



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
COLD SPRING HARBOR, NEW YORK**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Cold Spring Harbor Central School District as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NawrockiSmith

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-13 and 51-56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Melville, New York
October 9, 2020



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of the Cold Spring Harbor Central School District's (the "District") financial performance as of and for the year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Revenues increased by 2.2% as a result of increased real property taxes and use of money and property, offset by decreases in charges for services, State sources and other tax items. Expenses decreased by 4.8% as a result of decreased instructional and pupil transportation expenses;
- The District continued to offer all programs, without reducing services, while maintaining adequate fund balances;
- The District funded capital projects with a current appropriation of \$1,725,000 from the Capital Reserve and a budgetary appropriation of \$1,450,000 from the General Fund;
- General Fund expenditures were under budget by approximately \$8.0 million primarily due to the COVID-19 pandemic. The District increased assigned fund balance in the General Fund by \$2,322,993 to pay-off the remaining principal of the installment purchase debt with excess funds, saving taxpayers future interest costs. This was in addition to funding the Capital Reserve and Reserve for Retirement Contributions.
- The District retained 6% of the 2020-2021 budget in unassigned fund balance within the General Fund, which was in excess of the 4% statutory limit, to safeguard against costs related to the COVID-19 pandemic and mid-year reductions in State support, which are projected to be up to 20%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements including a comparison of the District's General Fund budget and actual results for the year.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

Table A-1: Major Features of the District-wide and Fund Financial Statements			
	District-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 Financial Statements

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the 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 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).

The District has two kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee or fiduciary, for assets that belong to others, such as the scholarship funds and student activities funds. The 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 District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by 6.0% from the year before to a net deficit position balance of \$63,076,239, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$20,747,951 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2020, the District has an unrestricted net deficit of \$105,841,707. This deficit is primarily driven by the District's required recognition of the total other postemployment benefit ("OPEB") liability of \$117,128,753 as required by GASB Statement No. 75.

Table A-2: Condensed Statements of Net Position - Governmental Activities				
	<u>6/30/20</u>	<u>(As Restated) 6/30/19</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 37,423,110	\$ 29,094,098	\$ 8,329,012	28.6
Capital assets, net	<u>30,553,864</u>	<u>32,082,862</u>	<u>(1,528,998)</u>	(4.8)
Total assets	<u>67,976,974</u>	<u>61,176,960</u>	<u>6,800,014</u>	11.1
Deferred outflows of resources	<u>42,413,427</u>	<u>17,097,487</u>	<u>25,315,940</u>	148.1
Current liabilities	8,356,121	8,285,199	70,922	0.9
Long-term liabilities	<u>130,856,001</u>	<u>104,720,432</u>	<u>26,135,569</u>	25.0
Total liabilities	<u>139,212,122</u>	<u>113,005,631</u>	<u>26,206,491</u>	23.2
Deferred inflows of resources	<u>34,254,518</u>	<u>32,383,093</u>	<u>1,871,425</u>	5.8
Net position:				
Net investment in capital assets	22,017,517	24,848,672	(2,831,155)	(11.4)
Restricted	20,747,951	17,838,216	2,909,735	16.3
Unrestricted (deficit)	<u>(105,841,707)</u>	<u>(109,801,165)</u>	<u>3,959,458</u>	3.6
Total net position (deficit)	<u>\$ (63,076,239)</u>	<u>\$ (67,114,277)</u>	<u>\$ 4,038,038</u>	6.0

As of June 30, 2020, the District had positive working capital of \$7,806,831 as compared to \$2,014,720 as of June 30, 2019. The increase is primarily due to an increase in unrestricted cash and funds due from other governments of \$4,932,940 and \$344,493, respectively.

As of June 30, 2020, the District had an investment in net capital assets of \$30,553,864 as compared to \$32,082,862 as of June 30, 2019. The June 30, 2019 amount was restated as a result of a complete physical inventory of capital assets recently conducted by a third party. The decrease from 2019 is due to the current year depreciation charges exceeding current year capital outlay.

Long-term liabilities increased \$26,135,569 primarily due to the change in the total OPEB liability.

Changes in Net Position

The District's fiscal year 2020 revenues totaled \$71,500,109 (See Table A-3). Real property taxes and State sources accounted for most of the District's revenue by contributing 90 cents and 6 cents, respectively, of every dollar raised (See Table A-4). The remainder came from other tax items, charges for services, operating grants, miscellaneous, and use of money and property.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Revenues increased 2.2% or \$1,536,293, primarily as a result of an increase in real property taxes of \$2,208,666 (based on assessed valuation), as well as an increase in use of money and property of \$129,536, offset by a decrease in other tax items of \$350,711, charges for services of \$157,808 and in State sources of \$148,011.

The District's fiscal year 2020 expenses totaled \$67,462,071 (See Table A-3). These expenses (83 percent) are predominantly related to instruction and transporting students (See Table A-6). The District's administrative and business activities accounted for 15 percent of total costs.

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>6/30/20</u>	<u>6/30/19</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 1,079,103	\$ 1,236,911	\$ (157,808)	(12.8)
Operating grants	678,301	680,700	(2,399)	(0.4)
General revenues:				
Real property taxes	64,052,498	61,843,832	2,208,666	3.6
Other tax items	879,606	1,230,317	(350,711)	(28.5)
Use of money and property	337,621	208,085	129,536	62.3
Sale of property and compensation for loss	-	1,800	(1,800)	(100.0)
State sources	3,933,849	4,081,860	(148,011)	(3.6)
Federal sources - Medicaid	19,062	62,523	(43,461)	(69.5)
Miscellaneous	520,069	617,788	(97,719)	(15.8)
Total revenues	<u>71,500,109</u>	<u>69,963,816</u>	<u>1,536,293</u>	2.2
Expenses				
General support	10,128,723	10,368,995	(240,272)	(2.3)
Instruction	52,736,481	54,930,368	(2,193,887)	(4.0)
Pupil transportation	3,436,560	4,175,338	(738,778)	(17.7)
Community services	575	-	575	100.0
Debt service - interest	326,714	451,931	(125,217)	(27.7)
School lunch program	833,018	957,999	(124,981)	(13.0)
Total expenses	<u>67,462,071</u>	<u>70,884,631</u>	<u>(3,422,560)</u>	(4.8)
Increase (decrease) in net position	4,038,038	(920,815)	4,958,853	538.5
Net position (deficit), beginning of year	(67,114,277)	(61,819,687)	(5,294,590)	(8.6)
Prior period adjustment, see Note 16	-	(4,373,775)	4,373,775	100.0
Net position (deficit), end of year	<u>\$ (63,076,239)</u>	<u>\$ (67,114,277)</u>	<u>\$ 4,038,038</u>	6.0

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

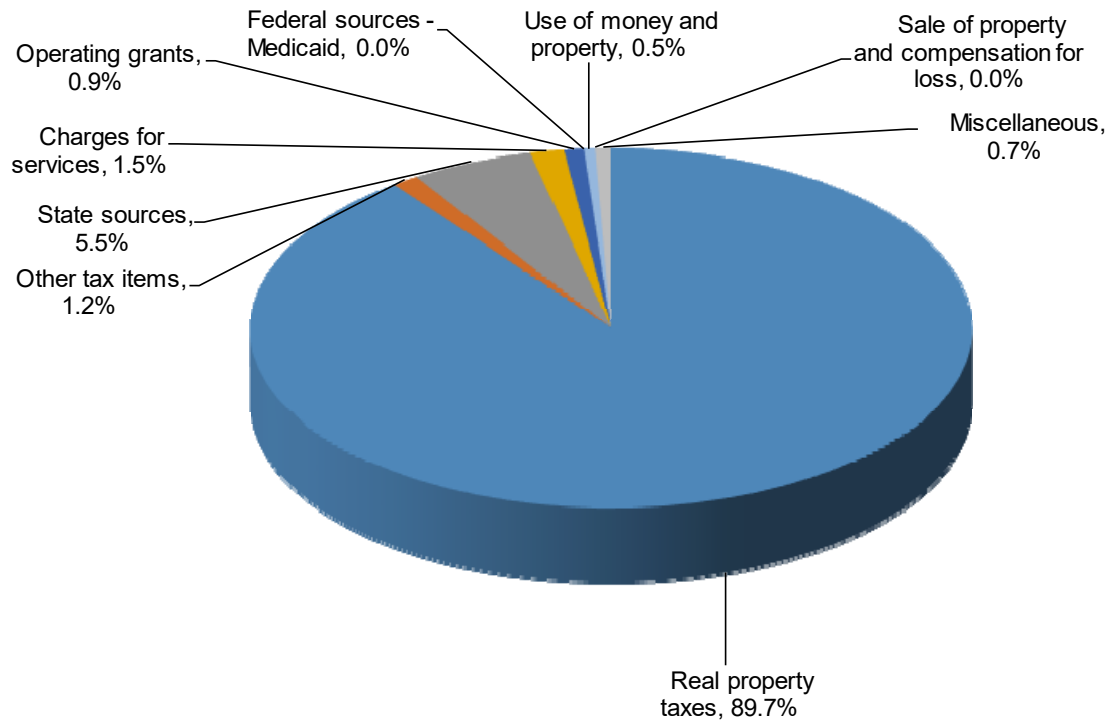
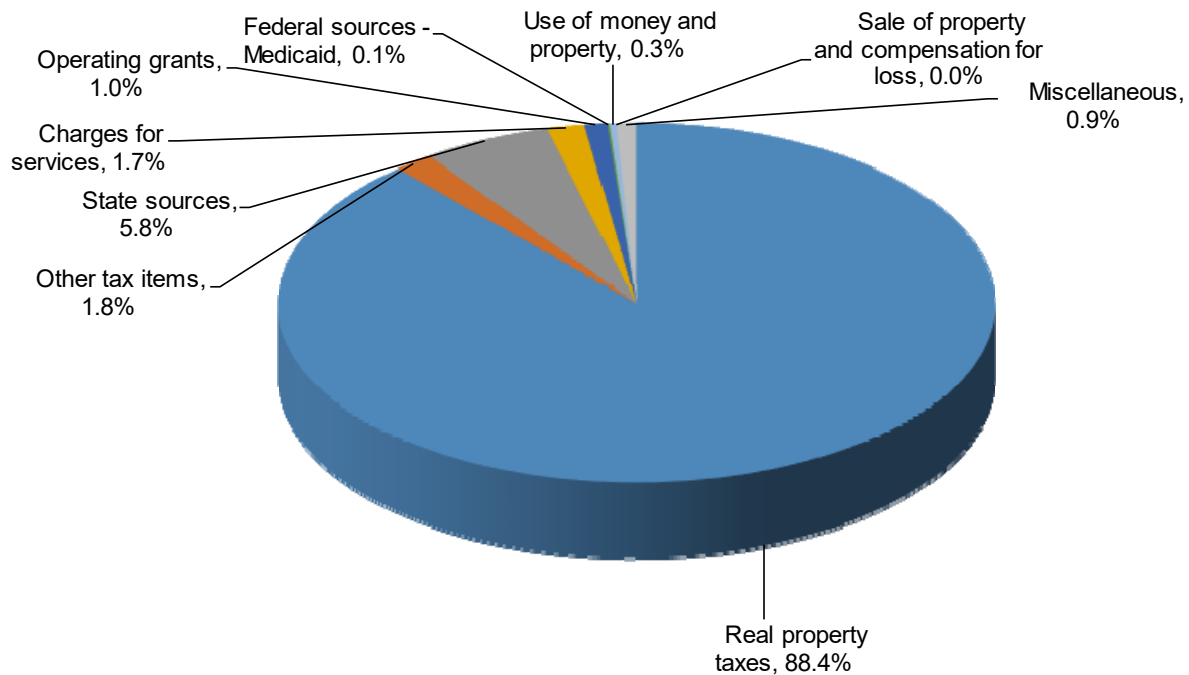


Table A-5: Sources of Revenues for Fiscal Year 2019



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2020

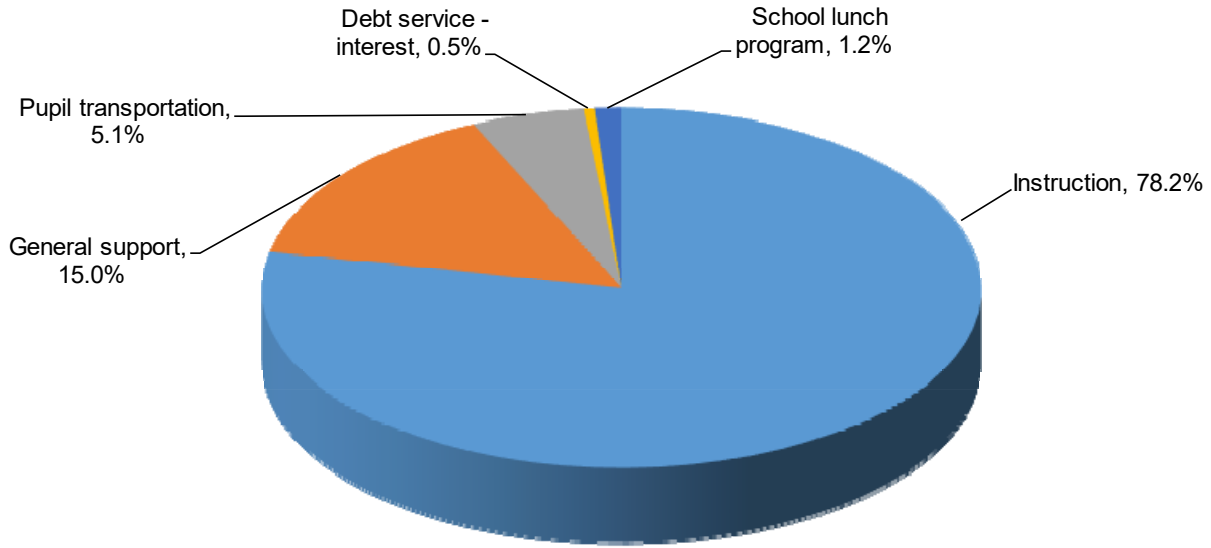
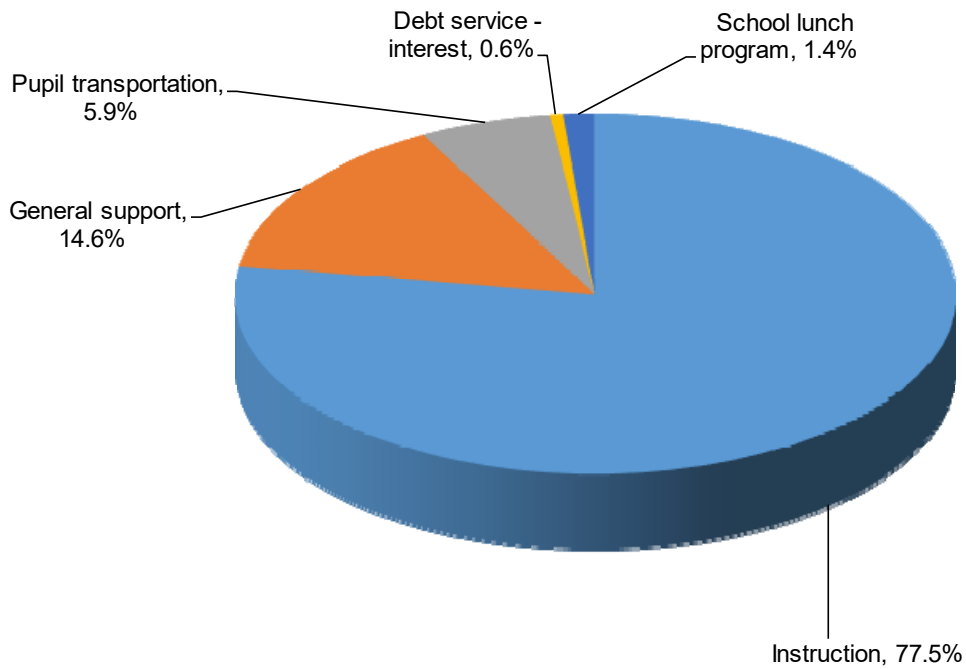


Table A-7: Expenses for Fiscal Year 2019



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Governmental Activities

Revenues for the District's governmental activities totaled \$71,500,109 while total expenses were \$67,462,071. Therefore, the increase in net position for governmental activities was \$4,038,038 in 2020. The District's financial condition was affected by:

- An increase in real property tax revenue;
- Changes in State aid (sources);
- Changes in the total OPEB liability; and
- Impacts of COVID-19.

The major changes in revenues and expenses are as follows:

Revenues:

- Real property taxes increased by \$2,208,666. This increase was within the tax cap, reflects a modest tax increase to residents and allows for a continued strong educational program.
- Other tax items include the reimbursements received under the School Tax Reimbursement Program ("STAR"). The STAR program provides tax relief to homeowners through State reimbursement to the District. Payments in lieu of taxes ("PILOTS") are also included within this category. The revenues from the PILOT payments remained consistent with the prior year, while the STAR program decreased \$352,200 reflecting a decline in the number of granted exemptions during the year ended June 30, 2020. Any decline in revenue from the STAR program is offset by the property tax levy.
- Unrestricted State sources (aid) decreased by \$148,011, or 3.6% during the year ended June 30, 2020.

Expenses:

- Instruction expenses decreased by \$2,193,887, primarily related to the COVID-19 pandemic.

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 District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the 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.

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$28,618,839, which is an increase of \$7,145,626 from June 30, 2019. Fund balances for the District's governmental funds for the past two years were distributed as follows:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table A-8: Fund Balances - Governmental Funds

	<u>6/30/20</u>	<u>6/30/19</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Capital	\$ 7,287,993	\$ 6,690,000	\$ 597,993	8.9
Employee Benefit Accrued Liability	3,649,463	3,649,463	-	0.0
Unemployment Insurance	275,081	275,081	-	0.0
Workers' Compensation	700,082	700,082	-	0.0
Retirement	3,916,879	3,369,760	547,119	16.2
Assigned:				
Appropriated for subsequent year's expenditures	3,089,058	550,000	2,539,058	461.6
Encumbrances	387,224	144,963	242,261	167.1
Unassigned	<u>4,265,561</u>	<u>2,810,989</u>	<u>1,454,572</u>	51.7
Total General Fund	<u>23,571,341</u>	<u>18,190,338</u>	<u>5,381,003</u>	29.6
School Lunch Fund				
Nonspendable:				
Inventory	23,224	14,086	9,138	64.9
Assigned:				
School Lunch Fund	<u>105,821</u>	<u>114,959</u>	<u>(9,138)</u>	(7.9)
Total School Lunch Fund	<u>129,045</u>	<u>129,045</u>	<u>-</u>	0.0
Debt Service Fund				
Restricted:				
Debt Service Fund	<u>644,885</u>	<u>644,885</u>	<u>-</u>	0.0
Total Debt Service Fund	<u>644,885</u>	<u>644,885</u>	<u>-</u>	0.0
Capital Projects Fund				
Restricted:				
Capital Projects	<u>4,273,568</u>	<u>2,508,945</u>	<u>1,764,623</u>	70.3
Total Capital Projects Fund	<u>4,273,568</u>	<u>2,508,945</u>	<u>1,764,623</u>	70.3
Total fund balance	<u>\$ 28,618,839</u>	<u>\$ 21,473,213</u>	<u>\$ 7,145,626</u>	33.3

The retirement reserve includes \$2,821,640 reserved for NYSERS and \$1,095,239 reserved for NYSTRS.

General Fund

The General Fund reported an increase in fund balance of \$5,381,003 for fiscal 2020, as compared to an increase of \$3,461,946 for fiscal 2019. Revenues increased \$1,748,015 mainly as a result of the increase in the budgeted property tax levy. Expenditures decreased \$2,258,422 due to decreases in instruction and employee benefit expenses. As a result of the increase in revenues and the decrease in expenditures, the District reported an increase in net position. The District also performed favorably compared to the budgeted expectations, as shown on page 51.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

General Fund Budgetary Highlights

Reference is made to the supplementary schedule on page 51 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were more than the final budgeted revenues by approximately \$400,000.
- Actual expenditures were approximately \$8,175,000 (including encumbrances of approximately \$390,000) less than final (not including interfund transfers) budget due to lower than anticipated costs across all categories as a result of COVID-19.

At June 30, 2020, the District's unassigned fund balance was \$4,265,561 which was over the allowable 4% of the subsequent year's budget (\$71,092,749) as promulgated by New York State (see page 57). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2020:

Unassigned fund balance, beginning of year	\$ 2,810,989
Add:	
Net change in fund balance	5,381,003
Prior-year appropriated fund balance	550,000
Prior-year encumbrances	144,963
Voter approved use of Capital Reserve	1,725,000
Less:	
Current-year appropriated fund balance	(3,089,058)
Current-year encumbrances	(387,224)
Transfer to Capital Reserve	(2,322,993)
Transfer to Retirement Reserve	(547,119)
	<u> </u>
Unassigned fund balance, end of year	<u><u>\$ 4,265,561</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020, the District had invested \$30,553,864 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The District is conducting a variety of minor capital projects through its Capital Reserve Program.

Table A-9: Capital Assets (net of depreciation)				
	<u>6/30/20</u>	<u>(As Restated) 6/30/19</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 125,075	\$ 125,075	\$ -	0.0
Construction-in-progress	1,769,160	1,533,512	235,648	15.4
Buildings and building improvements	27,403,929	29,198,560	(1,794,631)	(6.1)
Furniture and equipment	1,255,700	1,225,715	29,985	2.4
	<u> </u>	<u> </u>	<u> </u>	
Totals	<u><u>\$ 30,553,864</u></u>	<u><u>\$ 32,082,862</u></u>	<u><u>\$ (1,528,998)</u></u>	(4.8)

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Long-Term Debt

At year-end, the District had \$13,707,934 in general obligation bonds and other long-term debt.

Table A-10: Outstanding Long-Term Debt

	<u>6/30/20</u>	<u>6/30/19</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 5,952,496	\$ 8,768,746	\$ (2,816,250)	(32.1)
Installment purchase debt payable	2,583,851	2,839,219	(255,368)	(9.0)
Workers' Compensation claims payable	744,684	798,408	(53,724)	(6.7)
Compensated absences	<u>4,426,903</u>	<u>4,011,563</u>	<u>415,340</u>	10.4
Totals	<u>\$ 13,707,934</u>	<u>\$ 16,417,936</u>	<u>\$ (2,710,002)</u>	(16.5)

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- The General Fund Budget for the 2020-2021 school year was approved by the voters in the amount of \$71,092,749, which represents an increase of \$817,932 or 1.2% over the Original Budget for the 2019-20 school year of \$70,274,817.
- The General Fund budget for the 2020-2021 school year is impacted by certain trends affecting school districts. These include potential increases in retirement contributions, health insurance costs, Workers' Compensation judgments and potential unemployment insurance claims, which are beyond the District's control.
- The New York State Division of Budget has announced that 20% of most local aid payments will be withheld beginning in August 2020, and these withholdings may be converted to permanent reductions depending on the size and timing of new federal aid.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Cold Spring Harbor Central School District
District Offices
Attn: Assistant Superintendent for Business
75 Goose Hill Road
Cold Spring Harbor, NY 11724
(631) 367-5928

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Unrestricted cash	\$ 13,989,155
Receivables:	
State and federal aid	448,480
Due from other governments	1,174,394
Due from fiduciary funds	84,970
Other	442,729
Inventories	23,224
Restricted cash	17,002,277
Proportionate share of net pension asset	4,257,881
Capital assets:	
Non-depreciable	1,894,235
Depreciable, net of accumulated depreciation of \$46,467,616	28,659,629
Total assets	<u>67,976,974</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pensions	17,338,528
Deferred outflows from OPEB	25,074,899
Total deferred outflows of resources	<u>42,413,427</u>
LIABILITIES	
Accounts payable	1,151,810
Accrued interest payable	109,996
Accrued liabilities	347,936
Due to other governments	82,631
Due to fiduciary funds	633
Due to teachers' retirement system	2,539,434
Due to employees' retirement system	245,169
Unearned revenues	178,777
Long-term liabilities, due within one year:	
Bonds payable, inclusive of premiums and discounts	2,921,250
Installment purchase debt payable	261,327
Workers' Compensation claims payable	74,468
Compensated absences	442,690
Long-term liabilities, due after one year:	
Bonds payable, inclusive of premiums and discounts	3,031,246
Installment purchase debt payable	2,322,524
Workers' Compensation claims payable	670,216
Compensated absences	3,984,213
Proportionate share of net pension liability	3,719,049
Other postemployment benefits obligation	117,128,753
Total liabilities	<u>139,212,122</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	5,884,665
Deferred inflows from OPEB	28,369,853
Total deferred inflows of resources	<u>34,254,518</u>
NET POSITION	
Net investment in capital assets	22,017,517
Restricted:	
Capital	7,287,993
Employee Benefit Accrued Liability	3,649,463
Unemployment Insurance	275,081
Workers' Compensation	700,082
Retirement Contributions	3,916,879
Debt Service	644,885
District Improvements	4,273,568
Unrestricted	(105,841,707)
Total net position	<u>\$ (63,076,239)</u>

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants	Changes in
				Net Position
Functions and programs:				
General support	\$ 10,128,723	\$ 58,801	\$ 80,351	\$ (9,989,571)
Instruction	52,736,481	417,420	570,393	(51,748,668)
Pupil transportation	3,436,560	638	872	(3,435,050)
Community services	575	-	-	(575)
Debt service - interest	326,714	-	-	(326,714)
School lunch program	833,018	602,244	26,685	(204,089)
Total functions and programs	<u>\$ 67,462,071</u>	<u>\$ 1,079,103</u>	<u>\$ 678,301</u>	<u>(65,704,667)</u>
General revenues:				
Real property taxes				64,052,498
Other tax items				879,606
Use of money and property				337,621
State sources				3,933,849
Federal sources - Medicaid assistance				19,062
Miscellaneous				<u>520,069</u>
Total general revenues				<u>69,742,705</u>
Change in net position				4,038,038
Total net position, beginning of year, as restated, see Note 16				<u>(67,114,277)</u>
Total net position, end of year				<u>\$ (63,076,239)</u>

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Major Funds					
	Special Revenue Funds					
	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 13,965,196	\$ -	\$ 23,959	\$ -	\$ -	\$ 13,989,155
Receivables:						
State and federal aid	93,454	354,374	652	-	-	448,480
Due from other governments	421,115	-	-	-	-	421,115
Property taxes	753,279	-	-	-	-	753,279
Due from other funds	358,766	-	53,030	-	4,109,981	4,521,777
Due from fiduciary funds	84,970	-	-	-	-	84,970
Other	438,174	-	4,555	-	-	442,729
Inventories	-	-	23,224	-	-	23,224
Restricted cash	15,829,498	34,677	105,821	647,789	384,492	17,002,277
Total assets	<u>\$ 31,944,452</u>	<u>\$ 389,051</u>	<u>\$ 211,241</u>	<u>\$ 647,789</u>	<u>\$ 4,494,473</u>	<u>\$ 37,687,006</u>
LIABILITIES						
Payables:						
Accounts payable	\$ 894,089	\$ 32,495	\$ 4,321	\$ -	\$ 220,905	\$ 1,151,810
Accrued liabilities	345,902	695	1,339	-	-	347,936
Due to other funds	4,163,012	355,861	-	2,904	-	4,521,777
Due to fiduciary funds	-	-	633	-	-	633
Due to other governments	82,591	-	40	-	-	82,631
Due to teachers' retirement system	2,539,434	-	-	-	-	2,539,434
Due to employees' retirement system	245,169	-	-	-	-	245,169
Unearned revenues	102,914	-	75,863	-	-	178,777
Total liabilities	<u>8,373,111</u>	<u>389,051</u>	<u>82,196</u>	<u>2,904</u>	<u>220,905</u>	<u>9,068,167</u>
FUND BALANCE						
Fund balance:						
Nonspendable	-	-	23,224	-	-	23,224
Restricted	15,829,498	-	-	644,885	4,273,568	20,747,951
Assigned	3,476,282	-	105,821	-	-	3,582,103
Unassigned	4,265,561	-	-	-	-	4,265,561
Total fund balance	<u>23,571,341</u>	<u>-</u>	<u>129,045</u>	<u>644,885</u>	<u>4,273,568</u>	<u>28,618,839</u>
Total liabilities and fund balance	<u>\$ 31,944,452</u>	<u>\$ 389,051</u>	<u>\$ 211,241</u>	<u>\$ 647,789</u>	<u>\$ 4,494,473</u>	<u>\$ 37,687,006</u>

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds	\$	28,618,839
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:			
Non-depreciable	\$	1,894,235	
Depreciable		75,127,245	
Accumulated depreciation		<u>(46,467,616)</u>	30,553,864

Proportionate share of long-term liabilities, and deferred outflows of resources and inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the funds:

Proportionate share of net pension asset		4,257,881	
Deferred outflows of resources - pension related		17,338,528	
Proportionate share of net pension liability		(3,719,049)	
Deferred inflows of resources - pension related		<u>(5,884,665)</u>	11,992,695

Amounts reported as deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the funds.

(3,294,954)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, inclusive of premiums and discounts		(5,952,496)	
Installment purchase debt payable		(2,583,851)	
Workers' Compensation claims payable		(744,684)	
Compensated absences		(4,426,903)	
Total OPEB liability		<u>(117,128,753)</u>	(130,836,687)

Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(109,996)

Net Position - Governmental Activities

\$ (63,076,239)

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds					
	Special Revenue Funds					Total
	General	Special Aid	School Lunch	Debt Service	Capital Projects	Governmental Funds
REVENUES						
Real property taxes	\$ 64,052,498	\$ -	\$ -	\$ -	\$ -	\$ 64,052,498
Other tax items	879,606	-	-	-	-	879,606
Charges for services	476,859	-	-	-	-	476,859
Use of money and property	337,480	-	141	-	-	337,621
State sources	3,933,849	139,552	2,660	-	-	4,076,061
Federal sources	19,062	512,064	24,025	-	-	555,151
Sales	-	-	602,244	-	-	602,244
Miscellaneous	477,670	-	4,777	-	-	482,447
Total revenues	70,177,024	651,616	633,847	-	-	71,462,487
EXPENDITURES						
Current -						
General support	7,049,503	-	492,076	-	-	7,541,579
Instruction	33,735,534	635,309	-	-	-	34,370,843
Pupil transportation	3,352,330	56,166	-	-	-	3,408,496
Community services	575	-	-	-	-	575
Employee benefits	13,839,231	-	34,876	-	-	13,874,107
Cost of sales	-	-	306,066	-	-	306,066
Capital outlay	-	-	-	-	1,410,377	1,410,377
Debt service -						
Principal	2,895,368	-	-	-	-	2,895,368
Interest	547,072	-	-	-	-	547,072
Total expenditures	61,419,613	691,475	833,018	-	1,410,377	64,354,483
Excess (deficiency) of revenues over (under) expenditures	8,757,411	(39,859)	(199,171)	-	(1,410,377)	7,108,004
OTHER FINANCING SOURCES (USES)						
Premium on obligations	37,622	-	-	-	-	37,622
Transfers in	-	39,859	199,171	-	3,175,000	3,414,030
Transfers out	(3,414,030)	-	-	-	-	(3,414,030)
Total other financing sources (uses)	(3,376,408)	39,859	199,171	-	3,175,000	37,622
Change in fund balance	5,381,003	-	-	-	1,764,623	7,145,626
Fund balance, beginning of year	18,190,338	-	129,045	644,885	2,508,945	21,473,213
Fund balance, end of year	\$ 23,571,341	\$ -	\$ 129,045	\$ 644,885	\$ 4,273,568	\$ 28,618,839

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balance - Governmental Funds \$ 7,145,626

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 1,599,413	
Depreciation expense	<u>(3,128,411)</u>	(1,528,998)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal	2,640,000	
Repayment of installment purchase debt payable	<u>255,368</u>	2,895,368

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Total OPEB liability	(26,234,929)	
Workers' Compensation claims payable	53,724	
Amortization of bond issue premiums and discounts, net	176,250	
Compensated absences payable	(415,340)	
Accrued interest costs	<u>44,108</u>	(26,376,187)

Changes in the amount of total OPEB liability deferred outflows of resources and deferred inflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

24,814,353

Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Proportionate share of the net pension asset	1,215,476	
Deferred outflows of resources from pensions	241,041	
Proportionate share of the net pension liability	(2,757,762)	
Deferred inflows of resources from pensions	<u>(1,610,879)</u>	<u>(2,912,124)</u>

Change in Net Position - Governmental Activities \$ 4,038,038

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Scholarship Trusts	Agency Funds
ASSETS		
Cash:		
Restricted	\$ 26,511	\$ 531,457
Due from governmental funds	<u>-</u>	<u>633</u>
Total assets	<u><u>\$ 26,511</u></u>	<u><u>\$ 532,090</u></u>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 156,816
Other liabilities	-	290,304
Due to governmental funds	<u>-</u>	<u>84,970</u>
Total liabilities	<u>-</u>	<u><u>\$ 532,090</u></u>
NET POSITION		
Restricted:		
Endowment scholarships	<u>26,511</u>	
Total net position	<u>26,511</u>	
Total liabilities and net position	<u><u>\$ 26,511</u></u>	

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Scholarship Trusts</u>
ADDITIONS	
Contributions	\$ 1,500
Investment earnings:	
Interest	<u>58</u>
Total additions	<u>1,558</u>
DEDUCTIONS	
Scholarships and awards	<u>4,050</u>
Total deductions	<u>4,050</u>
Change in net position	(2,492)
Net position, beginning of year	<u>29,003</u>
Net position, end of year	<u><u>\$ 26,511</u></u>

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on such criteria the District has determined there are no component units to be included within their reporting entity.

B. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

C. Joint venture

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

During the year, the District was billed \$2,517,689 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$809,910.

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

D. Basis of presentation

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

2. Fund statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate financial 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.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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 funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for educational programs.

School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of District 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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds: 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.

There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

E. Measurement focus and basis of accounting

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State aid, 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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

F. Property taxes

Real property taxes for the Town of Oyster Bay residents are levied annually by the Board of Education during the month of September and become a lien on October 1st and April 1st. This portion of the District's tax levy is collected by the Town of Oyster Bay and remitted to the District. Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1st, and become a lien on December 1st. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30th, are remitted by the Town to Suffolk County which in turn is responsible for any uncollected taxes.

G. Restricted resources

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

H. Interfund transactions

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

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

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.

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

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

I. 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

J. Cash and cash equivalents

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

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization (if permitted by the District's policy).

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

K. Accounts receivable

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

L. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

M. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

N. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, 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.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 15,000	Straight-line	20-40 years
Furniture and equipment	\$ 2,000	Straight-line	5-20 years

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

O. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This 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 (expense/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

P. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Q. Unearned revenues

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

R. Vested employee benefits - compensated absences

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.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

S. Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure (see Note 11 for more information).

T. Short-term debt

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

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

As of June 30, 2020, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes. See Note 7 for additional disclosure regarding the District's outstanding short-term debt.

U. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent 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.

V. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. 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.
3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$23,224.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Capital

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit 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. This reserve is accounted for in the General Fund.

Unemployment Insurance

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

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.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund, and includes \$2,821,640 reserved for NYSERS and \$1,095,239 reserved for NYSTRS.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Debt Service

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

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.
4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.
5. Unassigned - Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2020 were distributed as follows:

	General	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 23,224	\$ -	\$ -	\$ 23,224
Total nonspendable	-	23,224	-	-	23,224
Restricted:					
Capital	7,287,993	-	-	-	7,287,993
Employee Benefit Accrued Liability	3,649,463	-	-	-	3,649,463
Unemployment Insurance	275,081	-	-	-	275,081
Workers' Compensation	700,082	-	-	-	700,082
Retirement Contributions	3,916,879	-	-	-	3,916,879
Debt Service	-	-	644,885	-	644,885
District Improvements	-	-	-	4,273,568	4,273,568
Total restricted	15,829,498	-	644,885	4,273,568	20,747,951
Assigned:					
Appropriated for subsequent year's expenditures	3,089,058	-	-	-	3,089,058
Encumbrances	387,224	-	-	-	387,224
School Lunch Fund	-	105,821	-	-	105,821
Total assigned	3,476,282	105,821	-	-	3,582,103
Unassigned	4,265,561	-	-	-	4,265,561
Total	\$ 23,571,341	\$ 129,045	\$ 644,885	\$ 4,273,568	\$ 28,618,839

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation. The portion of the District's fund balance subject to NYS Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. 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.

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

Due to the differences in the measurement focus and basis of accounting used in the funds 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. 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.

4. 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.

5. 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.

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) 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 are approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Voter-approved use of Capital Reserve	\$ 1,725,000
Capital improvements	750,000
Educational foundation donation	271,245
Special legislative grants	30,000
Miscellaneous	<u>4,920</u>
Total supplemental appropriations	<u><u>\$ 2,781,165</u></u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2020.

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

Encumbrances

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

The portion of the District's fund balance subject to NYS Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

4. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, AND INTEREST RATE RISKS

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 27,477,425
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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 \$17,002,277 within the governmental funds and \$557,968 in the fiduciary funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

5. RECEIVABLES

Receivables at year end are as follows:

A. State and federal aid

State and federal aid receivables at June 30, 2020 consisted of the following:

General Fund:

New York State Aid - excess cost aid	\$ 93,454
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Special Aid Fund:

State and federal grants	354,374
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School Lunch Fund:

School breakfast and lunch reimbursement	652
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	\$ 448,480
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B. Due from other governments

Due from other governments at June 30, 2020 consisted of the following:

General Fund:

BOCES aid	\$ 421,115
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C. Property taxes

Property taxes receivable at June 30, 2020 consisted of the following:

General Fund:

Town of Oyster Bay	\$ 753,279
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District management has deemed the amounts to be fully collectible.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 125,075	\$ -	\$ -	\$ 125,075
Construction-in-progress	1,533,512	918,596	(682,948)	1,769,160
Total nondepreciable assets	1,658,587	918,596	(682,948)	1,894,235
Capital assets that are depreciated:				
Buildings and building improvements	71,253,475	488,418	682,948	72,424,841
Furniture and equipment	2,655,635	217,122	(170,353)	2,702,404
Total depreciable assets	73,909,110	705,540	512,595	75,127,245
Less accumulated depreciation:				
Buildings and building improvements	42,054,915	2,965,997	-	45,020,912
Furniture and equipment	1,429,920	162,414	(145,630)	1,446,704
Total accumulated depreciation	43,484,835	3,128,411	(145,630)	46,467,616
Total capital assets, net	<u>\$ 32,082,862</u>	<u>\$ (1,504,275)</u>	<u>\$ (24,723)</u>	<u>\$ 30,553,864</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 385,764
Instruction	2,738,462
Pupil transportation	4,185
	<u>\$ 3,128,411</u>

7. SHORT-TERM DEBT OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN matured on 6/24/20 at 2.00%	<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>

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

Interest paid/expense	<u>\$ 134,500</u>
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COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. LONG-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 8,240,000	\$ -	\$ 2,640,000	\$ 5,600,000	\$ 2,745,000
Unamortized bond discounts and premiums	528,746	-	176,250	352,496	176,250
Total bonds payable	8,768,746	-	2,816,250	5,952,496	2,921,250
Installment purchase debt payable	2,839,219	-	255,368	2,583,851	261,327
Workers' Compensation claims payable	798,408	44,199	97,923	744,684	74,468
Compensated absences	4,011,563	415,340	-	4,426,903	442,690
Total long-term liabilities	<u>\$ 16,417,936</u>	<u>\$ 459,539</u>	<u>\$ 3,169,541</u>	<u>\$ 13,707,934</u>	<u>\$ 3,699,735</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. The General Fund is typically used to liquidate the liabilities above.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2020
Refunding serial bonds	2011	2022	2.00 - 5.00%	\$ 4,970,000
Refunding serial bonds	2004	2022	3.375 - 4.00%	630,000
				<u>\$ 5,600,000</u>
Installment purchase debt	04/15/13	08/15/29	2.32%	<u>\$ 2,583,851</u>
	Serial Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
June 30,				
2021	\$ 2,745,000	\$ 239,738	\$ 261,327	\$ 58,439
2022	2,855,000	129,950	267,425	52,340
2023	-	-	273,666	46,100
2024	-	-	280,051	39,715
2025	-	-	286,586	33,179
2026-2029	-	-	1,214,796	64,265
	<u>\$ 5,600,000</u>	<u>\$ 369,688</u>	<u>\$ 2,583,851</u>	<u>\$ 294,038</u>
				<u>\$ 8,847,577</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Interest paid	\$ 412,572
Less interest accrued in the prior year	(154,104)
Plus interest accrued in the current year	109,996
Less amortization of premiums/discounts	<u>(176,250)</u>
Total interest expense	<u><u>\$ 192,214</u></u>

9. PENSION PLANS

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

A 10-member Board of Trustees of 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 New York State Retirement and Social Security Law ("NYSRSSL"). 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 NYSTRS. 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

NYSERS 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. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. 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. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the NYSTRS and NYSERS for the current year and each of the two preceding years.

The District share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2020	\$ 807,303	\$ 2,905,203
2019	813,518	2,685,792
2018	860,378	3,222,083

Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2019 for NYSTRS and March 31, 2020 for NYSERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSTRS and NYSERS Systems in reports provided to the District:

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	\$ (3,719,049)	\$ 4,257,881
District's portion of the Plan's total net pension asset/(liability)	0.01404%	0.16389%
Change in proportion since the prior measurement date	0.00047%	(0.00436%)

For the year ended June 30, 2020, the District recognized pension expense of \$1,506,063 for NYSERS and \$5,346,710 for NYSTRS. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Difference between expected experience and actual experience	\$ 218,881	\$ 2,885,457	\$ -	\$ (316,624)
Net difference between projected and actual earnings on pension plan investments	1,906,566	-	-	(3,414,601)
Changes of assumptions	74,884	8,043,707	(64,661)	(1,961,283)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	558,367	539,988	(81,828)	(45,668)
Employer contributions subsequent to the measurement date	205,475	2,905,203	-	-
Total	<u>\$ 2,964,173</u>	<u>\$ 14,374,355</u>	<u>\$ (146,489)</u>	<u>\$ (5,738,176)</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	NYSERS	NYSTRS
<u>For the year ended:</u>		
2021	\$ 540,333	\$ 2,007,433
2022	681,653	203,337
2023	778,468	2,000,451
2024	611,755	1,359,959
2025	-	245,798
Thereafter	-	(86,002)

Actuarial assumptions

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	*Rates of increase differ based on service
Decrement tables	April 1, 2010 to March 31, 2015 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

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

For NYSTRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For NYSERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.

For NYSTRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For NYSERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2020	March 31, 2020	June 30, 2019	June 30, 2019
Asset type				
Absolute return strategies	2.00%	3.25%	-	-
Bonds and mortgages	17.00%	0.75%	-	-
Cash and cash equivalents	1.00%	0.00%	1.00%	0.30%
Domestic equity	36.00%	4.05%	33.00%	6.30%
Domestic fixed income	-	-	16.00%	1.30%
Global equity	-	-	4.00%	7.20%
Global fixed income	-	-	2.00%	0.90%
High-yield fixed income	-	-	1.00%	3.60%
Inflation-indexed bonds	4.00%	0.50%	-	-
International equity	14.00%	6.15%	16.00%	7.80%
Opportunistic portfolio	3.00%	4.65%	-	-
Private debt	-	-	1.00%	6.50%
Private equity	10.00%	6.75%	8.00%	9.90%
Real assets	3.00%	5.95%	-	-
Real estate debt	-	-	7.00%	2.90%
Real estate equities	10.00%	4.95%	11.00%	4.60%
	<u>100.00%</u>		<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 6.80% for NYSERS and 7.10% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the proportionate share of the net pension asset (liability) to the discount rate assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.80% for NYSERS and 7.10% for NYSTRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (5.80% for NYSERS and 6.10% for NYSTRS) or 1 percentage point higher (7.80% for NYSERS and 8.10% for NYSTRS) than the current rate:

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease (5.80%)	Current assumption (6.80%)	1% Increase (7.80%)
<u>NYSERS</u>			
Employer's proportionate share of the net pension asset/(liability)	\$ (6,825,506)	\$ (3,719,049)	\$ (857,990)
<u>NYSTRS</u>	1% Decrease (6.10%)	Current assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset/(liability)	\$ (19,219,632)	\$ 4,257,881	\$ 23,952,866

Pension plan fiduciary net position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Valuation date	March 31, 2020	June 30, 2019	
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474	\$ 314,475,735
Plan net position	<u>168,115,682</u>	<u>122,477,481</u>	<u>290,593,163</u>
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>	<u>\$ (23,882,572)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.17%	92.41%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the system in September, October and November 2020 through a State aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employer retirement contributions as of June 30, 2020 amounted to \$2,539,434.

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2020 amounted to \$245,169. Employee contributions are remitted monthly.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 443,736	\$ 4,163,012	\$ -	\$ 3,414,030
Special Aid Fund	-	355,861	39,859	-
School Lunch Fund	53,030	633	199,171	-
Debt Service Fund	-	2,904	-	-
Capital Projects Fund	4,109,981	-	3,175,000	-
Fiduciary Funds	633	84,970	-	-
Totals	<u>\$ 4,607,380</u>	<u>\$ 4,607,380</u>	<u>\$ 3,414,030</u>	<u>\$ 3,414,030</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.

As part of the voter approved budget, an appropriation was made to the Capital Projects Fund to help support ongoing projects within the District. The current year transfer to the Capital Projects Fund was originally budgeted for \$700,000 and increased by supplemental appropriations of \$1,725,000 from the voter approved capital reserve fund and \$750,000 from unassigned fund balance.

11. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. 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 of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of 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

As of July 1, 2018, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	201
Active plan members	<u>294</u>
Total plan members	<u>495</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

B. Total OPEB liability

The District's total OPEB liability of \$117,128,753 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.00%
Discount rate	2.45%
Healthcare cost trend rates	*Rates differ based as defined below
Retirees' share of benefit-related costs	0% to 25% of premium based on department and date hired

*As of the June 30, 2020 measurement date, the actuarial valuation uses healthcare cost trend rates as follows:

Pre-65 medical trend rate	6.50%
Post-65 Medicare advantage trend rate	4.40%
Prescription drug trend rate	6.75%
Medicare Part B trend rate	6.20%

The discount rate was based on the June 30, 2020 Fidelity General Obligation 20-Year AA Municipal Bond Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

C. Changes in the total OPEB liability

Balance as of June 30, 2019	\$ 90,893,824
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Changes for the year -

Service cost	2,793,313
Interest	2,889,942
Differences between expected and actual experience	(5,946,849)
Change in assumptions or other inputs	29,211,989
Benefit payments	<u>(2,713,466)</u>

Net changes	<u>26,234,929</u>
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Balance as of June 30, 2020	<u><u>\$ 117,128,753</u></u>
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COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	<u>1% Decrease</u> <u>(1.45%)</u>	<u>Current</u> <u>assumption</u> <u>(2.45%)</u>	<u>1% Increase</u> <u>(3.45%)</u>
Total OPEB liability as of June 30, 2020	\$ 139,979,611	\$ 117,128,753	\$ 99,137,132

Sensitivity of the total OPEB liability to changes in 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 one percentage point lower or one percentage point higher than the current discount rate as defined in the actuarial assumptions and other inputs above:

	<u>1% Decrease*</u>	<u>Current</u> <u>assumption*</u>	<u>1% Increase*</u>
Total OPEB liability as of June 30, 2020	\$ 97,259,659	\$ 117,128,753	\$ 143,250,839

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$4,134,042. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources -</u> <u>OPEB</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources -</u> <u>OPEB</u>
Difference between expected experience and actual experience	\$ -	\$ (14,847,351)
Changes of assumptions	<u>25,074,899</u>	<u>(13,522,502)</u>
Total	<u>\$ 25,074,899</u>	<u>\$ (28,369,853)</u>

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

<u>For the year ended:</u>	<u>Amount</u>
2021	\$ (1,549,213)
2022	(1,549,213)
2023	(1,549,213)
2024	(1,549,213)
2025	(430,871)
Thereafter	3,332,769

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

12. RISK MANAGEMENT

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

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

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal years ended June 30:				
2020	\$ 798,408	\$ 44,199	\$ 97,923	\$ 744,684
2019	414,574	478,296	94,462	798,408
2018	458,114	-	43,540	414,574

The District has not purchased any annuity contracts.

13. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2020, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 209,708
Instruction	<u>177,516</u>
	<u>\$ 387,224</u>

Government grants

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Library indebtedness

On September 1, 2004, the District entered into a tax pledge agreement with the Cold Spring Harbor Village Improvement Society Library and a bank, as trustee, in connection with issuance of \$9,500,000 of civic facility revenue bonds for the acquisition and construction of a library facility. Under the terms of the agreement, the District has agreed to cause to be levied on behalf of the Library the aggregate annual amount necessary to pay the debt service on the bonds; said payment to be remitted directly from the District to the trustee according to a time schedule established in the agreement. The annual debt service approximates \$700,000 and will be satisfied in full with the September 15, 2024 semi-annual payment. As of June 30, 2020, the remaining principal outstanding was of \$3,105,000.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2019 at 2.00% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time. It is the opinion of the District's attorneys that this will not exceed insurance coverage.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

14. LEASE COMMITMENTS

The District leases certain office equipment under the terms of various non-cancelable leases. Rental expense for the year ended June 30, 2020 was \$115,604.

Minimum annual rentals for each of the remaining years of the lease are:

For the year ended June 30:

2021	\$ 25,250
2022	13,796
2023	9,309
2024	<u>2,818</u>
	<u><u>\$ 51,173</u></u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

15. TAX ABATEMENTS

Nassau County and Suffolk County enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenues were reduced by \$72,777 under agreements entered into by Nassau County. Of the amount reduced, \$65,063, was collected via PILOT payments and \$7,714 was abated from the District's property tax revenues.

16. PRIOR PERIOD ADJUSTMENT

The District's financial statements for the year ended June 30, 2020 have been restated as of July 1, 2019 to give effect to the following:

	<u>District-wide</u>	
	<u>Capital Assets, Net</u>	<u>Net Position</u>
Balance as of July 1, 2019, as previously stated	\$ 36,456,637	\$ (62,740,502)
Less: change in capital assets, net, as a result of capital asset inventory	<u>(4,373,775)</u>	<u>(4,373,775)</u>
Balance as of July 1, 2019, as restated	<u>\$ 32,082,862</u>	<u>\$ (67,114,277)</u>

17. FUTURE ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 84	Fiduciary Activities	June 30, 2021
Statement No. 87	Leases	June 30, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2022
Statement No. 90	Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61	June 30, 2022
Statement No. 91	Conduit Debt Obligations	June 30, 2023

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 9, 2020, which is the date the financial statements were available to be issued, noting the following:

On September 30, 2020, the District issued a Tax Anticipation Note in the amount of \$9,000,000. The note matures on June 25, 2021, and bears an interest rate of 1.25%.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Better (Worse)
REVENUES					
Local sources:					
Real property taxes	\$ 64,861,519	\$ 64,861,519	\$ 64,052,498		\$ (809,021)
Other tax items	64,845	64,845	879,606		814,761
Charges for services	309,000	309,000	476,859		167,859
Use of money and property	60,000	60,000	337,480		277,480
Miscellaneous	172,550	448,715	477,670		28,955
Total local sources	65,467,914	65,744,079	66,224,113		480,034
State sources	3,976,303	4,006,303	3,933,849		(72,454)
Federal sources	30,600	30,600	19,062		(11,538)
Total revenues	69,474,817	69,780,982	70,177,024		396,042
OTHER FINANCING SOURCES					
Premium on obligations	-	-	37,622		37,622
Appropriated reserves	944,963	3,419,963	-		(3,419,963)
Total revenues and other financing sources	70,419,780	73,200,945	70,214,646		(2,986,299)
EXPENDITURES					
General support:					
Board of Education	33,850	39,850	29,210	\$ -	10,640
Central administration	351,453	351,477	343,293	-	8,184
Finance	940,620	945,708	840,888	38,000	66,820
Staff	600,527	625,598	538,343	-	87,255
Central services	5,580,449	5,614,895	4,791,143	171,708	652,044
Special items	540,952	541,952	506,626	-	35,326
Total general support	8,047,851	8,119,480	7,049,503	209,708	860,269
Instruction:					
Instruction, administration and improvement	2,256,335	2,258,088	2,032,942	2,630	222,516
Teaching - regular school	22,447,305	22,823,666	20,194,852	163,988	2,464,826
Programs for children with handicapping conditions	5,878,361	5,753,162	4,980,310	3,932	768,920
Teaching - special school	24,500	24,500	11,006	-	13,494
Instructional media	1,949,955	2,280,174	2,216,189	6,290	57,695
Pupil services	5,140,701	4,868,514	4,300,235	676	567,603
Total instruction	37,697,157	38,008,104	33,735,534	177,516	4,095,054
Pupil transportation	4,536,114	4,544,255	3,352,330	-	1,191,925
Community services	1,000	1,000	575	-	425
Employee benefits	15,856,340	15,771,788	13,839,231	-	1,932,557
Debt service:					
Principal	2,895,368	2,895,368	2,895,368	-	-
Interest	640,950	640,950	547,072	-	93,878
Total expenditures	69,674,780	69,980,945	61,419,613	387,224	8,174,108
OTHER FINANCING USES					
Transfers out	745,000	3,220,000	3,414,030	-	(194,030)
Total expenditures and other financing uses	70,419,780	73,200,945	64,833,643	\$ 387,224	7,980,078
Net change in fund balance	\$ -	\$ -	5,381,003		\$ 4,993,779
Fund balance, beginning of year			18,190,338		
Fund balance, end of year			\$ 23,571,341		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS**

Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service cost	\$ 2,793,313	\$ 2,600,709	\$ 3,611,287
Interest	2,889,942	3,199,896	4,254,660
Changes in benefit terms	-	(437,394)	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(5,946,849)	(13,603,507)	-
Changes of assumptions or other inputs	29,211,989	(2,027,359)	(9,872,738)
Benefit payments	<u>(2,713,466)</u>	<u>(2,605,703)</u>	<u>(2,607,956)</u>
Net change in total OPEB liability	26,234,929	(12,873,358)	(4,614,747)
Total OPEB liability - beginning of year	<u>90,893,824</u>	<u>103,767,182</u>	<u>108,381,929</u>
Total OPEB liability - end of year	<u>\$ 117,128,753</u>	<u>\$ 90,893,824</u>	<u>\$ 103,767,182</u>
Covered payroll	\$ 34,123,976	\$ 34,845,220	\$ 34,797,869
Total OPEB liability as a percentage of covered payroll	343.24%	260.85%	298.20%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow Districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

	(A) 2020	2019	2018	2017	(B) 2016	2015	2014	**2013	**2012	**2011
District's proportionate share of the net pension liability	0.01404%	0.01357%	0.01575%	0.01502%	0.01630%	0.01625%	0.01624%	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ 3,719	\$ 961	\$ 508	\$ 1,411	\$ 2,616	\$ 549	\$ 734	N/A	N/A	N/A
District's covered payroll	\$ 5,551	\$ 5,439	\$ 5,709	\$ 5,394	\$ 5,335	\$ 5,135	\$ 4,688	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	67.00%	17.67%	8.90%	26.16%	49.03%	10.69%	15.66%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	90.68%	97.95%	97.20%	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

(A) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date

(B) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	(A) 2020	2019	(B) 2018	(C) 2017	2016	2015	2014	**2013	**2012	**2011
District's proportionate share of the net pension asset/(liability)	0.16389%	0.16825%	0.17349%	0.17281%	0.17249%	0.17199%	0.17385%	N/A	N/A	N/A
District's proportionate share of the net pension asset/(liability)	\$ 4,258	\$ 3,042	\$ 1,319	\$ (1,851)	\$ 17,916	\$ 19,159	\$ 1,144	N/A	N/A	N/A
District's covered payroll	\$ 25,290	\$ 32,878	\$ 30,170	\$ 34,254	\$ 23,548	\$ 18,554	\$ 25,466	N/A	N/A	N/A
District's proportionate share of the net pension asset as a percentage of covered payroll	16.84%	9.25%	4.37%	-5.40%	76.08%	103.26%	4.49%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	102.17%	101.53%	100.66%	99.17%	110.46%	111.48%	100.70%	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

(A) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date

(B) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date

(C) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

	<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>	<u>**2011</u>
Contractually required contribution	\$ 807	\$ 814	\$ 860	\$ 825	\$ 1,014	\$ 1,072	\$ 946	\$ 1,014	\$ 882	\$ 609
Contributions in relation to the contractually required contribution	<u>807</u>	<u>814</u>	<u>860</u>	<u>825</u>	<u>1,014</u>	<u>1,072</u>	<u>946</u>	<u>1,014</u>	<u>882</u>	<u>609</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,554	\$ 5,449	\$ 5,526	\$ 5,394	\$ 5,335	\$ 5,135	\$ 4,688	N/A	N/A	N/A
Contributions as a percentage of covered payroll	14.54%	14.93%	15.57%	15.29%	19.01%	20.88%	20.18%	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

	<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>	<u>**2011</u>
Contractually required contribution	\$ 2,905	\$ 2,686	\$ 3,222	\$ 3,536	\$ 4,542	\$ 4,128	\$ 3,015	\$ 2,803	\$ 2,151	\$ 1,475
Contributions in relation to the contractually required contribution	<u>2,905</u>	<u>2,686</u>	<u>3,222</u>	<u>3,536</u>	<u>4,542</u>	<u>4,128</u>	<u>3,015</u>	<u>2,803</u>	<u>2,151</u>	<u>1,475</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,790	\$ 25,290	\$ 32,878	\$ 30,170	\$ 34,254	\$ 23,548	\$ 18,554	N/A	N/A	N/A
Contributions as a percentage of covered payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Change from adopted budget to final budget:

Original budget	\$ 70,274,817	
Add: prior year encumbrances	<u>144,963</u>	
Adopted budget		\$ 70,419,780
Add: Voter-approved use of Capital Reserve		1,725,000
Add: Capital improvements		750,000
Add: Educational foundation donation		271,245
Add: Special legislative grants		30,000
Add: Miscellaneous		<u>4,920</u>
Final budget		<u><u>\$ 73,200,945</u></u>

§1318 of real property tax law limit calculation:

2020-2021 voter-approved budget	<u><u>\$ 71,092,749</u></u>
Maximum allowed (4% of 2020-2021 budget)	<u><u>\$ 2,843,710</u></u>

General Fund fund balance subject to §1318 of real property tax law:

Unrestricted fund balance:		
Assigned fund balance	\$ 3,476,282	
Unassigned fund balance	<u>4,265,561</u>	\$ 7,741,843
Less:		
Appropriated fund balance	3,089,058	
Encumbrances	<u>387,224</u>	<u>3,476,282</u>
General Fund fund balance subject to §1318 of real property tax law		<u><u>\$ 4,265,561</u></u>
Actual percentage		<u><u>6.0%</u></u>

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2020
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
2013/14 Capital Improvement Plan											
Goosehill Case Work/HVAC/Security/Tanks	\$ 211,450	\$ 222,587	\$ 222,587	\$ -	\$ 222,587	\$ -	\$ -	\$ -	\$ 222,587	\$ 222,587	\$ -
West Side Case Work/Security/Fuel Tanks	263,965	191,684	191,684	-	191,684	-	-	-	191,684	191,684	-
Lloyd Harbor Asphalt/Alarm/Main Office	670,133	726,034	726,034	-	726,034	-	-	-	726,034	726,034	-
High School Lot Drainage/HVAC/Security	404,452	320,859	320,859	-	320,859	-	-	-	320,859	320,859	-
High School Storage Building	50,000	138,836	6,545	-	6,545	132,291	-	-	138,836	138,836	132,291
2014/15 Capital Improvement Plan											
Goosehill Asbestos/Playground	234,000	239,902	239,902	-	239,902	-	-	-	239,902	239,902	-
West Side Ceilings and Condensate Pumps	145,366	176,940	176,940	-	176,940	-	-	-	176,940	176,940	-
Lloyd Harbor Condensate Pumps and Drywells	132,340	25,212	25,212	-	25,212	-	-	-	25,212	25,212	-
High School Asbestos/Science Rooms/Bathrooms	956,500	1,029,746	1,029,746	-	1,029,746	-	-	-	1,029,746	1,029,746	-
District Wide Rooftop Exhaust Fans	30,000	26,406	-	21,449	21,449	4,957	-	-	26,406	26,406	4,957
2015/16 Capital Improvement Plan											
Goosehill Building Shell Repairs	16,500	7,672	871	6,801	7,672	-	-	-	7,672	7,672	-
West Side Doors/Casework/Asbestos	289,870	210,122	210,122	-	210,122	-	-	-	210,122	210,122	-
Lloyd Harbor Art Room/Stage/Security	314,000	398,668	398,668	-	398,668	-	-	-	398,668	398,668	-
High School Flooring/Track/Art/Field House	945,774	1,142,992	1,142,992	-	1,142,992	-	-	-	1,142,992	1,142,992	-
District Wide Asbestos/Rooftop Fans/Doors	308,856	115,546	2,695	-	2,695	112,851	-	-	115,546	115,546	112,851
2016/17 Capital Improvement Plan											
Goosehill Parking Lots	330,736	340,634	23,866	249,185	273,051	67,583	-	-	340,634	340,634	67,583
West Side Septic System	375,000	409,476	409,476	-	409,476	-	-	-	409,476	409,476	-
Lloyd Harbor Playground Surface	55,130	88,822	88,822	-	88,822	-	-	-	88,822	88,822	-
High School Tennis Courts/Lockers/Gym Floors	1,239,134	1,161,068	1,161,068	-	1,161,068	-	-	-	1,161,068	1,161,068	-
2016/17 Smart Schools Bond											
District Wide Wire and Wireless Project	479,789	460,156	460,156	-	460,156	-	-	366,029	94,127	460,156	-
2017/18 Capital Improvement Plan											
Goosehill Bathrooms/Cafeteria	272,400	274,844	241,538	33,306	274,844	-	-	-	274,844	274,844	-
West Side Bathrooms/Kitchen/Casework	382,000	584,161	53,321	313,127	366,448	217,713	-	-	584,161	584,161	217,713
Lloyd Harbor Bathrooms/Music Rooms	595,600	429,256	427,267	1,989	429,256	-	-	-	429,256	429,256	-
High School Bathrooms/Drainage System	710,000	710,000	460,876	2,226	463,102	246,898	-	-	710,000	710,000	246,898
District Wide Security/Electric Panels	175,000	136,739	128,992	7,747	136,739	-	-	-	136,739	136,739	-
2018/19 Capital Improvement Plan											
Goosehill Bathrooms	94,400	77,892	2,107	75,785	77,892	-	-	-	77,892	77,892	-
West Side Roof Drains/Oil Line/Sidewalks	365,800	381,701	7,801	373,900	381,701	-	-	-	381,701	381,701	-
Lloyd Harbor Ext. Doors/Bathrooms/Boiler Room	239,540	239,540	6,456	30,668	37,124	202,416	-	-	239,540	239,540	202,416
High School Doors/PAC Lighting/Electric/Gas/Oil	292,050	322,657	15,889	10,263	26,152	296,505	-	-	322,657	322,657	296,505
District Wide Security	283,210	253,210	151,925	-	151,925	101,285	-	-	253,210	253,210	101,285
2019/20 Capital Improvement Plan											
High School Field House Locker Rooms	932,200	1,091,625	-	252,725	252,725	838,900	-	-	1,091,625	1,091,625	838,900
District Wide Security	267,800	108,375	-	-	-	108,375	-	-	108,375	108,375	108,375
2020/21 Capital Improvement Plan											
High School Field Replacement/Faucets	750,000	-	-	-	-	-	-	-	750,000	750,000	750,000
BOND Phase I											
Goosehill - Phase I	240,000	240,000	-	2,055	2,055	237,945	-	-	240,000	240,000	237,945
West Side - Phase I	230,000	230,000	-	1,970	1,970	228,030	-	-	230,000	230,000	228,030
Lloyd Harbor - Phase I	215,000	215,000	-	1,841	1,841	213,159	-	-	215,000	215,000	213,159
High School - Phase I	540,000	540,000	-	4,625	4,625	535,375	-	-	540,000	540,000	535,375
BOND Phase II											
Goosehill - Phase II	1,932,870	1,932,870	-	-	-	1,932,870	-	-	-	-	-
West Side - Phase II	1,610,700	1,610,700	-	-	-	1,610,700	-	-	-	-	-
Lloyd Harbor - Phase II	2,728,250	2,728,250	-	-	-	2,728,250	-	-	-	-	-
High School - Phase II	15,767,900	15,767,900	-	20,715	20,715	15,747,185	-	-	-	-	(20,715)
BOND Phase III											
High School - Phase III	3,482,780	3,482,780	-	-	-	3,482,780	-	-	-	-	-
BOND Phase IV											
District Wide - Phase IV	7,677,500	7,677,500	-	-	-	7,677,500	-	-	-	-	-
	\$ 47,237,995	\$ 46,468,362	\$ 8,334,417	\$ 1,410,377	\$ 9,744,794	\$ 36,723,568	\$ -	\$ 366,029	\$ 13,652,333	\$ 14,018,362	\$ 4,273,568

OTHER
SUPPLEMENTARY
INFORMATION

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020

Capital assets, net			\$ 30,553,864
Deduct:			
Short-term portion of bonds payable	\$ 2,921,250		
Long-term portion of bonds payable	3,031,246		
Short-term portion of installment purchase debt payable	261,327		
Long-term portion of installment purchase debt payable	<u>2,322,524</u>	<u>8,536,347</u>	
Net investment in capital assets			<u>\$ 22,017,517</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
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INDEPENDENT AUDITOR'S REPORT
ON EXTRACLASSROOM ACTIVITY FUNDS FINANCIAL STATEMENT

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

We have audited the accompanying statement of cash receipts and disbursements of the various Extraclassroom Activity Funds of the Cold Spring Harbor Central School District (the "District") for the year ended June 30, 2020, and the related note to financial statement, which collectively comprise the financial statement of the District's Extraclassroom Activity Funds.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is 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 opinion.

NawrockiSmith

Opinion

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Cold Spring Harbor Central School District for the year ended June 30, 2020 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of this financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Melville, New York
October 9, 2020

Nawrocki Smith LLP

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	Cash Balances July 1, 2019	Receipts	Disbursements	Cash Balances June 30, 2020
High School:				
Class of 2019	\$ 11,109.11	\$ 200.00	\$ 11,309.11	\$ -
Class of 2020	4,588.15	7,866.56	12,229.72	224.99
Class of 2021	1,722.98	5,220.72	5,550.00	1,393.70
Class of 2023	-	6,415.71	-	6,415.71
Amnesty International	105.60	106.70	-	212.30
Animal Rescue Club	972.66	454.00	-	1,426.66
Art Club	3,226.69	1,694.20	-	4,920.89
Baking Club	408.62	-	-	408.62
Book Club	95.40	-	42.00	53.40
Drama Club	9,537.03	17,603.83	15,094.79	12,046.07
Environmental Club	342.39	-	-	342.39
Fashion Club	279.52	-	-	279.52
FLAG	665.00	-	665.00	-
French Club	1,293.56	3,512.45	1,954.50	2,851.51
Gay/Straight Alliance	1,259.40	3.72	-	1,263.12
International Club	5,367.07	4,983.00	4,692.06	5,658.01
Junior Helpers Club	270.33	440.00	-	710.33
Jr. High Student Organization	10,898.13	4,540.93	2,252.15	13,186.91
Knitting for the Needy	1,150.75	2,003.70	1,000.00	2,154.45
GROK (Lit Magazine)	3,549.48	1,012.36	1,000.00	3,561.84
Locks of Love	7,774.21	210.38	-	7,984.59
Model United Nations	838.24	24,095.09	22,236.00	2,697.33
Musical Club (Jr. High)	12,110.73	10,735.03	15,181.20	7,664.56
Musical Club (Sr. High)	10,074.64	17,700.72	17,574.76	10,200.60
Natural Helpers	1,736.77	1,809.35	700.00	2,846.12
Newspaper	821.29	-	-	821.29
Political Science Club	540.09	-	540.09	-
Recording Music Club (RMC)	1,134.68	1,083.70	1,110.68	1,107.70
RMC - Tri-M	4,474.66	2,399.75	1,067.11	5,807.30
Robotics Club	405.13	6,205.30	4,937.50	1,672.93
S.A.D.D./S.W.W.A.T.: Other	891.22	114.00	-	1,005.22
School Store	1,369.18	3,253.70	1,045.34	3,577.54
Science Club	62.71	-	-	62.71
Social Action Club	576.98	498.25	200.00	875.23
Spanish Club	2,562.79	7.50	-	2,570.29
Speech & Debate Club	10,024.44	2,974.02	3,092.73	9,905.73
Stock Market Club	935.63	-	-	935.63
Student Booster Club	392.61	187.00	359.67	219.94
SR High Student Organization	23,296.82	17,430.90	29,211.19	11,516.53
Technology Club	7,197.71	5,524.56	5,500.00	7,222.27
Warhammer Club	87.74	-	-	87.74
Vocal Chamber Ensemble	1,157.06	1,003.70	1,000.00	1,160.76
Yearbook (Jr. High)	1,912.00	14,369.31	9,914.61	6,366.70
Yearbook (Sr. High)	18,639.33	12,210.50	17,453.20	13,396.63
	<u>\$ 165,858.53</u>	<u>\$ 177,870.64</u>	<u>\$ 186,913.41</u>	<u>\$ 156,815.76</u>

The accompanying note is an integral
part of this financial statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Cold Spring Harbor Central School District (the "District").

The accounts of the Extraclassroom Activity Funds of the District are maintained on a cash basis, and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statement.



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

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Reference is made to the Schedule of Findings and Recommendations accompanying this report for additional observations on internal control.

NawrockiSmith

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of compliance findings as item 20-01.

Purpose of this Report

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

Melville, New York
October 9, 2020

Nawrocki Smith LLP

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF COMPLIANCE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Findings - Financial Statement Audit

20-01 The District's unassigned fund balance in the General Fund exceeded the limitation as promulgated by New York State statute.

Condition: The District did not comply with the limitations on unassigned fund balance.

Criteria: New York State law limits the unassigned fund balance of the General Fund to 4% of the following year's budget.

Effect: The District did not comply with the New York State accounting requirements as of June 30, 2020.

Cause: The District was not able to make a proper disposition of excess fund balance, which resulted from a significant cost savings due to COVID-19.

Recommendation: The District should monitor fund balance throughout the year, to comply with New York State requirements.

Response: The District is in agreement with this finding and will ensure procedures are in effect to comply with such accounting requirements in the future.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2020**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

None reported.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

1. Capital asset reconciliation

We recommended that the District establish procedures whereby all capital projects activity is reflected in the capital asset valuation listing.

Status - We noted that this recommendation was implemented.

2. Debt Service Fund/Reserve for Debt Service inactivity

We recommended that the District establish a plan to utilize the cash reserve in the Debt Service Fund/Reserve for Debt Service.

Status - We noted that this recommendation was in the process of being implemented.