

Harrison Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2019

Harrison Central School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
District-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	21
Statement of Assets and Liabilities - Fiduciary Fund	22
Notes to Financial Statements	23
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Changes in the School Districts' Total OPEB Liability and Related Ratios	51
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	52
Schedule of Contributions	53
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	54
Schedule of Contributions	55
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	56
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	57
Schedule of Revenues and Other Financing Sources Compared to Budget	59
Schedule of Expenditures and Other Financing Uses Compared to Budget	61
Capital Projects Fund	
Comparative Balance Sheet	65
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	66
Project Length Schedule	67
Non-Major Governmental Funds	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71

Harrison Central School District, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Special Aid Fund	
Comparative Balance Sheet	73
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	74
School Lunch Fund	
Comparative Balance Sheet	76
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	77
Special Purpose Fund	
Comparative Balance Sheet	78
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	79
Debt Service Fund	
Comparative Balance Sheet	80
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	81
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	83
Section 1318 of Real Property Tax Law Limit Calculation	83
Schedule of Net Investment in Capital Assets	84
Statement of Changes in Assets and Liabilities - Fiduciary Funds	85
Federal Programs	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	88
Schedule of Expenditures of Federal Awards	90
Notes to Schedule of Expenditures of Federal Awards	91
Schedule of Findings and Questioned Costs	92
Summary Schedule of Prior Audit Findings	93

Independent Auditors' Report

**The Board of Education of the
Harrison Central School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Harrison Central School District, New York ("School District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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.

Supplementary and Other Information

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, 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, the basic financial statements of the School District as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated October 2, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 25, 2019

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Harrison Central School District, New York

Management's Discussion And Analysis June 30, 2019

This discussion and analysis of the Harrison Central School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2019. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- The General Fund's total fund balance, as reflected in the fund financial statements, increased by \$1,732,325 to a total fund balance of \$28,686,359.
- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,776,372, or 4.0%, and therefore within the statutory limit.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at June 30, 2019 by \$136,515,259 (deficit net position), an increase of \$3,024,743 from the deficit net position of \$133,490,516 for the year ended June 30, 2018. This is primarily the result of the School District's implementation of the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("OPEB")*. This statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. This statement supersedes the provisions of GASB Statement No. 45, *"Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions"*. The primary distinction between the two standards is that since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities must now report their *total* OPEB liability as opposed to the *net* OPEB liability that has been reported under the prior standard. For the year ending June 30, 2019, the School District's OPEB obligations of \$210,319,160 are reflected as a liability on the district-wide Statement of Net Position and, thus, negatively impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3D in the notes to the financial statements.
- The district-wide financial statements for the year ended June 30, 2019 are also significantly impacted by the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions."* This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and

the New York State Teachers' Retirement System ("TRS"). Under this standard, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2019, the School District reported in its Statement of Net Position a liability of for its proportionate share of the ERS net pension liability of \$2,475,131 and an asset of \$5,619,980 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3D in the notes to financial statements.

- The School District issued \$19,380,000 of serial bonds to fund its district-wide capital improvements plan. The School District retired \$485,000 in outstanding bonded indebtedness and \$260,036 in energy performance contract debt during the year ended June 30, 2019. More detailed information regarding this debt is presented in note 3D in the notes to financial statements.

Overview of the Financial Statements

This annual report consists of four parts - management's discussion and analysis (*this section*), the basic financial statements, fund financial statements and schedules, and optional supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements and notes to financial statements.

The District-Wide Financial Statements

The district-wide financial statements are organized to provide an understanding of the fiscal performance of the School District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the School District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The statement of net position presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Increases or decreases in net position may serve over time as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities

The statement of activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

The Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, not the School District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the School District are reported in the governmental funds and the fiduciary funds.

These governmental funds statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of expendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides.

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

The School District maintains six (6) individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Capital Projects Fund and Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Capital Projects Funds, since the School District has elected to report them as major funds. Combining information for the non-major funds can be found elsewhere in this report.

The School District adopts an annual budget for the General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in its capacity as an agent or trustee. All of the School District's fiduciary activities are reported in a separate statement of assets and liabilities. The fiduciary activities have been excluded from the School District's district-wide financial statements because the School District cannot use these assets to finance its operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Financial Analysis of the School District as a Whole

Net Position

The School District's total net position decreased by \$3,024,743 between fiscal year 2018 and 2019. A summary of the School District's Statement of Net Position for June 30, 2019 and 2018 is as follows:

	June 30,		Increase (Decrease)	Percentage Change
	2019	2018		
Current Assets	\$ 67,427,376	\$ 60,860,301	\$ 6,567,075	10.79 %
Net Pension Asset	5,619,980	2,330,521	3,289,459	141.15
Capital Assets, net	66,824,201	49,593,996	17,230,205	34.74
Total Assets	139,871,557	112,784,818	27,086,739	24.02
Deferred Outflows of Resources	40,890,806	34,767,671	6,123,135	17.61
Current Liabilities	14,020,774	11,901,794	2,118,980	17.80
Long-term Liabilities	265,908,752	249,225,724	16,683,028	6.69
Total Liabilities	279,929,526	261,127,518	18,802,008	7.20
Deferred Inflows of Resources	37,348,096	19,915,487	17,432,609	87.53
Net Position				
Net Investment in Capital Assets	40,161,605	39,662,308	499,297	1.26
Restricted	19,012,128	16,372,004	2,640,124	16.13
Unrestricted	(195,688,992)	(189,524,828)	(6,164,164)	3.25
Total Net Position	\$ (136,515,259)	\$ (133,490,516)	\$ (3,024,743)	2.27 %

The net investment in capital assets relates to the investment in capital assets at cost such as land, buildings and improvements and machinery and equipment, net of depreciation, less any related outstanding debt used to acquire those assets. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. This amount has increased from the prior year by \$499,297 and is attributable to a greater level of capital improvements throughout the School District.

The restricted net position in the amount of \$19,012,128 relates to the School District's restrictions for tax certiorari obligations, property loss and liability claims, retirement contributions, capital projects, special purposes and debt service.

The unrestricted net position has decreased by \$6,164,164 for a variety of reasons, the largest amount attributable to the increases in the components of restricted net position.

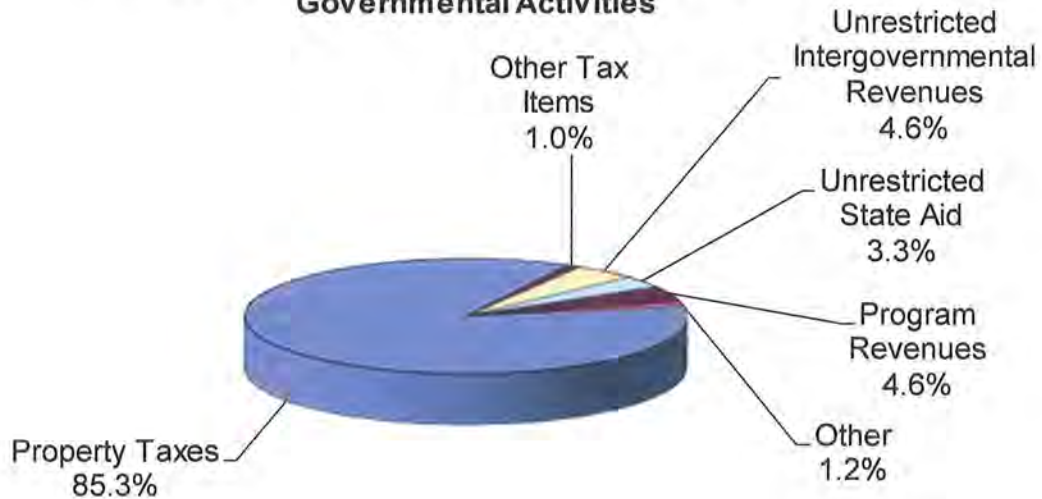
Changes In Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2019 and 2018 is as follows:

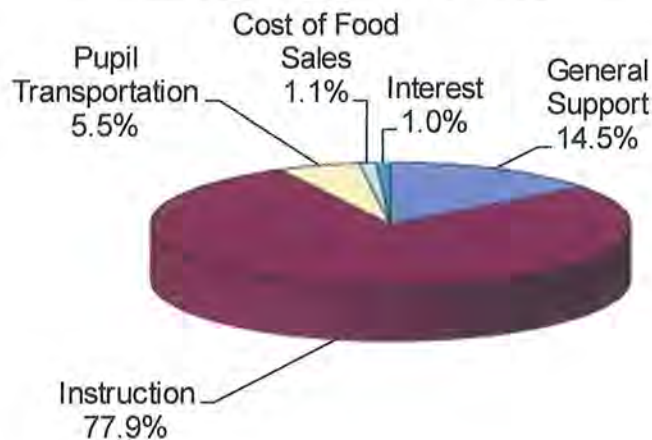
	2018-19	2017-18	Increase (Decrease)	Percentage Change
REVENUES				
Program revenues				
Charges for services	\$ 1,514,825	\$ 1,611,747	\$ (96,922)	(6.01) %
Operating grants and contributions	3,001,758	3,064,258	(62,500)	(2.04)
Capital grants and contributions	925,103	188,991	736,112	389.50
Total Program Revenues	5,441,686	4,864,996	576,690	11.85
General revenues				
Real property taxes	101,881,748	97,972,630	3,909,118	3.99
Other tax items	1,186,567	1,091,274	95,293	8.73
Unrestricted intergovernmental revenues				
School tax relief reimbursement	3,885,215	4,138,721	(253,506)	(6.13)
Non-property tax distribution from County	1,599,024	1,583,371	15,653	0.99
Unrestricted use of money and property	714,426	436,091	278,335	63.82
Sale of property and compensation for loss	76,158	42,818	33,340	77.86
Unrestricted State aid	3,951,324	3,763,860	187,464	4.98
Miscellaneous	667,060	824,365	(157,305)	(19.08)
Total General Revenues	113,961,522	109,853,130	4,108,392	3.74
Total Revenues	119,403,208	114,718,126	4,685,082	4.08
PROGRAM EXPENSES				
General support	17,798,876	17,645,883	152,993	0.87
Instruction	95,310,897	96,965,328	(1,654,431)	(1.71)
Pupil transportation	6,718,953	5,612,613	1,106,340	19.71
Cost of food sales	1,396,346	1,254,812	141,534	11.28
Interest	1,202,879	164,441	1,038,438	100.00
Total Expenses	122,427,951	121,643,077	784,874	0.65
Change in Net Position	(3,024,743)	(6,924,951)	\$ 3,900,208	
NET POSITION				
Beginning, as reported	(133,490,516)	11,739,445		
Cumulative Effect of Change in Accounting Principle	-	(138,305,010)		
Beginning, as restated	(133,490,516)	(126,565,565)		
Ending	\$ (136,515,259)	\$ (133,490,516)		

As indicated on the pie charts that follow, property taxes and unrestricted intergovernmental revenues (comprised of school tax relief reimbursement and non-property tax distribution from County) are the largest components of revenues recognized. Instructional expenses are the largest category of expenses incurred.

Sources of Revenue for Fiscal Year 2018-19 Governmental Activities



Expenses for Fiscal Year 2018-19 Governmental Activities



On the district-wide financial statements, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the School District at the close of its most recent fiscal year by \$136,515,259. Of this amount, the unrestricted portion is a deficit of \$195,688,992. The School District's total net position decreased by \$3,024,743 for the year ended June 30, 2019. Many factors had significant effects on total net position in 2018-19. The School District's long-term liabilities increased by \$16,683,028, mainly as a result of the issuance of \$19,380,000 in serial bonds for capital improvements, which led to a decrease in net position. In addition, the School District's proportionate share of the liability reported by the New York State Employees' Retirement System increased by \$1,274,186, resulting in a decrease in net position. These decreases, however, were largely offset by capital assets, which increased by \$17,230,205 as a result of the increased capital construction.

Financial Analysis of the School District's Fund Balances

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

Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of Statement No. 54 became effective for financial statements for periods ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below:

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment 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.

Unassigned – represents the residual classification for the School District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement has resulted in an improvement in the usefulness of fund balance information.

At June 30, 2019, the School District's governmental funds, excluding the Capital Projects Fund, reported a combined fund balance of \$29,410,066, an increase of \$1,942,472 over the prior year. This increase is due to several factors on the expenditure side of the budget, where savings were realized from vacant positions, lower special education tuition paid to other districts, less special education outplacements, more efficient transportation routes and lower natural gas rates. The School District continues to recognize savings through efficiencies by reducing its reliance on the use of outside contractors and utilizes its trained in-house crews to perform much of the work that is contracted to outside vendors in most districts. This model not only saves taxpayers' dollars, but provides the School District with greater control over the project. This, combined with stringent fiscal oversight and monitoring, has led to further recognized district-wide savings.

The revenue side of the budget concluded with a slight favorable variance compared to the budget for the 2018-19 school year. The area that had the largest impact on this variance was real property taxes, which ended \$506,025 less than budgeted. The School District received numerous court-ordered tax certiorari settlements during the school year and the portions affecting 2018-19 taxes are required to be recorded as a reduction to real property tax revenue. While these settlements are out of the control of the School District, the fund balance restricted for tax certiorari ensures that the funds are available when these refunds are settled in court. This shortfall was offset by favorable variances in other areas, resulting in a net positive variance of \$43,448.

The fund balance in the Capital Projects Fund increased by \$2,747,811, as a result of the issuance of \$19,380,000 in serial bonds, which is part of the total \$46.5 million bond referendum approved by the taxpayers in October 2016. The School District has funded its capital program during the past several years solely from budgetary appropriations from the General Fund, rather than through borrowings.

A summary of the change in fund balance by fund is as follows:

	2018-19	2017-18	Changes
General Fund			
Restricted			
Tax certiorari	\$ 12,772,960	\$ 12,631,975	\$ 140,985
Employee benefit accrued liability	950,902	856,574	94,328
ERS retirement contributions	4,820,000	4,820,000	-
ERS retirement contributions - for subsequent year's expenditures	200,000	200,000	-
TRS retirement contributions	978,009	-	978,009
Property loss and liability	33,550	33,308	242
Liability claims	600,000	600,000	-
Assigned			
Encumbrances	2,754,566	2,343,955	410,611
For subsequent year's expenditures	800,000	800,000	-
Unassigned	4,776,372	4,668,222	108,150
	<u>28,686,359</u>	<u>26,954,034</u>	<u>1,732,325</u>
School Lunch Fund			
Assigned	206,267	184,700	21,567
Capital Projects Fund			
Restricted	<u>24,403,165</u>	<u>21,655,354</u>	<u>2,747,811</u>
Total Fund Balances	<u>\$ 53,295,791</u>	<u>\$ 48,794,088</u>	<u>\$ 4,501,703</u>

Note: The fund balances of the Special Purpose, Special Aid and Debt Service funds are not included on this chart.

General Fund Budgetary Highlights

2018-19 Budget

The School District's General Fund adopted budget for the year ended June 30, 2019 was \$116,705,656. This amount was then increased by the encumbrances carried forward from the prior year in the amount of \$2,343,955 for a total original budget of \$119,049,611. The final budget was increased by \$319,017 for a total of \$119,368,628. The increases to the budget were funded by an appropriation of fund balance from the amount restricted for tax certiorari refunds.

The 2018-19 budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source totaling \$106,272,988 was derived from the levy of real property taxes and STAR property tax relief aid from New York State.

Change In General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of excess revenues over expenditures, net of transfers to restricted fund balance components and assignments to fund subsequent year's budgets. It is this balance that is commonly referred to as the "Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

	<u>2018-19</u>
Opening, unassigned fund balance	\$ 4,668,222
Revenues and other financing sources over budget	43,448
Expenditures, other financing uses and encumbrances under budget	2,597,283
Revenues allocated to restricted fund balances	(142,488)
Transfers to restricted fund balances, net	(1,390,093)
Assigned to balance the 2019-20 budget	(1,000,000)
	<u> </u>
Closing, unassigned fund balance	<u>\$ 4,776,372</u>

The \$4,776,372 shown in the table above is the portion of the School District's June 30, 2019 fund balance that was retained as unassigned. This represents 4.00% of the School District's 2019-20 approved operating budget of \$119,409,331. It is the maximum unassigned fund balance permitted by law for school districts and is generally regarded as a positive financial management indicator.

The final 2018-19 budget for revenues and other financing sources was \$115,705,656. Actual revenues and other financing sources recognized for the year were \$115,749,104, which was a slight \$43,448 more than the adopted budget. Real property taxes had an unfavorable variance of \$506,025 due to court-ordered tax certiorari settlements refunded during the year. The portions of the refunds affecting the 2018-19 property taxes were recorded as a reduction in the revenue rather than as an expenditure. State aid also had an unfavorable variance of \$220,593. These negative variances were largely offset, however, by positive variances in earnings on investments (\$356,914), transfers in from the Debt Service Fund (\$200,000) and miscellaneous revenue (\$97,820).

The revised 2018-19 budget for expenditures and other financing uses, including prior year open encumbrances as of June 30, 2019, was \$119,368,628. Actual expenditures and other financing uses as of June 30, 2019 were \$114,016,779 plus outstanding encumbrances of \$2,754,566. Combined, the expenditures plus encumbrances for 2018-19 were \$116,771,345, which was \$2,597,283 less than anticipated. This contributed to the \$1,732,325 increase in fund balance as of June 30, 2019.

The expenditure savings in the 2018-19 budget is primarily attributable to the following areas and amounts:

Staff	\$ 255,131
Central Services	317,705
Instruction, Administration and Improvement	224,065
Teaching - Regular School	622,999
Programs for Students with Disabilities	206,019
Pupil Services	259,876
Employee Benefits	396,772
The net sum of all other variances	314,716
	<hr/>
Net Total of All Budgetary Expenditure Variances	\$ 2,597,283
	<hr/>

Restricted Revenues

In this report, \$142,488 was earned as interest revenue and applied to the restricted portion of the fund balance of the General Fund. Of this amount, \$97,538 was allocated to the amount restricted for tax certiorari, \$35,186 to the amount restricted for retirement system contributions, \$5,872 to the amount restricted for employee benefit accrued liabilities, and \$3,892 to the amount restricted for property loss and liability. This total reduces the unassigned portion of the fund balance of the General Fund from June 30, 2018 to June 30, 2019.

Assigned Fund Balance

The School District assigned \$1,000,000 of its available June 30, 2019 fund balance to provide property tax relief and partially fund its 2019-20 approved operating budget. A significant portion of the appropriated fund balance, \$800,000, was derived from 2018-19 operations. There were also funds appropriated from restricted fund balance that was planned for use in 2018-19, including monies from the restricted for ERS retirement system contributions in the amount of \$200,000.

Unassigned Fund Balance

Based upon the summary shown in the above table, the School District will begin the 2019-20 fiscal year with an unassigned fund balance of \$4,776,372. This is an increase of \$108,150 over the unassigned balance from the prior year. Maintaining this unassigned portion is an indicator of stability in the School District's management of its unassigned fund balance in the General Fund. The School District, by School Board resolution, has also set aside additional amounts in restricted fund balance in the current year, including monies for future teachers' retirement system contributions in the amount of \$978,009.

Capital Asset and Debt Administration

At June 30, 2019, the School District invested in a broad range of capital assets, including land, construction-in-progress, buildings and improvements and machinery and equipment. A summary of the School District's capital assets, net of depreciation at June 30, 2019 and 2018 is as follows:

	2018-19	2017-18	Increase (Decrease)
Land	\$ 1,403,050	\$ 1,403,050	\$ -
Construction-in-Progress	13,875,902	5,394,446	8,481,456
Land Improvements	6,862,428	6,903,293	(40,865)
Buildings and improvements	43,548,710	34,778,195	8,770,515
Machinery and equipment	1,134,111	1,115,012	19,099
Capital assets, net	<u>\$ 66,824,201</u>	<u>\$ 49,593,996</u>	<u>\$ 17,230,205</u>

More detailed information about the School District's capital assets is presented in Note 3B in the notes to financial statements.

Debt Administration

During 2018-19, the School District issued serial bonds in the amount of \$19,380,000 for district-wide reconstruction as part of the \$46.5 million referendum approved by the taxpayers in October, 2016.. Debt service payments for this debt will begin in 2019-20.

More detailed information about the School District's long-term debt is presented in Note 3D in the notes to financial statements.

Economic Factors and Next Year's Budget

The General Fund budget for the year ended June 30, 2020 was approved by the voters on May 21, 2019 in the amount of \$119,409,331. This is an increase of \$2,703,675, or 2.32%, over the previous year's budget.

The School District budgeted revenues have increased (excluding property taxes, STAR and payments in lieu of taxes) by \$219,032 compared to the prior year's estimate. This increase is primarily due to an anticipated increase in state aid and interest earnings. A property tax levy increase of 2.29% was needed to support the 2019-20 spending plan. This resulted in a tax rate increase of 3.53%, primarily the result of lost property assessment values.

Contacting the School District

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

Dr. Louis N. Wool, Superintendent
Harrison Central School District
50 Union Avenue
Harrison, NY 10528

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Harrison Central School District, New York

Statement of Net Position

June 30, 2019

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 64,444,864
Restricted cash	453,419
Receivables	
Accounts	230,160
State and Federal aid	1,671,673
Due from other governments	627,260
Net pension assets	5,619,980
Capital assets	
Not being depreciated	15,278,952
Being depreciated, net	51,545,249
Total Assets	<u>139,871,557</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on pensions - ERS	1,885,878
Deferred amounts on pensions - TRS	29,738,392
Deferred amounts on other postemployment benefit obligations	9,266,536
Total Deferred Outflows of Resources	<u>40,890,806</u>
LIABILITIES	
Accounts payable	6,310,636
Accrued liabilities	242,736
Due to other governments	180,315
Unearned revenues	259,883
Due to retirement systems	6,620,575
Accrued interest payable	406,629
Non-current liabilities	
Due within one year	1,561,860
Due in more than one year	264,346,892
Total Liabilities	<u>279,929,526</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts on pensions - ERS	913,706
Deferred amounts on pensions - TRS	7,293,533
Deferred amounts on other postemployment benefit obligations	29,140,857
Total Deferred Inflows of Resources	<u>37,348,096</u>
NET POSITION	
Net investment in capital assets	40,161,605
Restricted	
Capital projects	2,996,702
Tax certiorari	8,866,427
Property loss	33,550
Liability	600,000
ERS retirement contribution	5,020,000
TRS retirement contribution	978,009
Special purposes	205,704
Debt service	311,736
Unrestricted	<u>(195,688,992)</u>
Total Net Position	<u>\$ (136,515,259)</u>

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

Harrison Central School District, New York

 Statement of Activities
 Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 17,798,876	\$ -	\$ 142,488	\$ -	\$ (17,656,388)
Instruction	95,310,897	335,285	2,292,523	505,487	(92,177,602)
Pupil transportation	6,718,953	-	115,194	-	(6,603,759)
Cost of food sales	1,396,346	1,179,540	451,553	-	234,747
Interest	1,202,879	-	-	419,616	(783,263)
Total Governmental Activities	\$ 122,427,951	\$ 1,514,825	\$ 3,001,758	\$ 925,103	(116,986,265)
General revenues					
Real property taxes					101,881,748
Other tax items					
Payments in lieu of taxes					1,186,567
Unrestricted intergovernmental revenues					
School tax relief reimbursement					3,885,215
Non-property tax distribution from County					1,599,024
Unrestricted use of money and property					714,426
Sale of property and compensation for loss					76,158
Unrestricted State aid					3,951,324
Miscellaneous					667,060
Total General Revenues					113,961,522
Change in Net Position					(3,024,743)
Net Position - Beginning					(133,490,516)
Net Position - Ending					\$ (136,515,259)

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

Harrison Central School District, New York

Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 39,422,471	\$ 24,739,540	\$ 282,853	\$ 64,444,864
Restricted cash	-	453,419	-	453,419
Receivables				
Accounts	224,308	-	5,852	230,160
State and Federal aid	463,257	1,956	1,206,460	1,671,673
Due from other governments	627,260	-	-	627,260
Due from other funds	1,312,393	2,890,049	1,612,904	5,815,346
Total Assets	\$ 42,049,689	\$ 28,084,964	\$ 3,108,069	\$ 73,242,722
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,671,804	\$ 3,431,719	\$ 207,113	\$ 6,310,636
Accrued liabilities	242,736	-	-	242,736
Due to other funds	3,449,346	250,080	2,115,920	5,815,346
Due to other governments	180,315	-	-	180,315
Unearned revenues	198,554	-	61,329	259,883
Due to retirement systems	6,620,575	-	-	6,620,575
Total Liabilities	13,363,330	3,681,799	2,384,362	19,429,491
Fund balances				
Restricted	20,355,421	24,403,165	517,440	45,276,026
Assigned	3,554,566	-	206,267	3,760,833
Unassigned	4,776,372	-	-	4,776,372
Total Fund Balances	28,686,359	24,403,165	723,707	53,813,231
Total Liabilities and Fund Balances	\$ 42,049,689	\$ 28,084,964	\$ 3,108,069	\$ 73,242,722

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

Harrison Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2019

Fund Balances - Total Governmental Funds	\$ 53,813,231
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,824,201
Governmental funds do not report the effect of assets or liabilities related to net pension and postemployment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred outflows of resources on net pension liabilities (assets)	31,624,270
Deferred inflows of resources on net pension liabilities (assets)	(8,207,239)
Deferred outflows of resources on other postemployment benefit obligations	9,266,536
Deferred inflows of resources on other postemployment benefit obligations	(29,140,857)
	3,542,710
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension assets	5,619,980
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(406,629)
Bonds payable	(41,475,000)
Energy performance contract debt payable	(6,709,282)
Compensated absences	(1,023,646)
Claims payable	(3,906,533)
Net pension liability	(2,475,131)
Other post employment benefit obligations payable	(210,319,160)
	(266,315,381)
Net Position of Governmental Activities	\$ (136,515,259)

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

Harrison Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2019

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
REVENUES				
Real property taxes	\$ 101,881,748	\$ -	\$ -	\$ 101,881,748
Other tax items	5,071,782	-	-	5,071,782
Non-property taxes	1,599,024	-	-	1,599,024
Charges for services	335,285	-	-	335,285
Use of money and property	856,914	-	420,318	1,277,232
Sale of property and compensation for loss	76,158	-	-	76,158
State aid	4,546,634	50,987	262,093	4,859,714
Federal aid	33,375	-	1,844,383	1,877,758
Food sales	-	-	1,179,420	1,179,420
Miscellaneous	667,060	454,500	123,527	1,245,087
Total Revenues	115,067,980	505,487	3,829,741	119,403,208
EXPENDITURES				
Current				
General support	12,867,258	-	-	12,867,258
Instruction	63,224,006	-	1,825,847	65,049,853
Pupil transportation	6,539,820	-	115,194	6,655,014
Employee benefits	27,665,727	-	-	27,665,727
Cost of food sales	-	-	1,384,526	1,384,526
Debt service				
Principal	-	-	745,036	745,036
Interest	-	-	960,691	960,691
Capital outlay	-	18,764,820	-	18,764,820
Total Expenditures	110,296,811	18,764,820	5,031,294	134,092,925
Excess (Deficiency) of Rev- enues Over Expenditures	4,771,169	(18,259,333)	(1,201,553)	(14,689,717)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	19,380,000	-	19,380,000
Transfers in	681,124	2,108,268	1,836,700	4,626,092
Transfers out	(3,719,968)	(481,124)	(425,000)	(4,626,092)
Total Other Financing Sources (Uses)	(3,038,844)	21,007,144	1,411,700	19,380,000
Net Change in Fund Balances	1,732,325	2,747,811	210,147	4,690,283
FUND BALANCES				
Beginning of Year	26,954,034	21,655,354	513,560	49,122,948
End of Year	\$ 28,686,359	\$ 24,403,165	\$ 723,707	\$ 53,813,231

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

Harrison Central School District, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2019

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ 4,690,283
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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.

Capital outlay expenditures	19,169,733
Depreciation expense	<u>(1,939,528)</u>
	<u>17,230,205</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds issued	(19,380,000)
Principal paid on bonds	485,000
Principal paid on energy performance contract debt	<u>260,036</u>
	<u>(18,634,964)</u>

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.

Accrued interest	(242,188)
Compensated absences	(101,544)
Claims	373,330
Pension assets (obligations)	930,337
Other post employment benefit obligations	<u>(7,270,202)</u>
	<u>(6,310,267)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (3,024,743)</u></u>
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The notes to financial statements are an integral part of this statement.

Harrison Central School District, New York

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 102,387,773	\$ 102,387,773	\$ 101,881,748	\$ (506,025)
Other tax items	5,011,916	5,011,916	5,071,782	59,866
Non-property taxes	1,600,000	1,600,000	1,599,024	(976)
Charges for services	337,000	337,000	335,285	(1,715)
Use of money and property	502,500	502,500	856,914	354,414
Sale of property and compensation for loss	-	-	76,158	76,158
State aid	4,767,227	4,767,227	4,546,634	(220,593)
Federal aid	50,000	50,000	33,375	(16,625)
Miscellaneous	569,240	569,240	667,060	97,820
Total Revenues	115,225,656	115,225,656	115,067,980	(157,676)
EXPENDITURES				
Current				
General support	13,848,890	15,597,232	12,867,258	2,729,974
Instruction	66,263,404	65,322,339	63,224,006	2,098,333
Pupil transportation	6,564,890	6,590,704	6,539,820	50,884
Employee benefits	28,585,576	28,071,502	27,665,727	405,775
Total Expenditures	115,262,760	115,581,777	110,296,811	5,284,966
Excess (Deficiency) of Revenues Over Expenditures	(37,104)	(356,121)	4,771,169	5,127,290
OTHER FINANCING USES				
Transfers in	480,000	480,000	681,124	201,124
Transfers out	(3,786,851)	(3,786,851)	(3,719,968)	66,883
Total Other Financing Uses	(3,306,851)	(3,306,851)	(3,038,844)	268,007
Net Change in Fund Balance	(3,343,955)	(3,662,972)	1,732,325	5,395,297
FUND BALANCE				
Beginning of Year	3,343,955	3,662,972	26,954,034	23,291,062
End of Year	\$ -	\$ -	\$ 28,686,359	\$ 28,686,359

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

Harrison Central School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2019

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 511,118</u>
LIABILITIES	
Accounts payable	\$ 219,276
Deposits payable	92,367
Employee payroll deductions	17,317
Student activity funds	<u>182,158</u>
 Total Liabilities	 <u>\$ 511,118</u>

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

Note 1 - Summary of Significant Accounting Policies

The Harrison Central School District, New York ("School District"), as presently constituted, was established in 1969 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District also reports the following non-major governmental funds:

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The non-major special revenue funds of the School District are as follows:

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds.

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

Note 1 - Summary of Significant Accounting Policies (Continued)

current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, certain claims, net pension liabilities and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Restricted Cash - Restricted cash in the Capital Projects Fund consists of deposits held by a financial institution. These funds are to be used for the School District's Energy Performance Contract capital projects.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2019.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in two installments in September and January. The town which is included in the levy is responsible for the billing and collection of the taxes. The town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the School District. Purchases of inventoriable items are recorded as expenditures at the time of purchase and year-end balances are not material.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land Improvements	5-50
Buildings and Improvements	20-50
Machinery and Equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$167,280 for health insurance premiums and non-resident tuition received in advance and \$31,274 for the return of Federal Medicaid reimbursements in the General Fund and \$61,329 in the School Lunch Fund for student meal monies received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expense) until then.

Note 1 - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred outflows of resources and deferred inflows of resources in relation to its pension and other post employment benefit obligations. These amounts are detailed in Note 3D.

Long-term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements and contractual agreements with certain administrators provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital projects, tax certiorari, property loss, liability, retirement contribution, special purposes and debt service. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints

Note 1 - Summary of Significant Accounting Policies (Continued)

on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Board of Education removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts

Note 1 - Summary of Significant Accounting Policies (Continued)

as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities (See Note 3E).

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 25, 2019.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of

Note 2 - Stewardship, Compliance and Accountability (Continued)

Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

- f) Formal budgetary integration is employed during the year as a management control device for General, Special Aid and Debt Service funds.
- g) Budgets for General, Special Aid and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General, Special Aid and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Note 2 - Stewardship, Compliance and Accountability (Continued)

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

D. Capital Projects Fund Project Deficit

The deficit in the HAS Addition – Alterations project of \$115,223 arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2019 was as follows:

Fund	Due From	Due To
General	\$ 1,312,393	\$ 3,449,346
Capital Projects	2,890,049	250,080
Non-Major Governmental	1,612,904	2,115,920
	<u>\$ 5,815,346</u>	<u>\$ 5,815,346</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Harrison Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 1,403,050	\$ -	\$ -	\$ 1,403,050
Construction-in-progress	5,394,446	10,116,924	1,635,468	13,875,902
Total Capital Assets, not being depreciated	<u>\$ 6,797,496</u>	<u>\$ 10,116,924</u>	<u>\$ 1,635,468</u>	<u>\$ 15,278,952</u>
Capital assets, being depreciated:				
Land Improvements	\$ 9,353,027	\$ 423,600	\$ -	\$ 9,776,627
Buildings and Improvements	62,200,196	10,041,990	-	72,242,186
Machinery and Equipment	4,143,579	222,687	79,424	4,286,842
Total Capital Assets, being depreciated	<u>75,696,802</u>	<u>10,688,277</u>	<u>79,424</u>	<u>86,305,655</u>
Less Accumulated Depreciation for:				
Land Improvements	2,449,734	464,465	-	2,914,199
Buildings and Improvements	27,422,001	1,271,475	-	28,693,476
Machinery and Equipment	3,028,567	203,588	79,424	3,152,731
Total Accumulated Depreciation	<u>32,900,302</u>	<u>1,939,528</u>	<u>79,424</u>	<u>34,760,406</u>
Total Capital Assets, being depreciated, net	<u>\$ 42,796,500</u>	<u>\$ 8,748,749</u>	<u>\$ -</u>	<u>\$ 51,545,249</u>
Capital Assets, net	<u>\$ 49,593,996</u>	<u>\$ 18,865,673</u>	<u>\$ 1,635,468</u>	<u>\$ 66,824,201</u>

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 1,814,044
Instruction	113,664
Cost of Food Sales	<u>11,820</u>
	<u>\$ 1,939,528</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2019 were as follows:

	General Fund
Payroll and Employee Benefits	<u>\$ 242,736</u>

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2019	Due Within One-Year
General Obligation Bonds Payable	\$ 22,580,000	\$ 19,380,000	\$ 485,000	\$ 41,475,000	\$ 770,000
Energy Performance Contract Debt Payable	6,969,318	-	260,036	6,709,282	316,130
Other Non-current Liabilities:					
Compensated Absences	922,102	193,744	92,200	1,023,646	102,400
Claims Payable	4,279,863	-	373,330	3,906,533	373,330
Net Pension Liability - ERS	1,200,945	1,274,186	-	2,475,131	-
Other Post Employment Benefit Obligations Payable	213,273,496	26,144,312	29,098,648	210,319,160	-
Total Other Non- Current Liabilities	219,676,406	27,612,242	29,564,178	217,724,470	475,730
Total Long-Term Liabilities	\$ 249,225,724	\$ 46,992,242	\$ 30,309,214	\$ 265,908,752	\$ 1,561,860

Each governmental fund's liability for general obligation bonds payable, energy performance contract debt, compensated absences, claims payable, net pension liability and other post employment benefit obligations is liquidated by the General Fund.

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2019
District-Wide Reconstruction	2018	\$ 22,580,000	March, 2048	3.00-3.55 %	\$ 22,095,000
District-Wide Reconstruction	2019	19,380,000	September, 2048	3.00-4.00	19,380,000
					<u>\$ 41,475,000</u>

Interest expenditures of \$726,972 were recorded in the Debt Service Fund. Interest expense of \$993,709 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Energy Performance Contract Payable

The School District, during 2018, entered into a \$6,969,318 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The agreement provides for annual payments of \$493,754, including interest at 2.679% through September 2035. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. Interest expenditures of \$233,719 were recorded in the Debt Service Fund. Interest expense of \$209,170 was recorded in the district-wide financial statements. The balance due at June 30, 2019 was \$6,709,282.

Payments to Maturity

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2019 including interest payments of \$26,476,756 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 770,000	\$ 1,479,503	\$ 316,130	\$ 177,624	\$ 1,086,130	\$ 1,657,127
2021	900,000	1,351,396	324,656	169,098	1,224,656	1,520,494
2022	925,000	1,324,245	333,412	160,342	1,258,412	1,484,587
2023	955,000	1,296,271	342,404	151,350	1,297,404	1,447,621
2024	980,000	1,266,182	351,639	142,115	1,331,639	1,408,297
2025-2029	5,405,000	5,845,636	1,905,676	563,094	7,310,676	6,408,730
2030-2034	6,300,000	4,937,538	2,176,904	291,867	8,476,904	5,229,405
2035-2039	7,375,000	3,870,121	958,461	29,047	8,333,461	3,899,168
2040-2044	8,700,000	2,543,992	-	-	8,700,000	2,543,992
2045-2049	9,165,000	877,335	-	-	9,165,000	877,335
	<u>\$ 41,475,000</u>	<u>\$ 24,792,219</u>	<u>\$ 6,709,282</u>	<u>\$ 1,684,537</u>	<u>\$ 48,184,282</u>	<u>\$ 26,476,756</u>

The above general obligation bonds and energy performance contract debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Compensated Absences

Under the terms of existing collective bargaining agreements, upon separation of service, the School District converts each employee's unused sick leave into a bank for the purpose of paying their portion of retiree health insurance premiums. Compensated absences also includes the value for twelve month employee's vacation days earned in the prior year. The value of the compensated absences has been reflected in the district-wide financial statements.

Claims Payable

Claims payable reflects a liability of \$3,906,533 for court ordered tax certiorari refunds, which were not due and payable at year-end. These amounts have been recorded as an expense in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2019 are as follows:

Harrison Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	15.9 %
	4 A15	15.9
	5 A15	13.1
	6 A15	9.4
TRS	1-6	10.62 %

At June 30, 2019, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Net pension liability (asset)	\$ 2,475,131	\$ (5,619,980)
School Districts' proportion of the net pension liability (asset)	0.0349333 %	0.310794 %
Change in proportion since the prior measurement date	(0.0022771) %	0.004187 %

The net pension liability (asset) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2019, the School District recognized pension expense in the district-wide financial statements of \$6,159,952 (\$1,755,505 for ERS and \$4,404,447 for TRS). Pension expenditures of \$7,076,164 (\$1,506,160 for ERS and \$5,570,004 for TRS) and \$14,125 (\$9,481 for ERS and \$4,644 for TRS) were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively.

Harrison Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 487,405	\$ 166,151	\$ 4,199,766	\$ 760,741
Changes of assumptions	622,147	-	19,645,516	-
Net difference between projected and actual earnings on pension plan investments	-	635,255	-	6,238,606
Changes in proportion and differences between School District contributions and proportionate share of contributions	348,543	112,300	317,854	294,186
School District contributions subsequent to the measurement date	427,783	-	5,575,256	-
	<u>\$ 1,885,878</u>	<u>\$ 913,706</u>	<u>\$ 29,738,392</u>	<u>\$ 7,293,533</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 4,687,171	\$ 926,892		
Changes of assumptions	20,267,663	-		
Net difference between projected and actual earnings on pension plan investments	-	6,873,861		
Changes in proportion and differences between School District contributions and proportionate share of contributions	666,397	406,486		
School District contributions subsequent to the measurement date	6,003,039	-		
	<u>\$ 31,624,270</u>	<u>\$ 8,207,239</u>		

\$427,783 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2020. The \$5,575,256 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2019	\$ -	\$ 5,646,699
2020	615,765	3,838,149
2021	(411,244)	416,944
2022	2,048	3,824,908
2023	337,820	2,578,841
Thereafter	-	564,062

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Investment rate of return	7.0% *	7.25% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

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

Harrison Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.80 %
International Equity	14	6.35	16	7.30
Private Equity	10	7.50	8	8.90
Real Estate	10	5.55	11	4.90
Domestic Fixed Income Securities	-	-	16	1.30
Global Fixed Income Securities	-	-	2	0.90
High Yield Fixed Income Securities	-	-	1	3.50
Short-Term	-	-	1	0.30
Global Equities	-	-	4	6.70
Private Debt	-	-	1	6.80
Real Estate Debt	-	-	7	2.80
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 10,821,667</u>	<u>\$ 2,475,131</u>	<u>\$ (4,536,551)</u>
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 38,610,179</u>	<u>\$ (5,619,980)</u>	<u>\$ (42,672,561)</u>

The components of the collective net pension liability as of the March 31, 2019 ERS measurement date and the June 30, 2018 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 189,803,429,000	\$ 118,107,253,288
Fiduciary net position	<u>182,718,124,000</u>	<u>119,915,517,622</u>
Employers' net pension liability (asset)	<u>\$ 7,085,305,000</u>	<u>\$ (1,808,264,334)</u>
Fiduciary net position as a percentage of total pension liability	<u>96.27%</u>	<u>101.53%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2019 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2019 were \$427,783 to ERS and \$6,192,792 to TRS (including employee contributions of \$617,536).

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Obligations ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	359
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	581
	<u>940</u>

The School District's total OPEB liability of \$210,319,160 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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

Inflation	2.50%
Salary increases	3.50%, average, including inflation
Discount rate	3.50%
Healthcare cost trend rates	7.0% for 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for 2022 and later years
Retirees' share of benefit-related costs	For those employees who retired prior to July 1 2009, the School District is responsible for 100% of the cost of the retiree's health insurance plan. For those employees retiring after July 1, 2009, the retiree's share varies depending on bargaining unit, years of service to the School District and whether the retiree has reached age 65. The retiree's share of the health insurance premium ranges between 2% and 10%, based on these factors.

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the experience of the ERS and the TRS projected generationally using the MP-2018 projection scale.

Harrison Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 213,273,496
Service cost	8,110,829
Interest	7,446,927
Changes of benefit terms	(11,121)
Differences between expected and actual experience	(23,958,440)
Changes in assumptions or other inputs	10,586,556
Benefit payments	<u>(5,129,087)</u>
Total OPEB Liability - End of Year	<u>\$ 210,319,160</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Current Assumption (3.5%)	1% Increase (4.5%)
Total OPEB Liability	<u>\$ 235,470,370</u>	<u>\$ 210,319,160</u>	<u>\$ 167,359,901</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 4.0%) or 1 percentage point higher (8.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	1% Increase (8.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 171,364,704</u>	<u>\$ 210,319,160</u>	<u>\$ 262,822,572</u>

For the year ended June 30, 2019, the School District recognized OPEB expense of \$12,410,410 in the district-wide financial statements. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 9,266,536	\$ 8,169,754
Differences between expected and actual experience	-	20,971,103
	<u>\$ 9,266,536</u>	<u>\$ 29,140,857</u>

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	
2020	\$ (3,147,346)
2021	(3,147,346)
2022	(3,147,346)
2023	(3,147,346)
2024	(3,147,346)
Thereafter	(4,137,591)

E. Significant Commitments – Encumbrances

As discussed in Note 2A, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2019, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	<u>\$ 2,754,566</u>
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F. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In			Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,883,268	\$ 1,836,700	\$ 3,719,968
Capital Projects Fund	481,124	-	-	481,124
Non-Major Governmental Funds	200,000	225,000	-	425,000
	<u>\$ 681,124</u>	<u>\$ 2,108,268</u>	<u>\$ 1,836,700</u>	<u>\$ 4,626,092</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects, Special Aid and Debt Service funds expenditures, 2) move amounts from the Debt Service Fund to the General Fund as debt service principal and interest become due and 3) move unexpended Capital Projects Fund balances to the General Fund that originally provided the funding.

Note 3 - Detailed Notes on All Funds (Continued)

G. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Property Loss - the component of net position that has been established to set aside funds for property loss claims in accordance with Section 6-n of the General Municipal Law of the State of New York.

Restricted for Liability - the component of net position that has been established to pay liability claims in accordance with the Education Law of the State of New York.

Restricted for ERS Retirement Contribution - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for TRS Retirement Contribution - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints place on their use by Local Finance Law.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2019				2018			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Restricted:								
Tax certiorari	\$ 12,772,960	\$ -	\$ -	\$ 12,772,960	\$ 12,631,975	\$ -	\$ -	\$ 12,631,975
Employee benefit accrued liability	950,902	-	-	950,902	856,574	-	-	856,574
ERS retirement contributions	4,820,000	-	-	4,820,000	4,820,000	-	-	4,820,000
ERS retirement contributions - for subsequent year's expenditures	200,000	-	-	200,000	200,000	-	-	200,000
TRS retirement contributions	978,009	-	-	978,009	-	-	-	-
Property loss	33,550	-	-	33,550	33,308	-	-	33,308
Liability claims	600,000	-	-	600,000	600,000	-	-	600,000
Capital projects	-	24,403,165	-	24,403,165	-	21,655,354	-	21,655,354
Special purposes	-	-	205,704	205,704	-	-	236,740	236,740
Debt service	-	-	311,736	311,736	-	-	92,120	92,120
Total Restricted	20,355,421	24,403,165	517,440	45,276,026	19,141,857	21,655,354	328,860	41,126,071
Assigned:								
Purchases on order:								
General government support	2,097,331	-	-	2,097,331	1,720,821	-	-	1,720,821
Instruction	627,418	-	-	627,418	619,631	-	-	619,631
Pupil transportation	20,814	-	-	20,814	3,503	-	-	3,503
Employee benefits	9,003	-	-	9,003	-	-	-	-
	2,754,566	-	-	2,754,566	2,343,955	-	-	2,343,955
For subsequent year's expenditures -								
General Fund	800,000	-	-	800,000	800,000	-	-	800,000
School Lunch Fund	-	-	206,267	206,267	-	-	184,700	184,700
Total Assigned	3,554,566	-	206,267	3,760,833	3,143,955	-	184,700	3,328,655
Unassigned	4,776,372	-	-	4,776,372	4,668,222	-	-	4,668,222
Total Fund Balances	\$ 28,686,359	\$ 24,403,165	\$ 723,707	\$ 53,813,231	\$ 26,954,034	\$ 21,655,354	\$ 513,560	\$ 49,122,948

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Restricted for Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2019, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities in the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is a defendant in a breach of contract action commenced by a terminated contractor in NYS Supreme Court, Westchester County on July 3, 2019. The School District terminated the contractor for default and, subsequently, worked with the contractor's performance bond surety to recover the additional costs necessary to complete the project using the services of a completion contractor. The contractor's lawsuit alleges that it was wrongfully terminated and is seeking damages for unpaid work, lost profits on unperformed work, and indemnity against claims asserted against the contractor by its surety. The contractor's complaint alleges damages in the amount of \$831,471. The School District has answered the complaint, denying the substantive allegations and raising a number of affirmative defenses, and served discovery demands on the contractor. The action is in the discovery phase and, as such, it is not possible to make a determination that an unfavorable outcome is either probable or remote.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District is also a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in these claims, they could receive reimbursement for both tuition and attorneys' fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above, the School District is contesting that any and all cases should be dismissed. However, it is not possible to express an opinion on the outcome of these matters.

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates that such amounts, if any, are immaterial.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence. The School District maintains liability coverage for school board members up to \$1 million per occurrence and \$3 million in the aggregate. The School District also maintains an excess liability policy with coverage up to \$20 million per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participants' employees. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

Harrison Central School District, New York

Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1)(3)

	2019	2018
Total OPEB Liability:		
Service cost	\$ 8,110,829	\$ 8,429,274
Interest	7,446,927	7,849,377
Changes of benefit terms	(11,121)	-
Differences between expected and actual experience	(23,958,440)	-
Changes of assumptions or other inputs	10,586,556	(11,129,812)
Benefit payments	(5,129,087)	(5,357,708)
Net Change in Total OPEB Liability	(2,954,336)	(208,869)
Total OPEB Liability – Beginning of Year	213,273,496	213,482,365 (2)
Total OPEB Liability – End of Year	<u>\$ 210,319,160</u>	<u>\$ 213,273,496</u>
School District's covered-employee payroll	<u>\$ 54,999,782</u>	<u>\$ 53,410,184</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>382.40%</u>	<u>399.31%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) Restated for the implementation of the provisions of GASB Statement No. 75.

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

See independent auditors' report.

Harrison Central School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability (Asset)
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2019	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.310794%</u>	<u>0.306607%</u>	<u>0.309822%</u>	<u>0.313699%</u>	<u>0.312539%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (5,619,980)</u>	<u>\$ (2,330,521)</u>	<u>\$ 3,318,320</u>	<u>\$ (32,583,296)</u>	<u>\$ (34,814,853)</u>
School District's covered payroll	<u>\$ 50,955,296</u>	<u>\$ 49,294,676</u>	<u>\$ 48,452,860</u>	<u>\$ 47,688,368</u>	<u>\$ 46,479,123</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(11.03)%</u>	<u>(4.73)%</u>	<u>6.85%</u>	<u>(68.33)%</u>	<u>(74.90)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) 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.

(3) 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.

Harrison Central School District, New York

Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,575,256	\$ 4,993,619	\$ 5,777,336	\$ 6,424,849	\$ 8,359,771
Contributions in relation to the contractually required contribution	(5,575,256)	(4,993,619)	(5,777,336)	(6,424,849)	(8,359,771)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 52,497,704	\$ 50,955,296	\$ 49,294,676	\$ 48,452,860	\$ 47,688,368
Contributions as a percentage of covered payroll	10.62%	9.80%	11.72%	13.26%	17.53%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Harrison Central School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0349333%</u>	<u>0.0372104%</u>	<u>0.0352946%</u>	<u>0.0358263%</u>	<u>0.0366299%</u>
School District's proportionate share of the net pension liability	<u>\$ 2,475,131</u>	<u>\$ 1,200,945</u>	<u>\$ 3,316,358</u>	<u>\$ 5,750,226</u>	<u>\$ 1,237,446</u>
School District's covered payroll	<u>\$ 10,495,882</u>	<u>\$ 10,650,981</u>	<u>\$ 10,204,328</u>	<u>\$ 9,678,523</u>	<u>\$ 9,863,064</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>23.58%</u>	<u>11.28%</u>	<u>32.50%</u>	<u>59.41%</u>	<u>12.55%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) 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.

Harrison Central School District, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,513,593	\$ 1,582,343	\$ 1,552,878	\$ 1,710,235	\$ 1,947,445
Contributions in relation to the contractually required contribution	<u>(1,513,593)</u>	<u>(1,582,343)</u>	<u>(1,552,878)</u>	<u>(1,710,235)</u>	<u>(1,947,445)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 10,951,746</u>	<u>\$ 10,620,442</u>	<u>\$ 10,284,020</u>	<u>\$ 10,285,320</u>	<u>\$ 10,132,715</u>
Contributions as a percentage of covered payroll	<u>13.82%</u>	<u>14.90%</u>	<u>15.10%</u>	<u>16.63%</u>	<u>19.22%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No.68, *Accounting and Financial Reporting for Pensions*.

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Harrison Central School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2019	2018
ASSETS		
Cash and equivalents	\$ 39,422,471	\$ 53,708,450
Receivables		
Accounts	224,308	119,546
State and Federal aid	463,257	460,045
Due from other governments	627,260	679,438
Due from other funds	1,312,393	6,409,310
	2,627,218	7,668,339
Total Assets	\$ 42,049,689	\$ 61,376,789
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,671,804	\$ 2,936,393
Accrued liabilities	242,736	373,674
Due to other funds	3,449,346	24,727,203
Due to other governments	180,315	148,762
Unearned revenues	198,554	123,397
Due to retirement systems	6,620,575	6,113,326
Total Liabilities	13,363,330	34,422,755
Fund balance		
Restricted	20,355,421	19,141,857
Assigned	3,554,566	3,143,955
Unassigned	4,776,372	4,668,222
Total Fund Balance	28,686,359	26,954,034
Total Liabilities and Fund Balance	\$ 42,049,689	\$ 61,376,789

See independent auditors' report.

Harrison Central School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2019				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
REVENUES					
Real property taxes	\$ 102,387,773	\$ 102,387,773	\$ 101,881,748	\$	\$ (506,025)
Other tax items	5,011,916	5,011,916	5,071,782		59,866
Non-property taxes	1,600,000	1,600,000	1,599,024		(976)
Charges for services	337,000	337,000	335,285		(1,715)
Use of money and property	502,500	502,500	856,914		354,414
Sale of property and compensation for loss	-	-	76,158		76,158
State aid	4,767,227	4,767,227	4,546,634		(220,593)
Federal aid	50,000	50,000	33,375		(16,625)
Miscellaneous	569,240	569,240	667,060		97,820
Total Revenues	115,225,656	115,225,656	115,067,980		(157,676)
EXPENDITURES					
Current					
General support					
Board of education	84,962	79,962	70,261	511	9,190
Central administration	567,142	600,366	595,464	1,928	2,974
Finance	1,200,293	1,246,607	1,209,166	21,946	15,495
Staff	1,291,169	1,182,589	895,042	32,416	255,131
Central services	9,595,899	11,241,266	8,899,684	2,023,877	317,705
Special items	1,109,425	1,246,442	1,197,641	16,653	32,148
Total General Support	13,848,890	15,597,232	12,867,258	2,097,331	632,643
Instruction					
Instruction, administration and improvement	6,993,497	6,941,235	6,528,730	188,440	224,065
Teaching - Regular school	39,127,608	38,251,704	37,337,011	291,694	622,999
Programs for students with disabilities	11,064,619	11,239,553	10,953,924	79,610	206,019
Teaching - Special schools	481,888	549,888	455,941	1,000	92,947
Instructional media	2,249,728	2,207,997	2,112,882	30,106	65,009
Pupil services	6,346,064	6,131,962	5,835,518	36,568	259,876
Total Instruction	66,263,404	65,322,339	63,224,006	627,418	1,470,915
Pupil transportation	6,564,890	6,590,704	6,539,820	20,814	30,070
Employee benefits	28,585,576	28,071,502	27,665,727	9,003	396,772
Total Expenditures	115,262,760	115,581,777	110,296,811	2,754,566	2,530,400
Excess (Deficiency) of Revenues Over Expenditures	(37,104)	(356,121)	4,771,169	(2,754,566)	2,372,724
OTHER FINANCING SOURCES (USES)					
Transfers in	480,000	480,000	681,124	-	201,124
Transfers out	(3,786,851)	(3,786,851)	(3,719,968)	-	66,883
Total Other Financing Uses	(3,306,851)	(3,306,851)	(3,038,844)	-	268,007
Net Change in Fund Balance	(3,343,955)	(3,662,972)	1,732,325	\$ (2,754,566)	\$ 2,640,731
FUND BALANCE					
Beginning of Year	3,343,955	3,662,972	26,954,034		
End of Year	\$ -	\$ -	\$ 28,686,359		

See independent auditors' report.

2018				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 98,663,852	\$ 98,663,852	\$ 97,972,630	\$	\$ (691,222)
5,192,319	5,192,319	5,229,995		37,676
1,475,000	1,475,000	1,583,371		108,371
427,000	427,000	517,635		90,635
282,500	282,500	521,439		238,939
-	-	42,818		42,818
4,550,540	4,550,540	4,328,566		(221,974)
50,000	50,000	-		(50,000)
355,500	372,500	824,365		451,865
110,996,711	111,013,711	111,020,819		7,108
85,168	82,168	72,654	-	9,514
557,641	599,744	593,634	415	5,695
1,135,755	1,200,922	1,172,519	3,146	25,257
1,253,393	1,071,243	912,568	75,111	83,564
9,756,899	10,743,237	8,722,449	1,642,149	378,639
1,060,061	2,127,061	1,946,115	-	180,946
13,848,917	15,824,375	13,419,939	1,720,821	683,615
6,960,866	6,787,769	6,504,040	102,998	180,731
38,276,109	37,544,559	36,755,922	334,069	454,568
10,698,183	10,592,063	10,084,035	39,439	468,589
492,056	466,056	375,974	838	89,244
2,122,692	2,145,769	2,004,227	82,372	59,170
6,201,649	6,159,249	5,885,713	59,915	213,621
64,751,555	63,695,465	61,609,911	619,631	1,465,923
5,869,413	5,549,800	5,427,958	3,503	118,339
26,892,298	26,579,543	26,522,683	-	56,860
111,362,183	111,649,183	106,980,491	2,343,955	2,324,737
(365,472)	(635,472)	4,040,328	(2,343,955)	2,331,845
-	-	-	-	-
(2,813,240)	(2,743,240)	(2,740,110)	-	3,130
(2,813,240)	(2,743,240)	(2,740,110)	-	3,130
(3,178,712)	(3,378,712)	1,300,218	\$ (2,343,955)	\$ 2,334,975
3,178,712	3,378,712	25,653,816		
\$ -	\$ -	\$ 26,954,034		

Harrison Central School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 102,387,773</u>	<u>\$ 102,387,773</u>	<u>\$ 101,881,748</u>	<u>\$ (506,025)</u>
OTHER TAX ITEMS				
Payments in lieu of taxes	1,126,701	1,126,701	1,186,567	59,866
School tax relief reimbursement	<u>3,885,215</u>	<u>3,885,215</u>	<u>3,885,215</u>	<u>-</u>
	<u>5,011,916</u>	<u>5,011,916</u>	<u>5,071,782</u>	<u>59,866</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,599,024</u>	<u>(976)</u>
CHARGES FOR SERVICES				
Day school tuition - other districts	85,000	85,000	47,671	(37,329)
Day school tuition - individuals	-	-	4,568	4,568
Other charges for services	12,000	12,000	10,276	(1,724)
Health services - Other districts	<u>240,000</u>	<u>240,000</u>	<u>272,770</u>	<u>32,770</u>
	<u>337,000</u>	<u>337,000</u>	<u>335,285</u>	<u>(1,715)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	500,000	500,000	856,914	356,914
Rental of real property - BOCES	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
	<u>502,500</u>	<u>502,500</u>	<u>856,914</u>	<u>354,414</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	-	-	13,201	13,201
Insurance recoveries	<u>-</u>	<u>-</u>	<u>62,957</u>	<u>62,957</u>
	<u>-</u>	<u>-</u>	<u>76,158</u>	<u>76,158</u>

STATE AID

Basic formula	3,940,685	3,940,685	3,644,869	(295,816)
BOCES	267,258	267,258	306,455	39,197
Textbooks	270,076	270,076	269,523	(553)
Computer software	62,946	62,946	63,860	914
Library aid	26,262	26,262	26,643	381
Tuition for students with disabilities	200,000	200,000	235,284	35,284
	<u>4,767,227</u>	<u>4,767,227</u>	<u>4,546,634</u>	<u>(220,593)</u>

FEDERAL AID

Medical assistance	50,000	50,000	-	(50,000)
Hurricane Education Recovery	-	-	33,375	33,375
	<u>50,000</u>	<u>50,000</u>	<u>33,375</u>	<u>(16,625)</u>

MISCELLANEOUS

Refund of prior year's expenditures	496,080	496,080	573,786	77,706
Refund for BOCES aided services	25,000	25,000	69,176	44,176
Other	48,160	48,160	24,098	(24,062)
	<u>569,240</u>	<u>569,240</u>	<u>667,060</u>	<u>97,820</u>

TOTAL REVENUES

<u>115,225,656</u>	<u>115,225,656</u>	<u>115,067,980</u>	<u>(157,676)</u>
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OTHER FINANCING SOURCES

Transfers in				
Capital Projects Fund	480,000	480,000	481,124	1,124
Debt Service Fund	-	-	200,000	200,000

TOTAL OTHER FINANCING SOURCES

<u>480,000</u>	<u>480,000</u>	<u>681,124</u>	<u>201,124</u>
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**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

<u>\$ 115,705,656</u>	<u>\$ 115,705,656</u>	<u>\$ 115,749,104</u>	<u>\$ 43,448</u>
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See independent auditors' report.

Harrison Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 32,300	\$ 31,800	\$ 26,053	\$ 511	\$ 5,236
District clerk	20,362	20,862	20,358	-	504
District meeting	32,300	27,300	23,850	-	3,450
Total Board of Education	84,962	79,962	70,261	511	9,190
CENTRAL ADMINISTRATION					
Chief school administrator	567,142	600,366	595,464	1,928	2,974
FINANCE					
Business administration	830,099	856,723	833,082	12,417	11,224
Accounting and auditing	80,600	80,600	73,853	6,500	247
Treasurer	148,308	155,308	154,012	-	1,296
Purchasing	141,286	153,976	148,219	3,029	2,728
Total Finance	1,200,293	1,246,607	1,209,166	21,946	15,495
STAFF					
Legal	580,839	490,039	276,097	27,325	186,617
Human resources	610,351	593,571	542,278	4,711	46,582
Public information and services	96,839	95,839	73,830	380	21,629
Records management officer	3,140	3,140	2,837	-	303
Total Staff	1,291,169	1,182,589	895,042	32,416	255,131

CENTRAL SERVICES

Operation of plant	7,054,381	8,342,471	6,533,743	1,624,757	183,971
Maintenance of plant	1,259,023	1,302,123	1,151,035	75,830	75,258
Central printing and mailing	208,853	206,503	158,136	1,392	46,975
Central data processing	1,073,642	1,390,169	1,056,770	321,898	11,501
Total Central Services	9,595,899	11,241,266	8,899,684	2,023,877	317,705

SPECIAL ITEMS

Unallocated insurance	349,950	359,450	341,075	16,653	1,722
Judgments and claims	155,000	282,517	258,683	-	23,834
School association dues	8,000	8,000	7,369	-	631
Assessments on school property	122,500	122,500	116,539	-	5,961
Administrative charge - BOCES	473,975	473,975	473,975	-	-
Total Special Items	1,109,425	1,246,442	1,197,641	16,653	32,148
Total General Support	13,848,890	15,597,232	12,867,258	2,097,331	632,643

INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	419,798	429,198	412,495	1,077	15,626
Supervision - Regular school	5,301,946	5,135,334	4,943,156	61,845	130,333
Supervision - Special education	746,057	730,167	707,534	-	22,633
In-service training - Instruction	525,696	646,536	465,545	125,518	55,473
Total Instruction, Administration and Improvement	6,993,497	6,941,235	6,528,730	188,440	224,065

TEACHING - REGULAR SCHOOL

39,127,608	38,251,704	37,337,011	291,694	622,999
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**PROGRAMS FOR STUDENTS
WITH DISABILITIES**

11,064,619	11,239,553	10,953,924	79,610	206,019
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TEACHING - SPECIAL SCHOOLS

481,888	549,888	455,941	1,000	92,947
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(Continued)

Harrison Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 1,348,214	\$ 1,348,201	\$ 1,309,535	\$ 2,437	\$ 36,229
Computer assisted instruction	901,514	859,796	803,347	27,669	28,780
Total Instructional Media	2,249,728	2,207,997	2,112,882	30,106	65,009
PUPIL SERVICES					
Attendance - Regular school	159,464	161,964	161,769	-	195
Guidance - Regular school	1,435,689	1,355,689	1,287,363	708	67,618
Health services - Regular school	1,292,872	1,110,497	1,054,290	3,372	52,835
Psychological services - Regular school	1,180,654	1,211,905	1,195,782	-	16,123
Social work services - Regular school	232,362	232,363	232,362	-	1
Co-curricular activities - Regular school	626,078	647,660	559,131	10,959	77,570
Interscholastic athletics - Regular school	1,418,945	1,411,884	1,344,821	21,529	45,534
Total Pupil Services	6,346,064	6,131,962	5,835,518	36,568	259,876
Total Instruction	66,263,404	65,322,339	63,224,006	627,418	1,470,915
PUPIL TRANSPORTATION					
District transportation services	118,221	123,221	120,805	-	2,416
Contract and public carrier transportation	6,446,505	6,455,769	6,410,219	19,041	26,509
Public transportation	164	10,514	7,927	1,773	814
Transportation from BOCES	-	1,200	869	-	331
Total Pupil Transportation	6,564,890	6,590,704	6,539,820	20,814	30,070

EMPLOYEE BENEFITS

State retirement	1,543,785	1,516,785	1,506,160	-	10,625
Teachers' retirement	5,725,299	5,645,225	5,570,004	-	75,221
Social security	4,780,542	4,762,042	4,628,678	-	133,364
Hospital, medical and dental insurance	15,107,786	14,710,786	14,583,540	-	127,246
Workers' compensation benefits	453,954	455,354	454,766	-	588
Unemployment benefits	60,000	58,600	23,093	-	35,507
Dental and life insurance	914,210	922,710	899,486	9,003	14,221

Total Employee Benefits	28,585,576	28,071,502	27,665,727	9,003	396,772
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TOTAL EXPENDITURES	<u>115,262,760</u>	<u>115,581,777</u>	<u>110,296,811</u>	<u>2,754,566</u>	<u>2,530,400</u>
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	198,000	197,856	130,973	-	66,883
Capital Projects Fund	1,883,268	1,883,268	1,883,268	-	-
Debt Service Fund	1,705,583	1,705,727	1,705,727	-	-

TOTAL OTHER FINANCING USES	<u>3,786,851</u>	<u>3,786,851</u>	<u>3,719,968</u>	<u>-</u>	<u>66,883</u>
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TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 119,049,611</u>	<u>\$ 119,368,628</u>	<u>\$ 114,016,779</u>	<u>\$ 2,754,566</u>	<u>\$ 2,597,283</u>
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See independent auditors' report.

Harrison Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	<u>\$ 24,739,540</u>	<u>\$ -</u>
Restricted cash	<u>453,419</u>	<u>3,969,439</u>
Receivables		
State and Federal aid	1,956	-
Due from other funds	<u>2,890,049</u>	<u>24,793,179</u>
	<u>2,892,005</u>	<u>24,793,179</u>
Total Assets	<u><u>\$ 28,084,964</u></u>	<u><u>\$ 28,762,618</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,431,719	\$ 1,863,269
Due to other funds	<u>250,080</u>	<u>5,243,995</u>
Total Liabilities	3,681,799	7,107,264
Fund balance		
Restricted	<u>24,403,165</u>	<u>21,655,354</u>
Total Liabilities and Fund Balance	<u><u>\$ 28,084,964</u></u>	<u><u>\$ 28,762,618</u></u>

See independent auditors' report.

Harrison Central School District, New York**Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,**

	<u>2019</u>	<u>2018</u>
REVENUES		
State aid	\$ 50,987	\$ 46,871
Miscellaneous	<u>454,500</u>	<u>50,000</u>
Total Revenues	505,487	96,871
EXPENDITURES		
Capital outlay	<u>18,764,820</u>	<u>11,803,092</u>
Deficiency of Revenues Over Expenditures	<u>(18,259,333)</u>	<u>(11,706,221)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	19,380,000	22,580,000
Energy performance contract debt issued	-	6,969,318
Transfers in	2,108,268	2,990,240
Transfers out	<u>(481,124)</u>	<u>-</u>
Total Other Financing Sources	<u>21,007,144</u>	<u>32,539,558</u>
Net Change in Fund Balance	2,747,811	20,833,337
FUND BALANCE		
Beginning of Year	<u>21,655,354</u>	<u>822,017</u>
End of Year	<u>\$ 24,403,165</u>	<u>\$ 21,655,354</u>

Harrison Central School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project through June 30, 2019

Project	Account	Original Authoriza- tion	Amended Authoriza- tion	Expenditures and Transfers to Date		
				Prior Years	Current Year	Total
PAR ATHLETIC FIELD	H 3021	\$ 339,500	\$ 329,500	\$ 301,497	\$ -	\$ 301,497
STUDENT/TEACHER FURNITURE	H 5001	235,330	228,850	195,618	-	195,618
HHS EXTERIOR BRICK AND STONE REPAIR	H1004	25,000	33,191	-	33,191	33,191
LMK RENOVATE AND REPAIR TOILET ROOMS	H1006	300,000	374,850	287,703	-	287,703
PAR REPLACE INTERIOR DOORS	H1010	75,000	39,000	-	39,000	39,000
HHS RENOVATE CAFETERIA	H1101	60,000	367,892	331,050	36,842	367,892
HHS REPLACE DOOR HARDWARE	H1102	25,000	38,271	-	38,271	38,271
PRES INTERIOR RENOVATE CEILINGS/STAIRS/TILE	H1110	175,000	92,000	27,510	64,490	92,000
DISTRICT-WIDE DOORS	H1113	-	277,445	252,140	(8,787)	243,353
HHS CONCESSION STAND	H1206	75,000	119,500	92,610	26,890	119,500
HAS AUDITORIUM AND GYM DOORS	H1208	24,000	24,000	-	24,000	24,000
HAS TOILETS AND FLUSHOMETERS	H1211	82,000	60,840	-	60,840	60,840
PRES EXTERIOR DOORS	H1213	70,000	70,000	13,000	57,000	70,000
PRES DUCT CLEANING	H1215	65,000	63,750	13,900	49,850	63,750
LMK POOL WORK	H1217	40,000	40,000	-	40,000	40,000
HHS SCIENCE CLASSROOMS	H1301	162,403	359,378	330,028	-	330,028
HHS CAFETERIA PHASE 2	H1308	496,903	1,568,110	1,544,914	-	1,544,914
HHS SCIENCE LAB RENOVATION	H1401	430,000	430,000	400,683	-	400,683
HHS FIELD RESTROOMS	H1501	138,800	249,800	233,578	-	233,578
HHS PARKING LOTS	H1503	-	249,283	232,652	-	232,652
PAR ASBESTOS ABATEMENT - FLOORS	H1504	-	76,311	72,312	3,999	76,311
HHS ASBESTOS ABATEMENT - FLOORS	H1505	-	40,825	40,261	564	40,825
PUR COMMUNITY CENTER FLOOR REPLACEMENT	H1506	-	32,000	25,813	6,187	32,000
ELEMENTARY SCHOOLS ELECTRIC SIGNS	H1602	78,000	78,000	77,169	-	77,169
HAS FOLDING PARTITIONS/RESURFACING	H1603	15,000	15,000	13,400	-	13,400
PAR STAIRWELL	H1604	37,000	37,000	31,882	-	31,882
LMK GYM PADDING	H1605	25,117	25,117	19,136	-	19,136
DISTRICT-WIDE PROXIMITY READERS	H1606	47,000	47,000	31,975	-	31,975
HHS PATIO PROJECT	H1607	1,028,375	989,424	974,785	-	974,785
HHS DRIVEWAY	H1608	50,720	50,720	45,531	-	45,531
DISTRICT-WIDE PAVING	H1620	54,068	54,068	-	-	-
HHS ROOFING	H1701	1,075,000	1,035,000	1,033,239	-	1,033,239
LMK/HAS ROOFING	H1702	634,500	632,491	598,818	-	598,818
HHS MUSIC STORAGE ADDITION	H1703	905,740	1,002,791	943,322	-	943,322
SMART SCHOOLS BOND ACT	H1705	430,913	430,913	288,854	50,987	339,841
HHS CLASSROOM ADDITION - NEW CONSTRUCTION	H1750	4,951,764	4,217,764	631,646	2,920,779	3,552,425
HHS GUIDANCE SUITE - ALTERATIONS	H1751	1,543,261	1,403,261	137,886	1,017,187	1,155,073
HHS MUSIC ADDITION - ALTERATIONS	H1752	864,525	684,684	654,122	29,969	684,091
HHS MUSIC ROOM ABATEMENT - ALTERATIONS	H1753	40,300	46,531	47,005	(482)	46,523
HHS GAS HEADER - ALTERATIONS	H1754	49,743	99,743	2,139	-	2,139
HHS WINDOWS - ALTERATIONS	H1755	660,802	660,642	211	13,227	13,438
LMK BUILDING AND FIELDS - ALTERATIONS	H1757	20,542,136	3,702,449	3,557,636	25,493	3,583,129
LMK AUDITORIUM - ALTERATIONS	H1758	2,933,604	3,663,104	368,893	1,947,194	2,316,087
LMK FIELD RESTROOMS - NEW CONSTRUCTION	H1759	345,376	345,375	253,043	860	253,903
LMK GAS HEADER - ALTERATIONS	H1760	49,743	49,743	205	-	205
HAS ADDITION - NEW CONSTRUCTION	H1761	3,197,628	5,213,662	548,526	2,833,825	3,382,351
HAS ADDITION - ALTERATIONS	H1762	470,760	1,010,646	79,743	646,241	725,984
HAS GAS HEADER - ALTERATIONS	H1763	56,362	56,362	43,938	-	43,938
HAS WINDOWS - ALTERATIONS	H1764	951,205	950,975	305	39	344
PAR ADDITION - NEW CONSTRUCTION	H1765	5,224,976	6,500,678	241,106	3,072,682	3,313,788
PAR ADDITION - ALTERATIONS	H1766	304,434	304,434	13,195	18,757	31,952
PAR GAS HEADER - ALTERATIONS	H1767	49,743	43,208	1,890	(1,890)	-
PAR WINDOWS - ALTERATIONS	H1768	989,170	129,964	316	(316)	-
PUR GAS HEADER - ALTERATIONS	H1769	49,743	49,743	1,890	-	1,890
PUR WINDOW ROOF MASONRY - ALTERATIONS	H1770	747,720	747,539	433	30	463
PRES GAS HEADER - ALTERATIONS	H1771	49,743	49,743	1,890	2,437	4,327
PRES WINDOW ROOF MASONRY - ALTERATIONS	H1772	1,627,542	1,627,149	21,921	66	21,987
LMK ROOF FASCADE WINDOWS DOORS	H1773	14,529,756	15,269,644	136,025	1,061,636	1,197,661
LMK CAFETERIA EXPANSION	H1774	799,060	799,060	11,042	109,885	120,927
LMK RENOVATIONS	H1775	1,942,517	1,942,517	12,466	188,422	200,888
HHS ROOFING	H1801	2,228,120	2,138,120	2,119,765	-	2,119,765
HHS TRACK REPLACEMENT	H1802	290,154	290,154	273,141	-	273,141
PRES MECHANICAL	H1803	96,966	228,975	18,500	197,036	215,536
HHS EPC	H1850	3,335,096	3,335,096	1,122,046	2,165,509	3,287,555
LMK EPC	H1851	1,396,997	1,396,997	902,412	462,640	1,365,052
HAS EPC	H1852	591,439	591,439	223,735	362,011	585,746
PAR EPC	H1853	549,018	549,018	275,707	267,110	542,817
PUR EPC	H1854	670,847	670,847	453,352	215,387	668,739
PRES EPC	H1855	425,921	425,921	186,963	232,462	419,425
PRES ROOF	H1901	741,997	741,997	-	645,905	645,905
PUR PORTABLE ROOF	H1902	130,782	130,782	-	120,584	120,584
FIRE ALARM SYSTEM UPGRADES	H1903	67,576	67,576	-	42,415	42,415
PUR PAVING	H1904	105,000	127,500	-	125,520	125,520
LMK PARKING LOT REDESIGN	H1905	210,144	210,813	-	-	-
PAR PARTIAL ROOF REPLACEMENT	H1906	124,600	124,600	-	-	-
Totals		\$ 81,136,639	\$ 70,160,775	\$ 20,796,473	\$ 19,245,944	\$ 40,042,417

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance at June 30, 2019
	Proceeds of Obligations	Interfund Transfers	State Aid/ Other	Total	
\$ 28,003	\$ -	\$ 329,500	\$ -	\$ 329,500	\$ 28,003
33,232	-	228,850	-	228,850	33,232
-	-	33,191	-	33,191	-
87,147	-	374,850	-	374,850	87,147
-	-	39,000	-	39,000	-
-	-	242,892	125,000	367,892	-
-	-	38,271	-	38,271	-
-	-	92,000	-	92,000	-
34,092	-	277,445	-	277,445	34,092
-	-	119,500	-	119,500	-
-	-	24,000	-	24,000	-
-	-	60,840	-	60,840	-
-	-	70,000	-	70,000	-
-	-	63,750	-	63,750	-
-	-	40,000	-	40,000	-
29,350	-	359,378	-	359,378	29,350
23,196	-	1,443,110	125,000	1,568,110	23,196
29,317	-	430,000	-	430,000	29,317
16,222	-	249,800	-	249,800	16,222
16,631	-	249,283	-	249,283	16,631
-	-	76,311	-	76,311	-
-	-	40,825	-	40,825	-
-	-	32,000	-	32,000	-
831	-	78,000	-	78,000	831
1,600	-	15,000	-	15,000	1,600
5,118	-	37,000	-	37,000	5,118
5,981	-	25,117	-	25,117	5,981
15,025	-	47,000	-	47,000	15,025
14,639	-	989,424	-	989,424	14,639
5,189	-	50,719	-	50,719	5,188
54,068	-	54,068	-	54,068	54,068
1,761	-	1,035,000	-	1,035,000	1,761
33,673	-	632,491	-	632,491	33,673
59,469	-	1,002,791	-	1,002,791	59,469
91,072	-	-	339,841	339,841	-
665,339	4,217,764	-	-	4,217,764	665,339
248,188	1,403,261	-	-	1,403,261	248,188
593	688,000	(3,327)	-	684,673	582
8	43,204	3,327	-	46,531	8
97,604	6,536	-	-	6,536	4,397
647,204	86,821	-	-	86,821	73,383
119,320	3,681,770	-	-	3,681,770	98,641
1,347,017	3,158,604	-	504,500	3,663,104	1,347,017
91,472	345,375	-	-	345,375	91,472
49,538	6,536	-	-	6,536	6,331
1,831,311	3,958,662	1,255,000	-	5,213,662	1,831,311
284,662	610,761	-	-	610,761	(115,223)
12,424	56,362	-	-	56,362	12,424
950,631	124,976	-	-	124,976	124,632
3,186,890	5,224,951	225,000	-	5,449,951	2,136,163
272,482	304,434	-	-	304,434	272,482
43,208	6,536	-	-	6,536	6,536
129,964	129,964	-	-	129,964	129,964
47,853	6,536	-	-	6,536	4,646
747,076	98,241	-	-	98,241	97,778
45,416	6,536	-	-	6,536	2,209
1,605,162	213,837	-	-	213,837	191,850
14,071,983	15,038,754	-	-	15,038,754	13,841,093
678,133	799,060	-	-	799,060	678,133
1,741,629	1,742,519	-	-	1,742,519	1,541,631
18,355	-	2,138,120	-	2,138,120	18,355
17,013	-	290,154	-	290,154	17,013
13,439	-	228,975	-	228,975	13,439
47,541	3,335,096	-	-	3,335,096	47,541
31,945	1,396,997	-	-	1,396,997	31,945
5,693	591,439	-	-	591,439	5,693
6,201	549,018	-	-	549,018	6,201
2,108	670,847	-	-	670,847	2,108
6,496	425,921	-	-	425,921	6,496
96,092	-	741,997	-	741,997	96,092
10,198	-	130,782	-	130,782	10,198
25,161	-	67,576	-	67,576	25,161
1,980	-	127,500	-	127,500	1,980
210,813	-	210,813	-	210,813	210,813
124,600	-	124,600	-	124,600	124,600
<u>\$ 30,118,358</u>	<u>\$ 48,929,318</u>	<u>\$ 14,421,923</u>	<u>\$ 1,094,341</u>	<u>\$ 64,445,582</u>	<u>\$ 24,403,165</u>

Harrison Central School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019
(With Comparative Totals for 2018)

	Special Aid	School Lunch	Special Purpose
ASSETS			
Cash and equivalents	\$ -	\$ 51,173	\$ 231,680
Receivables			
Accounts	-	-	5,852
State and Federal aid	1,174,715	31,745	-
Due from other funds	-	1,301,168	-
	<u>1,174,715</u>	<u>1,332,913</u>	<u>5,852</u>
Total Assets	<u>\$ 1,174,715</u>	<u>\$ 1,384,086</u>	<u>\$ 237,532</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 75,959	\$ 116,490	\$ 14,664
Due to other funds	1,098,756	1,000,000	17,164
Unearned revenues	-	61,329	-
	<u>1,174,715</u>	<u>1,177,819</u>	<u>31,828</u>
Fund balances			
Restricted	-	-	205,704
Assigned	-	206,267	-
	<u>-</u>	<u>206,267</u>	<u>205,704</u>
Total Fund Balances	<u>-</u>	<u>206,267</u>	<u>205,704</u>
Total Liabilities and Fund Balances	<u>\$ 1,174,715</u>	<u>\$ 1,384,086</u>	<u>\$ 237,532</u>

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2019	2018
\$ -	\$ 282,853	\$ 713,166
-	5,852	58,908
-	1,206,460	1,151,309
311,736	1,612,904	715,150
311,736	2,825,216	1,925,367
<u>\$ 311,736</u>	<u>\$ 3,108,069</u>	<u>\$ 2,638,533</u>
\$ -	\$ 207,113	\$ 120,437
-	2,115,920	1,946,441
-	61,329	58,095
-	2,384,362	2,124,973
311,736	517,440	328,860
-	206,267	184,700
311,736	723,707	513,560
<u>\$ 311,736</u>	<u>\$ 3,108,069</u>	<u>\$ 2,638,533</u>

Harrison Central School District, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2019
 (With Comparative Totals for 2018)

	Special Aid	School Lunch	Special Purpose
REVENUES			
Use of money and property	\$ -	\$ 286	\$ 416
State aid	242,303	19,790	-
Federal aid	1,412,906	431,477	-
Food sales	-	1,179,420	-
Miscellaneous	-	120	123,407
Total Revenues	1,655,209	1,631,093	123,823
EXPENDITURES			
Current			
Instruction	1,670,988	-	154,859
Pupil transportation	115,194	-	-
Cost of food sales	-	1,384,526	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	1,786,182	1,384,526	154,859
Excess (Deficiency) of Revenues Over Expenditures	(130,973)	246,567	(31,036)
OTHER FINANCING SOURCES (USES)			
Transfers in	130,973	-	-
Transfers out	-	(225,000)	-
Total Other Financing Sources (Uses)	130,973	(225,000)	-
Net Change in Fund Balances	-	21,567	(31,036)
FUND BALANCES			
Beginning of Year	-	184,700	236,740
End of Year	\$ -	\$ 206,267	\$ 205,704

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2019	2018
\$ 419,616	\$ 420,318	\$ 92,949
-	262,093	315,994
-	1,844,383	1,794,157
-	1,179,420	1,090,362
-	123,527	306,974
419,616	3,829,741	3,600,436
-	1,825,847	1,887,407
-	115,194	103,423
-	1,384,526	1,259,197
745,036	745,036	-
960,691	960,691	-
1,705,727	5,031,294	3,250,027
(1,286,111)	(1,201,553)	350,409
1,705,727	1,836,700	124,870
(200,000)	(425,000)	(375,000)
1,505,727	1,411,700	(250,130)
219,616	210,147	100,279
92,120	513,560	413,281
\$ 311,736	\$ 723,707	\$ 513,560

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Harrison Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
State and Federal aid receivable	<u>\$ 1,174,715</u>	<u>\$ 1,127,795</u>
LIABILITIES		
Accounts payable	\$ 75,959	\$ 37,739
Due to other funds	<u>1,098,756</u>	<u>1,090,056</u>
Total Liabilities	<u>\$ 1,174,715</u>	<u>\$ 1,127,795</u>

Harrison Central School District, New York

Special Aid Fund

Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 175,275	\$ 242,303	\$ 242,303	\$ -
Federal aid	1,572,152	1,611,952	1,412,906	(199,046)
Total Revenues	1,747,427	1,854,255	1,655,209	(199,046)
EXPENDITURES				
Current				
Instruction	1,830,233	1,936,917	1,670,988	265,929
Pupil transportation	115,194	115,194	115,194	-
Total Expenditures	1,945,427	2,052,111	1,786,182	265,929
Deficiency of Revenues Over Expenditures	(198,000)	(197,856)	(130,973)	66,883
OTHER FINANCING SOURCES				
Transfers in	198,000	197,856	130,973	(66,883)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 223,896	\$ 297,026	\$ 297,026	\$ -
1,627,873	1,652,176	1,377,294	(274,882)
1,851,769	1,949,202	1,674,320	(274,882)
1,946,346	1,973,779	1,695,767	278,012
103,423	103,423	103,423	-
2,049,769	2,077,202	1,799,190	278,012
(198,000)	(128,000)	(124,870)	3,130
198,000	128,000	124,870	(3,130)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Harrison Central School District, New YorkSchool Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	<u>\$ 51,173</u>	<u>\$ 445,814</u>
Receivables		
State and Federal aid	31,745	23,514
Due from other funds	<u>1,301,168</u>	<u>623,030</u>
	<u>1,332,913</u>	<u>646,544</u>
Total Assets	<u><u>\$ 1,384,086</u></u>	<u><u>\$ 1,092,358</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 116,490	\$ 74,563
Due to other funds	1,000,000	775,000
Unearned revenues	<u>61,329</u>	<u>58,095</u>
Total Liabilities	1,177,819	907,658
Fund balance		
Assigned	<u>206,267</u>	<u>184,700</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,384,086</u></u>	<u><u>\$ 1,092,358</u></u>

Harrison Central School District, New York

School Lunch Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2019</u>	<u>2018</u>
REVENUES		
Use of money and property	\$ 286	\$ 410
State aid	19,790	18,968
Federal aid	431,477	416,863
Food sales	1,179,420	1,090,362
Miscellaneous	<u>120</u>	<u>770</u>
Total Revenues	1,631,093	1,527,373
EXPENDITURES		
Current		
Cost of food sales	<u>1,384,526</u>	<u>1,259,197</u>
Excess of Revenues Over Expenditures	246,567	268,176
OTHER FINANCING USES		
Transfers out	<u>(225,000)</u>	<u>(375,000)</u>
Net Change in Fund Balance	21,567	(106,824)
FUND BALANCE		
Beginning of Year	<u>184,700</u>	<u>291,524</u>
End of Year	<u><u>\$ 206,267</u></u>	<u><u>\$ 184,700</u></u>

Harrison Central School District, New York

Special Purpose Fund Comparative Balance Sheet June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ 231,680	\$ 267,352
Accounts receivable	<u>5,852</u>	<u>58,908</u>
Total Assets	<u><u>\$ 237,532</u></u>	<u><u>\$ 326,260</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 14,664	\$ 8,135
Due to other funds	<u>17,164</u>	<u>81,385</u>
Total Liabilities	31,828	89,520
Fund balance		
Restricted	<u>205,704</u>	<u>236,740</u>
Total Liabilities and Fund Balance	<u><u>\$ 237,532</u></u>	<u><u>\$ 326,260</u></u>

Harrison Central School District, New York

Special Purpose Fund Comparative Statement of Revenues, Expenditures and Changes In Fund Balance Years Ended June 30,

	<u>2019</u>	<u>2018</u>
REVENUES		
Use of money and property	\$ 416	\$ 419
Miscellaneous	<u>123,407</u>	<u>306,204</u>
Total Revenues	123,823	306,623
EXPENDITURES		
Current		
Instruction	<u>154,859</u>	<u>191,640</u>
Excess (Deficiency) of Revenues Over Expenditures	(31,036)	114,983
FUND BALANCE		
Beginning of Year	<u>236,740</u>	<u>121,757</u>
End of Year	<u>\$ 205,704</u>	<u>\$ 236,740</u>

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Harrison Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Due from Other Funds	<u>\$ 311,736</u>	<u>\$ 92,120</u>
FUND BALANCE		
Restricted	<u>\$ 311,736</u>	<u>\$ 92,120</u>

Harrison Central School District, New York

Debt Service Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30,

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ -	\$ -	\$ 419,616	\$ 419,616
EXPENDITURES				
Debt service				
Principal				
Serial bonds	485,000	485,000	485,000	-
Energy performance contract	260,036	260,036	260,036	-
Total Principal	745,036	745,036	745,036	-
Interest				
Serial bonds	726,972	726,972	726,972	-
Energy performance contract	233,575	233,719	233,719	-
Total Interest	960,547	960,691	960,691	-
Total Expenditures	1,705,583	1,705,727	1,705,727	-
Excess (Deficiency) of Revenues Over Expenditures	(1,705,583)	(1,705,727)	(1,286,111)	419,616
OTHER FINANCING SOURCES (USES)				
Transfers in	1,705,583	1,705,727	1,705,727	-
Transfers out	-	(200,000)	(200,000)	-
Total Other Financing Sources	1,705,583	1,505,727	1,505,727	-
Net Change in Fund Balance	-	(200,000)	219,616	419,616
FUND BALANCE				
Beginning of Year	-	200,000	92,120	(107,880)
End of Year	\$ -	\$ -	\$ 311,736	\$ 311,736

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 92,120	\$ 92,120
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	92,120	92,120
-	-	-	-
-	-	-	-
-	-	-	-
-	-	92,120	92,120
-	-	-	-
\$ -	\$ -	\$ 92,120	\$ 92,120

Harrison Central School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2019

Adopted Budget	\$ 116,705,656
Encumbrances	<u>2,343,955</u>
Original Budget	119,049,611
Budget Amendments	<u>319,017</u>
Final Budget	<u><u>\$ 119,368,628</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2019-20 Expenditure Budget	\$ 119,409,331
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	3,554,566
Unassigned fund balance	<u>4,776,372</u>
Total Unrestricted Fund Balance	<u>8,330,938</u>
Less	
Appropriated for subsequent year's budget	800,000
Encumbrances	<u>2,754,566</u>
Total Adjustments	<u>3,554,566</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,776,372</u></u>
Actual Percentage	<u><u>4.00%</u></u>

Harrison Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2019

Capital Assets, net		\$ 66,824,201
Less		
General obligation bonds payable	(41,475,000)	
Energy performance contract debt payable	<u>(6,709,282)</u>	(48,184,282)
Plus		
Unexpended debt proceeds		<u>21,521,686</u>
Net Investment in Capital Assets		<u>\$ 40,161,605</u>

Harrison Central School District, New York

Fiduciary Funds - Agency Fund

Statement of Changes in Assets and Liabilities

Year Ended June 30, 2019

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
ASSETS				
Cash and equivalents	\$ 414,916	\$ 67,896,956	\$ 67,800,754	\$ 511,118
Accounts receivable	-	3,571,098	3,571,098	-
Total Assets	<u>\$ 414,916</u>	<u>\$ 71,468,054</u>	<u>\$ 71,371,852</u>	<u>\$ 511,118</u>
LIABILITIES				
Accounts payable	\$ 131,190	\$ 73,652,189	\$ 73,564,103	\$ 219,276
Deposits payable	89,110	1,362,474	1,359,217	92,367
Net payroll	-	41,074,658	41,074,658	-
Employee payroll deductions	17,654	27,306,947	27,307,284	17,317
Student activity funds	176,962	237,936	232,740	182,158
Total Liabilities	<u>\$ 414,916</u>	<u>\$ 143,634,204</u>	<u>\$ 143,538,002</u>	<u>\$ 511,118</u>

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

Independent Auditors' Report

**The Board of Education of the
Harrison Central School District, 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 the aggregate remaining fund information of the Harrison Central School District, New York ("School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 25, 2019

**Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

**The Board of Education of the
Harrison Central School District, New York**

Report on Compliance for Each Major Federal Program

We have audited the Harrison Central School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 25, 2019

Harrison Central School District, New York
**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 50,073
National School Lunch Program - Commodities	10.555	N/A	-	52,021
National School Lunch Program - Cash	10.555	N/A	-	329,383
Total U.S. Department of Agriculture			-	431,477
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-19-1066	-	729,241
Special Education - Preschool Grants	84.173	0033-19-1066	-	19,956
Subtotal Special Education Cluster			-	749,197
Title I Grants to Local Educational Agencies	84.010	0021-19-3695	-	429,243
English Language Acquisition State Grants	84.365	0293-18-3695	-	15,319
English Language Acquisition State Grants	84.365	0293-19-3695	-	46,927
English Language Acquisition State Grants	84.365	0149-18-3695	-	21,409
English Language Acquisition State Grants	84.365	0149-19-3695	-	7,594
			-	91,249
Supporting Effective Instruction State Grants	84.367	0147-18-3695	-	8,272
Supporting Effective Instruction State Grants	84.367	0147-19-3695	-	110,874
			-	119,146
Student Support and Academic Enrichment Program	84.424	0204-19-3695	-	24,071
Total U.S. Department of Education			-	1,412,906
Total Expenditures of Federal Awards			\$ -	\$ 1,844,383

(1) Catalog of Federal Domestic Assistance number
N/A - Information not available

Harrison Central School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Harrison Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2019. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

Harrison Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on
whether the financial statements audited
were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Noncompliance material to financial statements
noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Type of auditors' report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
between Type A and Type B programs:
Auditee qualified as low-risk auditee?

\$750,000
☒ Yes ☐ No

Harrison Central School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2019

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Harrison Central School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

None