

MAHOPAC CENTRAL SCHOOL DISTRICT

**Financial Statements and Required Reports
June 30, 2021
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

MAHOPAC CENTRAL SCHOOL DISTRICT

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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

October 14, 2021

To the Board of Education of the
Mahopac Central 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 Mahopac Central School District (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

488 Madison Ave., 23rd Floor
New York, NY 10022
p (212) 600-2854

www.bonadio.com

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 District as of June 30, 2021, 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*Change in Accounting Principle*

As discussed in Note 17, during 2021 the School District adopted Governmental Accounting Standards Board Statement No. 84 - *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenue, expenditures, and changes in fund balance – Budget and Actual General Fund, schedule of proportionate share of net pension liability (asset), schedule of contributions – pension plans and 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 School District's basic financial statements. The Other Information described in the table of contents, as required by the New York State Education Department is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Information required by the New York State Education Department 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Bonadio & Co., LLP

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. 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

Government-wide net position of the School District was \$(203,698,747). This is an approximately \$18 million decrease from the prior year. This was mainly due to the increase in actuarial valuations for both pensions and other postemployment benefits.

The governmental funds fund balance increased \$24,492,001. This was mainly attributable to the issuance of \$22,855,000 of bonds related to ongoing capital projects.

The general fund fund balance increased \$5,156,359 mainly due to the reduction in costs associated with the COVID-19 pandemic.

Overview of the Financial Statements

The annual record 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 entity-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 operations in more detail than the entity-wide statements.
- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.
- 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.

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. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

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

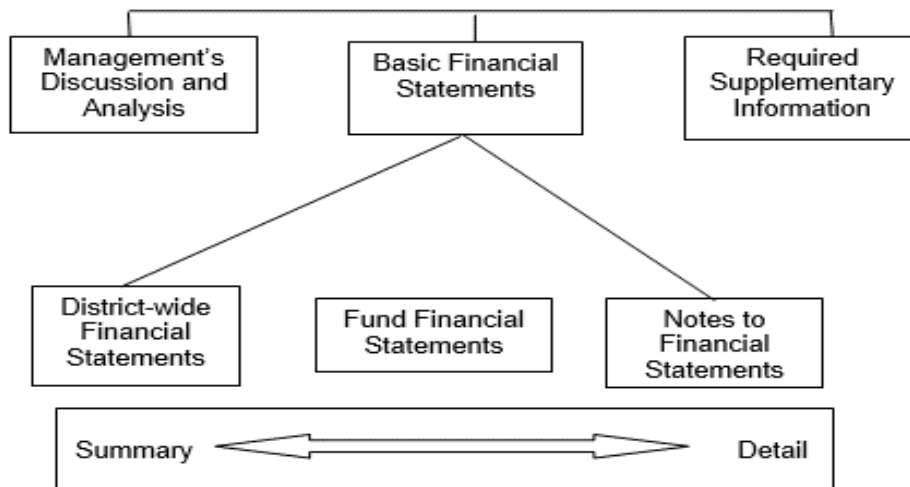


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

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

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.
Required Financial Statements	Statement of net position Statement of activities	Balance sheet Statement of revenue, expenditures, and changes in fund balances.	Statement of fiduciary net position Statement of changes in fiduciary net position.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources 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 inflows/outflows of resources, and liabilities, both financial and capital, short-term and long-term debt	Assets, deferred inflows/outflows of deferred resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term.
Type of Inflow/Outflow Information	All revenue and expenses during 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.

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 and liabilities. All of the current year's revenue 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 and liabilities - is 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (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 in the governmental fund financial statements. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

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 revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Investment in capital assets.
 - Restricted net position are those with constraints placed on or used by external sources or imposed by law.
 - Unrestricted net position are net position that do 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.

Some funds are required by State law and by bond covenants.

The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

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, capital project fund, and the debt service 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. 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

The School District's net position as of June 30, 2021 are as detailed in Tables A-3 and A-4.

Table A-3 Condensed Statement of Net Position

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Percentage <u>Change</u>
Current Assets	\$ 60,136,195	\$ 40,895,685	47%
Noncurrent Assets	<u>53,043,340</u>	<u>57,795,672</u>	-8%
Total assets	<u>113,179,535</u>	<u>98,691,357</u>	15%
Deferred Outflows of Resources	<u>86,516,242</u>	<u>78,569,753</u>	10%
Current Liabilities	12,255,493	17,300,487	-29%
Noncurrent Liabilities	<u>376,880,369</u>	<u>333,893,708</u>	13%
Total liabilities	<u>389,135,862</u>	<u>351,194,195</u>	11%
Deferred Inflows of Resources	<u>14,258,662</u>	<u>11,462,042</u>	24%
Net position:			
Investment in Capital Assets (net of related debt)	40,040,112	24,183,113	66%
Restricted	39,961,028	15,707,220	154%
Unrestricted	<u>(283,699,887)</u>	<u>(225,279,460)</u>	26%
Total net position	<u>\$ (203,698,747)</u>	<u>\$ (185,389,127)</u>	10%

During 2021, the School District's total assets increased 15%. The current assets increase 47% mainly due to Bond proceeds related to ongoing capital projects that were issued in June 2021.

Deferred outflows of resources increased due to changes in actuarial valuations for both pensions and other postemployment benefits. These changes are due to changes in assumptions for the annual valuation.

Current liabilities decreased approximately \$5 million due to the timing of payments made at year end and the issuance of long-term debt paying down \$2 million in BANS.

Long term liabilities increased from year to year due to an increase in other post-employment benefits and the issuance of \$22.855 million in new bonds.

Deferred inflow of resources increased due to the valuation change to School District's proportionate share of the TRS pension costs due to GASB 68 and 71.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Table A-4 Changes in Net Position from Operating Results

The School District's fiscal year 2021 revenue totaled \$124,164,655 (see Table A-4). Property taxes and state aid accounted for most of the School District's revenue by contributing 66% and 25%, respectively, of every dollar raised (see Table A-5). The remainder came from fees charged for services, tuition for foster students, interest earnings, Federal sources, Medicaid reimbursement, and other miscellaneous sources.

The total cost of all programs and services totaled \$142,820,443 in 2021. 89% of this amount is used predominantly to support general instruction, the provision of services to students with disabilities, and student transportation (see Table A-6). The School District's Board of Education, administrative, and business activities accounted for 10% of total costs.

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Percentage <u>Change</u>
Revenues			
Charges for services	\$ 612,058	\$ 1,144,771	-47%
Operating grants	2,321,477	2,139,878	8%
General revenue:			
Real property taxes	81,384,797	79,480,524	2%
Other tax items	6,613,629	7,093,741	-7%
Use of money and property	211,198	811,036	-74%
State aid	31,525,420	31,431,903	0%
Federal aid	315,156	18,513	1602%
Miscellaneous	1,146,973	805,964	42%
Use of property/compensation for loss	<u>33,947</u>	<u>581,500</u>	-94%
Total revenue	<u>124,164,655</u>	<u>123,507,830</u>	0.53%
Expenses			
General Support	14,902,327	15,370,284	-3%
Instruction	119,415,350	120,438,470	-1%
Pupil Transportation	7,687,354	9,786,982	-21%
School Lunch	184,326	259,926	-29%
Debt service - interest	<u>631,086</u>	<u>886,615</u>	-29%
Total expenses	<u>142,820,443</u>	<u>146,742,277</u>	-3%
Change in Net Position	<u>\$ (18,655,788)</u>	<u>\$ (23,234,447)</u>	-20%

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Revenues:

- As a whole, revenues held fairly steady from the previous year.

Expenditures:

- There was a decrease in Pupil Transportation and school lunch costs due to COVID-19 restrictions and remote learning in FY 2021.
- The School District continues to demonstrate efficiency when expending the budget.

Table A-5 Sources of Revenue for Fiscal Year 2021

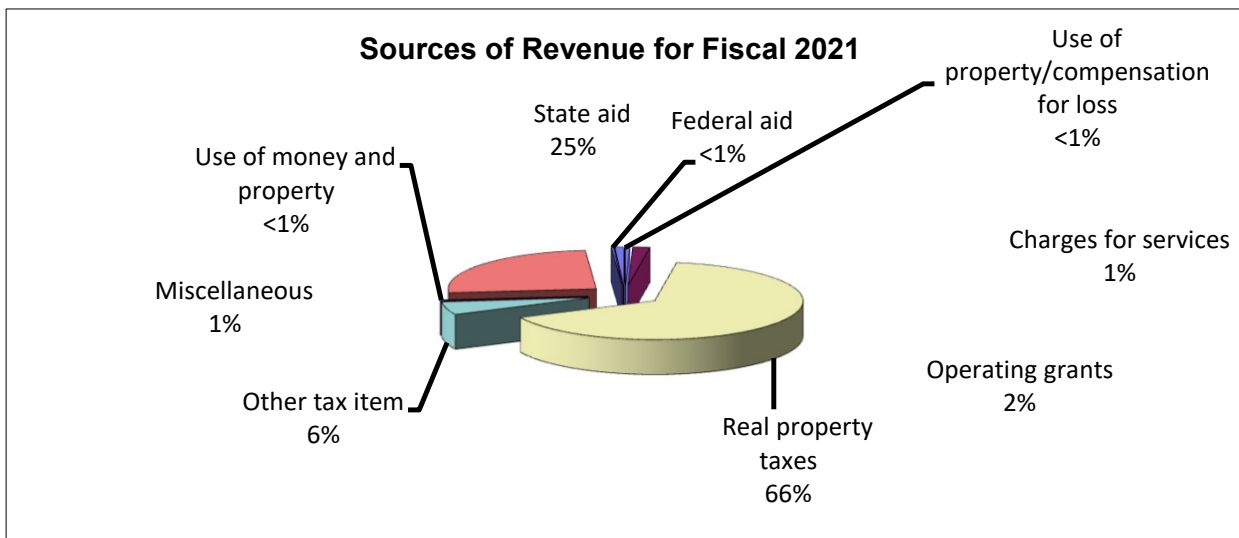
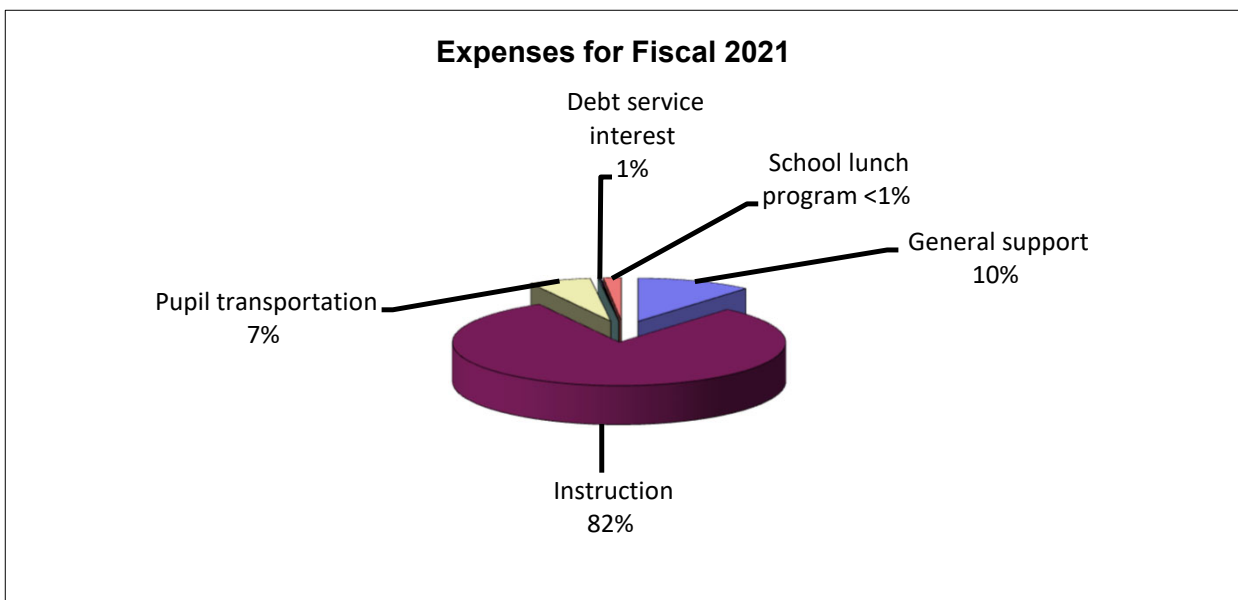


Table A-6 Expenditures for Fiscal Year 2021



MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Governmental Activities

Revenue for the School District's governmental activities totaled \$124,164,655 or .53% more than the previous fiscal year. Total expenses equaled \$142,820,443 or 3% decrease from the previous fiscal year.

Table A-7 presents the cost of several major School District activities: instruction, pupil and instructional services, administration, and business, maintenance and operations, transportation, capital outlay, other, and interest. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-7 Net Cost of Governmental Activities

<u>Category</u>	<u>2021 Total Costs</u>	<u>2021 Net Costs</u>	<u>2020 Total Cost</u>	<u>2020 Net Cost</u>
General support	\$ 14,902,327	\$ 14,902,327	\$ 15,370,284	\$ 15,370,284
Instruction	119,415,350	117,107,193	120,438,410	118,018,882
Pupil transportation	7,687,354	7,687,354	9,786,982	9,786,982
School Lunch	631,086	5,708	886,615	21,554
Debt service - interest	<u>184,326</u>	<u>184,326</u>	<u>259,926</u>	<u>259,926</u>
Total	<u>\$142,820,443</u>	<u>\$ 139,886,908</u>	<u>\$ 146,742,217</u>	<u>\$143,457,628</u>

- The total cost of all governmental activities this year was \$142,820,443.
- The users of the School District's programs financed \$612,058 of the cost.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2,321,477.
- Most of the School District's net costs, \$139,886,908, were financed by taxpayers and state aid.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds Highlights

General Fund - Revenues exceeded expenditures by \$5,156,359 and expenditures were under budget by \$7,661,561. This was due to less instructional costs, and less pupil transportation costs than anticipated due to COVID-19. Many students were fully remote, while others participated in a hybrid model. Throughout the majority of 2020-2021, COVID-19 restrictions strongly limited extra curricular activities and athletics, resulting in fewer overtime hours worked and less transportation costs. In addition, the use of District facilities was restricted reducing rental income and corresponding overtime expenditures.

Special Aid Fund - Revenue held steady as the School District continues to seek additional grant funding. Competition amongst grant recipients has become increasingly aggressive making grant opportunities more limited and difficult to obtain.

School Lunch Fund - The school lunch fund balance will be used to replace aging equipment and to offset the potential increased costs of serving meals in a unique pandemic environment. Supply chain issues, staffing shortages, and limited serving options due to social distancing recommendations are all creating higher costs in operating the program.

CAPITAL ASSETS

By the end of 2021, the School District had an investment, net of depreciation of \$53,043,340 in a broad range of capital assets. See Note 7 within the financial statements for further information.

Table A-8 Capital Assets (net of accumulated depreciation)

<u>Category</u>	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2020</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 558,530	\$ 587,330	-5%
Buildings and improvements	81,697,833	78,724,837	4%
Machinery and equipment	10,842,310	10,741,990	1%
Construction in progress	10,162,575	7,122,389	43%
Less accumulated depreciation	<u>(50,217,908)</u>	<u>(47,595,174)</u>	6%
Total	<u>\$ 53,043,340</u>	<u>\$ 49,581,372</u>	7%

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Long-Term Liabilities

At year-end, the School District had \$378,381,769 of long-term liabilities outstanding. For further detailed information see Note 10 through Note 12 within the financial statements.

Table A-9 Outstanding Long-Term Liabilities

<u>Category</u>	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>
Bonds payable	\$ 35,679,565	\$ 11,265,177
Energy performance contract - 2015	2,371,068	3,133,838
Compensated absences	3,546,003	6,425,916
Other postemployment benefits	328,065,449	305,060,900
ERS/TRS pension liability	<u>8,719,684</u>	<u>9,490,647</u>
Total	<u>\$ 378,381,769</u>	<u>\$ 335,376,478</u>

During the year, the School District paid down \$1.482 million in serial bonds and other debt. Additional other post-employment benefit payable was accrued during 2021 in the amount of approximately \$23 million due to the change in assumptions related to the actuarial valuation.

MAHOPAC CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances that could significantly affect its future financial health:

- The global economy is in turmoil due to the pandemic, which in turn is affecting interest rates for investment earnings and debt issuances costs.
- Continued reliance on fund balance to close the "gap" between budgeted revenues and budgeted expenditures.
- Health insurance and other post-retirement costs are expected to increase and could potentially affect the School District's financial health.
- Restrictions imposed by the Real Property Tax Cap Legislation.
- Statewide and School District trends indicate a continued decline in student enrollments.
- Increase in population of Special Education and English Language Learner students.
- The COVID-19 pandemic has created significant increases in expenditures for personal protective equipment (PPE), custodial cleaning and sanitizing supplies, facilities maintenance, professional development, and staff requirements.
- Other issues created by the COVID-19 pandemic:
 - Staffing shortages (Bus Drivers, Nurses, Custodians)
 - Short term federal funding
 - Social distancing requirements
 - COVID-19 testing mandates

CONTACTING THE DISTRICT

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:

Sandra Clohessy
Assistant Superintendent for Business
Mahopac Central School District Office
179 E Lake Blvd
Mahopac, New York 10541
Tel: (845) 628-3415 x 10410
clohessys@mahopac.org

MAHOPAC CENTRAL SCHOOL DISTRICT**Statement of Net Position****June 30, 2021****ASSETS AND DEFERRED OUTFLOWS OF RESOURCES****CURRENT ASSETS:**

Cash - Unrestricted	\$ 10,124,064
Cash - Restricted	7,766,160
Investments	37,472,895
State and federal aid receivable	4,591,683
Other receivables	19,324
Due from other governments	161,329
Inventories	740
Total current assets	<u>60,136,195</u>

NON CURRENT ASSETS:

Capital assets, net	<u>53,043,340</u>
Total non current assets	<u>53,043,340</u>
Total assets	<u>113,179,535</u>

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows of resources - ERS pension	7,779,790
Deferred outflows of resources - TRS pension	30,004,433
Deferred outflows of resources - OPEB	<u>48,732,019</u>
Total deferred outflows of resources	<u>86,516,242</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>199,695,777</u>
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LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	1,985,178
Accrued interest	37,857
Due to Teachers' Retirement System	5,438,856
Due to Employees' Retirement System	513,258
Unearned revenue	75,724
Bond anticipation notes	2,703,220
Current portion of long term debt	<u>1,501,400</u>
Total current liabilities	<u>12,255,493</u>

LONG-TERM LIABILITIES:

Bonds payable, net of current portion	34,954,565
Energy performance loan, net of current portion	1,594,668
Total other postemployment benefits	328,065,449
Compensated absences payable	3,546,003
Net pension liability - ERS	32,257
Net pension liability - TRS	<u>8,687,427</u>
Total long-term liabilities	<u>376,880,369</u>
Total liabilities	<u>389,135,862</u>

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources - ERS pension	9,793,278
Deferred inflows of resources - TRS pension	<u>4,465,384</u>
Total deferred inflows of resources	<u>14,258,662</u>

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>403,394,524</u>
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NET POSITION

Net investment in capital assets	40,040,112
Restricted	39,961,028
Unrestricted	<u>(283,699,887)</u>

TOTAL NET POSITION	<u>\$ (203,698,747)</u>
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The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

		Program Revenue		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants	Changes in Net
				Position
FUNCTIONS/PROGRAMS:				
General support	\$ 14,902,327	\$ -	\$ -	\$ (14,902,327)
Instruction	119,415,350	612,058	1,696,099	(117,107,193)
Pupil transportation	7,687,354	-	-	(7,687,354)
Debt service - interest	184,326	-	-	(184,326)
School lunch	631,086	-	625,378	(5,708)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 142,820,443</u>	<u>\$ 612,058</u>	<u>\$ 2,321,477</u>	<u>(139,886,908)</u>
GENERAL REVENUE:				
Real property taxes				81,384,797
Other tax items				6,613,629
Use of money and property				211,198
Sale of property and compensation for loss				33,947
Miscellaneous				1,146,973
State sources				31,525,420
Medicare reimbursement				<u>315,156</u>
TOTAL GENERAL REVENUE				<u>121,231,120</u>
CHANGE IN NET POSITION				(18,655,788)
TOTAL NET POSITION - beginning of year, as previously reported				(185,395,127)
PRIOR PERIOD ADJUSTMENTS (Note 17)				<u>352,168</u>
NET POSITION - beginning of the year, as restated				<u>(185,042,959)</u>
TOTAL NET POSITION - end of year				<u>\$ (203,698,747)</u>

The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds
ASSETS							
Cash - Unrestricted	\$ 9,753,482	\$ -	\$ 370,582	\$ -	\$ -	\$ -	\$ 10,124,064
Cash - Restricted	-	-	-	7,391,479	-	374,681	7,766,160
Investments	17,113,749	-	-	20,359,146	-	-	37,472,895
Accounts receivable	19,324	-	-	-	-	-	19,324
Due from other funds	1,162,302	-	-	6,013	3,032,192	-	4,200,507
Due from other governments	161,329	-	-	-	-	-	161,329
State and federal aid receivable	3,165,533	1,233,328	192,822	-	-	-	4,591,683
Inventory	-	-	740	-	-	-	740
TOTAL ASSETS	\$ 31,375,719	\$ 1,233,328	\$ 564,144	\$ 27,756,638	\$ 3,032,192	\$ 374,681	\$ 64,336,702
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,116,662	\$ 65,335	\$ 68,994	\$ 734,187	\$ -	\$ -	\$ 1,985,178
Due to other funds	6,013	1,160,831	1,471	3,032,192	-	-	4,200,507
Due to Teachers' Retirement System	5,438,856	-	-	-	-	-	5,438,856
Due to Employees' Retirement System	513,258	-	-	-	-	-	513,258
Unearned revenue	15,731	7,162	52,831	-	-	-	75,724
BANS payable	-	-	-	2,703,220	-	-	2,703,220
TOTAL LIABILITIES	7,090,520	1,233,328	123,296	6,469,599	-	-	14,916,743

(Continued)

MAHOPAC CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds
FUND BALANCES							
Nonspendable							
Inventory	-	-	740	-	-	-	740
Restricted							
Employee benefit reserve	2,273,900	-	-	-	-	-	2,273,900
Workers compensation	50,150	-	-	-	-	-	50,150
Retirement reserve	4,207,675	-	-	-	-	-	4,207,675
Unemployment	376,125	-	-	-	-	-	376,125
Debt service	121,699	-	-	-	3,032,192	-	3,153,891
Tax certiorari	5,729,538	-	-	-	-	-	5,729,538
Tax reduction	548,040	-	-	-	-	-	548,040
Capital reserve	1,959,989	-	-	-	-	-	1,959,989
Capital Fund	-	-	-	21,287,039	-	-	21,287,039
Miscellaneous special revenue	-	-	-	-	-	374,681	374,681
Total restricted fund balance	15,267,116	-	-	21,287,039	3,032,192	374,681	39,961,028
Assigned							
Assigned	1,150,541	-	-	-	-	-	1,150,541
Appropriated for subsequent years expenditures	2,810,318	-	-	-	-	-	2,810,318
Total assigned fund balance	3,960,859	-	-	-	-	-	3,960,859
Unassigned	5,057,224	-	440,108	-	-	-	5,497,332
TOTAL FUND BALANCES	24,285,199	-	440,848	21,287,039	3,032,192	374,681	49,419,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,375,719</u>	<u>\$ 1,233,328</u>	<u>\$ 564,144</u>	<u>\$ 27,756,638</u>	<u>\$ 3,032,192</u>	<u>\$ 374,681</u>	<u>\$ 64,336,702</u>

The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2021

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

Fund balance - total governmental funds	\$ 49,419,959
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	53,043,340
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Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows - ERS/TRS	37,784,223
Deferred inflows - ERS/TRS	(14,258,662)
Deferred outflow - OPEB	48,732,019

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability - TRS	(8,687,427)
Net pension liability - ERS	(32,257)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(35,679,565)
Energy performance loan	(2,371,068)
Compensated absences	(3,546,003)
Total other post employment benefit liability	(328,065,449)
Accrued interest	<u>(37,857)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>(203,698,747)</u>
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The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL
**Statement of Revenue, Expenditures, and Change in Fund Balances-Governmental Funds
For the Year Ended June 30, 2021**

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds
REVENUE:							
Real property taxes	\$ 81,384,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,384,797
Other tax items	6,613,629	-	-	-	-	-	6,613,629
Charges for services	612,058	-	-	-	-	-	612,058
Use of money and property	208,011	-	417	2,770	-	-	211,198
Sale of property and compensation for loss	33,947	-	-	-	-	-	33,947
Miscellaneous	1,498,789	-	7,285	-	-	167,526	1,673,600
State sources	31,525,420	545,611	23,094	-	-	-	32,094,125
Medicaid reimbursement	147,868	-	-	-	-	-	147,868
Federal sources	167,288	1,150,488	602,284	-	-	-	1,920,060
Sales - School Lunch	-	-	-	-	-	-	-
Total revenue	122,191,807	1,696,099	633,080	2,770	-	167,526	124,691,282
EXPENDITURES:							
General support	10,966,924	-	-	-	-	-	10,966,924
Instruction	69,330,712	1,784,421	-	-	-	145,013	71,260,146
Pupil transportation	4,359,160	30,137	-	-	-	-	4,389,297
Employee benefits	29,246,980	69,836	3,857	-	-	-	29,320,673
Debt service - Principal	2,373,510	-	-	-	-	-	2,373,510
Debt service - Interest	469,867	-	-	-	30,860	-	500,727
Cost of sales	-	-	597,820	-	-	-	597,820
Capital outlay	-	-	-	7,145,122	-	-	7,145,122
Total expenditures	116,747,153	1,884,394	601,677	7,145,122	30,860	145,013	126,554,219
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,444,654	(188,295)	31,403	(7,142,352)	(30,860)	22,513	(1,862,937)
OTHER SOURCES AND (USES):							
Operating transfers in	-	188,295	-	100,000	-	-	288,295
Proceeds from the issuance of debt	-	-	-	22,855,000	-	-	22,855,000
Premiums on issuance of debt	-	-	-	2,580,824	28,374	-	2,609,198
BANs redeemed from appropriations	-	-	-	890,740	-	-	890,740
Operating transfers (out)	(288,295)	-	-	-	-	-	(288,295)
Total other sources and (uses)	(288,295)	188,295	-	26,426,564	28,374	-	26,354,938
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER SOURCES (USES)	5,156,359	-	31,403	19,284,212	(2,486)	22,513	24,492,001
FUND BALANCES - beginning of year, as previously reported	19,128,840	-	409,445	2,002,827	3,034,678	-	24,575,790
PRIOR PERIOD ADJUSTMENT (Note 17)	-	-	-	-	-	352,168	352,168
FUND BALANCES - beginning of year, as restated	19,128,840	-	409,445	2,002,827	3,034,678	352,168	24,927,958
FUND BALANCES - end of year	\$ 24,285,199	\$ -	\$ 440,848	\$ 21,287,039	\$ 3,032,192	\$ 374,681	\$ 49,419,959

The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL DISTRICT

Reconciliation of the Statements of Revenue, Expenditures, and Change in Fund Balance to the Statement of Activities For the Year Ended June 30, 2021

Net changes in fund balance - Total governmental funds	\$ 24,492,001
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	6,302,818
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(2,840,850)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	(5,664,833)
Amortization of premium on the issuance of long-term debt are recorded as a revenue in the statement of activities.	301,436
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.	720,000
Repayments of long-term energy performance debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	762,770
Revenue recognized in the governmental funds in the current year that was recorded in the statement of activities in the prior year.	(555,000)
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.	2,894,878
Proceeds from issuance of debt is an other financing source in the governmental funds it increases long-term debt in the Statement of Net Position and does not affect the Statement of Activities.	(22,855,000)
Bond premium is recognized as revenue in the governmental funds, but is amortized in the government-wide financial statement.	(2,580,824)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	<u>(19,633,184)</u>
Change in net position - Governmental activities	<u>\$ (18,655,788)</u>

The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL DISTRICT**Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2021**

	<u>Custodial Funds</u>
ASSETS:	
Cash	\$ -
Total assets	<u>-</u>
LIABILITIES:	
Other Liabilities	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	<u>\$ -</u>

MAHOPAC CENTRAL SCHOOL DISTRICT**Statement of Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2021**

	<u>Custodial Funds</u>
ADDITIONS:	
Taxes collected on behalf of other governments	\$ 2,243,059
Total Additions	<u>2,243,059</u>
DEDUCTIONS:	
Payments of tax to other governments	<u>2,243,059</u>
Total Deductions	<u>2,243,059</u>
 NET INCREASE	 -
 NET POSITION - beginning of year	 <u>-</u>
 NET POSITION - end of year	 <u>\$ -</u>

The accompanying notes are an integral part of these statements.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

1. NATURE OF OPERATIONS

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

Reporting Entity

The District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The BOE has authority to make decisions, power to appoint management and accountability for all fiscal matters.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The Extraclassroom Activity Funds are also included in these financial statements.

- **Extraclassroom Activity Funds**

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds; however, these funds are used as designated by student management. The District accounts for the activities of these various student organizations in the Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

Joint Venture

The District is a component school district in the Putnam Northern 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.

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.

During the year, the District was billed \$9,509,076 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,807,188.

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

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, 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 District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program 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.

Fund Financial Statements

The fund statements provide information about the 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

The 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 fund accounts 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:** This fund accounts for the proceeds of specific federal and state grants revenue sources that are legally restricted to expenditures for specified purposes (e.g. special education) and other activities whose funds are restricted as to use.
- **School Lunch Fund:** This fund accounts for the proceeds of specific federal and state grants revenue sources that are legally restricted to expenditures for school lunch operations.
- **Miscellaneous special revenue fund** - Used to account for the activity of the extracurricular activity funds as well as certain scholarships with which the District has administrative involvement.

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

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

Fiduciary Funds

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

- **Custodial Fund** - These funds account for assets held by the District in a purely custodial capacity on a temporary basis.

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 these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant. 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Measurement Focus and Basis of Accounting

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.

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

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

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

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

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 obligations of the State and its municipalities and Districts.

Restricted Cash

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. Restricted cash as of year-end includes \$7,766,160 within the governmental funds.

Investments

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the District holds a portion of the investments in cooperation with other participants. The investments held by NYCLASS are valued at fair value. See Note 6 for further information.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the County of Putnam (the County) in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

State and Federal Aid Receivable and Due from Other Governments

All 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.

Inventories

Inventories 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. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Interfund Transactions

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

In the district-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 interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds, when applicable.

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

Capital Assets

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 fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 5,000	SL	20 - 50 years
Machinery and equipment	\$ 5,000	SL	5 - 20 years

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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 so will not be recognized as an outflow of resources (expenditure/expenses) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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.

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

Other Postemployment Benefits

In addition to providing the pension benefits described, the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the District recognizes the cost of the providing health care insurance. At the fund level the 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Short Term Debt

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

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

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

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. 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 District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Restricted Resources

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

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

Governmental Fund Financial Statements - Equity classifications

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund.

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

Capital reserve

According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for 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. The reserve is accounted for in the General Fund under restricted fund balance.

Reserve for 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, 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.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to 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.

Insurance Reserve

According to General Municipal Law §6-n, this reserve must be 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 an 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 appropriation, 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.

Liability Claims and Property Loss Reserve

According to General Municipal Law § 1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Tax Certiorari

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

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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.

Workers' Compensation

According to General Municipal Law §6-j, must be 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. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

This 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 District has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the General fund under restricted fund balance.

Reserve for Tax Reduction

This reserve (EL §1604, §1709) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Restricted fund balance includes the following:

General Fund:

Employee benefit reserve	\$ 2,273,900
Workers compensation	50,150
Retirement reserve	4,207,675
Unemployment	376,125
Debt service	121,699
Tax certiorari	5,729,538
Tax reduction	548,040
Capital reserve	<u>1,959,989</u>
Total General Fund	<u>15,267,116</u>

Debt Service Fund: 3,032,192

Capital Project Fund: 21,287,039

Miscellaneous Special Revenue Fund: 374,681

Total Restricted \$ 39,961,028

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

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than 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 \$1,150,541. Appropriated fund balance in the General Fund amounted to \$2,810,318. The school lunch fund also reported assigned fund balance of \$440,108. As of June 30, 2021, the District's General Fund encumbrances were classified as follows:

Assigned fund balance:

General support	\$ 176,137
Instruction	924,631
Transportation	<u>49,773</u>
	<u>\$ 1,150,541</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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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

Order of Fund Balance Spending Policy

The 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.

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 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 District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference 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.

Statement 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

- **Capital Related Differences**

Capital related differences include the difference between proceeds from 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

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.

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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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.

5. CASH

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, 2021, the reported amount of the District's deposits was \$17,890,224 and the bank balances of \$21,119,400. Of the bank balance \$623,465 was covered by federal depository insurance and the remaining \$20,495,935 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. Restricted cash as of year-end includes \$7,766,160 within the governmental funds.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

6. INVESTMENT POOL

At June 30, 2021, the District's cash and cash equivalents included amounts with a fair value of \$37,472,895 invested in NYCLASS, an external investment pool for local governments in New York State.

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of Statement 31, and therefore a Participant's investment in NYCLASS is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

NYCLASS is rated by S&P Global Ratings. The current rating is 'AAAm."

The dollar weighted average days to maturity (WAM) of NYCLASS at June 30, 2021 is 41 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of NYCLASS at June 30, 2021 is 60 days.

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 587,330	\$ -	\$ (28,800)	\$ 558,530
Construction in progress	<u>7,122,389</u>	<u>6,198,359</u>	<u>(3,158,173)</u>	<u>10,162,575</u>
Total non-depreciable cost	<u>\$ 7,709,719</u>	<u>\$ 6,198,359</u>	<u>\$ (3,186,973)</u>	<u>\$ 10,721,105</u>
Capital assets that are depreciated:				
Buildings and land improvements	\$ 78,724,837	\$ 3,158,173	\$ (185,177)	\$ 81,697,833
Machinery and equipment	<u>10,741,990</u>	<u>223,521</u>	<u>(123,201)</u>	<u>10,842,310</u>
Total depreciable historical cost	<u>89,466,827</u>	<u>3,381,694</u>	<u>(308,378)</u>	<u>92,540,143</u>
Less accumulated depreciation:				
Buildings and land improvements	(40,351,417)	(2,247,308)	96,830	(42,501,895)
Machinery and equipment	<u>(7,243,757)</u>	<u>(593,542)</u>	<u>121,286</u>	<u>(7,716,013)</u>
Total accumulated depreciation	<u>(47,595,174)</u>	<u>(2,840,850)</u>	<u>218,116</u>	<u>(50,217,908)</u>
Total depreciable cost - net	<u>\$ 41,871,653</u>	<u>\$ 540,844</u>	<u>\$ (90,262)</u>	<u>\$ 42,322,235</u>
Total capital assets, net	<u>\$ 49,581,372</u>	<u>\$ 6,739,203</u>	<u>\$ (3,277,235)</u>	<u>\$ 53,043,340</u>

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

For the year ended June 30, 2021, the District had a full valuation of their capital assets which changed the values within certain categories. This is being applied prospectively, beginning July 1, 2020. The effect of this change was an increase in instructional expense within the governmental activities of \$870,005.

Depreciation expense for the year ended June 30, 2021, was allocated to specific functions as follows:

General support	\$ 208,987
Instruction	2,150,564
Pupil transportation	481,299
Total depreciation	<u>\$ 2,840,850</u>

8. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/31/2020	2.00%	\$ 1,878,960	\$ -	\$ 1,878,960	\$ -
BAN	7/31/2020	2.00%	585,000	-	585,000	-
BAN	6/9/2021	2.00%	2,000,000	-	2,000,000	-
BAN	7/31/2020	1.75%	1,130,000	-	1,130,000	-
BAN	7/30/2021	1.50%	-	2,703,220	-	2,703,220
		Total	<u>\$ 5,593,960</u>	<u>\$ 2,703,220</u>	<u>\$ 5,593,960</u>	<u>\$ 2,703,220</u>

9. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$ 1,162,302	\$ 6,013	\$ -	\$ 288,295
Special Aid	-	1,160,831	188,295	-
School Lunch	-	1,471	-	-
Capital Projects	6,013	3,032,192	100,000	-
Debt Service Fund	<u>3,032,192</u>	-	-	-
Total	<u>\$ 4,200,507</u>	<u>\$ 4,200,507</u>	<u>\$ 288,295</u>	<u>\$ 288,295</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

10. LONG-TERM OBLIGATIONS

Long-term liability balances and activity for the June 30, 2021 fiscal year are summarized as follows:

	Beginning Balance	Additions {a}	Deletions {a}	Ending Balance	Due Within One Year
Bonds:					
Serial bonds payable	\$ 9,800,000	\$ 22,855,000	\$ 720,000	\$ 31,935,000	\$ 725,000
Unamortized bond premiums	<u>1,465,177</u>	<u>2,580,824</u>	<u>301,436</u>	<u>3,744,565</u>	<u>-</u>
Total bonds and notes payable	<u>11,265,177</u>	<u>25,435,824</u>	<u>1,021,436</u>	<u>35,679,565</u>	<u>725,000</u>
Energy performance contract - 2015	3,133,838	-	762,770	2,371,068	776,400
Compensated absences	<u>6,425,916</u>	<u>-</u>	<u>2,879,913</u>	<u>3,546,003</u>	<u>-</u>
Total other liabilities	<u>9,559,754</u>	<u>-</u>	<u>3,642,683</u>	<u>5,917,071</u>	<u>776,400</u>
Total long-term liabilities	<u>\$ 20,824,931</u>	<u>\$ 25,435,824</u>	<u>\$ 4,664,119</u>	<u>\$ 41,596,636</u>	<u>\$ 1,501,400</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately

Interest on all debt for the year was composed of:

Interest paid	\$ 500,727
Less: premium amortization	(301,436)
Less: Interest accrued in the prior year	(52,822)
Plus: Interest accrued in the current year	<u>37,857</u>
Total interest expense	<u>\$ 184,326</u>

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

Bond Issue	Issued	Maturity	Interest Rate	6/30/21 Balance
District Refunding Bond	8/15/2014	2/15/2024	3.00-4.00%	515,000
2020 Series A	6/9/2020	6/1/2036	2.00-5.00%	7,765,000
2020 Series B	6/9/2020	6/1/2036	2.50%-2.60%	800,000
2021 Serial Bonds	6/8/2021	6/1/2037	1.80%-5.00%	<u>22,855,000</u>
Total bond issue				<u>\$ 31,935,000</u>

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

The following is a summary of the maturity of long-term indebtedness as of June 30, 2021:

	Total All Bonds Issued		Energy Performance Contract - 2015		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 725,000	\$ 1,095,484	\$ 776,400	\$ 38,744	\$ 1,501,400	\$ 1,134,228
2023	1,720,000	1,077,138	790,273	24,870	2,510,273	1,102,008
2024	1,805,000	994,088	804,395	10,748	2,609,395	1,004,836
2025	1,705,000	906,838	-	-	1,705,000	906,838
2026	1,795,000	822,963	-	-	1,795,000	822,963
2027-2031	10,365,000	2,713,513	-	-	10,365,000	2,713,513
2032-2036	12,120,000	869,483	-	-	12,120,000	869,483
2027	1,700,000	30,600	-	-	1,700,000	30,600
Totals	<u>\$ 31,935,000</u>	<u>\$ 8,510,107</u>	<u>\$ 2,371,068</u>	<u>\$ 74,362</u>	<u>\$ 34,306,068</u>	<u>\$ 8,584,469</u>

Energy Performance Contract Debt Payable

The School District, in March 2015, entered into a \$6,750,475 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over nine years, with semi-annual installments of \$407,572 through March 2024. Payments include interest at 1.7790%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2021 was \$2,371,068.

11. PENSION PLANS

New York State Employees' Retirement System

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

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2021

Contributions

The system is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. 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 System's 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:

	ERS
2021	\$ 2,069,978
2020	1,920,208
2019	1,856,810

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

At June 30, 2021, the District reported a net pension liability of \$32,257 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The District's proportion of the net pension liability 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, 2021, the District's proportionate share was .0323952% percent, which was an decrease of .0034448% from its proportionate share measured at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$1,019,056. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 393,947	\$ -
Changes of assumptions	5,931,050	111,861
Net difference between projected and actual earnings on pension plan investments	-	9,266,154
Changes in proportion and differences between the District's contributions and proportionate share of contributions	941,535	415,263
Contributions subsequent to the measurement date	513,258	-
Total	<u>\$ 7,779,790</u>	<u>\$ 9,793,278</u>

The District recognized \$513,258 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2022.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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

Plan's Year Ended March 31:

2021	\$ (318,319)
2022	(38,941)
2023	(410,370)
2024	(1,759,116)
2025	-
Thereafter	-
	<u>\$ (2,526,746)</u>

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.4% indexed by service
Projected COLAs	1.4% compounded annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

Asset Type	Long-Term Expected Real Rate	
	Target Allocations in %	of Return in %
Domestic Equity	32.0	4.05
International Equity	15.0	6.30
Private Equity	10.0	6.75
Real Estate	9.0	4.95
Opportunistic/ARS Portfolio	3.0	4.50
Credit	4.0	3.63
Real Asset	3.0	5.95
Fixed Income	23.0	0.00
Cash	<u>1.0</u>	0.50
	<u>100%</u>	

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 5.9%, 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 (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease 4.9%	Current Discount 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	<u>\$ 8,953,348</u>	<u>\$ 32,257</u>	<u>\$ (8,195,077)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

Total pension liability	\$ 220,680,157,000
Net position	<u>(220,580,583,000)</u>
Net pension liability (asset)	<u>\$ 99,574,000</u>
ERS net position as a percentage of total pension liability	99.95%

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 NYSSTR 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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.

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>
2021	\$ 5,182,837
2020	4,727,858
2019	5,076,847

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

At June 30, 2021, the District reported net pension liability of \$8,687,427 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the District's proportionate share was 0.314389%, which was a decrease of 0.001788% from its proportionate share measured at June 30, 2020.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$11,740,824. At June 30, 2021 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,611,924	\$ 445,214
Changes of assumptions	10,987,573	3,916,496
Net difference between projected and actual earnings on pension plan investments	5,673,652	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	292,428	103,674
Contributions subsequent to the measurement date	5,438,856	-
Total	<u>\$ 30,004,433</u>	<u>\$ 4,465,384</u>

The District recognized \$5,438,856 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2020 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:

2021	\$ 3,428,721
2022	6,876,107
2023	5,661,126
2024	3,526,493
2025	187,322
Thereafter	420,424
	<u>\$ 20,100,193</u>

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. 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 MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2019 valuation 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.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term Expected Real Rate
		of Return in %
Domestic Equity	33.0	7.1
International Equity	16.0	7.7
Global Equity	4.0	7.4
Real Estate Equity	11.0	6.8
Private Equity	8.0	10.4
Domestic Fixed Income	16.0	1.8
Global Bonds	2.0	1.0
High-yield Bonds	1.0	3.9
Private Debt	1.0	5.2
Real Estate Debt	7.0	3.6
Cash Equivalents	1.0	0.7
	<u>100.0</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 (6.10 percent) or 1% higher (8.10 percent) than the current rate:

	Current		
	1% Decrease 6.10%	Discount 7.10%	1% Increase 8.10%
Proportionate Share of Net Pension Liability (asset)	<u>\$ 54,875,482</u>	<u>\$ 8,687,427</u>	<u>\$(30,076,056)</u>

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of June 30, 2021, were as follows:

Total pension liability	\$	123,242,776,215
Net position		<u>(120,479,505,380)</u>
Net pension liability (asset)	\$	<u>2,763,270,835</u>
NYSTRS net position as a percentage of total pension liability		97.8%

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to NYSTRS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSTRS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently	738
Active employees	<u>442</u>
Total participants	<u>1,180</u>

Total OPEB Liability

The District's total OPEB liability of \$328,065,449 was measured as of June 30, 2021, and was determined by an actuarial valuation as July 1, 2019.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2021

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

Inflation	7.00 percent per year
Payroll Growth	3 percent
Discount Rate	2.09 percent as of June 30, 2021
Healthcare Cost Trend Rates	7.00 percent for 2021, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2025 and later years
Cost Method	Entry Age Normal Level % of Salary method

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on RP 2014 Healthy Male and Female Tables which were based on the Employee and Healthy Annuitant Tables for both pre- & post retirements projected with mortality improvements using Project Scale AA for 3.50 years.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$305,060,900
Changes for the Year-	
Service cost	8,209,283
Interest	6,296,828
Changes in assumptions or other inputs	16,052,991
Benefit payments	<u>(7,554,553)</u>
Net changes	<u>23,004,549</u>
Balance at June 30, 2021	<u>\$328,065,449</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.44% in 2020 to 2.09% in 2021.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2021

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.09%) or 1 percentage point higher (3.09%) than the current discount rate:

	1% Decrease 1.09%	Current Discount 2.09%	1% Increase 3.09%
Total OPEB Liability	<u>\$ 375,535,638</u>	<u>\$ 328,065,449</u>	<u>\$ 284,488,644</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 (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Total OPEB Liability	<u>\$ 266,135,154</u>	<u>\$ 328,065,449</u>	<u>\$ 410,717,029</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$27,187,737. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions	<u>\$ 48,732,019</u>
Total	<u>\$ 48,732,019</u>

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

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

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 12,681,626
2023	12,681,626
2024	12,681,625
2025	8,011,646
2026	2,675,496
Thereafter	-
	<u>\$ 48,732,019</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.

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverage's will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote.

The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

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

The School District participates in the Westchester-Putnam Cooperative Self-Insurance Plan for Workers' Compensation, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The Plan's Actuary projects that there are sufficient assets in the workers' compensation pool to offset any potential liability.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

The School District participates in the Northern Westchester-Putnam Cooperative Medical Expense Benefit Plan, which is responsible for the approval, processing and payment of claims, after which they bill the School Districts for reimbursement. The School District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The School District has transferred all related risk to the plan.

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.

The School District has various commitments with contractors for the completion of capital projects.

15. COVID-19 PANDEMIC AND AMERICA RESCUE PLAN

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

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus. The District is expected to receive \$3,179,603 in Elementary and Secondary School Emergency Relief (ESSER 2) funds and \$493,225 in Governor's Emergency Education Relief (GEER 2) funds.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instruction and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. The District is expected to receive \$2,032,095 in ARP ESSER 3 funds.

16. SUBSEQUENT EVENTS

On July 29, 2021 the District issued bond anticipation notes in the amount of \$1,812,480 with a stated interest rate of 1.50% which renewed BANs used for the purchase of buses in the amount of \$873,000 with additional funding of \$939,480 for a roof project.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2021

17. CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB Statement No. 84, Fiduciary Activities, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

MAHOPAC CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

For the year ended June 30, 2021

This Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, beginning balance for the following assets, liabilities, net position/fund balance were adjusted to account for certain items no longer meeting the definition of fiduciary activities. The District will also report a Custodial Fund for the taxes collected and remitted to the Library:

	Governmental Activities		
	Cash	Accrued/Other Liabilities	Net Position
Balance at June 30, 2020, as previously reported	\$ 19,638,691	\$ 4,603,274	\$ (185,395,127)
Restatement of beginning balance - Adoption of GASB Statement No. 84	420,631	68,463	352,168
Balance at July 1, 2020, as restated	\$ 20,059,322	\$ 4,671,737	\$ (185,042,959)

	General Fund	
	Cash	Accrued/Other Liabilities
Balance at June 30, 2020, as previously reported	\$ 6,423,411	\$ 2,573,759
Restatement of beginning balance - Adoption of GASB Statement No. 84	68,463	68,463
Balance at July 1, 2020, as restated	\$ 6,491,874	\$ 2,642,222

	Miscellaneous Special Revenue Fund	
	Cash	Fund Balance
Balance at June 30, 2020, as previously reported	\$ -	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	352,168	352,168
Balance at July 1, 2020, as restated	\$ 352,168	\$ 352,168

	Aggregate remaining funds - Agency Fund	
	Cash	Accrued/Other Liabilities
Balance at June 30, 2020, as previously reported	\$ 178,359	\$ 178,359
Restatement of beginning balance - Adoption of GASB Statement No. 84	(178,359)	(178,359)
Balance at July 1, 2020, as restated	\$ -	\$ -

	Aggregate remaining funds - Private Purpose Trust Fund	
	Cash	Net Position
Balance at June 30, 2020, as previously reported	242,272	242,272
Restatement of beginning balance - Adoption of GASB Statement No. 84	(242,272)	(242,272)
Balance at July 1, 2020, as restated	\$ -	\$ -

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

MAHOPAC CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
REVENUE					
LOCAL SOURCES:					
Real property taxes	\$ 87,968,121	\$ 81,422,574	81,384,797	\$ -	\$ (37,777)
Other tax items	60,000	6,605,547	6,613,629	-	8,082
Charges for services	290,000	290,000	612,058	-	322,058
Use of money and property	347,000	347,000	208,011	-	(138,989)
Sale of property and compensation for loss	-	-	33,947	-	33,947
Miscellaneous	<u>1,234,541</u>	<u>1,234,541</u>	<u>1,498,789</u>	<u>-</u>	<u>264,248</u>
Total local sources	<u>89,899,662</u>	<u>89,899,662</u>	<u>90,351,231</u>	<u>-</u>	<u>451,569</u>
State sources	31,788,203	31,620,915	31,525,420	-	(95,495)
Federal sources	-	167,288	167,288	-	-
Medicaid reimbursement	<u>200,000</u>	<u>200,000</u>	<u>147,868</u>	<u>-</u>	<u>(52,132)</u>
Total revenue	<u>121,887,865</u>	<u>121,887,865</u>	<u>122,191,807</u>	<u>-</u>	<u>303,942</u>
OTHER FINANCING SOURCES					
Operating transfers in	<u>425,000</u>	<u>425,000</u>	<u>-</u>	<u>-</u>	<u>(425,000)</u>
Total revenue and other financing sources	<u>122,312,865</u>	<u>122,312,865</u>	<u>122,191,807</u>	<u>-</u>	<u>(121,058)</u>

(Continued)

MAHOPAC CENTRAL SCHOOL DISTRICT
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	\$ 88,650	\$ 102,079	\$ 76,448	\$ 500	\$ 25,131
Central administration	342,790	362,680	346,810	-	15,870
Finance	1,174,207	1,168,331	1,101,901	35,475	30,955
Staff	817,548	867,797	739,664	-	128,133
Central services	7,900,908	8,460,998	7,480,360	140,162	840,476
Special items	1,374,941	1,350,475	1,221,741	-	128,734
Total general support	11,699,044	12,312,360	10,966,924	176,137	1,169,299
INSTRUCTION:					
Instruction, administration, and imprc	3,650,043	3,995,039	3,686,934	32,807	275,298
Teaching - Regular school	37,336,180	36,673,626	35,413,843	302,892	956,891
Programs for children with handicapping conditions	20,405,555	19,992,309	19,059,330	376,544	556,435
Occupational education	2,043,753	2,053,753	2,053,753	-	-
Teaching - Special school	232,416	262,835	199,224	-	63,611
Instructional media	3,799,366	3,772,322	3,477,381	121,049	173,892
Pupil services	5,538,287	5,838,762	5,440,247	91,339	307,176
Total instruction	73,005,600	72,588,646	69,330,712	924,631	2,333,303
Pupil transportation	6,623,869	6,572,639	4,359,160	49,773	2,163,706
Employee benefits	30,873,674	31,145,658	29,246,980	-	1,898,678
Debt service - Principal	2,373,510	2,373,510	2,373,510	-	-
Debt service - Interest	383,213	500,782	469,867	-	30,915
Total expenditures	124,958,910	125,493,595	116,747,153	1,150,541	7,595,901
OTHER FINANCING USES					
Transfers to other funds	(353,955)	(353,955)	(288,295)	-	65,660
Total expenditures and other uses	125,312,865	125,847,550	117,035,448	1,150,541	7,661,561
NET CHANGE IN FUND BALANCES	\$ (3,000,000)	\$ (3,534,685)	\$ 5,156,359	\$ (1,150,541)	\$ 7,540,503
FUND BALANCE - beginning of year			19,128,840		
FUND BALANCE - end of year			\$ 24,285,199		

MAHOPAC CENTRAL SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2021

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 8,209,283	\$ 7,157,289	\$ 3,073,562	\$ 2,669,668						
Interest	6,296,828	7,181,845	8,002,313	8,346,637						
Changes in assumptions	16,052,991	32,016,882	28,019,879	-						
Benefit payments	(7,554,553)	(7,232,328)	(6,555,592)	(6,408,079)						
Total change in total OPEB liability	23,004,549	39,123,688	32,540,162	4,608,226						
Total OPEB liability - beginning	305,060,900	265,937,212	233,397,050	228,788,824						
Total OPEB liability - ending	\$ 328,065,449	\$ 305,060,900	\$ 265,937,212	\$ 233,397,050						
Covered-employee payroll	\$ 64,898,456	\$ 64,898,456	\$ 62,390,168	62,390,168						
Total OPEB liability as a percentage of covered-employee payroll	505.5%	470.1%	426.2%	374.1%						

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they

Notes to schedule:

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

Discount rate	2.09%	2.44%	3.10%	3.70%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused a decrease in liabilities.

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

MAHOPAC CENTRAL SCHOOL DISTRICT

**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended June 30, 2021**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Proportion of the net pension liability (asset)	0.0323952%	0.0358400%	0.0377275%	0.0391534%	0.0394458%	0.0425467%	0.0426980%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Proportionate share of the net pension liability (asset)	\$ 32.3	\$ 9,490.6	\$ 2,673.1	\$ 1,263.7	\$ 3,706.4	\$ 6,828.9	\$ 1,442.4			
Covered-employee payroll	\$ 12,592.8	\$ 12,988.6	\$ 12,573.1	\$ 12,720.9	\$ 12,548.2	\$ 12,065.0	\$ 12,220.0			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.3%	73.1%	21.3%	9.9%	29.5%	56.6%	11.8%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.2%	94.7%	90.7%	97.9%			
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Proportion of the net pension liability (asset)	0.3143890%	0.3161770%	0.3180360%	0.3205340%	0.3195630%	0.3171570%	0.3152970%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Proportionate share of the net pension liability (asset)	\$ 8,687.4	\$ (8,214.3)	\$ (5,750.9)	\$ (2,436.4)	\$ 3,422.7	\$ (32,942.5)	\$ (35,122.1)			
Covered-employee payroll	\$ 54,384.4	\$ 53,361.8	\$ 52,775.1	\$ 52,497.0	\$ 52,157.0	\$ 50,268.7	\$ 46,574.3			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.0%	-15.4%	-10.9%	-4.6%	6.6%	-65.5%	-75.4%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.76%	102.17%	101.53%	100.66%	99.01%	111.46%	111.50%			

MAHOPAC CENTRAL SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended June 30, 2021

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,070.0	\$ 1,920.2	\$ 1,856.8	\$ 1,913.6	\$ 2,242.1	\$ 2,194.3	\$ 2,330.2			
Contributions in relation to the contractually required contribution	<u>2,070.0</u>	<u>1,920.2</u>	<u>1,856.8</u>	<u>1,913.6</u>	<u>2,242.1</u>	<u>2,194.3</u>	<u>2,330.2</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 12,592.8	\$ 12,988.6	\$ 12,573.1	\$ 12,720.9	\$ 12,548.2	\$ 12,065.0	\$ 12,220.0			
Contributions as a percentage of covered-employee payroll	16.44%	14.78%	14.77%	15.04%	17.87%	18.19%	19.07%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 5,182.8	\$ 4,727.9	\$ 5,076.8	\$ 5,286.1	\$ 6,729.0	\$ 7,977.5	\$ 7,568.3			
Contributions in relation to the contractually required contribution	<u>5,182.8</u>	<u>4,727.9</u>	<u>5,076.8</u>	<u>5,286.1</u>	<u>6,729.0</u>	<u>7,977.5</u>	<u>7,568.3</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 54,384.4	\$ 53,361.8	\$ 52,775.1	\$ 52,497.0	\$ 52,157.0	\$ 50,268.7	\$ 46,574.3			
Contributions as a percentage of covered-employee payroll	9.53%	8.86%	9.62%	10.07%	12.90%	15.87%	16.25%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

OTHER INFORMATION (UNAUDITED)

MAHOPAC CENTRAL SCHOOL DISTRICT

Schedule of Change from Adopted Budget to Revised Budget and Section 1318 of Real Property Tax Law Limit Calculation (Unaudited) June 30, 2021

Change from Adopted Budget to Revised Budget

Adopted budget	\$ 125,312,865
Add: Prior year's encumbrances	<u>534,682</u>
Original budget	<u>125,847,547</u>
Budget revision	<u>3</u>
Final budget	<u>\$ 125,847,550</u>

Section 1318 of Real Property Tax Law Limit Calculation- General Fund

2021 - 2022 voter-approved expenditure budget	\$ 127,378,406
Maximum allowed (4% of 2021-2022 budget)	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law *:	<u>\$ 5,095,136</u>
Total fund balance:	<u>\$ 24,285,199</u>
Less:	
Restricted fund balance	15,267,116
Assigned fund balance:	
Appropriated fund balance	2,810,318
Encumbrances included in committed and assigned fund balance	<u>1,150,541</u>
Total adjustments	<u>\$ 19,227,975</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 5,057,224</u>
Actual percentage	<u>3.97%</u>

*Per Office of the State Comptroller's "Fund Balance and Governmental Fund Type Definitions", updated April 2011 (Originally issued November 2010), the portion of 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 classification), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

MAHOPAC CENTRAL SCHOOL DISTRICT

**Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2021**

PROJECT NAME	PROJECT NUMBER	METHODS OF FINANCING				EXPENDITURES				TOTAL FUND BALANCE
		TOTAL BUDGET	PROCEEDS OF OBLIGATION	STATE AID	LOCAL SOURCES	TOTAL	PRIOR YEARS	CURRENT YEARS	TOTAL	
BUS PURCHASES	NA	\$ -	\$ 4,217,594	\$ -	\$ -	\$ 4,217,594	\$ 5,236,949	\$ -	\$ 5,236,949	\$ (1,019,355)
MHS ROOF	004-018	\$ 790,000	\$ 150,316	\$ -	\$ 110,647	\$ 260,963	\$ 486,439	\$ -	\$ 486,439	(225,476)
LAKEVIEW ROOF	001-015	\$ 1,015,000	\$ 281,844	\$ -	\$ 185,436	\$ 467,280	\$ 890,046	\$ -	\$ 890,046	(422,766)
AUSTIN RD ROOF	002-012	\$ 1,660,000	\$ 507,320	\$ -	\$ 359,790	\$ 867,109	\$ 1,628,088	\$ -	\$ 1,628,088	(760,979)
EPKG - MIDDLE SCHOOL ROOF	006-012	\$ 2,485,000	\$ 2,485,000	\$ -	\$ -	\$ 2,485,000	\$ 498,717	\$ 1,446,463	\$ 1,945,180	539,820
EPKG - MHS ROOF	004-019	\$ 1,560,000	\$ 1,560,000	\$ -	\$ -	\$ 1,560,000	\$ 428,182	\$ 1,099,346	\$ 1,527,528	32,472
EPKG - FALLS ROOF	003-007	\$ 3,300,000	\$ 3,300,000	\$ -	\$ -	\$ 3,300,000	\$ 560,071	\$ 1,528,668	\$ 2,088,739	1,211,261
EPKG - FULMAR RD ROOF	005-015	\$ 2,460,000	\$ 2,460,000	\$ -	\$ -	\$ 2,460,000	\$ 598,605	\$ 908,942	\$ 1,507,547	952,453
PH 1 - HIGH SCHOOL	004-020	\$ 16,900,000	\$ 18,000,000	\$ -	\$ -	\$ 18,000,000	\$ -	\$ 1,363,727	\$ 1,363,727	16,636,273
PH 1 - MIDDLE SCHOOL	006-013	\$ 4,164,000	\$ 3,015,000	\$ -	\$ -	\$ 3,015,000	\$ -	\$ 115,132	\$ 115,132	2,899,868
PH 1 - FALLS	003-008	\$ 154,000	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 3,567	\$ 3,567	96,433
PH 1 - BUS GARAGE	010-009	\$ 632,000	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ -	\$ 31,985	\$ 31,985	168,015
PH 1 - PUMP HOUSE	026-001	\$ 1,022,000	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ 48,305	\$ 48,305	251,695
PH 2 - DW BOND PROJECT		\$ 21,283,100	\$ 2,580,824	\$ -	\$ -	\$ 2,580,824	\$ 1,074,140	\$ 385,275	\$ 1,459,416	1,121,408
EPC - BUS GARAGE	010-010	\$ 54,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,178	\$ 1,178	(1,178)
EPC - LAKEVIEW	001-016	\$ 1,557,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,515	\$ 33,515	(33,515)
EPC - DISTRICT OFFICE	012-001	\$ 71,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,532	\$ 1,532	(1,532)
EPC - AUSTIN ROAD	002-013	\$ 580,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,482	\$ 12,482	(12,482)
EPC - FALLS	003-009	\$ 352,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,580	\$ 7,580	(7,580)
EPC - HIGH SCHOOL	004-021	\$ 716,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,420	\$ 15,420	(15,420)
EPC - FULMAR RD	005-016	\$ 198,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,269	\$ 4,269	(4,269)
EPC - MIDDLE SCHOOL	006-014	\$ 330,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,786	\$ 97,784	(97,784)
LAKEVIEW WATER PROJECT	001-014	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 130,536	\$ -	\$ 130,536	(30,536)
UNSPECIFIED PROJECTS	N/A	\$ 100,000	\$ -	\$ -	\$ 119,403	\$ 119,401	\$ 169,237	\$ -	\$ 169,237	(49,836)
SMART SCHOOLS BOND ACT	N/A	\$ 3,181,109	\$ -	\$ 1,709,012	\$ 100,000	\$ 1,809,012	\$ 1,709,013	\$ 39,950	\$ 1,748,963	60,049
		<u>\$ 64,667,568</u>	<u>\$ 39,157,898</u>	<u>\$ 1,709,012</u>	<u>\$ 975,276</u>	<u>\$ 41,842,183</u>	<u>\$ 13,410,023</u>	<u>\$ 7,145,122</u>	<u>\$ 20,555,144</u>	<u>\$ 21,287,039</u>

MAHOPAC CENTRAL SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited) June 30, 2021

Capital assets, net		\$	53,043,340
Deduct:			
Bond anticipation notes	\$	2,703,220	
Short-term portion of bonds payable		1,501,400	
Long-term portion of bonds payable		36,549,233	
Less: unspent bond proceeds		<u>(27,750,625)</u>	
			<u>13,003,228</u>
Net investment in capital assets		\$	<u><u>40,040,112</u></u>

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

October 14, 2021

To the Board of Education of the
Mahopac Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahopac Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control over Financial Reporting

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

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

Bonadio & Co., LLP