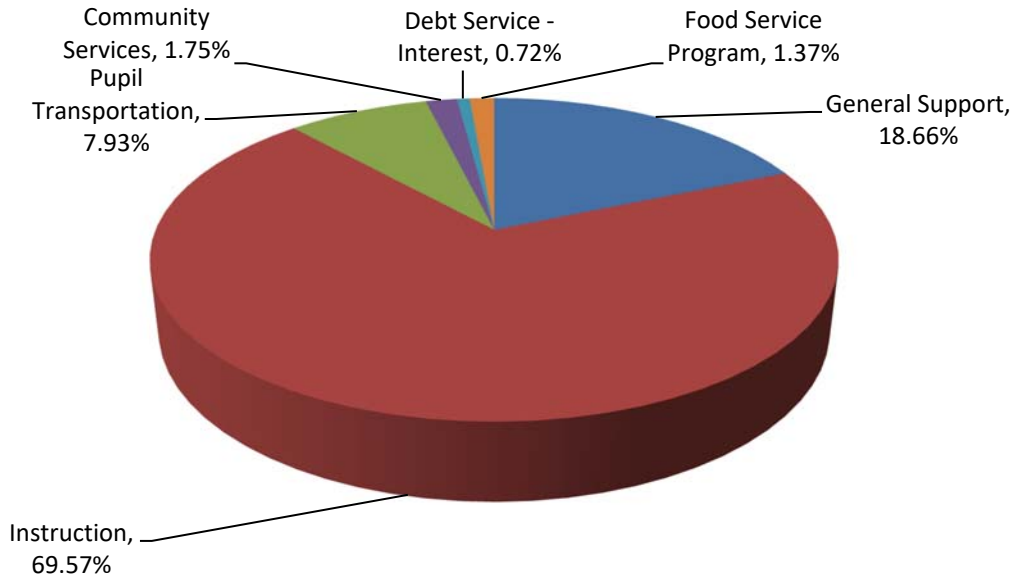
The total cost of all programs and services totaled \$28,323,340 for fiscal year 2021. These expenses are predominantly related to instruction, which account for 69.57% of District expenses. The District's general support activities accounted for 18.66% of total costs. Total expenses decreased by \$2,065,440 or 6.80%.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues for Fiscal Year 2021



Expenses for Fiscal Year 2021



**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$33,026,559 which is an increase of \$4,140,287 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for scholarships and donations and extraclassroom activities due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Footnote 20.

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for tax certiorari	\$9,134,362	\$14,224,327	(\$5,089,965)	-35.78%
Restricted for retirement contribution				
Employees' retirement system	867,151	671,601	195,550	29.12%
Teachers' retirement system	445,999	325,734	120,265	36.92%
Restricted for employee benefit accrued liability	793,318	802,870	(9,552)	-1.19%
Restricted for unemployment	50,000	50,000	-	0.00%
Restricted for capital	13,516,698	2,760,790	10,755,908	389.60%
Assigned - general support	940,675	586,590	354,085	60.36%
Assigned - instruction	997,630	358,322	639,308	178.42%
Assigned - pupil transportation	57,325	45,894	11,431	24.91%
Assigned - community service	31,163	8,745	22,418	256.35%
Assigned - employee benefits	3,562	5,643	(2,081)	-36.88%
Assigned - interfund transfers	21,692		21,692	N/A
Unassigned	1,210,989	3,419,980	(2,208,991)	-64.59%
Total Fund Balance - General Fund	<u>\$28,070,564</u>	<u>\$23,260,496</u>	<u>\$4,810,068</u>	20.68%
School Lunch Fund				
Nonspendable	\$4,484	\$6,572	(\$2,088)	-31.77%
Assigned - unappropriated	(35,677)	66,707	(102,384)	-153.48%
Total Fund Balance - School Lunch Fund	<u>(\$31,193)</u>	<u>\$73,279</u>	<u>(\$104,472)</u>	-142.57%
Miscellaneous Special Revenue Fund				
Restricted - Scholarships and donations	\$25,123	\$25,882	(\$759)	-2.93%
Assigned unappropriated - extraclassroom	1,958	2,029	(71)	-3.50%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$27,081</u>	<u>\$27,911</u>	<u>(\$830)</u>	-2.97%
Capital Projects Fund				
Restricted	\$4,960,107	\$5,524,586	(\$564,479)	-10.22%
Total Fund Balance - Capital Projects Fund	<u>\$4,960,107</u>	<u>\$5,524,586</u>	<u>(\$564,479)</u>	-10.22%
 Total Fund Balance - All Funds	 <u>\$33,026,559</u>	 <u>\$28,886,272</u>	 <u>\$4,140,287</u>	 14.33%

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A) General Fund

The net increase in fund balance of \$4,810,068 can be attributable to total revenues of \$29,941,609 exceeding expenditures and other financing uses of \$25,131,541.

B) School Lunch Fund

The net decrease in fund balance of \$104,472 is primarily attributable to an operating loss of \$204,471 offset by a transfer from the general fund in the amount of \$100,000.

C) Miscellaneous Special Revenue Fund:

The fund balance in the miscellaneous special revenue fund decreased \$830 due to current year expenditures of \$996 for scholarships and awards exceeding current year revenues of \$166 for monies collected for scholarships.

D) Capital Projects Fund

The fund balance in the capital projects fund decreased \$564,479 due to expenditures exceeding other financing sources. The capital projects fund had received \$250,000 in general fund budgetary appropriation transfers and had \$814,479 in capital outlay.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was \$31,121,362. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,005,195, and use of the tax certiorari reserve of \$118,457, bringing the final budget to \$32,245,284. The majority of the funding was from real property taxes of \$25,467,407.

B. Change in the General Fund Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance is demonstrated through a comparison of the actual revenues and expenditures for the year as compared to the budget. The chart presented immediately below provides the change in the unassigned fund balance.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Opening, unassigned fund balance, as restated	\$ 3,419,980
Revenues under budget	(1,180,023)
Expenditures and encumbrances under budget	5,061,696
Interest allocated to reserves	(22,471)
Use of reserves	10,200
Funding to reserves	<u>(6,078,393)</u>
Closing, unassigned fund balance	<u>\$ 1,210,989</u>

The opening unassigned fund balance of \$3,419,980 is the June 30, 2020 unassigned fund balance, as restated.

The revenues under budget of \$1,180,023 were primarily in charges for services, use of money and property, and other state aid. Please see Supplemental Schedule #1 for further detail.

The expenditures and encumbrances under budget of \$5,061,696 represent savings across the budget but were primarily attributable to general support and instruction.

Interest of \$22,471 was allocated to the reserves as follows: \$17,703 to the tax certiorari reserve, \$648 to the employee benefit accrued liability reserve, \$3,309 to the capital reserve and \$811 to the retirement contribution reserves.

The District utilized \$10,200 of the employee benefit accrued liability reserve to offset current year retirement payouts for retirees’ accrued sick and vacation time.

The District funded the reserves in the amount of \$6,078,393 as follows: \$2,250,000 to the capital reserve I, \$3,513,389 to the capital reserve II, \$195,004 to the retirement contribution reserve for the employees’ retirement system, and \$120,000 to the retirement contribution reserve for the teachers’ retirement system. In addition, the District transferred \$4,989,211 from the tax certiorari reserve to the capital reserve I. This transfer resulted in no net effect on ending unassigned fund balance.

The District will close the 2020-2021 fiscal year with \$1,210,989 in unassigned fund balance. NYS Real Property Tax Law § 1318 restricts this number to an amount not greater than 4% of the District’s budget for the ensuing fiscal year. The District’s unassigned fund balance is within this legal limit.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The District paid for equipment and various building additions and renovations during fiscal year 2021. A summary of the District’s capital assets net of depreciation are as follows:

Capital Assets (Net of Depreciation)

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Land	\$599,300	\$599,300	\$ -	0.00%
Construction in progress	750,625	12,730	737,895	5796.50%
Buildings & building improvements	27,463,421	27,386,837	76,584	0.28%
Furniture & equipment	1,699,072	1,504,273	194,799	12.95%
Licensed vehicles	1,895,617	1,770,033	125,584	7.10%
Subtotal	32,408,035	31,273,173	1,134,862	3.63%
Less: Accumulated Depreciation	16,057,045	15,000,475	1,056,570	7.04%
Total Net Capital Assets	\$16,350,990	\$16,272,698	\$78,292	0.48%

The District had capital asset additions of \$309,322 in the general fund, \$11,061 in the school lunch fund, and capital outlay of \$814,479 from the capital projects fund. See Note 9 to the financial statements for further detail.

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$7,315,000. During the 2021 fiscal year, the District reduced existing debt by advance refunding \$9,685,000 of outstanding bonds, in addition to current year principal payments of \$690,000. More detailed information about the District's long-term debt is presented in the Note 12 to the financial statements.

A summary of outstanding debt at June 30, 2021 and 2020 is as follows:

	Fiscal Year 2021	Fiscal Year 2020	Increase/ Decrease
Bonds payable:			
Construction bond 2010		\$9,685,000	(9,685,000)
Refunded construction bond 2020	\$7,315,000		7,315,000
Total bonds payable	\$7,315,000	\$9,685,000	(\$2,370,000)

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A)** The general fund budget for the 2021-2022 school year in the amount of \$30,274,775 was approved by voters. This represents a decrease of \$846,857 or 2.72% over the previous year's budget.
- B)** Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

- C) The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education

8. CONTACTING THE DISTRICT

This financial report is designed to provide the citizens, taxpayers, customers and investors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Mr. Michael B. Vanyo
Assistant Superintendent for Business and Operations
599 Bedford Road
Sleepy Hollow, NY 10591
(914)-631-2440

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	\$9,143,491
Restricted	24,832,651
Receivables	
State and federal aid	821,592
Due from other governments	754,527
Accounts receivable	79,611
Inventories	4,484
Non-current assets	
Capital assets not being depreciated	1,349,925
Capital assets being depreciated, net of accumulated depreciation	15,001,065
TOTAL ASSETS	<u>51,987,346</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	42,853
Pensions	4,995,232
Other post-employment benefits obligation	7,453,830
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,491,915</u>
LIABILITIES	
Payables	
Accounts payable	885,753
Accrued liabilities	92,010
Accrued interest payable	15,240
Due to other governments	496,899
Due to teachers' retirement system	672,849
Due to employees' retirement system	106,054
Unearned credits	
Collections in advance	356,232
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of premiums)	899,776
Due and payable after one year	
Bonds payable (inclusive of premiums)	8,078,210
Due and payable within one year	
Compensated absences payable	17,397
Due and payable within one year	
Compensated absences payable	216,246
Total other post-employment benefits obligation	40,364,680
Net pension liability - proportionate share - employees' retirement system	7,735
Net pension liability - proportionate share - teachers' retirement system	952,419
TOTAL LIABILITIES	<u>53,161,500</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,816,941
Other post-employment benefits obligation	8,012,720
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,829,661</u>
NET POSITION	
Net investment in capital assets	<u>7,415,857</u>
Restricted	
Tax certiorari	9,134,362
Retirement contribution	1,313,150
Employee benefit accrued liability	793,318
Unemployment	50,000
Capital	13,516,698
Scholarships and donations	25,123
	<u>24,832,651</u>
Unrestricted (Deficit)	<u>(31,760,408)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$488,100</u>

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS / PROGRAMS				
General support	(\$5,285,991)			(\$5,285,991)
Instruction	(19,705,711)	\$39,117	\$464,093	(19,202,501)
Pupil transportation	(2,245,441)			(2,245,441)
Community services	(496,535)			(496,535)
Debt service-interest	(202,763)			(202,763)
Food service program	(386,899)	36,632	147,415	(202,852)
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$28,323,340)</u>	<u>\$75,749</u>	<u>\$611,508</u>	<u>(27,636,083)</u>
 GENERAL REVENUES				
Real property taxes				25,149,780
Other tax items - including STAR reimbursement				2,062,112
Use of money & property				155,322
Miscellaneous				368,342
State sources				2,124,366
TOTAL GENERAL REVENUES				<u>29,859,922</u>
 CHANGE IN NET POSITION				2,223,839
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)				<u>(1,735,739)</u>
 TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u><u>\$488,100</u></u>

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$4,145,309	\$33,077		\$1,958	\$4,963,147		\$9,143,491
Restricted	24,807,528			25,123			24,832,651
Receivables							
State and federal aid	447,272	352,863	\$21,457				821,592
Due from other governments	754,527						754,527
Due from other funds	170,999	3,308					174,307
Accounts receivable	74,204		5,407				79,611
Inventories			4,484				4,484
TOTAL ASSETS	\$30,399,839	\$389,248	\$31,348	\$27,081	\$4,963,147	\$ -	\$35,810,663
LIABILITIES AND FUND BALANCES							
Payables							
Accounts payable	\$607,852	\$226,230	\$50,798		\$873		\$885,753
Accrued liabilities	92,010						92,010
Due to other governments	496,899						496,899
Due to other funds	3,308	163,018	5,814		2,167		174,307
Due to teachers' retirement system	672,849						672,849
Due to employees' retirement system	106,054						106,054
Compensated absences							-
Unearned Credits							
Collections in advance	350,303		5,929				356,232
TOTAL LIABILITIES	2,329,275	389,248	62,541	-	3,040	-	2,784,104
FUND BALANCES							
Nonspendable: Inventory			4,484				4,484
Restricted							
Tax certiorari	9,134,362						9,134,362
Retirement contribution							
Employees' retirement system	867,151						867,151
Teachers' retirement system	445,999						445,999
Employee benefit accrued liability	793,318						793,318
Unemployment	50,000						50,000
Capital	13,516,698						13,516,698
Scholarships and donations				\$25,123			25,123
Assigned							
Appropriated fund balance							
Unappropriated fund balance	2,052,047			1,958	4,960,107		7,014,112
Unassigned	1,210,989		(35,677)				1,175,312
TOTAL FUND BALANCES	28,070,564	-	(31,193)	27,081	4,960,107	-	33,026,559
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$30,399,839	\$389,248	\$31,348	\$27,081	\$4,963,147	\$ -	\$35,810,663

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$ 33,026,559

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

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

Original cost of capital assets	\$ 32,408,035	
Accumulated depreciation	<u>(16,057,045)</u>	16,350,990

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions, OPEB, and deferred amounts on refunding that will be recognized as expenditures in future periods amounted to:

Deferred outflows of resources related to deferred amounts on refunding	\$ 42,853	
Deferred outflows of resources related to pensions	4,995,232	
Deferred outflows of resources related to total OPEB liability	<u>7,453,830</u>	12,491,915

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pensions and OPEB that will be recognized as a reduction in future expenses amounted to:

Deferred inflows of resources related to pensions	\$ (2,816,941)	
Deferred inflows of resources related to total OPEB liability	<u>(8,012,720)</u>	(10,829,661)

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of: (15,240)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	\$ (8,977,986)	
Compensated absences payable	(233,643)	
Total other post-employment benefits obligation	(40,364,680)	
Net pension liability - proportionate share - employees' retirement system	(7,735)	
Net pension liability - proportionate share - teachers' retirement system	<u>(952,419)</u>	<u>(50,536,463)</u>

Total Net Position \$ 488,100

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals Governmental Funds</u>
REVENUES							
Real property taxes	\$25,149,780						\$25,149,780
Other tax items - including STAR reimbursement	2,062,112						2,062,112
Charges for services	39,117						39,117
Use of money and property	155,306			\$16			155,322
Miscellaneous	366,496		\$1,846	150			368,492
State sources	2,168,798	\$53,124	3,232				2,225,154
Federal sources		410,819	135,033				545,852
Surplus food			9,150				9,150
Sales			36,632				36,632
TOTAL REVENUES	<u>29,941,609</u>	<u>463,943</u>	<u>185,893</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>30,591,611</u>
EXPENDITURES							
General support	3,931,014						3,931,014
Instruction	13,553,568	467,251		996			14,021,815
Pupil transportation	1,307,876						1,307,876
Community service	434,385						434,385
Employee benefits	4,477,817		75,404				4,553,221
Debt service - principal	690,000						690,000
Debt service - interest	383,573						383,573
Cost of sales			314,960				314,960
Capital outlay					\$814,479		814,479
TOTAL EXPENDITURES	<u>24,778,233</u>	<u>467,251</u>	<u>390,364</u>	<u>996</u>	<u>814,479</u>	<u>-</u>	<u>26,451,323</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	5,163,376	(3,308)	(204,471)	(830)	(814,479)	-	4,140,288
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in		3,308	100,000		250,000		353,308
Operating transfers (out)	(353,308)						(353,308)
Proceeds from advanced refunding						\$8,005,000	8,005,000
Bond Premium						1,847,762	1,847,762
Bond issuance costs						(120,148)	(120,148)
Payment to refund bond escrow agent						(9,732,614)	(9,732,614)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(353,308)</u>	<u>3,308</u>	<u>100,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,810,068		(104,471)	(830)	(564,479)	-	4,140,288
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)	<u>23,260,496</u>		<u>73,278</u>	<u>27,911</u>	<u>5,524,586</u>		<u>28,886,271</u>
FUND BALANCES - END OF YEAR	<u>\$28,070,564</u>	<u>\$ -</u>	<u>(\$31,193)</u>	<u>\$27,081</u>	<u>\$4,960,107</u>	<u>\$ -</u>	<u>\$33,026,559</u>

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances		\$4,140,288
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
<p>In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2021 changed by:</p>		
	48,103	
<p>Changes in the proportionate share of net pension asset/liability, total other post-employment benefits obligation and related deferred inflows and outflows of resources reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
Teachers' retirement system	(\$691,194)	
Employees' retirement system	141,831	
Other post-employment benefits obligation	<u>(2,199,711)</u>	(2,749,074)
<p>Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.</p>		
		(44,432)
Long-Term Debt Transactions		
<p>Governmental funds report premiums, discounts, and similar items on bonds when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2021 was:</p>		
Bond premiums	\$184,776	
Deferred charges - bond refundings	<u>(4,762)</u>	180,014
<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		690,000
<p>Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by:</p>		
		796
<p>Bond issuance costs related to the refunding of debt are expensed in the current year. The amount of bond issuance costs related to the refunding that occurred during June 30, 2021 fiscal year was:</p>		
		(120,148)
Capital Related Items		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities</p>		
Capital outlays	\$1,134,862	
Depreciation expense	<u>(1,056,570)</u>	<u>78,292</u>
Change in Net Position		<u><u>\$2,223,839</u></u>

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Pocantico Hills Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s reporting entity.

B) Joint venture:

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

BOCES is 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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

i) District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. 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, if applicable.

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

ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations for scholarships and awards. Other activities included in this fund are extraclassroom activities.

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

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

D) Measurement focus and basis of accounting:

The District-Wide Financial Statements is 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E) Real property taxes:

i) Calendar

Real property taxes are levied annually by the Board of Education and attached as an enforceable lien on real property as of July 1st and are payable in September and January.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ii) Enforcement

The Town of Greenburgh and the Town of Mount Pleasant, which are included in this levy, are responsible for the billing and collection of the taxes. The towns guarantee the full payment of the District tax warrant, assume responsibility for the uncollected taxes and remit final payments to the District no later than the forthcoming.

F) Restricted resources:

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

G) Interfund transactions:

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

In the District-Wide Financial Statements eliminations have been made for all interfund receivables and payables between the funds.

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

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, workers compensation claims, tax certiorari claims, net pension liabilities, potential contingent liabilities and useful lives of capital assets.

I) Cash and investments:

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

J) Receivables:

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

K) Prepaid items and inventories:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenses/expenditures at the time of purchase, and are considered immaterial in amount.

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

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

The District had no prepaid items at June 30, 2021.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at acquisition value at the time received.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Licensed vehicles	\$500	straight line	8 years
Buildings and building improvements	\$500	straight line	50 years
Furniture, equipment and vehicles	\$500	straight line	5-20 years

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

M) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2021 consisted of summer camp tuition and the CARES ACT in the general fund and prepaid balances for meals in the school lunch fund.

N) Deferred outflows and inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The District reported \$42,853 of deferred outflows of resources at June 30, 2021 representing the financial effect of deferred charges on the advance refunding of general obligation serial bonds. A deferred charge results from the difference in the net carrying value of the refunded debt over its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, which is detailed further in Note 13. The District additionally reported amounts related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, which are detailed further in Notes 14 and 16.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and other post-employment benefits liability, which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16.

O) Vested employee benefits:

Compensated absences:

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

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

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

In the Fund Financial Statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure as the liabilities for premiums mature (come due for payments). In the District-Wide Financials Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Q) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities 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 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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue dated.

R) Accrued liabilities and long-term obligations:

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

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

S) Equity classifications:

District-Wide Financial Statements:

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

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

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

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

i) Fund Financial Statements:

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

- 1) Non-spendable 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. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$4,484.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- 2) **Restricted fund balance** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

Tax Certiorari

Tax certiorari reserve (EL§3651.1-a), must be used to establish a reserve fund for tax certiorari and to expend 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. This reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Unemployment Insurance Reserve

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

Capital Reserve

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

Scholarships and Donations

Amounts restricted for scholarships and donations are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted in the miscellaneous special revenue fund.

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). The District has no committed fund balances 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. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. The District has established a Fund Balance policy that allows the Board of Education to set forth the fund balance that is assigned. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

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

The school lunch fund has an unassigned deficit fund balance of \$35,677.

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

assigned fund balance are also excluded from the 4% limitation. The District's unassigned fund balance in the general fund at June 30, 2021 is within the legal limit.

Fund Balance Classification

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

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

Order of Use of Fund Balance

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

T) New accounting pronouncements:

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. See Note 20 for further consideration.

U) Future accounting pronouncements:

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

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

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

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

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5

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

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

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 amounts assigned in the fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (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.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

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

B) Restricted Cash and Cash Equivalents:

Restricted cash and equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2021 included \$24,832,651 within the governmental funds for general and capital reserve purposes, and scholarships and donations.

C) Investments:

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

D) Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2021, the District held \$160,674 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2021 are \$2,312,707,557, which consisted of \$371,757,843 in repurchase agreements, and \$1,940,950,074 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2021 are \$1,057,257,103.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 143,767	\$ 143,767
Special Aid Fund	3,296	3,296
Misellaneous Special Revenue Funds	13,611	13,611
	<u>\$ 160,674</u>	<u>\$ 160,674</u>

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website, www.newyorkclass.org, or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the year ended June 30, 2021, the District was billed \$1,850,528 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$325,002. Financial statements for the Southern Westchester BOCES are available from the BOCES administrative office located at 17 Berkeley Drive, Rye Brook, NY 10573.

NOTE 6 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2021 consisted of the following:

Southern Westchester BOCES aid	\$ 158,145
Westchester County sales tax	107,153
Town of Mt. Pleasant - PILOT	471,943
New York State unemployment insurance	17,286
Total Due from other governments	<u>\$ 754,527</u>

District management has deemed these amounts to be fully collectible.

NOTE 7 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2021 consisted of the following:

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

General Fund	
Excess cost aid	\$ 57,606
Incarcerated youth aid	<u>389,666</u>
Total - General fund	<u>447,272</u>
Special Aid Fund	
Federal grants	331,263
State grants	<u>21,600</u>
Total - Special aid fund	<u>352,863</u>
School Lunch Fund	
Federal grants	20,671
State grants	<u>786</u>
Total - School lunch fund	<u>21,457</u>
Total - All Funds	<u>\$ 821,592</u>

District management has deemed these amounts to be fully collectible.

NOTE 8 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2021 consisted of the following:

General Fund	
Summer camp tuition	\$343,401
CARES ACT	<u>6,902</u>
Total - General Fund	<u>350,303</u>
School Lunch Fund	
Student prepaid meals	<u>5,929</u>
Total - All Funds	<u><u>\$356,232</u></u>

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 9 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$599,300			\$599,300
Construction in progress	12,730	\$814,479	(\$76,584)	750,625
Total capital assets not being depreciated	612,030	814,479	(76,584)	1,349,925
Capital assets being depreciated:				
Building & building Improvements	27,386,837		76,584	27,463,421
Furniture and equipment	1,504,273	194,799		1,699,072
Licensed vehicles	1,770,033	125,584		1,895,617
Total capital assets being depreciated	30,661,143	320,383	76,584	31,058,110
Less accumulated depreciation:				
Building & improvements	12,810,890	830,570		13,641,460
Furniture and equipment	1,027,143	80,967		1,108,110
Licensed vehicles	1,162,442	145,033		1,307,475
Total accumulated depreciation	15,000,475	1,056,570	-	16,057,045
Total capital assets being depreciated, net	15,660,668	(736,187)	76,584	15,001,065
Total capital assets, net	\$16,272,698	\$78,292	\$ -	\$16,350,990

Depreciation expense was charged to government functions as follows:

Instruction	\$790,978
General support	59,107
Food service program	7,556
Transportation	132,318
Community services	66,611
Total depreciation expense	\$1,056,570

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$170,999	\$3,308		\$353,308
Special aid fund	3,308	163,018	\$3,308	
School lunch fund		5,814	100,000	
Capital projects fund		2,167	250,000	
Total government activities	<u>\$174,307</u>	<u>\$174,307</u>	<u>\$353,308</u>	<u>\$353,308</u>

The District typically transfers from the general fund to the special aid fund to fund the District’s share of the costs for summer program for students with disabilities. The District transfers from the general fund to the school lunch fund to subsidize the school lunch fund operations. The District transfers from the general fund to the capital projects fund to fund capital expenditures.

NOTE 11 – SHORT-TERM LIABILITIES:

The District did not issue or redeem any short-term debt during the year.

NOTE 12 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Additions	Reductions	Balance June 30,2021	Amounts Due within one year
Bonds payable					
Construction bonds payable	\$ 9,685,000		\$ 9,685,000	\$ -	
Refunding serial bonds		\$ 8,005,000	690,000	7,315,000	\$ 715,000
Add: Premium on obligations		1,847,762	184,776	1,662,986	184,776
Total bonds payable	<u>9,685,000</u>	<u>9,852,762</u>	<u>10,559,776</u>	<u>8,977,986</u>	<u>899,776</u>
Other liabilities					
Compensated absences payable	281,746		48,103	233,643	17,397
Total other post-employment benefits	44,127,188	5,196,705	8,959,213	40,364,680	
Net pension liability - proportionate share - ERS	1,988,048		1,980,313	7,735	
Net pension liability - proportionate share - TRS		1,533,133	580,714	952,419	
Total other liabilities	<u>46,396,982</u>	<u>6,729,838</u>	<u>11,568,343</u>	<u>41,558,477</u>	<u>17,397</u>
Total long-term liabilities	<u>\$56,081,982</u>	<u>\$16,582,600</u>	<u>\$22,128,119</u>	<u>\$50,536,463</u>	<u>\$917,173</u>

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A) Bonds Payable:

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds	2020	2030	5%	<u>\$7,315,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$715,000	\$365,750	\$1,080,750
2023	750,000	330,000	\$1,080,000
2024	790,000	292,500	1,080,000
2025	825,000	253,000	1,082,500
2026	810,000	211,750	1,078,000
2027-2030	<u>3,425,000</u>	<u>438,500</u>	<u>3,863,500</u>
	<u>\$7,315,000</u>	<u>\$1,891,500</u>	<u>\$9,264,750</u>

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

On July 1, 2020, \$8,005,000 in general obligation bonds with an interest rate of 5.00% were issued to advance refund \$9,685,000 of 2010 outstanding bonds with an interest rate of 2.00%-4.50%. The net proceeds of \$9,732,614 (after premium received of \$1,847,762 and payment of \$120,148 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2010 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The 2010 bonds were callable in July 2020. The District advance refunded the 2010 bonds to reduce its total debt service payments over the next 10 years by \$1,589,652 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,521,687.

B) Long-Term Interest:

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Total
Interest paid	\$383,573
Less interest accrued in the prior year	(16,036)
Plus interest accrued in the current year	15,240
Less amortization of premiums on obligations	(184,776)
Plus amortization of deferred costs on refunding	4,762
Total expense	\$202,763

NOTE 13 – DEFERRED OUTFLOWS OF RESOURCES- REFUNDING

	2020 Bond
Deferred amounts on refunding	\$ 47,615
Accumulated amortization	(4,762)
Balance of deferred amounts	\$ 42,853

The deferred amounts on refunding recorded in the District-Wide Financial Statements as deferred outflow of resources at June 30, 2021 consisted of the deferred amounts on the 2020 refunding, and is being amortized on the District-Wide Financial Statements using the straight-line method over 10 years respectively, the time to maturity on the refunded bonds, at the point of refunding. Amortization of the deferred amounts on refunding recorded on the District-Wide Financial Statements amounted to \$4,762 for the fiscal year ending June 30, 2021, and is recorded as a component of interest expense.

NOTE 14 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State 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. TRS issues a publicly available financial report that contains financial statements

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. 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 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. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding Policies:

The Systems are noncontributory, except as follows:

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll (for applicable tiers) was 16.2% for Tier 4, 13.5% for Tier 5 and 9.7% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2021 was 9.53% of covered payroll.

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

	NYSERS	NYSTRS
2021	\$ 359,551	\$ 580,714
2020	\$ 283,681	\$ 518,324
2019	\$ 318,037	\$ 617,539

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

At June 30, 2021, the District reported the following liabilities for its proportionate share of the net pension liabilities for each of the Systems. The net pension liabilities were measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation. The District's proportion of the net pension liabilities were 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.

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Net pension liability	\$ 7,735	\$ 952,419
District's portion of the Plan's total net pension liability	0.0077684%	0.034467%
Change in proportion since the prior measurement date	0.0002608%	-0.0003700%

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$218,318 for ERS and \$1,272,205 for TRS.

At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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	\$ 94,469	\$ 834,510		\$ 48,810
Net difference between projected and actual earnings on pension plan investments		622,013	\$ 2,222,035	
Changes of assumptions	1,422,273	1,204,589	26,824	429,373
Changes in proportion and differences between the District's contributions and proportionate share of contributions	91,122	39,488	5,659	84,240
District's contributions subsequent to the measurement date	<u>106,054</u>	<u>580,714</u>	<u>2,254,518</u>	<u>562,423</u>
	<u>\$ 1,713,918</u>	<u>\$ 3,281,314</u>	<u>\$ 2,254,518</u>	<u>\$ 562,423</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 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>ERS</u>	<u>TRS</u>
For years ended June 30,		
2021		\$ 360,933
2022	\$ (101,200)	738,877
2023	(20,301)	605,855
2024	(106,683)	376,914
2025	(418,470)	9,240
Thereafter		46,358
	<u>\$ (646,654)</u>	<u>\$ 2,138,177</u>

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

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 plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 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 pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2021</u>		<u>June 30, 2020</u>	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	32%	4.05%	33%	7.1%
International equity	15%	6.30%	16%	7.7%
Global equity			4%	7.4%
Private equity	10%	6.75%	8%	10.4%
Real estate	9%	4.95%	11%	6.8%
Opportunistic/Absolute return	3%	4.50%		
Credit	4%	3.63%		
Real assets	3%	5.95%		
Fixed income	23%	0.00%		
Cash	1%	0.50%		
Inflation-indexed bonds				
Domestic fixed income securities			16%	1.8%
Global bonds			2%	1.0%
High-yield bonds			1%	3.9%
Private debt			1%	5.2%
Real estate debt			7%	3.6%
Cash equivalents			1%	0.7%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.10% 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. 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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:

	1% Decrease (4.9%)	Current Assumption 5.9%	1% Increase (6.9%)
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$2,147,021)</u>	<u>(\$7,735)</u>	<u>\$1,965,187</u>
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$6,016,104)</u>	<u>(\$952,419)</u>	<u>\$3,297,295</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan Net Position	<u>220,580,583</u>	<u>120,479,505</u>
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the Employers' total pension asset/(liability)	99.95%	97.76%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 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 \$106,054.

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, with a balance

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

to be paid by the District, if necessary. 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, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$672,849.

NOTE 15 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2021, totaled \$22,200 and \$378,527 respectively.

B) The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2021 totaled \$8,888.

NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

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

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 80% and 90% of premiums for retirees, and 0% to 100% of the premiums for surviving spouses and dependents, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2021, the District contributed an estimated \$867,614 to the Plan, including \$867,614 for

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	111
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>86</u>
Total	<u>197</u>

B) Total OPEB Liability:

The District’s total OPEB liability of \$40,364,680 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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:

Inflation	2.60%
Discount rate	2.16%
Healthcare cost trend rates	5.3% decreasing to 4.10% over 55 years
Retirees' share of benefit-related costs	10.5% to 20% of health insurance premiums for retirees, 8% - 20% of premiums for family coverage, and 0% - 100% of surviving spouse coverage

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

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2019 Ultimate Scale.

The actuarial assumptions used in the July 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

C) Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 44,127,188
Changes for the fiscal year:	
Service cost	1,807,908
Interest	1,005,631
Changes in assumptions or other inputs	(5,708,433)
Benefit payments	(867,614)
Net changes	(3,762,508)
Balance at June 30, 2021	\$ 40,364,680

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include a discount rate change from 2.21% in 2020 to 2.16% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$48,135,342	\$40,364,680	\$34,230,684

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.30%) or 1-percentage-point higher (6.30%) than the current healthcare cost trend rates.

	1% Decrease (4.30% decreasing to 3.10%)	Healthcare Cost Trend Rates (5.30% decreasing to 4.10%)	1% Increase (6.30% decreasing to 5.10%)
Total OPEB liability	<u>\$34,059,384</u>	<u>\$40,364,680</u>	<u>\$48,665,478</u>

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$3,067,325. 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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 635,427	\$ (6,846,738)
Changes of assumptions or other inputs	<u>6,818,403</u>	<u>(1,165,982)</u>
	<u>\$ 7,453,830</u>	<u>\$ (8,012,720)</u>

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Fiscal Year ended June 30:		
2022	\$	253,786
2023		253,786
2024		253,786
2025		(2,915)
2026		(878,220)
Thereafter		(439,113)
	<u>\$</u>	<u>(558,890)</u>

NOTE 17 – RISK MANAGEMENT:

A) General:

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

B) Public Entity Risk Pool:

The District participates in an individually self-insured cooperative, The Southern Westchester School Cooperative Workers’ Compensation Self-Insured Plan (the “Workers’ Compensation Plan”), a risk-sharing pool, to insure Workers’ Compensation claims. This is a public entity risk pool created under Article 5 of the Workers’ Compensation Law, to finance liability and risks related to Workers’ Compensation claims. The Workers’ Compensation Plan’s total undiscounted liability for unbilled and open claims at June 30, 2021 was \$20,897,966. Of this total undiscounted liability, \$244,797 is associated with the District. During the fiscal year ended June 30, 2021, the District's contribution to the Plan was \$79,873.

NOTE 18 – TAX ABATEMENTS:

The County of Westchester,⁶ under the authority of General Municipal Law Section 923-A, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the county. The District’s property tax revenue was reduced by \$730,087 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$730,087 for these programs during the fiscal year.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The Town of Mount Pleasant, under the authority of General Municipal Law Section 927, entered into a tax abatement program for the purpose of economic development, and general prosperity and economic welfare of the Town. The District’s property tax revenue was reduced by \$79,558 for this program. The District received Payment in Lieu of Tax (PILOT) payments totaling \$600,606 for this program during the fiscal year.

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General Support	\$940,675
Instruction	997,630
Pupil Transportation	57,325
Community Services	31,163
Employee Benefits	3,562
Interfund transfers	21,692
	<u>\$2,052,047</u>
School Lunch Fund	
Food Service Program	\$15,854
	<u>\$15,854</u>
Capital Projects Fund	
Capital Projects	\$919,476
	<u>\$919,476</u>

B) Grants:

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

C) Litigation:

The District is involved in various litigation proceedings resulting from the normal conduct of its affairs. There are also pending tax certiorari proceedings, which may result in the District having to pay future tax refunds. The District has a reserve established to pay future payments for this.

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 20 – RESTATEMENT OF FUND BALANCES / NET POSITION

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in reporting changes in current assets and other assets, and current liabilities. The District’s net fund balance and net position have been restated as follows:

	<u>General Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Statement of Net Position</u>
Fund Balance/Net Position (Deficit)			
Beginning of Year as Reported	\$ 23,248,226	\$ -	(1,775,920)
Assets			
Cash	151,167	27,911	179,078
	<u>151,167</u>	<u>27,911</u>	<u>179,078</u>
Liabilities			
Due to fiduciary fund			
Other liabilities	138,897		138,897
	<u>138,897</u>	<u>-</u>	<u>138,897</u>
Fund Balance/Net Position (Deficit)			
Miscellaneous adjustment from fiduciary funds	12,270		12,270
Assigned unappropriated fund balance		2,029	2,029
Restricted for scholarships and donations		25,882	25,882
		<u>25,882</u>	<u>25,882</u>
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	\$ 23,260,496	\$ 27,911	\$ (1,735,739)

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the District evaluated events through October 7, 2021 which is the date the financial statements were available to be issued, and noted the following:

A) Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA):

In July 2021, the District was awarded CRSSA funding of \$160,794 through the Elementary and Secondary School Emergency Relief Program (ESSER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the Special Aid Fund as they are expended.

SUPPLEMENTARY INFORMATION

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL 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>
REVENUES				
Local Sources				
Real property taxes	\$ 25,467,407	\$ 25,467,407	\$ 25,149,780	\$ (317,627)
Other real property tax items	1,394,595	1,394,595	2,062,112	667,517
Charges for services	424,500	424,500	39,117	(385,383)
Use of money & property	521,000	521,000	155,306	(365,694)
Miscellaneous	94,338	60,000	366,496	306,496
State Sources				
Basic formula	553,601	553,601	484,975	(68,626)
Excess cost aid	305,932	305,932	360,372	54,440
Lottery aid	29,833	29,833	30,772	939
BOCES aid	314,579	314,579	325,002	10,423
Universal Pre-K	43,200	43,200		(43,200)
Textbook aid	30,147	30,147	24,524	(5,623)
Computer software aid			4,390	4,390
Library A/V loan program aid			1,831	1,831
Other state aid	1,942,500	1,942,500	936,932	(1,005,568)
Federal Sources		34,338		(34,338)
TOTAL REVENUES	<u>31,121,632</u>	<u>31,121,632</u>	<u>\$ 29,941,609</u>	<u>\$ (1,180,023)</u>
Appropriated reserves	<u>1,005,195</u>	<u>1,123,652</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES	<u>\$ 32,126,827</u>	<u>\$ 32,245,284</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 92,198	\$ 101,308	\$ 58,587	\$ 31,791	\$ 10,930
Central administration	352,648	370,507	366,302	526	3,679
Finance	584,192	643,065	564,786	70,065	8,214
Staff	394,737	400,289	319,389	48,523	32,377
Central services	2,267,256	3,176,014	2,346,303	787,045	42,666
Special items	2,412,474	2,532,081	275,647	2,725	2,253,709
Total general support	6,103,505	7,223,264	3,931,014	940,675	2,351,575
Instructional					
Instruction, adm. & imp.	397,209	407,910	388,445	5,193	14,272
Teaching - regular school	9,376,794	9,377,374	7,738,043	314,776	1,324,555
Programs for children with handicapping conditions	5,955,957	4,973,754	3,774,474	422,984	776,296
Instructional media	1,052,713	1,425,164	1,140,415	236,965	47,784
Pupil services	514,975	588,324	512,191	17,712	58,421
Total instructional	17,297,648	16,772,526	13,553,568	997,630	2,221,328
Pupil transportation	1,508,722	1,438,582	1,307,876	57,325	73,381
Community services	688,000	503,660	434,385	31,163	38,112
Employee benefits	5,032,156	4,810,456	4,477,817	3,562	329,077
Debt Service					
Debt service - principal	755,000	738,000	690,000		48,000
Debt service - interest	366,796	383,796	383,573		223.00
Total debt service	1,121,796	1,121,796	1,073,573	-	48,223
TOTAL EXPENDITURES	31,751,827	31,870,284	24,778,233	2,030,355	5,061,696
Other Financing Uses					
Transfers to other funds	375,000	375,000	353,308	21,692	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 32,126,827</u>	<u>\$ 32,245,284</u>	25,131,541	<u>\$ 2,052,047</u>	<u>\$ 5,061,696</u>
NET CHANGE IN FUND BALANCE			4,810,068		
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)			23,260,496		
FUND BALANCE - END OF YEAR			<u>\$ 28,070,564</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 1,807,908	\$ 1,486,557	\$ 1,569,306	\$ 1,435,942
Interest	1,005,631	1,260,304	1,075,888	1,028,680
Changes of benefit terms			(271,541)	-
Differences between expected and actual experience			1,208,435	26,367
Changes of assumptions or other inputs	(5,708,433)	7,397,488	(2,259,092)	-
Benefit payments	<u>(867,614)</u>	<u>(1,069,419)</u>	<u>(1,120,517)</u>	<u>(981,988)</u>
Net change in total OPEB liability	<u>(3,762,508)</u>	<u>9,074,930</u>	<u>202,479</u>	<u>1,509,001</u>
Total OPEB liability - beginning	<u>44,127,188</u>	<u>35,052,258</u>	<u>34,849,779</u>	<u>33,340,778</u>
Total OPEB liability - ending	<u>\$ 40,364,680</u>	<u>\$ 44,127,188</u>	<u>\$ 35,052,258</u>	<u>\$ 34,849,779</u>
Covered-employee payroll	\$ 7,520,824	\$ 6,795,994	\$ 6,795,994	\$ 7,552,856
Total OPEB liability as a percentage of covered-employee payroll	536.71%	649.31%	515.78%	461.41%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

The discount rate was 3.0% as of June 30, 2018.

The discount rate was 3.5% as of June 30, 2019.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 2.16% as of June 30, 2021.

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) ASSET
 FOR THE FISCAL YEARS ENDED JUNE 30, *

	NYSERS Pension Plan						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension (liability) asset	0.0077684%	0.0075076%	0.0071432%	0.0068001%	0.0073145%	0.0071568%	0.0058166%
District's proportionate share of the net pension (liability) asset	\$ (7,735)	\$ (1,988,048)	\$ (506,114)	\$ (219,469)	\$ (687,285)	\$ (1,148,687)	\$ (196,500)
District's covered payroll	\$ 2,557,014	\$ 2,408,543	\$ 2,134,275	\$ 2,173,837	\$ 2,041,810	\$ 2,217,715	\$ 2,055,943
District's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	0.30%	82.54%	23.71%	10.10%	33.66%	51.80%	9.56%
Plan fiduciary net position as a percentage of the total pension (liability) asset	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

	NYSTRS Pension Plan						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension (liability) asset	0.344670%	0.034837%	0.033769%	0.034278%	0.033606%	0.033323%	0.033159%
District's proportionate share of the net pension (liability) asset	\$ (952,419)	\$ 905,069	\$ 610,632	\$ 260,549	\$ (359,933)	\$ 3,461,165	\$ 3,693,725
District's covered payroll	\$ 6,004,035	\$ 5,959,006	\$ 5,622,312	\$ 5,546,969	\$ 5,600,425	\$ 5,309,852	\$ 5,135,354
District's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	15.86%	15.19%	10.86%	4.70%	6.43%	65.18%	71.93%
Plan fiduciary net position as a percentage of the total pension (liability) asset	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

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

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 FOR THE FISCAL YEARS ENDED JUNE 30,

	NYSEERS Pension Plan										
	2021	2020	2019	2018	2017	2016	2015	2014	2013		
Contractually required contribution	\$ 359,551	\$ 283,681	\$ 318,037	\$ 312,035	\$ 320,898	\$ 404,110	\$ 369,265	\$ 281,960	\$ 348,459		
Contributions in relation to the contractually required contribution	359,551	283,681	318,037	312,035	320,898	404,110	369,265	281,960	348,459		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
District's covered payroll	\$ 2,659,084	\$ 2,424,278	\$ 2,160,451	\$ 2,133,728	\$ 2,150,466	\$ 2,197,488	\$ 2,194,185	\$ 1,710,729	\$ 1,715,615		
Contributions as a percentage of covered payroll	13.52%	11.70%	14.72%	14.62%	14.92%	18.39%	16.83%	16.48%	20.31%		

	NYSTRS Pension Plan										
	2021	2020	2019	2018	2017	2016	2015	2014	2013		
Contractually required contribution	\$ 580,714	\$ 518,324	\$ 617,539	\$ 539,058	\$ 636,628	\$ 687,626	\$ 877,467	\$ 795,946	\$ 578,877		
Contributions in relation to the contractually required contribution	580,714	518,324	617,539	539,058	636,628	687,626	877,467	795,946	578,877		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
District's covered payroll	\$ 6,220,673	\$ 6,004,035	\$ 5,959,006	\$ 5,622,312	\$ 5,546,969	\$ 5,600,425	\$ 5,309,852	\$ 5,135,354	\$ 5,120,392		
Contributions as a percentage of covered payroll	9.34%	8.63%	10.36%	9.59%	11.48%	12.28%	16.53%	15.50%	11.31%		

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$31,121,632
Additions:		
Prior year's encumbrances	1,005,195	
Appropriated Tax Certiorari Reserve	<u>118,457</u>	<u>1,123,652</u>
Final Budget		<u><u>\$32,245,284</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		<u><u>\$30,274,775</u></u>
Maximum allowed (4% of 2021-2022 budget)		<u><u>\$1,210,991</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$2,052,047	
Unassigned fund balance	<u>1,210,989</u>	
Total unrestricted fund balance		3,263,036
Less:		
Encumbrances included in assigned fund balance	<u>\$2,052,047</u>	
Total adjustments		<u>2,052,047</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$1,210,989</u></u>
Actual percentage		4.00%

POCANTICO HILLS CENTRAL SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
 JUNE 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance June 30, 2021
			Prior Year's	Current Year Expenditures	Total			State Aid	Local Sources		
2016-2017 Capital Projects	350,550	350,550	12,730		12,730	337,820			350,550	337,820	
2016-2017 school buses	118,000	118,000	93,195		93,195	24,805			93,200	5	
2019-2020 Capital Projects	5,186,763	5,524,586		814,479	814,479	4,710,107			5,186,761	4,372,282	
Door Placement	250,000	250,000				250,000			250,000	250,000	
TOTAL	5,905,313	6,243,136	105,925	814,479	920,404	5,322,732	-	-	5,880,511	4,960,107	

**POCANTICO HILLS CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021**

Capital assets, net		\$	16,350,990
Add:			
Deferred amounts on refunding			42,853
Deduct:			
Short-term portion of bonds payable (inclusive of premium)	899,776		
Long-term portion of bonds payable (inclusive of premium)	<u>8,078,210</u>		
			<u>8,977,986</u>
Net Investment in Capital Assets		\$	<u><u>7,415,857</u></u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Pocantico Hills Central 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 and each major fund of Pocantico Hills Central School District (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 7, 2021