

IRVINGTON UNION FREE SCHOOL DISTRICT

**Financial Statements as of June 30, 2020
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

IRVINGTON UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 6, 2020

To the Board of Education of the
Irvington Union Free School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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 proportionate share of net pension liability (asset), schedule of contributions – pension plans, and the schedule of changes in total OPEB liability and related ratios, 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 information, as required by the New York State Education Department, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information included has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020, 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.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2020. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- New York State Law limits the unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. As of June 30, 2020, the total fund balance of the General Fund is \$7,073,543. Of this amount, \$422,500 has been assigned (designated) for subsequent year's expenditures and \$362,968 for carryover encumbrances into next year's budget. The unassigned fund balance is \$2,582,259, which represents 4% of the subsequent year's budget. This amount is available for spending at the discretion of the School District. Overall, fund balance increased by \$1,121,011 from the prior year allowing the School District to increase funds in the restricted component of fund balance for Tax Certiorari, Capital Projects, and Retirement System Contributions. The remainder of the restricted fund balance was allocated to replenish a portion of the Workers Compensation reserve. See Table A-7 on page 14 and Note 2 starting on page 27 for further information.
- General Fund (on a non-governmental, non-full accrual basis) revenues exceeded budget by \$285,259 (.5% of budget) and expenditures were lower than budget by \$2,273,648 or 3.5% of budget. The resulting surplus is used to offset the future levy by \$422,500 and allocate to the Tax Certiorari, Worker's Compensation, Retirement System Contribution and Capital reserves as stated above. See page 55 for further information.
- The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). One of the most significant of these standards requires the School District to recognize the full financial impact associated with other postemployment benefit ("OPEB") obligations under the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits other than Pensions. The statement identifies projected benefits payments, discounts projected benefits payment to their actuarial present value and over the periods that approximate employees' years of service. These obligations include any benefits provided to retirees, other than a pension, including health insurance. The full liability for June 30, 2020 is \$134,108,054, an increase of \$10,982,921 from the prior year due to changes in the discount rate and actuarial assumptions. However, actual annual post-employment benefit payments for the 2019-20 year totaled \$2,636,103. See Note 12 for additional information and assumptions used for these calculations.
- The School Lunch Fund's revenues totaled \$494,602 for the current year compared to expenses of \$444,637. This resulted in a change in fund balance of \$49,965. Fund balance will be used toward cafeteria kitchen equipment upgrades and various programs for the next school years. It is important to note that the General Fund does not supplement the School Lunch Fund.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2020

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

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

Table A-1 Major Features of the District-Wide and Fund Financial Statements

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

| | | Fund Financial Statements | |
|--|--|--|--|
| | District-Wide | Governmental Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The day-to-day operating activities of the District, such as instruction and special education | Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies |
| 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 revenue, expenditures, and changes in fund balance | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset/deferred inflows-outflows of resources/liability information | All assets/deferred outflows and liabilities/inflows, both financial and capital, short-term and long-term | Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included | All assets/deferred outflows and liabilities/deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenue and expenses during the year, regardless of when cash is received or paid | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year, regardless of when cash is received or paid |

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred inflow/outflows of resources, and liabilities. 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 statements report the School District's *net position* and how they have changed. Net position - the difference between the School District's assets, deferred inflows/outflows of resources, and liabilities - are one way to measure the School District's financial health or position.

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

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

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

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare 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 function.
- Calculate revenues and expenses using the economic resources measurement focus and the full accrual basis of accounting.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has two kinds of funds:

- *Governmental Funds* : Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds 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 School District's programs. Because this information does not encompass the additional long term focus of the district wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General Fund, Special Aid Fund, School Lunch Fund, and Capital Projects Fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- *Fiduciary Funds* : The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position

The discussion that follows provides information concerning the School District's finances at the district-wide level. The School District's Statement of Net Position does not entirely reflect the results of operations at the General Fund level, which is the most current indication of the School District's financial well-being compared to budget. District-wide statements contain liabilities, such as those for pensions and those for other post-employment benefits ("OPEB"), and assets (such as pension assets) over which the School District has no control and may not be used for other purposes.

Table A-2

| | Fiscal Year 2020 | Fiscal Year 2019 | Dollar Change | Percent Change |
|----------------------------------|-------------------------|-------------------------|-----------------------|-------------------|
| Current and other assets | \$ 14,445,017 | \$ 10,912,423 | \$ 3,532,594 | 32.37% |
| Non-current assets | <u>40,572,577</u> | <u>41,008,240</u> | <u>(435,663)</u> | <u>-1.06%</u> |
| Total assets | <u>55,017,594</u> | <u>51,920,663</u> | <u>3,096,931</u> | <u>5.96%</u> |
| Deferred outflows of resources | 18,951,577 | 14,977,914 | 3,973,663 | 26.53% |
| Current liabilities | 10,739,344 | 8,068,808 | 2,670,536 | 33.10% |
| Long-term liabilities | <u>170,487,972</u> | <u>157,927,749</u> | <u>12,560,223</u> | <u>7.95%</u> |
| Total liabilities | <u>181,227,316</u> | <u>165,996,557</u> | <u>15,230,759</u> | <u>9.18%</u> |
| Deferred inflows of resources | <u>14,258,084</u> | <u>13,893,451</u> | <u>364,633</u> | <u>2.62%</u> |
| Net position: | | | | |
| Net investment in capital assets | 8,889,860 | 9,711,831 | (821,971) | -8.46% |
| Restricted | 3,705,816 | 2,935,381 | 770,435 | 26.25% |
| Unrestricted | <u>(134,111,905)</u> | <u>(125,638,643)</u> | <u>(8,473,262)</u> | <u>6.74%</u> |
| Total net position | <u>\$ (121,516,229)</u> | <u>\$ (112,991,431)</u> | <u>\$ (8,524,798)</u> | <u>7.54%</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2020

Net position is the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. Deferred outflows and inflows of resources are not considered assets or liabilities in the traditional sense but rather reflect deferred actuarial gains and losses based on the pension and OPEB valuations completed by the State retirement systems' and district's OPEB actuaries. These actuarial gains and losses are being deferred and will be amortized into pension and OPEB expense in future years. GASB Statement No. 68 requires the District's proportionate share of the retirement system's deferred inflows and outflows along with the net pension asset and liability to be recorded on the District's financial statements along with the District's own OPEB liability and related deferred inflows. The actuarial gains and losses fluctuate from year to year based on changes in assumptions including factors such as discount rates, life expectancy tables and inflation as calculated by the actuaries. The District makes required annual contributions for all our eligible employees to State retirement systems, however the responsibility of paying the actual pensions to retirees lies with the State retirement systems. The District's OPEB plan is a pay-as-you go plan in which the District pays the annual cost of retiree healthcare but does not accumulate assets in a trust to offset the District's OPEB obligation.

An important component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Our net investments in capital assets decreased by \$821,971 primarily due to continued paydown of existing debt (see schedule on page 62). The restricted net position also improved by \$770,435, which reflects the increase in total reserves (see Note 2).

Overall, net position decreased by \$8,524,798 from the prior year, primarily from the increase of the OPEB liability and related deferred inflows and outflows of resources of \$6,228,117. While this has a negative effect on our net position this year, it may positively affect our income statement in future years as those amounts are amortized.

Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities and Changes in Net Position. While the previous chart presents net position on a balance sheet basis, the following chart shows net position on an income statement basis. The School District's net position decreased by \$8,524,798 during the fiscal year primarily due to the recognition of tax certiorari exposure expense of \$7,259,296 shown in the General Support expense line. This does not reflect an actual payout amount in the current year but is included with the assumption of future payments needed. While the net position remains negative with these inclusions of exposure, it is important to note that the District did not outspend its budget in the current year. Also noteworthy is that the net position slightly improved from the prior year, by \$172,952. A summary for the years ended June 30, 2020 and 2019 is as follows:

IRVINGTON UNION FREE SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

Table A-3 Changes in Net Position

| | Fiscal Year 2020 | Fiscal Year 2019 | Dollar Change | Percent Change |
|-------------------------------------|-----------------------|-----------------------|-------------------|-------------------|
| Revenues: | | | | |
| Program revenue - | | | | |
| Change for services | \$ 933,024 | \$ 1,312,121 | \$ (379,097) | -28.89% |
| Operating grants | 1,936,327 | 1,982,619 | (46,292) | -2.33% |
| General revenues - | | | | |
| Real property taxes | 53,916,744 | 51,392,144 | 2,524,600 | 4.91% |
| Other tax items | 3,199,421 | 3,791,560 | (592,139) | -15.62% |
| Use of money and property | 470,641 | 609,507 | (138,866) | -22.78% |
| Unrestricted State aid | 3,296,974 | 3,140,830 | 156,144 | 4.97% |
| Other | <u>553,885</u> | <u>524,878</u> | <u>29,007</u> | <u>5.53%</u> |
| Total revenues | <u>64,307,016</u> | <u>62,753,659</u> | <u>1,553,357</u> | <u>2.48%</u> |
| Expenses: | | | | |
| General support | 11,206,881 | 13,812,089 | (2,605,208) | -18.86% |
| Instruction | 58,488,011 | 53,725,465 | 4,762,546 | 8.86% |
| Pupil transportation | 2,048,138 | 2,493,707 | (445,569) | -17.87% |
| Debt service - Interest | 651,305 | 779,619 | (128,314) | -16.46% |
| School lunch program | <u>437,479</u> | <u>640,529</u> | <u>(203,050)</u> | <u>-31.70%</u> |
| Total expenses | <u>72,831,814</u> | <u>71,451,409</u> | <u>1,380,405</u> | <u>1.93%</u> |
| Increase (decrease) in net position | <u>\$ (8,524,798)</u> | <u>\$ (8,697,750)</u> | <u>\$ 172,952</u> | <u>-1.99%</u> |

The School District’s fiscal year 2020 revenues totaled \$64,307,016. Real property taxes (including other tax items) and unrestricted state aid accounted for most of the School District’s revenue. Other highlights are as follows:

- Real property taxes and other tax items increased overall by \$2,524,600 primarily reflecting the levy increase.
- Also contained in Other Tax Items is sales tax revenue received by the School District from Westchester County, which increased by \$174,762 from the prior year due to the increase in the Westchester sales tax rate. However, the Star Tax Relief reimbursement received by the School District from New York State decreased by \$766,901 from the prior year.
- The Use of Money and Property decreased by \$138,866 as a dual result of decreased bank interest rates and lower rental income from school facilities from state school closures from COVID-19.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2020

- Unrestricted State Aid allocated to the School District increased by \$156,144 from prior year amounts due to claiming other state aid such as non-resident homeless state aid. It should be noted that the New York State Governor has withheld 20% of State Aid due to the District due to the District at the end of the fiscal year in the amount of \$105,127. Due to GASB accounting rules and the uncertainty of whether the state will release these funds, this amount could not be considered revenue in fiscal 2019-2020 within the funds.
- For a look at revenue and expense totals on a fund basis rather than a governmental basis, please refer to Table A-6 and page 13.
- General Support decreased by \$2,605,208. General support expense includes \$7,295,926 of potential tax certiorari claims. This amount, while recorded as an expense in this table, has not been paid and reflects future exposure.
- Instructional Support increased by \$4,762,546 this was primarily due to the increase in OPEB costs based on the actuarial valuation as stated previously and the increase in the pension liabilities and related deferred inflows and outflows of resources.
- Transportation costs decreased by \$445,569 as pupil transportation ceased with school closure on March 16, 2020.
- The decrease in interest paid of \$128,314 on outstanding debt can primarily be attributed to a decrease in interest paid on outstanding bonds due to the reduction in principal outstanding.
- The school lunch program costs decreased \$203,050 due to the impact of COVID-19, as the district closed on March 16, 2020.

It should be noted that the preparation of the statement of activities necessitates the adjustment of capital expenditures recorded in the governmental funds. This entails the allocation and reduction of capital expenditures in the general support, instruction and transportation functions in the statement of activities. In addition, depreciation expense is also allocated to the general support, instruction and transportation functions, which increases governmental fund expenditures when converted to the full accrual expenses in the statement of activities.

The School District's continued financial health, as a whole, can be credited to:

- Long-range financial planning in all programs;
- Identification of tax certiorari exposure and litigation management;
- Consistent School District goals which are valued and fostered;
- Continued strong leadership of the School District's Board and administration;
- Constant evaluation of ways to contain costs through increased efficiencies.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2020

As indicated on the charts located below, the School District relies upon real property taxes and other tax items (STAR) as its primary revenue source. The School District's instruction costs account for 80% of its expenses.

Table A-4 Sources of Revenue for Fiscal Year 2020:

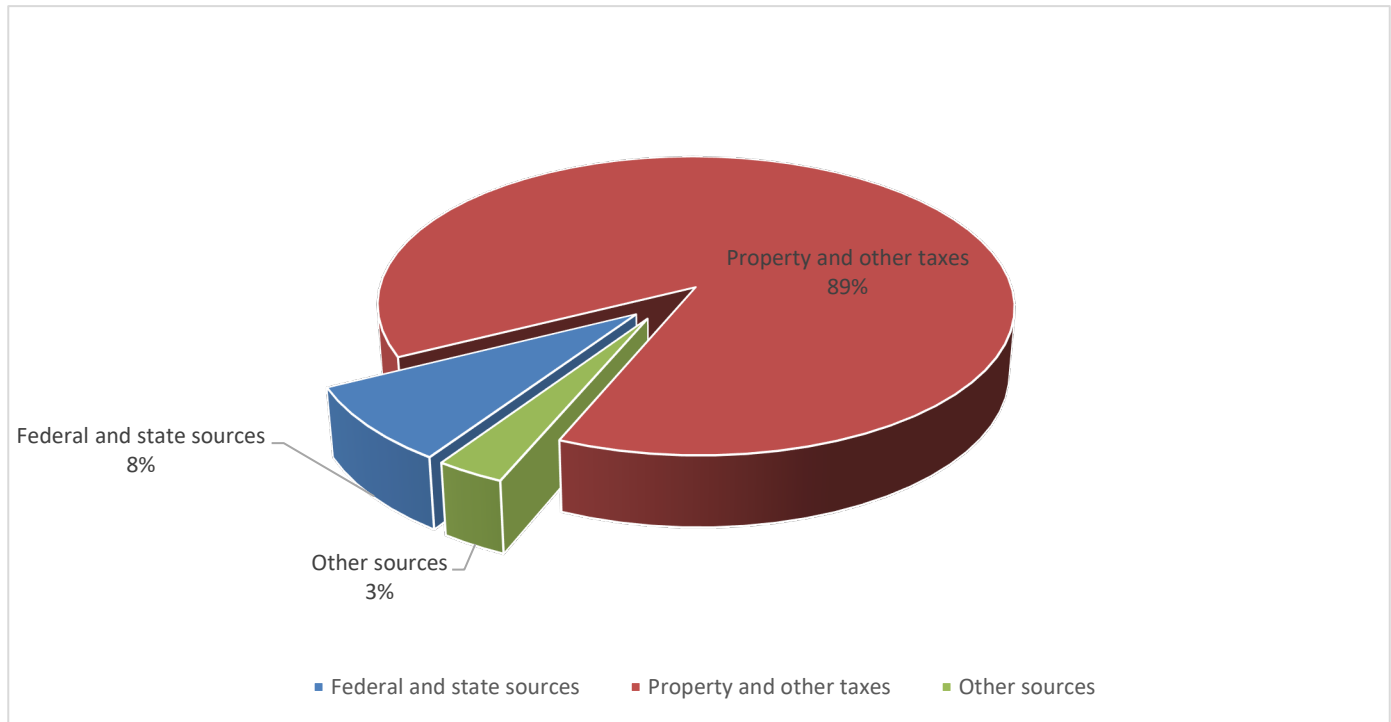
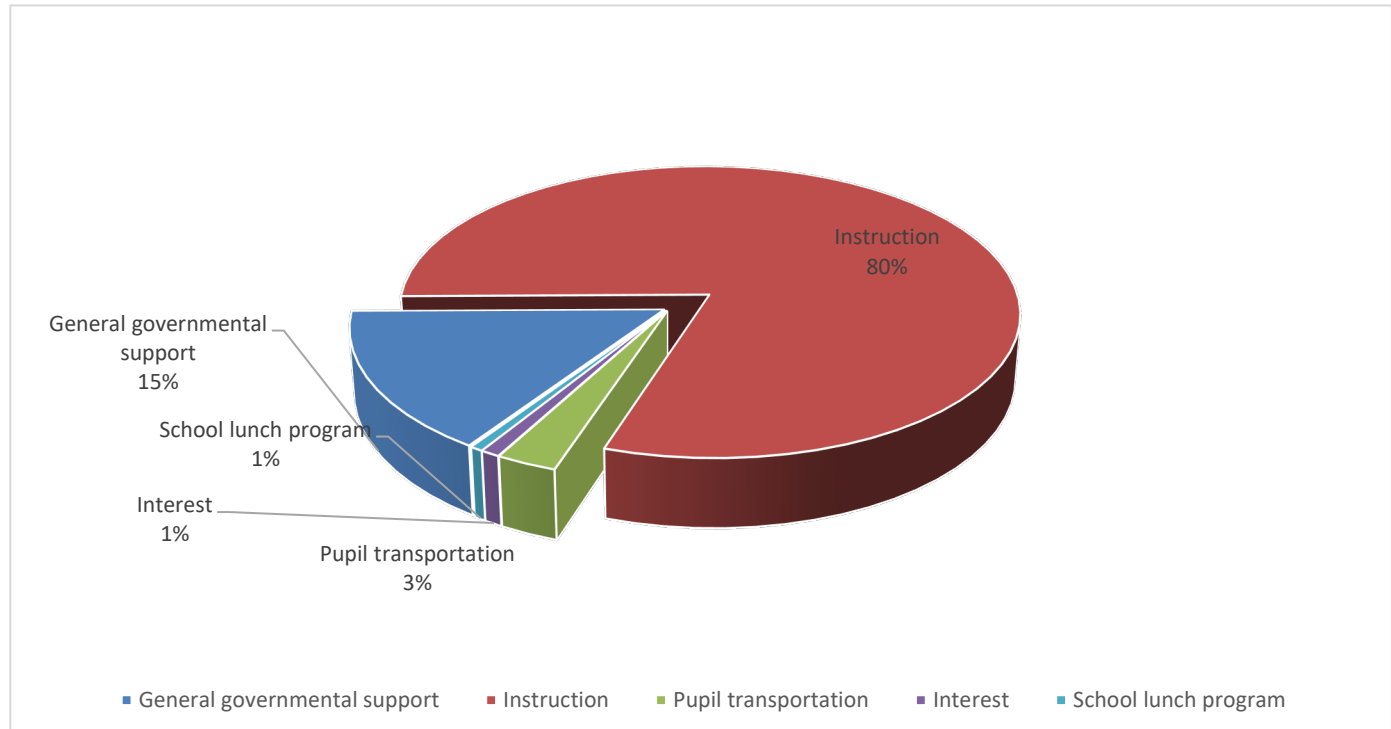


Table A-5 Expenses for Fiscal Year 2020:



IRVINGTON UNION FREE SCHOOL DISTRICT

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT FUNDS

Table A-6

Governmental Fund Highlights

| | Fiscal Year 2020 | Fiscal Year 2019 | Increase (Decrease) | Total % Change |
|--|---------------------|---------------------|------------------------|-------------------|
| General Fund | | | | |
| Total Revenues | \$ 62,816,313 | \$ 61,230,387 | \$ 1,585,926 | 2.59% |
| Total Expenses | (61,627,099) | (60,857,671) | (769,428) | 1.26% |
| Total Other Sources - Transfers in/(out) | <u>(68,203)</u> | <u>(49,880)</u> | <u>(18,323)</u> | <u>36.73%</u> |
| Change in Fund Balance | <u>\$ 1,121,011</u> | <u>\$ 322,836</u> | <u>\$ 798,175</u> | <u>247.24%</u> |
| Federal Fund | | | | |
| Total Revenues | \$ 890,974 | \$ 817,299 | \$ 73,675 | 9.01% |
| Total Expenses | (959,177) | (867,179) | (91,998) | 10.61% |
| Total Other Sources-Transfers in/(out) | <u>68,203</u> | <u>49,880</u> | <u>18,323</u> | <u>36.73%</u> |
| Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>0.00%</u> |
| School Lunch Fund | | | | |
| Total Revenues | \$ 494,602 | \$ 705,973 | \$ (211,371) | -29.94% |
| Total Expenses | (444,637) | (650,187) | 205,550 | -31.61% |
| Total Other Sources-Transfer in/(out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>0.00%</u> |
| Change in Fund Balance | <u>\$ 49,965</u> | <u>\$ 55,786</u> | <u>\$ (5,821)</u> | <u>-10.43%</u> |
| Capital Fund | | | | |
| Total Revenues | \$ - | \$ - | \$ - | 0.00% |
| Total Expenses | (555,613) | - | (555,613) | 100.00% |
| Total Other Sources-Transfer in/(out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>0.00%</u> |
| Change in Fund Balance | <u>\$ (555,613)</u> | <u>\$ -</u> | <u>\$ (555,613)</u> | <u>0.00%</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

Table A-7

Governmental Fund Balances

| | Fiscal Year 2020 | Fiscal Year 2019 | Increase (Decrease) | Total % Change |
|---|---------------------|---------------------|------------------------|-------------------|
| General Fund | | | | |
| Restricted for Tax Certiorari | \$ 1,980,758 | \$ 1,513,923 | \$ 466,835 | 30.84% |
| Restricted for Retirement Contributions | 400,592 | 50,000 | 350,592 | 100.00% |
| Restricted for Employee Benefit Accrued Liabilities | 321,588 | 434,670 | (113,082) | -26.02% |
| Restricted for Workers' Compensation | 436,556 | 475,922 | (39,366) | -8.27% |
| Restricted for Capital Projects | 566,322 | 460,866 | 105,456 | 22.88% |
| Assigned | 785,468 | 499,009 | 286,459 | 57.41% |
| Unassigned | <u>2,582,259</u> | <u>2,518,142</u> | <u>64,117</u> | <u>2.55%</u> |
| Total Fund Balance - General | <u>7,073,543</u> | <u>5,952,532</u> | <u>1,121,011</u> | <u>18.83%</u> |
| School Lunch Fund | | | | |
| Nonspendable | 4,244 | 3,709 | 535 | 14.42% |
| Assigned | <u>352,110</u> | <u>302,680</u> | <u>49,430</u> | <u>16.33%</u> |
| Total Fund Balance - School Lunch | <u>356,354</u> | <u>306,389</u> | <u>49,965</u> | <u>16.31%</u> |
| Capital Fund | | | | |
| Assigned | - | 114,712 | (114,712) | -100.00% |
| Unassigned | <u>(440,901)</u> | <u>-</u> | <u>(440,901)</u> | <u>100.00%</u> |
| Total Fund Balance - Capital | <u>(440,901)</u> | <u>114,712</u> | <u>(555,613)</u> | <u>-484.35%</u> |
| Total Fund Balance - All Funds | <u>\$ 6,988,996</u> | <u>\$ 6,373,633</u> | <u>\$ 615,363</u> | <u>9.65%</u> |

As of June 30, 2020, the School District's combined governmental funds reported a total fund balance of \$6,988,996, an increase of \$615,363 or 9.65% from the prior year. The unassigned fund balance of the General Fund was \$2,582,259 or 4.0% of the 2020-2021 School District's budget, which is the recommended and maximum limit for this fund.

The School District's voter approved General Fund adopted budget for the year ended June 30, 2020 was \$62,953,554. This amount was increased by encumbrances carried forward from the prior year in the amount of \$76,509 and budget revisions in the amount of \$1,301,855 from the Tax Certiorari, Workers Compensation, and Employee Benefits Accrued Liability reserves. This resulted in a final budget of \$64,331,918. The majority of the funding was real property taxes and STAR revenue totaling \$56,403,576.

On June 16, 2020, the School District's residents authorized the proposed 2020-21 budget in the amount of \$64,556,500.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the School District had Capital Assets of \$36,793,009, net of accumulated depreciation, invested in broad range of capital assets, including land, buildings and improvements and furniture and equipment. The change in capital assets, net of accumulated depreciation is outlined below.

Table A-8

Capital Assets (Net of Accumulated Depreciation)

| Category | Fiscal Year | Fiscal Year | Dollar Change | Percentage |
|----------------------------|----------------------|----------------------|-----------------------|---------------|
| | 2020 | 2019 | | Change |
| Land | \$ 793,200 | \$ 793,200 | \$ - | 0.00% |
| Construction in progress | 475,629 | - | 475,629 | 0.00% |
| Land improvements | 989,294 | 1,251,968 | (262,674) | -20.98% |
| Buildings and improvements | 34,142,910 | 35,872,377 | (1,729,467) | -4.82% |
| Furniture & Equipment | 391,976 | 444,440 | (52,464) | -11.80% |
| Total | \$ 36,793,009 | \$ 38,361,985 | \$ (1,568,976) | -4.09% |

The total decrease of \$1,568,976 from 2019 to 2020 is due to annual depreciation expense of \$2,081,261 less capital asset additions of \$36,656 and construction in progress of \$475,629 related to the commencement of the District's capital bond project. More detailed information about the School District's capital assets is presented in Note 8 in the notes to financial statements.

Debt Administration

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

Table A-9

Outstanding Long-Term Liabilities

| Category | Fiscal Year | Fiscal Year | Dollar Change | Percentage |
|---|-----------------------|-----------------------|----------------------|--------------|
| | 2020 | 2019 | | Change |
| General obligation bonds, including unamortized premium | \$ 27,431,441 | \$ 30,825,154 | \$ (3,393,713) | -11.01% |
| Other post employment benefits | 134,108,054 | 123,125,133 | 10,982,921 | 8.92% |
| Judgements and claims | 7,259,296 | 5,473,322 | 1,785,974 | 32.63% |
| Net pension liability | 4,402,145 | 1,203,215 | 3,198,930 | 265.87% |
| Other long-term liabilities | 507,036 | 634,187 | (127,151) | -20.05% |
| Total | \$ 173,707,972 | \$ 161,261,011 | \$ 12,446,961 | 7.72% |

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2020

During the 2019-2020 fiscal year, the School District did not issue any new construction bonds nor did it enter into any new installment purchase agreements to fund the purchase of equipment. However, the District did issue a BAN to begin various construction projects as a part of the voter approved capital construction plan. Other post-employment benefits obligation increased as well as the net pension, primarily due to changes in assumptions

On June 30, 2020, the School District reported a liability of \$4,402,145 for its proportionate share of the net pension liability for ERS and an asset of \$3,779,568 for TRS for its proportionate share of the net pension asset. As mentioned previously, these shares of New York State pension liabilities and assets are now required by GASB 68 to be disclosed on the School District's statements; however, amounts due to retirees are payable by the State retirement systems to School District pensioners. The net pension liability for ERS was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The net pension asset for TRS was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The judgement and claims liability increased by \$1,785,974 from prior year reflecting a higher accrual of known and estimated probable payment for tax certiorari claims in the future.

The net impact of the above-mentioned factors increased the School District's long-term liabilities by \$12,446,961. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements (Note 9 Long Term Debt) which presents total long-term debt and amounts due within one year.

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The School District and Board monitor its fiscal health through monthly financial reports and analyses and utilize various audit methods. These analyses and audits assist in identifying areas of potential financial stress, developing realistic budgets that serve the academic and emotional needs of students, as well as, in making timely decisions when faced with important financial decisions. There are four types of auditors that assist in the School District setting: claims auditor, internal auditor, external auditor, and State auditors. Each has a very important role in ensuring that the School District is financially solvent and that the School Board upholds its fiduciary responsibilities to its community. They each inform that the School District's financial operations are performing in accordance with state laws and/or existing School Board policies and administrative regulations. There have been no corrective action plans from any recent audits.

At the time the financial statements were prepared and audited, the School District is aware of several unsettled tax certiorari cases. While the School District has settled several significant tax certiorari cases in recent years, other cases continue to be brought forward. As noted with the inclusion of the tax certiorari exposure in our financial statements, the results of these tax certiorari cases could impact the district's financial health. However, the continued funding of the tax certiorari reserves serves to mitigate this risk.

Additionally, at the time the financial statements were prepared and audited, the district has settled contracts with all of its bargaining units. The agreement between the School District and the CSEA Clerical/AIDE contract will end in June 2020, Irvington Faculty Association will end in June 2022, Irvington Administrator Association ends in June 2024 and the CSEA Custodial Unit ends in June 2024.

IRVINGTON UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

In May 2019, voters approved a capital project borrowing of \$18,867,640 to improve building security, address infrastructure needs, add air conditioning to larger spaces, create energy efficiencies and modernize learning spaces. This project will be tax neutral, as the debt incurred for this project will replace expiring debt.

The uncertainty of COVID-19 will continue to impact the future finances of the District. While certain savings were realized during 2019-2020, such as reduced transportation costs, the District will closely monitor reduced revenue from decrease sales tax collection and State Aid payment withholdings from New York State and increased expenses to maintain a safe environment for all students and staff. At the time of the financial statements, the District has applied for CARES ACT funding and will investigate other grants to offset increased expenses due to the pandemic.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Carol Stein
Assistant Superintendent for Business
Irvington Union Free School District
40 North Broadway
Irvington, NY 10533
carol.stein@irvingtonschools.org

IRVINGTON UNION FREE SCHOOL DISTRICT

**Statements of Net Position
June 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

| | |
|--|-------------------|
| Cash and cash equivalents - unrestricted | \$ 6,055,675 |
| Cash and cash equivalents - restricted | 6,264,166 |
| Taxes receivable | 5,436 |
| Accounts receivable | 39,106 |
| Due from other governments | 1,897,801 |
| State and federal aid receivable | 178,589 |
| Inventories | 4,244 |
| Total current assets | <u>14,445,017</u> |

NON CURRENT ASSETS:

| | |
|--------------------------|-------------------|
| Net pension asset - TRS | 3,779,568 |
| Capital assets, net | <u>36,793,009</u> |
| Total non current assets | <u>40,572,577</u> |

| | |
|--------------|-------------------|
| Total assets | <u>55,017,594</u> |
|--------------|-------------------|

DEFERRED OUTFLOWS OF RESOURCES:

| | |
|---|-------------------|
| Deferred outflow of resources - OPEB | 3,731,169 |
| Deferred outflows of resources - pensions ERS | 2,957,266 |
| Deferred outflows of resources - pensions TRS | <u>12,263,142</u> |

| | |
|--------------------------------------|-------------------|
| Total deferred outflows of resources | <u>18,951,577</u> |
|--------------------------------------|-------------------|

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:

| | |
|--|-------------------|
| Accounts payable and accrued liabilities | 1,291,033 |
| Accrued interest | 168,450 |
| Due to fiduciary funds | 7,015 |
| Due to Teachers' Retirement System | 2,508,136 |
| Due to Employees' Retirement System | 217,307 |
| Due to other governments | 274,100 |
| BAN payable | 3,000,000 |
| Unearned revenue | 53,303 |
| Current portion of long term liabilities | <u>3,220,000</u> |
| Total current liabilities | <u>10,739,344</u> |

LONG-TERM LIABILITIES:

| | |
|---|--------------------|
| Bonds payable, net of current portion and unamortized premium | 24,211,441 |
| Net pension liability - ERS | 4,402,145 |
| Total OPEB liability | 134,108,054 |
| Judgement and claims | 7,259,296 |
| Compensated absences payable | <u>507,036</u> |
| Total long-term liabilities | <u>170,487,972</u> |

| | |
|-------------------|--------------------|
| Total liabilities | <u>181,227,316</u> |
|-------------------|--------------------|

DEFERRED INFLOWS OF RESOURCES:

| | |
|--|------------------|
| Gain on debt refunding | 82,491 |
| Deferred inflows of resources - OPEB | 8,726,023 |
| Deferred inflows of resources - pensions ERS | 133,146 |
| Deferred inflows of resources - pensions TRS | <u>5,316,424</u> |

| | |
|-------------------------------------|-------------------|
| Total deferred inflows of resources | <u>14,258,084</u> |
|-------------------------------------|-------------------|

NET POSITION

| | |
|----------------------------------|----------------------|
| Net investment in capital assets | 8,889,860 |
| Restricted | 3,705,816 |
| Unrestricted | <u>(134,111,905)</u> |

| | |
|--------------------|-------------------------|
| Total net position | <u>\$ (121,516,229)</u> |
|--------------------|-------------------------|

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Statements of Activities
For the Year Ended June 30, 2020**

| | <u>Program Revenue</u> | | | Net (Expense) Revenue and Changes in Net Position |
|---|------------------------|---------------------------------|-----------------------------|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants</u> | |
| FUNCTIONS/PROGRAMS: | | | | |
| General support | \$ 11,206,881 | \$ - | \$ - | \$ (11,206,881) |
| Instruction | 58,488,011 | 550,144 | 1,496,796 | (56,441,071) |
| Pupil transportation | 2,048,138 | - | 327,809 | (1,720,329) |
| Debt service - Interest | 651,305 | - | - | (651,305) |
| Food service | <u>437,479</u> | <u>382,880</u> | <u>111,722</u> | <u>57,123</u> |
| TOTAL FUNCTIONS AND PROGRAMS | <u>\$ 72,831,814</u> | <u>\$ 933,024</u> | <u>\$ 1,936,327</u> | <u>(69,962,463)</u> |
| GENERAL REVENUE: | | | | |
| Real property taxes | | | | 53,916,744 |
| Other tax items | | | | 3,199,421 |
| Use of money and property | | | | 470,641 |
| Miscellaneous | | | | 553,885 |
| Unrestricted State aid | | | | <u>3,296,974</u> |
| TOTAL GENERAL REVENUE | | | | <u>61,437,665</u> |
| CHANGE IN NET POSITION | | | | <u>(8,524,798)</u> |
| NET POSITION - beginning of year | | | | <u>(112,991,431)</u> |
| TOTAL NET POSITION - end of year | | | | <u>\$ (121,516,229)</u> |

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Balance Sheets - Governmental Funds and Reconciliation of Total Governmental Fund Balance to Governmental Activities Net Position
June 30, 2020**

| | General | Special Aid | School Lunch | Capital Projects | Total Governmental Funds |
|---|----------------------|-------------------|-------------------|---------------------|--------------------------------|
| ASSETS: | | | | | |
| Cash and cash equivalents - unrestricted | \$ 5,657,506 | \$ - | \$ 398,169 | \$ - | \$ 6,055,675 |
| Cash and cash equivalents - restricted | 3,705,816 | 30,058 | - | 2,528,292 | 6,264,166 |
| Accounts receivable | 9,590 | 29,516 | - | - | 39,106 |
| Other receivable | 5,436 | - | - | - | 5,436 |
| Due from other funds | 754,189 | 8,668 | - | 110,794 | 873,651 |
| Due from other governments | 1,196,084 | - | - | - | 1,196,084 |
| State and federal aid receivable | 173,108 | 701,717 | 5,481 | - | 880,306 |
| Inventories | - | - | 4,244 | - | 4,244 |
| TOTAL ASSETS | \$ 11,501,729 | \$ 769,959 | \$ 407,894 | \$ 2,639,086 | \$ 15,318,668 |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES: | | | | | |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 1,205,707 | \$ 78,929 | \$ 6,397 | \$ - | \$ 1,291,033 |
| Due to other funds | 117,809 | 682,870 | - | 79,987 | 880,666 |
| Due to Teachers' Retirement System | 2,508,136 | - | - | - | 2,508,136 |
| Due to Employees' Retirement System | 217,307 | - | - | - | 217,307 |
| Due to other governments | 274,100 | - | - | - | 274,100 |
| BAN payable | - | - | - | 3,000,000 | 3,000,000 |
| Unearned revenue | - | 8,160 | 45,143 | - | 53,303 |
| TOTAL LIABILITIES | 4,323,059 | 769,959 | 51,540 | 3,079,987 | 8,224,545 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Deferred inflow - state grants | 105,127 | - | - | - | 105,127 |
| TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES | 4,428,186 | 769,959 | 51,540 | 3,079,987 | 8,329,672 |
| FUND BALANCE: | | | | | |
| Nonspendable | - | - | 4,244 | - | 4,244 |
| Restricted: | | | | | |
| Tax certiorari | 1,980,758 | - | - | - | 1,980,758 |
| Retirement contributions | 400,592 | - | - | - | 400,592 |
| Employee benefit accrued liabilities | 321,588 | - | - | - | 321,588 |
| Workers compensation | 436,556 | - | - | - | 436,556 |
| Capital | 566,322 | - | - | - | 566,322 |
| Total restricted fund balance | 3,705,816 | - | - | - | 3,705,816 |
| Assigned: | | | | | |
| Other | 362,968 | - | 352,110 | - | 715,078 |
| Appropriated for subsequent years expenditures | 422,500 | - | - | - | 422,500 |
| Total assigned fund balance | 785,468 | - | 352,110 | - | 1,137,578 |
| Unassigned | 2,582,259 | - | - | (440,901) | 2,141,358 |
| TOTAL FUND BALANCE | 7,073,543 | - | 356,354 | (440,901) | 6,988,996 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 11,501,729 | \$ 769,959 | \$ 407,894 | \$ 2,639,086 | \$ 15,318,668 |

(continued)

IRVINGTON UNION FREE SCHOOL DISTRICT

**Balance Sheets - Governmental Funds and Reconciliation of Total Governmental Fund Balance to Governmental Activities Net Position
June 30, 2020**

A reconciliation of total governmental fund balance to government-wide net position follows:

| | |
|---|--------------------------------|
| Total governmental fund balance per above | \$ 6,988,996 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 36,793,009 |
| Pension plans' activity required to be recorded in the government-wide statements: | |
| Deferred outflows or resources | 15,220,408 |
| Net pension asset | 3,779,568 |
| Net pension liability | (4,402,145) |
| Deferred inflows of resources | (5,449,570) |
| Gain on bond refunding recorded as a payment on the fund level | (82,491) |
| Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. | 105,127 |
| Long-term liabilities, including bonds payable, installment purchase debt, judgement and claims, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds | (35,197,773) |
| Other post employment benefit activity required to be recorded in the government-wide statements: | |
| Total OPEB liability | (134,108,054) |
| Deferred outflows of resources | 3,731,169 |
| Deferred inflows of resources | (8,726,023) |
| Interest payable in the government-wide statements under full accrual accounting | <u>(168,450)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (121,516,229)</u> |

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020**

| | Governmental Fund Types | | | | Total Governmental Funds |
|--|-------------------------|-----------------|-------------------|---------------------|--------------------------------|
| | General | Special Aid | School Lunch | Capital Projects | |
| REVENUE: | | | | | |
| Real property taxes | \$ 53,916,744 | \$ - | \$ - | \$ - | \$ 53,916,744 |
| Other tax items | 3,199,421 | - | - | - | 3,199,421 |
| Charges for services | 550,144 | - | - | - | 550,144 |
| Use of money and property | 470,641 | - | - | - | 470,641 |
| Miscellaneous | 482,710 | 131,214 | - | - | 613,924 |
| State sources | 4,196,653 | 281,943 | 5,239 | - | 4,483,835 |
| Federal sources | - | 477,817 | 106,483 | - | 584,300 |
| Sales - School lunch | - | - | 382,880 | - | 382,880 |
| Total revenue | 62,816,313 | 890,974 | 494,602 | - | 64,201,889 |
| EXPENDITURES: | | | | | |
| General support | 7,109,123 | - | - | - | 7,109,123 |
| Instruction | 34,158,867 | 885,554 | - | - | 35,044,421 |
| Pupil transportation | 1,932,581 | 73,623 | - | - | 2,006,204 |
| Employee benefits | 14,221,293 | - | - | - | 14,221,293 |
| Debt service - Principal | 3,178,167 | - | - | - | 3,178,167 |
| Debt service - Interest | 1,027,068 | - | - | - | 1,027,068 |
| Cost of sales | - | - | 444,637 | - | 444,637 |
| Capital outlay | - | - | - | 555,613 | 555,613 |
| Total expenditures | 61,627,099 | 959,177 | 444,637 | 555,613 | 63,586,526 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | 1,189,214 | (68,203) | 49,965 | (555,613) | 615,363 |
| OTHER SOURCES AND (USES): | | | | | |
| Operating transfers in | - | 68,203 | - | - | 68,203 |
| Operating transfers (out) | (68,203) | - | - | - | (68,203) |
| Total other sources (uses) | (68,203) | 68,203 | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES) | 1,121,011 | - | 49,965 | (555,613) | 615,363 |
| FUND BALANCE - beginning of year | 5,952,532 | - | 306,389 | 114,712 | 6,373,633 |
| FUND BALANCE - end of year | \$ 7,073,543 | \$ - | \$ 356,354 | \$ (440,901) | \$ 6,988,996 |

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

Reconciliation of the Statements of Revenue, Expenditures, and Changes in Fund Balance to the Statement of Activities For the Year Ended June 30, 2020

| | |
|--|-----------------------|
| Net changes in fund balance - Total governmental funds | \$ 615,363 |
| Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position. | 512,285 |
| Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities. | (2,081,261) |
| Pension (expense) income resulting from the GASB 68 related actuary reporting is not recorded as an (expenditure) income in the governmental funds but is recorded in the statement of activities. | (3,200,136) |
| Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position. | 3,151,528 |
| Premiums from the issuance on bonds that are revenue sources in the governmental funds in the year received but are amortized on the statement of net position. | 358,714 |
| Certain revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected. | 105,127 |
| Expenses related to long term tax certiorari claims in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. | (1,785,974) |
| Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds as follows: | |
| Accrued interest | 28,306 |
| Compensated absences | 10,623 |
| Amortization of deferred gain on refunding | (11,256) |
| Change in accrued post-employment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. | <u>(6,228,117)</u> |
| Change in net position - Governmental activities | <u>\$ (8,524,798)</u> |

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Statement of Net Position - Fiduciary Funds
For the Year Ended June 30, 2020**

| | Private Purpose | |
|--|-------------------|-------------------|
| | <u>Trusts</u> | <u>Agency</u> |
| ASSETS: | | |
| Cash and cash equivalents - Unrestricted | \$ - | \$ 139,004 |
| Cash and cash equivalents - Restricted | 101,835 | 49,177 |
| Due from other funds | - | 7,015 |
| Accounts receivable | <u>500</u> | <u>-</u> |
| | | |
| Total assets | <u>\$ 102,335</u> | <u>\$ 195,196</u> |
| | | |
| LIABILITIES: | | |
| Accounts payable | 1,001 | - |
| Extraclassroom activity balances | - | 49,177 |
| Other liabilities | <u>-</u> | <u>146,019</u> |
| | | |
| Total liabilities | <u>\$ 1,001</u> | <u>\$ 195,196</u> |
| | | |
| NET POSITION: | | |
| Reserved for private purposes | <u>\$ 101,334</u> | |

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended June 30, 2020**

| | <u>Private Purpose Trusts</u> |
|---|-----------------------------------|
| ADDITIONS: | |
| Contributions | \$ <u>1,749</u> |
| Total additions | <u>1,749</u> |
| DEDUCTIONS: | |
| Scholarships and other private purposes | <u>11,550</u> |
| Total deductions | <u>11,550</u> |
| NET DECREASE | (9,801) |
| NET POSITION - beginning of year | <u>111,135</u> |
| NET POSITION - end of year | <u><u>\$ 101,334</u></u> |

The accompanying notes are an integral part of these statements.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

1. NATURE OF OPERATIONS

Irvington Union Free School District (the District) provides free K-12 public education to students living within its geographic borders.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

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 (BOE) consisting of seven members. The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of a certain entity included in the School District's reporting entity.

- **Extraclassroom Activity Funds**

The extraclassroom activity funds of the School District represent funds of the students of the School District. The board of education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

Joint Venture

The School District is a component school district in Southern Westchester Board of Cooperative Education Services (BOCES). 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 district.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

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

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

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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:

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, 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.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

Fund Financial Statements

The fund financial statements provide information about the School District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

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

Special Revenue Funds - These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

- **Special Aid Fund:** Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
- **School Lunch Fund:** Used to account for transactions of the lunch and breakfast programs.

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

Fiduciary Funds

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the School District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There are two types of fiduciary funds:

- *Private purpose trust funds:* These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.
- *Agency funds:* These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholdings that are payable to other jurisdictions.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange includes property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year as it matches the liquidation of related obligations.

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, pensions, and other post-employment benefits 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.

Cash

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

Restricted Cash and Cash Equivalents

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Investments

The District is part of an investment pool held by the New York Liquid Asset Fund (NYLAF). These are short-term, highly liquid investments for the public sector that provide the opportunity to invest funds cooperatively, while maintaining the safety of assets. See Note 6 for further information.

Property Taxes

Real property taxes are levied annually by the board of education no later than July 1 and are levied and payable in September and January. Taxes are billed and collected by the Town of Greenburgh. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Accounts Receivable and Due from Other Governments

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

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Inventories

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased and presented as a prepaid expenditure/expense in the financial statements. The District uses the consumption method to relieve inventory.

Interfund transactions

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

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all significant interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the School 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.

Capital Assets, Net

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated acquisition value at the time received.

Land and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. 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:

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---------------------------|-----------------------------|------------------------|--------------------------|
| Land improvements | \$ 5,000 | SL | 20-30 years |
| Building and improvements | \$ 5,000 | SL | 20-50 years |
| Furniture and equipment | \$ 5,000 | SL | 7-20 years |

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Vested Employee Benefits

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.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Upon resignation or death, employees may receive a payment based on unused accumulated vacation leave. Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with accounting principles generally accepted in the United States of America, an accrual for accumulated sick leave and vacation benefits are included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

Other Benefits

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

In addition to providing the pension benefits through the New York State Employees' Retirement System and the New York State Teachers' Retirement System, the School District provides postemployment health insurance coverage (OPEB) to its retired employees and their survivors. The District has retained an actuary to determine the District's total OPEB liability in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The disclosures relating to the School District's total OPEB liability are reflected in Note 12.

Encumbrances

Encumbrance accounting is used for budgetary 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 assigned fund balance and do not represent expenditures or liabilities.

Unearned Revenue

Unearned revenue is reported when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

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.

District-wide Statements - Equity Classifications

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

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

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and 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 School District.

Governmental Fund Financial Statements - Equity Classifications

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

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.

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 School District has available the following restricted fund balances.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Capital

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

Repair

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

Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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. The reserve is accounted for in the general fund under restricted fund balance.

Unemployment Insurance

Unemployment insurance reserve (GML §6-m) is 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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund under restricted fund balance.

Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Insurance

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

Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is 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. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds 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 under restricted fund balance.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as assigned fund balance, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Restricted fund balance includes the following:

| | |
|--------------------------------------|---------------------|
| General Fund: | |
| Tax certiorari | \$ 1,980,758 |
| Retirement contributions | 400,592 |
| Employee benefit accrued liabilities | 321,588 |
| Workers compensation | 436,556 |
| Capital | 566,322 |
| | <u>\$ 3,705,816</u> |

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School Districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2020.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$362,968. Appropriated fund balance in the General Fund amounted to \$422,500. Any remaining fund balance in other funds is considered assigned. The school lunch fund also reports assigned fund balance of \$352,110. As of June 30, 2020, the District’s General Fund encumbrances were classified as follows:

| | |
|-----------------|-------------------|
| General support | \$ 326,787 |
| Instruction | <u>36,181</u> |
| | <u>\$ 362,968</u> |

Unassigned fund balance - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School 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 are also excluded from the 4% limitation.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

Order of Fund Balance Spending Policy

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

Use of 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 liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the School District-wide 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.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

Statements of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of the following broad categories:

- **Long-Term Revenue and Expense Differences**
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

- **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 as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- **Long-Term Debt Transaction Differences**
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental 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.
- **Pension Differences**
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

The District administration prepares a proposed budget for approval by the Board Of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE 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 restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2020

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

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.

Encumbrances

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

Fund Balance

The District's unrestricted fund balance in its General Fund was in compliance with the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

The Capital Projects Fund had a deficit fund balance of \$440,901. This will be funded when the District obtains permanent financing for its current construction project.

5. CASH AND CASH EQUIVALENTS

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

At June 30, 2020, the reported amount of the District's deposits was \$5,324,706 and the bank balance was \$5,808,845. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,855,845 was covered by collateral held in the District's name .

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Restricted cash consists of the following:

| | |
|---|---------------------|
| General fund | <u>\$ 3,705,816</u> |
| Special aid fund | <u>\$ 30,058</u> |
| Capital fund | <u>\$ 2,528,292</u> |
| Agency funds: | |
| Cash on deposit for scholarships, private purpose trust funds, and extraclassroom activity funds | <u>\$ 151,012</u> |

6. INVESTMENT POOL

The District participates in the New York State Liquid Asset Fund (NYS LAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$7,285,151 in investments consisting of various investments in securities issued by the United States and its agencies. NYS LAF is rated 'AAAm' from Standard & Poor's. The investments are highly liquid, and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. There are no limitations or restrictions on withdrawals in the NYS LAF. Additional information concerning NYS LAF, including the annual report, can be found on its website at <https://www.nylaf.org/>.

7. PARTICIPATION IN BOCES

During the year, the School District was billed \$2,856,878 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$522,946. Financial statements for BOCES are available from the BOCES administrative office.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

8. CAPITAL ASSETS, NET

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

| | July 1, 2019 Balance | Additions | Deletions | June 30, 2020 Balance |
|--|-------------------------|-----------------------|--------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 793,200 | \$ - | \$ - | \$ 793,200 |
| Construction in progress | <u>-</u> | <u>475,629</u> | <u>-</u> | <u>475,629</u> |
| Total non-depreciable cost | <u>793,200</u> | <u>475,629</u> | <u>-</u> | <u>1,268,829</u> |
| Capital assets that are depreciated: | | | | |
| Land improvements | 5,334,698 | - | - | 5,334,698 |
| Buildings & improvements | 69,514,761 | - | - | 69,514,761 |
| Furniture & Equipment | <u>1,288,596</u> | <u>36,656</u> | <u>8,246</u> | <u>1,317,006</u> |
| Total depreciable historical cost | <u>76,138,055</u> | <u>36,656</u> | <u>8,246</u> | <u>76,166,465</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 4,082,730 | 262,674 | - | 4,345,404 |
| Buildings & Improvements | 33,642,384 | 1,729,467 | - | 35,371,851 |
| Furniture & Equipment | <u>844,156</u> | <u>89,120</u> | <u>8,246</u> | <u>925,030</u> |
| Total accumulated depreciation | <u>38,569,270</u> | <u>2,081,261</u> | <u>8,246</u> | <u>40,642,285</u> |
| Total depreciable cost, net | <u>37,568,785</u> | <u>(2,044,605)</u> | <u>-</u> | <u>35,524,180</u> |
| Total investment in capital assets | <u>\$ 38,361,985</u> | <u>\$ (1,568,976)</u> | <u>\$ -</u> | <u>\$ 36,793,009</u> |

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

| | |
|--------------------|---------------------|
| General support | \$ 22,956 |
| Instruction | 2,053,498 |
| Food service | <u>4,807</u> |
| Total Depreciation | <u>\$ 2,081,261</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

9. LONG-TERM DEBT

Interest on all debt for the year was composed of:

| | |
|---|-----------------------|
| Interest paid | \$ 1,027,068 |
| Less: interest accrued in prior year | (196,755) |
| Less: premium amortization | (358,714) |
| Plus: amortization on loss on refunding | 11,256 |
| Plus: interest accrued in current year | <u>168,450</u> |
| Total expense | <u>\$ 651,305</u> |

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

| | Beginning Balance | Additions | Deletions | Ending Balance | Amounts Due Within One Year |
|---------------------------------|-----------------------|----------------------|---------------------|-----------------------|--------------------------------|
| <u>Government activities</u> | | | | | |
| Bonds payable: | | | | | |
| General obligation debt: | | | | | |
| Serial bonds payable | \$ 29,540,000 | \$ - | \$ 3,035,000 | \$ 26,505,000 | \$ 3,220,000 |
| Unamortized premium on bonds | <u>1,285,154</u> | <u>-</u> | <u>358,713</u> | <u>926,441</u> | <u>-</u> |
| Total Bonds | <u>30,825,154</u> | <u>-</u> | <u>3,393,713</u> | <u>27,431,441</u> | <u>3,220,000</u> |
| Other liabilities: | | | | | |
| Net OPEB liability | \$ 123,125,133 | \$ 13,619,024 | \$ 2,636,103 | \$ 134,108,054 | \$ - |
| Installment purchase debt | 116,528 | - | 116,528 | - | - |
| Judgment and claims | 5,473,322 | 1,785,974 | - | 7,259,296 | - |
| Net pension liability | 1,203,215 | 3,198,930 | - | 4,402,145 | - |
| Compensated absences | <u>517,659</u> | <u>-</u> | <u>10,623</u> | <u>507,036</u> | <u>-</u> |
| Total other liabilities | <u>130,435,857</u> | <u>18,603,928</u> | <u>2,763,254</u> | <u>146,276,531</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 161,261,011</u> | <u>\$ 18,603,928</u> | <u>\$ 6,156,967</u> | <u>\$ 173,707,972</u> | <u>\$ 3,220,000</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Issue dates, maturities, and interest rates on outstanding debt are as follows:

| <u>Bond Issue</u> | <u>Issued</u> | <u>Maturity</u> | <u>Interest Rate</u> | June 30, 2020 |
|------------------------|---------------|-----------------|----------------------|----------------------|
| | | | | <u>Balance</u> |
| Refunding Bond 2014 | 2014 | 2023 | 2-5% | \$ 2,385,000 |
| Refunding Bond 2015 | 2015 | 2032 | 2.75-5% | 19,205,000 |
| Serial Bond 2015 | 2016 | 2030 | 2-3% | 3,215,000 |
| Tax Certiorari Refunds | 2008 | 2022 | 3.5-4% | 1,100,000 |
| Tax Certiorari Refunds | 2008 | 2023 | 4.5-5% | <u>600,000</u> |
| Total | | | | <u>\$ 26,505,000</u> |

The following is a summary of the maturities of bonds payable:

| Fiscal Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2021 | \$ 3,220,000 | \$ 918,731 | \$ 4,138,731 |
| 2022 | 3,360,000 | 773,856 | 4,133,856 |
| 2023 | 2,235,000 | 648,405 | 2,883,405 |
| 2024 | 1,935,000 | 556,931 | 2,491,931 |
| 2025 | 1,855,000 | 473,481 | 2,328,481 |
| 2026-2030 | 10,185,000 | 1,460,431 | 11,645,431 |
| 2031-2032 | <u>3,715,000</u> | <u>167,850</u> | <u>3,882,850</u> |
| Total | <u>\$ 26,505,000</u> | <u>\$ 4,999,685</u> | <u>\$ 31,504,685</u> |

10. INTERFUND BALANCES AND ACTIVITY

| | <u>Interfund</u> | | <u>Interfund</u> | |
|-------------------------------|-------------------|-------------------|------------------|--------------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>Revenue</u> | <u>Expenditure</u> |
| General fund | \$ 754,189 | \$ 117,809 | \$ - | \$ 68,203 |
| Special aid fund | 8,668 | 682,870 | 68,203 | - |
| Capital fund | 110,794 | 79,987 | - | - |
| Fiduciary funds | <u>7,015</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total governmental activities | <u>\$ 880,666</u> | <u>\$ 880,666</u> | <u>\$ 68,203</u> | <u>\$ 68,203</u> |

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

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

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

11. PENSION PLANS

New York State and Local Retirement System

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

Contributions

ERS is noncontributory except for employees who joined ERS after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute between 3 to 6 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

| | | |
|------|----|---------|
| 2020 | \$ | 723,216 |
| 2019 | \$ | 725,344 |
| 2018 | \$ | 751,186 |

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

At June 30, 2020, the School District reported a net pension liability of \$4,402,145 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2019. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

At June 30, 2020, the School District's proportion was 0.166241 percent, which was a decrease of .00036 percent from its proportion measured the prior year.

For the year ended June 30, 2020, the School District recognized pension expense of \$1,553,415. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 259,084 | \$ - |
| Change of Assumptions | 88,638 | 76,538 |
| Net difference between projected and actual earnings on pension plan investments | 2,256,753 | - |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 135,484 | 56,608 |
| Contributions subsequent to the measurement date | 217,307 | - |
| | <u>\$ 2,957,266</u> | <u>\$ 133,146</u> |

The District recognized \$217,307 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions that will be recognized in pension expense as follows:

| | |
|----------------------------|---------------------|
| Plan's Year Ended June 30, | |
| 2021 | \$ 454,176 |
| 2022 | 661,148 |
| 2023 | 825,291 |
| 2024 | 666,198 |
| Thereafter | - |
| | <u>\$ 2,606,813</u> |

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

The actuarial valuation used the following actuarial assumptions:

| | |
|----------------------------|--|
| Inflation | 2.50% |
| Salary scale | 4.2% indexed by service |
| Cost-of-living adjustments | 1.3% |
| Decrement | Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015 |
| Mortality improvement | Society of Actuaries Scale MP-2018 |
| Investment Rate of Return | 6.8% compounded annually, net of investment expenses |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The previous actuarial valuation as of April 1, 2018 used a long-term expected rate of return of 7.0%.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Type | Target Allocation in % | Long-Term Expected Real Rate of Return in % |
|----------------------------|------------------------|--|
| Domestic Equity | 36.0 | 4.05 |
| International Equity | 14.0 | 6.15 |
| Private Equity | 10.0 | 6.75 |
| Real Estate | 10.0 | 4.95 |
| Absolute Return Strategies | 2.0 | 3.25 |
| Opportunistic Portfolio | 3.0 | 4.65 |
| Real Asset | 3.0 | 5.95 |
| Bonds and Mortgages | 17.0 | 0.75 |
| Cash | 1.0 | 0.00 |
| Inflation Indexed Bonds | <u>4.0</u> | <u>0.50</u> |
| | <u>100%</u> | |

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 liability calculated using the discount rate of 6.8%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease | Current Assumption | 1% Increase |
|--|---------------------|-----------------------|---------------------|
| | <u>5.80%</u> | <u>6.80%</u> | <u>7.80%</u> |
| Proportionate Share of Net Pension Liability (Asset) | <u>\$ 8,079,179</u> | <u>\$ 4,402,145</u> | <u>\$ 1,015,581</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension (asset) of the employers plan as of June 30, 2020 were as follows:

| | Pension Plan's Fiduciary Net Position |
|---|--|
| Total pension liability | \$ 194,596,261 |
| Net position | (168,115,682) |
| Net pension liability | <u>\$ 26,480,579</u> |
| Fiduciary net position as a percentage of total pension liability | 86.39% |

New York State Teachers' Retirement System

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

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

| | <u>TRS</u> |
|------|--------------|
| 2020 | \$ 2,578,844 |
| 2019 | \$ 2,336,077 |
| 2018 | \$ 2,713,687 |

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a net pension asset of \$3,779,568 for its proportionate share of the TRS net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020 the District's proportionate share was 0.014548%, which was an decrease of 0.002434% from its proportionate share measured at June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$4,609,074. At June 30, 2020 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 2,561,317 | \$ 281,056 |
| Changes of assumptions | 7,140,110 | 1,740,961 |
| Net difference between projected and actual earnings on pension plan investments | | - 3,031,019 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 53,579 | 263,388 |
| Contributions subsequent to the measurement date | 2,508,136 | - |
| Total | <u>\$ 12,263,142</u> | <u>\$ 5,316,424</u> |

The District recognized \$2,508,136 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2019, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

| | |
|------------|---------------------|
| 2020 | \$ 1,644,917 |
| 2021 | 43,486 |
| 2022 | 1,638,719 |
| 2023 | 1,095,157 |
| 2024 | 131,153 |
| Thereafter | <u>(114,850)</u> |
| Total | <u>\$ 4,438,582</u> |

Actuarial Assumptions

The total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. These actuarial valuations used the following actuarial assumptions:

| | |
|----------------------------|---|
| Inflation | 2.20% |
| Projected Salary Increases | Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience. |

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

| | |
|---------------------------|---|
| Projected COLAs | 1.3% compounded annually |
| Investment Rate of Return | 7.10% compounded annually, net of pension plan investment expense, including inflation. |

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period of July 1, 2009 to June 30, 2014.

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

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2019 are summarized in the following table:

| Asset Type | Target Allocation in % | Long-Term Expected Real Rate of Return in % |
|-----------------------|------------------------|--|
| Domestic equity | 33 | 6.3 |
| International equity | 16 | 7.8 |
| Global equity | 4 | 7.2 |
| Real estate equity | 11 | 4.6 |
| Private equity | 8 | 9.9 |
| Domestic fixed income | 16 | 1.3 |
| Global bonds | 2 | 0.9 |
| High-yield bonds | 1 | 3.6 |
| Private debt | 1 | 6.5 |
| Real estate debt | 7 | 2.9 |
| Cash equivalents | 1 | 0.3 |
| | <u>100%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.10 percent, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease | Current Assumption | 1% Increase |
|--|----------------------|-----------------------|-----------------------|
| | 6.10% | 7.10% | 8.10% |
| Proportionate Share of Net Pension Liability (asset) | <u>\$ 17,060,576</u> | <u>\$ (3,779,568)</u> | <u>\$(21,262,098)</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

Pension Plan Fiduciary Net Position (000's)

The components of the current year net pension liability of the employers as of June 30, 2019, were as follows:

| | | |
|--|----|----------------------|
| Total pension liability | \$ | 119,879,473 |
| Net position | | <u>(122,477,480)</u> |
| Net pension liability (asset) | \$ | <u>(2,598,007)</u> |
| NYSTRS net position as a percentage of total pension liability | | 102.17% |

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

| | |
|---------------|----------------------|
| | <u>June 30, 2020</u> |
| ERS Liability | \$ 217,307 |
| TRS Liability | \$ 2,508,136 |

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The School District's single-employer defined benefit OPEB plan, which is administered by the School District, provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits and eligible requirements determined by the employment contracts negotiated between the School District and its employee groups. All employees are eligible if they retire at or after the age of 55 and have between 5 and 20 years of services depending on the employee group. Medical benefits, including pharmaceutical costs are provided through plans whose premiums are based on the benefits paid during the year. The School District pays a variable percentage of the cost of premiums which vary between 0 percent and 20 percent depending on the employee group.

Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. The plan does not accumulate assets to meet its future obligation and the plan is not administered through a trust or an equivalent arrangement. The OPEB plan does not issue a stand-alone financial report.

In the governmental funds, the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. Total contributions to the plan to cover the School District's share of insurance premiums for the year ended June 30, 2020 was \$2,636,103.

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

At the valuation date of July 1, 2019, the number of employees covered by School District's OPEB plan:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 259 |
| Active employees | <u>300</u> |
| Total participant | <u><u>559</u></u> |

Total OPEB Liability

The District's total OPEB liability of \$134,108,055 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Changes in the Total OPEB Liability

| | |
|--|------------------------------|
| Balance at June 30, 2019 | \$ 123,125,134 |
| Changes for the Year - | |
| Service cost | 5,437,467 |
| Interest | 4,453,956 |
| Changes of benefit terms | - |
| Changes in assumptions or other inputs | - |
| Differences between expected and actual experience | 3,727,600 |
| Benefit payments | <u>(2,636,103)</u> |
| Net changes | <u><u>10,982,920</u></u> |
| Balance at June 30, 2020 | <u><u>\$ 134,108,054</u></u> |

Actuarial Assumptions and Other Inputs

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

| | |
|---|---------------------------|
| Discount Rate | 2.21% |
| 20 year tax-exempt municipal bond yield | 2.21% |
| Valuation date | July 1, 2019 |
| Measurement date | June 30, 2020 |
| Actuarial cost method | Entry Age Normal |
| Salary increases including inflation | 2.60% |
| Medical trend rate | 6.1 to 4.1% over 56 years |

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

IRVINGTON UNION FREE SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

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

The following presents the total OPEB liability of the School 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 or 1 percentage point higher than the current discount rate:

| | 1% Decrease <u>1.21%</u> | Current Discount Rate <u>2.21%</u> | 1% Increase <u>3.21%</u> |
|----------------------|-----------------------------|--|-----------------------------|
| Total OPEB Liability | \$ <u>161,807,386</u> | \$ <u>134,108,054</u> | \$ <u>112,482,153</u> |

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

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

| | 1% Decrease <u>5.6 - 3.10%</u> | Current Trend Rate <u>6.6 - 4.10%</u> | 1% Increase <u>7.6 - 5.10%</u> |
|----------------------|-----------------------------------|---|-----------------------------------|
| Total OPEB Liability | \$ <u>111,420,145</u> | \$ <u>134,108,054</u> | \$ <u>164,657,030</u> |

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$8,864,220. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ 513,245 |
| Changes in assumptions | <u>3,731,169</u> | <u>8,212,778</u> |
| Total | <u>\$ 3,731,169</u> | <u>\$ 8,726,023</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2020**

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

| <u>Fiscal Year Ending June 30:</u> | <u>Amount</u> |
|------------------------------------|-----------------------|
| 2021 | \$ (1,027,204) |
| 2022 | (1,027,204) |
| 2023 | (1,027,204) |
| 2024 | (1,027,204) |
| 2025 | (1,027,204) |
| Thereafter | <u>141,166</u> |
| | <u>\$ (4,994,854)</u> |

13. RISK MANAGEMENT

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

14. CONTINGENCIES AND COMMITMENTS

General Information

The School 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 School District’s administration believes disallowances, if any, will be immaterial.

15. SUBSEQUENT EVENTS

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). In August 2020, the New York State Department of Education notified all school districts that effective immediately various state aid payments will be reduced by a 20% withholding. As a result, the School District has recorded a deferred inflow to reflect certain payments that have been delayed. At this time, it is uncertain as to when these payments will be received. As a result, at June 30, 2020, the School District has recorded a deferred inflow of resources in the amount of \$105,127 in the general fund.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

IRVINGTON UNION FREE SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2020**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Encumbrances</u> | Final Budget Variance with Budgetary <u>Actual</u> |
|--|------------------------|-----------------------|----------------------|---------------------|---|
| REVENUE | | | | | |
| LOCAL SOURCES: | | | | | |
| Real property taxes | \$ 56,401,682 | \$ 56,401,682 | \$ 53,916,744 | \$ - | \$ (2,484,938) |
| Other tax items | 555,000 | 555,000 | 3,199,421 | - | 2,644,421 |
| Charges for services | 701,732 | 701,732 | 550,144 | - | (151,588) |
| Use of money and property | 486,525 | 486,525 | 470,641 | - | (15,884) |
| Miscellaneous | 484,400 | 484,400 | 482,710 | - | (1,690) |
| State sources | <u>3,901,715</u> | <u>3,901,715</u> | <u>4,196,653</u> | <u>-</u> | <u>294,938</u> |
| Total revenue | <u>\$ 62,531,054</u> | <u>\$ 62,531,054</u> | <u>\$ 62,816,313</u> | <u>\$ -</u> | <u>\$ 285,259</u> |
| EXPENDITURES | | | | | |
| GENERAL SUPPORT: | | | | | |
| Board of education | \$ 133,946 | \$ 138,970 | \$ 94,471 | \$ 5,426 | \$ 39,073 |
| Central administration | 366,517 | 366,517 | 363,978 | 3 | 2,536 |
| Finance | 646,735 | 646,735 | 577,406 | 8,630 | 60,699 |
| Staff | 530,169 | 550,256 | 409,366 | 14,390 | 126,500 |
| Central services | 5,058,994 | 5,127,336 | 4,215,843 | 298,338 | 613,155 |
| Special items | <u>603,031</u> | <u>1,467,497</u> | <u>1,448,059</u> | <u>-</u> | <u>19,438</u> |
| Total general support | 7,339,392 | 8,297,311 | 7,109,123 | 326,787 | 861,401 |
| INSTRUCTION: | | | | | |
| Instruction, administration, and improvement | 2,016,484 | 2,009,525 | 1,952,765 | 2,685 | 54,075 |
| Teaching - Regular school | 18,488,979 | 18,491,525 | 18,163,229 | 18,308 | 309,988 |
| Programs for children with handicapping conditions | 9,354,720 | 9,346,331 | 9,143,093 | 999 | 202,239 |
| Occupational education | 50,166 | 50,166 | 46,822 | - | 3,344 |
| Instructional media | 1,917,270 | 1,877,496 | 1,807,818 | 1,675 | 68,003 |
| Pupil services | <u>3,180,428</u> | <u>3,162,182</u> | <u>3,045,140</u> | <u>12,514</u> | <u>104,528</u> |
| Total instruction | 35,008,047 | 34,937,225 | 34,158,867 | 36,181 | 742,177 |
| Pupil transportation | 2,649,209 | 2,585,831 | 1,932,581 | - | 653,250 |
| Employee benefits | 13,663,310 | 14,238,113 | 14,221,293 | - | 16,820 |
| Debt service - Principal | 3,211,528 | 3,178,167 | 3,178,167 | - | - |
| Debt service - Interest | <u>1,027,068</u> | <u>1,027,068</u> | <u>1,027,068</u> | <u>-</u> | <u>-</u> |
| Total expenditures | 62,898,554 | 64,263,715 | 61,627,099 | 362,968 | 2,273,648 |
| OTHER FINANCING USES | | | | | |
| Transfers to other funds | <u>55,000</u> | <u>68,203</u> | <u>68,203</u> | <u>-</u> | <u>-</u> |
| Total expenditures and other uses | <u>62,953,554</u> | <u>64,331,918</u> | <u>61,695,302</u> | <u>362,968</u> | <u>2,273,648</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (422,500)</u> | <u>\$ (1,800,864)</u> | 1,121,011 | <u>\$ 362,968</u> | <u>\$ 2,558,907</u> |
| FUND BALANCE - beginning of year | | | <u>5,952,532</u> | | |
| FUND BALANCE - end of year | | | <u>\$ 7,073,543</u> | | |

IRVINGTON UNION FREE SCHOOL DISTRICT

**Schedule of Proportionate Share of Net Pension Liability (Asset)
For the Year Ended June 30, 2020**

| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN | Last 10 Fiscal Years (Dollar amounts displayed in thousands) * | | | | | |
|--|--|-------------|-------------|-------------|-------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Proportion of the net pension liability (asset) | 0.0166241% | 0.0169818% | 0.0180560% | 0.0172571% | 0.0177130% | 0.0173740% |
| Proportionate share of the net pension liability (asset) | \$ 4,402.0 | \$ 1,203.2 | \$ 582.7 | \$ 1,621.5 | \$ 2,843.0 | \$ 586.9 |
| Covered-employee payroll | \$ 5,360.0 | \$ 5,281.3 | \$ 5,229.1 | \$ 5,216.4 | \$ 4,619.1 | \$ 4,526.5 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 82.13% | 22.78% | 11.14% | 31.08% | 61.55% | 12.97% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 86.39% | 96.27% | 98.24% | 94.71% | 90.68% | 97.95% |

| NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN | Last 10 Fiscal Years (Dollar amounts displayed in thousands) * | | | | | |
|--|--|--------------|--------------|-------------|---------------|---------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Proportion of the net pension liability (asset) | 0.145480% | 0.146342% | 0.146114% | 0.144890% | 0.141509% | 0.136039% |
| Proportionate share of the net pension liability (asset) | \$ (3,779.6) | \$ (2,646.3) | \$ (1,110.6) | \$ 1,551.8 | \$ (14,698.3) | \$ (15,153.9) |
| Covered-employee payroll | \$ 26,302.0 | \$ 23,837.5 | \$ 25,333.8 | \$ 24,440.7 | \$ 21,257.0 | \$ 20,095.1 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -14.37% | -11.10% | -4.38% | 6.35% | -69.15% | -75.41% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |

* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Schedule of Contributions - Pension Plans
For the Year Ended June 30, 2020**

| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN | Last 10 Plan Years (Dollar amounts displayed in thousands) * | | | | | |
|--|--|--------------|--------------|--------------|--------------|--------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contribution | \$ 723.2 | \$ 725.3 | \$ 751.2 | \$ 739.5 | \$ 807.5 | \$ 815.8 |
| Contributions in relation to the contractually required contribution | <u>723.2</u> | <u>725.3</u> | <u>751.2</u> | <u>739.5</u> | <u>807.5</u> | <u>815.8</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 5,360.0 | \$ 5,281.3 | \$ 5,229.1 | \$ 5,216.4 | \$ 4,619.1 | \$ 4,526.5 |
| Contributions as a percentage of covered-employee payroll | 13.49% | 13.73% | 14.37% | 14.18% | 17.48% | 18.02% |

| NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN | Last 10 Plan Years (Dollar amounts displayed in thousands) * | | | | | |
|--|--|----------------|----------------|----------------|----------------|----------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contribution | \$ 2,179.2 | \$ 2,578.8 | \$ 2,336.1 | \$ 2,713.7 | \$ 2,964.6 | \$ 3,726.3 |
| Contributions in relation to the contractually required contribution | <u>2,179.2</u> | <u>2,578.8</u> | <u>2,336.1</u> | <u>2,713.7</u> | <u>2,964.6</u> | <u>3,726.3</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 24,595.5 | \$ 24,282.9 | \$ 23,837.5 | \$ 23,154.4 | \$ 22,357.5 | \$ 21,256.6 |
| Contributions as a percentage of covered-employee payroll | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% | 17.53% |

* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

IRVINGTON UNION FREE SCHOOL DISTRICT

**Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2020**

| (Amounts in thousands) | Last Ten Fiscal Years * | | |
|--|-------------------------|------------|------------|
| | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | |
| Service cost | \$ 5,437 | \$ 5,851 | \$ 5,680 |
| Interest | 4,454 | 3,951 | 3,742 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | (55) |
| Changes in assumptions | 3,728 | (11,199) | - |
| Benefit payments | (2,636) | (2,647) | (2,482) |
| Total change in total OPEB liability | 10,983 | (4,044) | 6,885 |
| OPEB plan fiduciary net position | - | - | - |
| Total OPEB liability - beginning | 123,125 | 127,169 | 120,284 |
| Total OPEB liability - ending | \$ 134,108 | \$ 123,125 | \$ 127,169 |
| | | | |
| Covered-employee payroll | \$ 28,176 | \$ 29,374 | \$ 29,374 |
| | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 476.0% | 419.2% | 432.9% |

Notes to schedule:

Change in significant assumptions:

| | 2020 | 2019 | 2018 |
|------------------------|-------|-------|-------|
| Discount rate | 2.21% | 3.50% | 3.00% |
| Healthcare trend rate: | | | |
| Initial rate | 6.60% | 7.50% | 7.50% |
| Decreasing per year | 0.50% | 0.50% | 0.50% |
| Ultimate rate | 4.10% | 4.50% | 4.50% |
| Ultimate rate year | 2023 | 2023 | 2023 |

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

OTHER INFORMATION (UNAUDITED)

IRVINGTON UNION FREE SCHOOL DISTRICT

**Schedule of Change from Original Budget to Revised Budget and Use of Unassigned Fund Balance - General Fund
For the Year Ended June 30, 2020**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

| | |
|--------------------------------|----------------------|
| Adopted budget | \$ 62,953,554 |
| Add: Prior year's encumbrances | <u>76,509</u> |
| Original budget | 63,030,063 |
| Budget revision | <u>1,301,855</u> |
| Final budget | <u>\$ 64,331,918</u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | | |
|---|---------------|--------------|
| 2020-21 voter-approved expenditure budget | \$ 64,556,500 | |
| Maximum allowed (4% of 2020-21 budget) | | \$ 2,582,260 |

General Fund Balance Subject to Section 1318 of Real Property Tax Law *:

| | | |
|---|---------------------|---------------------|
| Total fund balance: | <u>\$ 7,073,543</u> | |
| Less: | | |
| Committed fund balance | - | |
| Restricted fund balance | 3,705,816 | |
| Assigned fund balance: | | |
| Appropriated fund balance | 422,500 | |
| Encumbrances included in committed and assigned fund balance | <u>362,968</u> | |
| Total adjustments | <u>\$ 4,491,284</u> | |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | | <u>\$ 2,582,259</u> |
| Actual percentage | | 4.00% |

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

IRVINGTON UNION FREE SCHOOL DISTRICT

**Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2020 (Unaudited)**

| Project Title | SED Project # | Budget | Expenditures | | | Available Balance |
|-----------------------------------|---------------|----------------------|--------------|-------------------|-------------------|----------------------|
| | | | Prior Years | Current Year | Total | |
| Dows Lane Reconstruction | 0002-016 | \$ 1,607,003 | \$ - | \$ 105,140 | \$ 105,140 | \$ 1,501,863 |
| Dows Lane Boiler | 0002-020 | 787,446 | - | 43,086 | 43,086 | 744,360 |
| Dows Outdoor Bathroom | 7024-001 | 362,011 | - | 23,373 | 23,373 | 338,638 |
| Middle School Renovations | 0013-005 | 1,915,004 | - | 132,382 | 132,382 | 1,782,622 |
| Facilities Storage Building | 2022-001 | 924,894 | - | 22,177 | 22,177 | 902,717 |
| Campus Learning Pavilion | 7023-001 | 1,703,768 | - | 72,041 | 72,041 | 1,631,727 |
| Press Box | 7021-001 | 117,942 | - | 12,936 | 12,936 | 105,006 |
| District-Wide Reconstruction | 7999-003 | 1,421,205 | - | 20,158 | 20,158 | 1,401,047 |
| High School Reconstruction | 0007-020 | 6,311,034 | - | 10,162 | 10,162 | 6,300,872 |
| Theater/Gym reconstruction | 0014-003 | 573,000 | - | 1,391 | 1,391 | 571,609 |
| Main Street School Reconstruction | 0001-016 | 2,120,462 | - | 29,876 | 29,876 | 2,090,586 |
| Dows Lane Library Reconstruction | 0002-021 | 1,023,871 | - | 2,904 | 2,904 | 1,020,967 |
| Smart School | | 89,712 | - | 79,987 | 79,987 | 9,725 |
| | | <u>\$ 18,957,352</u> | <u>\$ -</u> | <u>\$ 555,613</u> | <u>\$ 555,613</u> | <u>\$ 18,401,739</u> |

IRVINGTON UNION FREE SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets
June 30, 2020 (Unaudited)

| | | |
|---|--------------------|---------------------|
| Capital assets, net | | \$ 36,793,009 |
| Deduct: | | |
| Capital related bond anticipation notes | 3,000,000 | 3,000,000 |
| Short-term portion of capital related bonds payable | 3,220,000 | |
| Long-term portion of capital related bonds payable | 24,211,441 | |
| Less: Unspent BAN proceeds | <u>(2,528,292)</u> | |
| | | <u>24,903,149</u> |
| Net investment in capital assets | | <u>\$ 8,889,860</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*

October 6, 2020

To the Board of Education of
Irvington Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Irvington Union Free School District (the District), as of and for the year ended June 30, 2020, 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 6, 2020.

Internal Control Over Financial Reporting

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

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