

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED
JUNE 30, 2018
INCLUDING REPORT ON
EXTRACLASSROOM ACTIVITY FUNDS

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
 JUNE 30, 2018
TABLE OF CONTENTS

<u>SCHEDULE NUMBER</u>	<u>SCHEDULES</u>	<u>PAGE</u>
	Independent Auditor's Report	1 - 3
	Management Discussion and Analysis	4 - 15
1	Statement of Net Position	16
2	Statement of Activities	17
3	Balance Sheet - Governmental Funds	18
4	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	19
5	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
6	Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
7	Statement of Fiduciary Net Position	22
8	Statement of Changes in Fiduciary Net Position	23
	Notes to Financial Statements	24 - 65
	<u>REQUIRED SUPPLEMENTAL SCHEDULES</u>	
SS-1	Schedule of Changes in the District's Total OPEB Liability and Related Ratios	66
SS-2	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	67 - 68
SS-3	Schedule of District's Proportionate Share of the Net Pension Liability	69
SS-4	Schedule of District Contributions	70
	<u>SUPPLEMENTAL SCHEDULES</u>	
SS-5	Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	71
SS-6	Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	72
SS-7	Net Investment in Capital Assets	73
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	74 - 75
	<u>REPORT ON EXTRACLASSROOM ACTIVITY FUNDS</u>	
	Independent Auditor's Report	76 - 77
	Statement of Assets, Liabilities and Fund Balance - Cash Basis	78
	Summary of Receipts and Disbursements - Cash Basis	79
	Notes to Financial Statements	80



Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
Croton-Harmon Union Free School District
Croton-on-Hudson, 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 Croton-Harmon Union Free School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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 Croton-Harmon Union Free School District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, management has adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 15 and 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Croton-Harmon Union Free School District's basic financial statements. The supplemental schedules on pages 71 through 73 were required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 71 through 73 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 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 supplemental schedules on pages 71 through 73 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Croton-Harmon Union Free School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Croton-Harmon Union Free 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on the effectiveness of the Croton-Harmon Union Free 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 Croton-Harmon Union Free School District's internal control over financial reporting and compliance.

Mugant + Haussler, P.C.

Montgomery, New York
September 28, 2018

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Croton-Harmon Union Free School District's financial performance for the fiscal year ended June 30, 2018. The section is a summary of the Croton-Harmon Union Free School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- The District's actual expenditures and encumbrances were less than the revised budgeted expenditures by \$2,272,923. This was due to the following key factors:
 - Savings due to the continuation of the Flexible Support Program at the secondary level as the district was able to meet the needs of more students in-house rather than having to pay for expensive out of district programs. This program saves both tuition costs and transportation expenses and allows our students to stay in their home district.
 - The costs for utilities including fuel oil and natural gas to heat our buildings, as well as diesel fuel and gasoline for the buses, remained lower than budgeted.
 - The district continues to train in-house personnel in order to avoid paying for expensive repairs and maintenance when outside vendors are hired. Our custodial, maintenance and grounds crews have taken over much of the work that had previously been done by outside contractors such as minor boiler repairs and maintenance and athletic field maintenance.
 - Our instructional staff continues to provide staff development for the faculty thus eliminating the need to hire expensive outside consultants. In this way, the district is able to train more staff members for less money.
 - The district belongs to the Putnam-Northern Westchester Health Insurance Consortium which helps to contain the costs of health insurance premium rate increases. The rate increase for 2017-2018 was 8.0% which was far below the average increase of other health insurance plans. Looking ahead, the Health Insurance Consortium has added a new tier for the 2018-2019 school year which will be for Employee + 1. This will also save the district money since we will not have to pay for a family plan for two people.
 - The Transportation Department continues to belong to a consortium of school districts which was formed to share information regarding bus runs. This sharing of information has resulted in districts partnering with neighboring districts to consolidate bus runs and reduce the costs of out of district transportation.
 - Several years ago, the Croton-Harmon School District entered into a contract with Balog Consulting. The district was successful in reducing the taxable assessment of the Croton-Harmon High School which will substantially reduce the annual payment for the sewer tax in years to come.
 - The Croton-Harmon School District was able to save money due to the reduction in pension costs. The contribution rates for both the Teachers' Retirement System and the Employees' Retirement System were lower than the rates charged in 2016-2017.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

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

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial

position is improving or deteriorating, respectively.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

District-Wide Financial Statements (Continued)

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District as a Whole

For the year ended June 30, 2018, the District restated its beginning of year net position as a requirement of implementing GASB Statement No. 75. Beginning of year net position was decreased by \$35,046,726 from \$60,141,720 to \$25,094,994. For more information, see Note 17. For the year ended June 30, 2018, net position increased by \$1,721,707. The District's net position at June 30, 2018 is 26,816,801. The following table provides a summary of the District's net position:

Summary of Net Position

	<u>School District Activities</u>		
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>% Change</u>
Current Assets	\$ 28,942,776	21,228,061	36.34%
Non-Current Assets	52,732,153	52,959,784	-0.43%
Total Assets	<u>81,674,929</u>	<u>74,187,845</u>	10.09%
Deferred Outflows of Resources	<u>12,836,549</u>	<u>12,902,525</u>	-0.51%
Current Liabilities	15,116,443	8,284,733	82.46%
Long-Term Debt Outstanding	<u>48,254,750</u>	<u>52,926,618</u>	-8.83%
Total Liabilities	<u>63,371,193</u>	<u>61,211,351</u>	3.53%
Deferred Inflows of Resources	<u>4,323,484</u>	<u>784,025</u>	451.45%
Net Position:			
Net Investment in Capital Assets	33,939,013	38,692,802	-12.29%
Restricted	23,471,090	22,365,862	4.94%
Unrestricted	<u>(30,593,302)</u>	<u>(35,963,670)</u>	14.93%
Total Net Position	<u>\$ 26,816,801</u>	<u>\$ 25,094,994</u>	6.86%

The prior year information provided above has been adjusted to include the restatement of net position to provide a more meaningful comparison of net position.

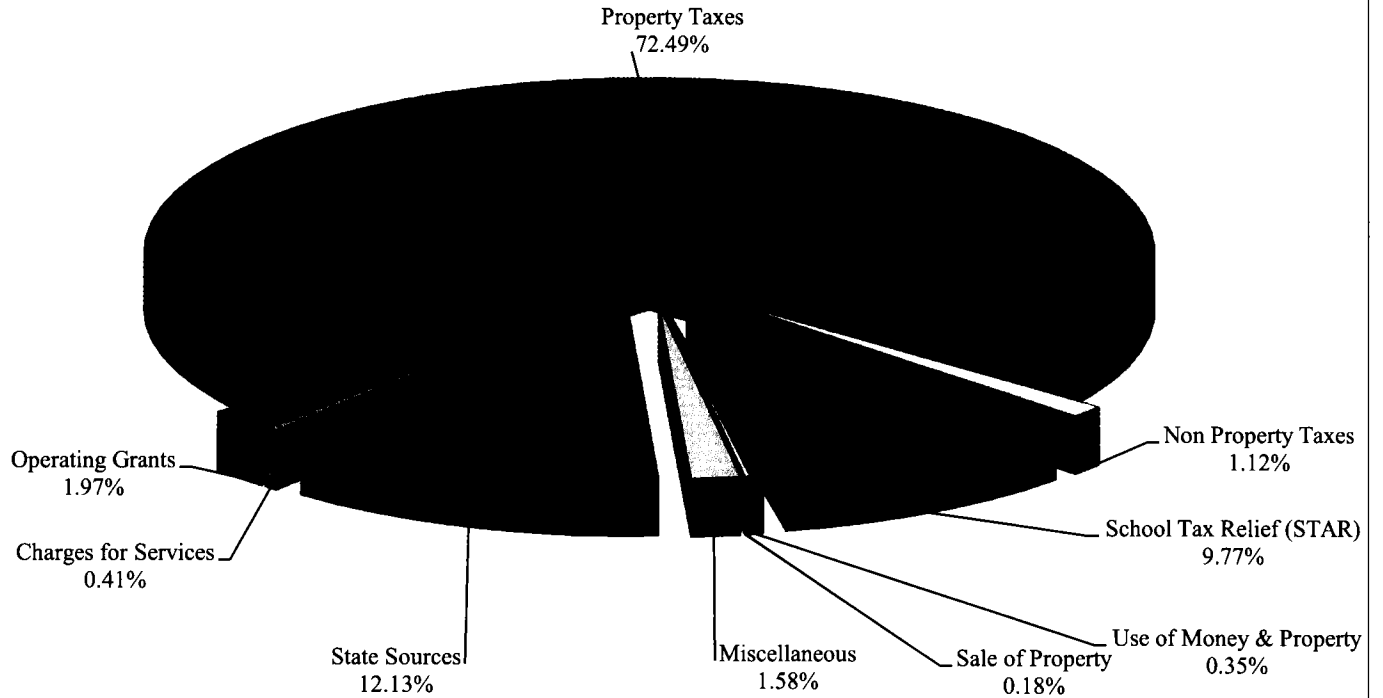
The following table and supporting graphs provide a summary of revenues, expenses and changes in net position for the year ended June 30, 2018:

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

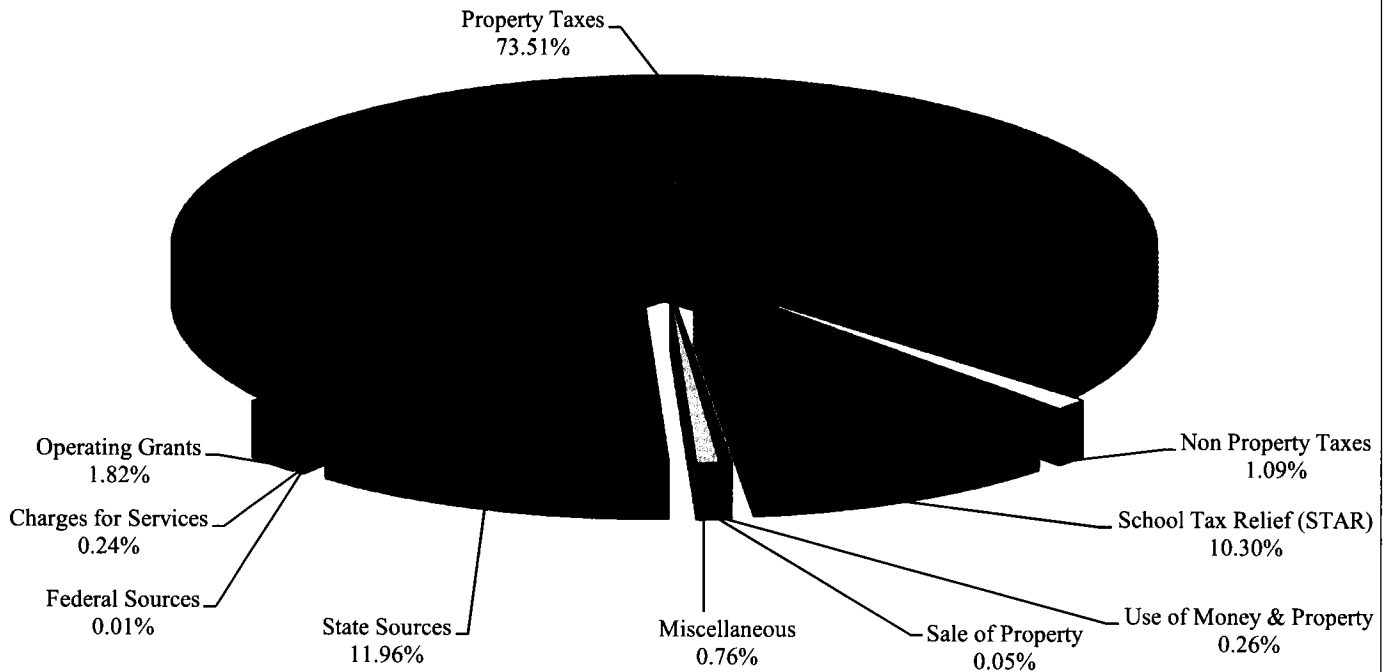
	<u>JUNE 30, 2018</u>	<u>%</u>	<u>JUNE 30, 2017</u>	<u>%</u>	<u>\$ Change</u>	<u>%</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 191,509	0.41%	\$ 111,087	0.24%	\$ 80,422	72.40%
Operating Grants	924,821	1.97%	838,663	1.82%	86,158	10.27%
GENERAL REVENUES:						
Property Taxes	34,035,985	72.49%	33,826,743	73.51%	209,242	0.62%
Non Property Taxes	526,124	1.12%	501,661	1.09%	24,463	4.88%
School Tax Relief (STAR)	4,587,150	9.77%	4,741,672	10.30%	(154,522)	-3.26%
Use of Money & Property	166,548	0.35%	119,338	0.26%	47,210	39.56%
Sale of Property	86,311	0.18%	24,808	0.05%	61,503	247.92%
Miscellaneous	742,903	1.58%	348,155	0.76%	394,748	113.38%
State Sources	5,696,390	12.13%	5,504,727	11.96%	191,663	3.48%
Federal Sources	877	0.00%	6,855	0.01%	(5,978)	-87.21%
TOTAL REVENUES	<u>46,958,618</u>	100.00%	<u>46,023,709</u>	100.00%	<u>934,909</u>	2.03%
<u>EXPENSES</u>						
General Support	6,132,635	13.56%	5,807,338	13.43%	325,297	5.60%
Instruction	24,918,596	55.08%	23,522,542	54.39%	1,396,054	5.93%
Pupil Transportation	2,476,939	5.48%	2,368,531	5.48%	108,408	4.58%
Employee Benefits	9,188,508	20.31%	9,070,177	20.98%	118,331	1.30%
Debt Service Interest	353,857	0.78%	425,801	0.98%	(71,944)	-16.90%
Depreciation	2,011,018	4.45%	2,010,418	4.65%	600	0.03%
School Lunch Program	155,258	0.34%	37,285	0.09%	117,973	316.41%
TOTAL EXPENSES	<u>45,236,811</u>	100.00%	<u>43,242,092</u>	100.00%	<u>1,994,719</u>	4.61%
CHANGE IN NET POSITION	<u>\$ 1,721,807</u>		<u>\$ 2,781,617</u>		<u>\$ (1,059,810)</u>	-38.10%

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

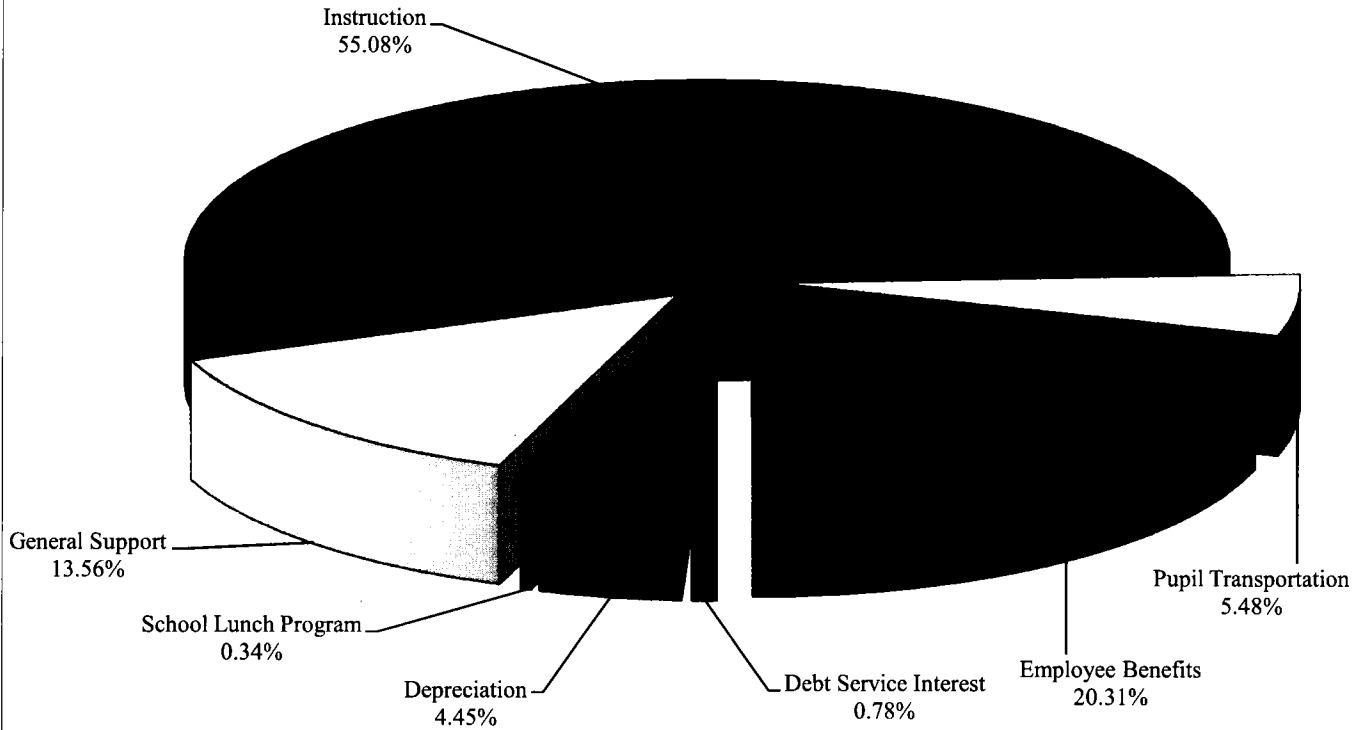


**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

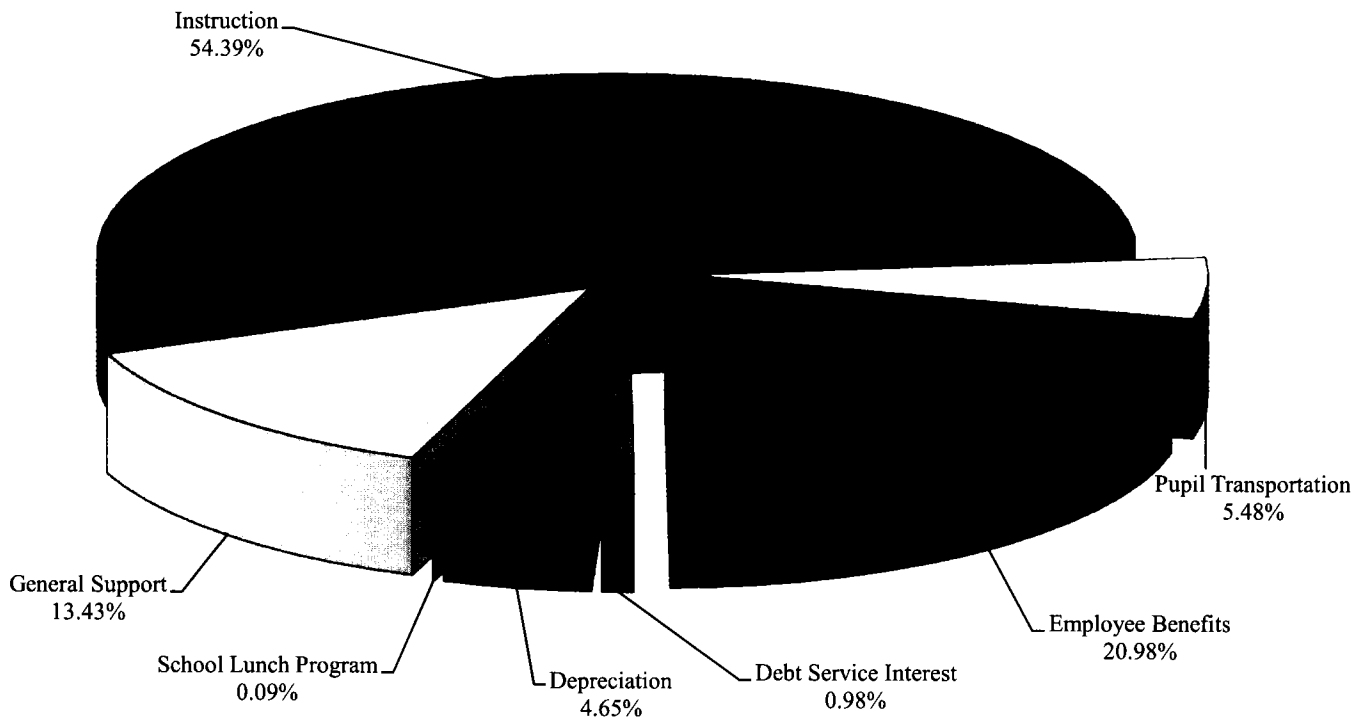


CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2018



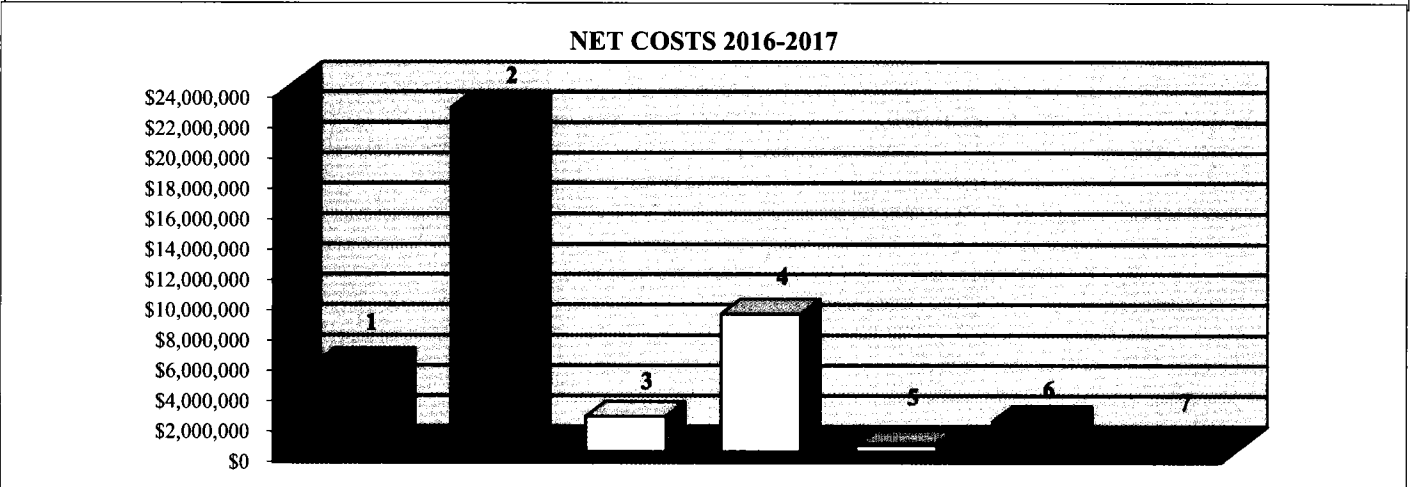
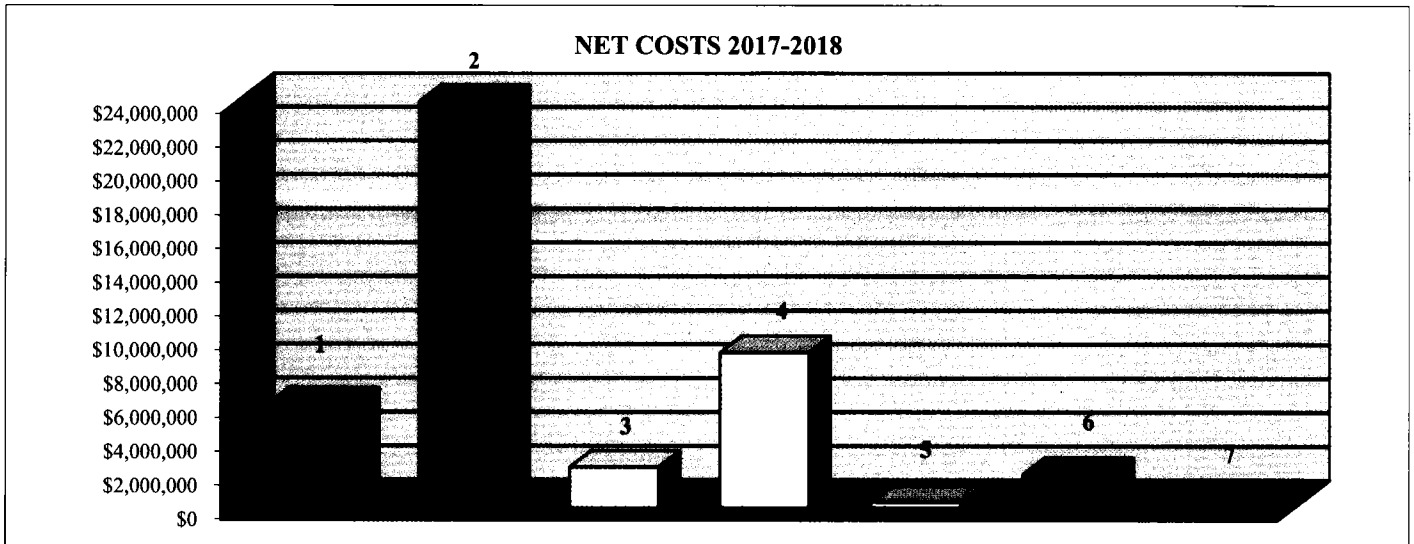
EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017



CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

The following information is provided to disclose the net cost of governmental activities:

	TOTAL COST OF SERVICES 2017-2018	NET COST OF SERVICES 2017-2018	TOTAL COST OF SERVICES 2016-2017	NET COST OF SERVICES 2016-2017
General Support	\$ 6,132,635	\$ 6,132,635	\$ 5,807,338	\$ 5,807,338
Instruction	24,918,596	23,995,117	23,522,542	22,662,044
Pupil Transportation	2,476,939	2,405,061	2,368,531	2,309,961
Employee Benefits	9,188,508	9,188,508	9,070,177	9,070,177
Debt Service - Interest	353,857	353,857	425,801	425,801
Depreciation	2,011,018	2,011,018	2,010,418	2,010,418
School Lunch Program	155,258	34,285	37,285	6,603
	<u>\$ 45,236,811</u>	<u>\$ 44,120,481</u>	<u>\$ 43,242,092</u>	<u>\$ 42,292,342</u>



CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	<u>June 30, 2018</u>				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 14,677,371	\$ 1,727,090	\$ 1,885,051	\$ 18,289,512
Special Aid	0	70,838	0	0	70,838
School Lunch	1,069	55,226	0	0	56,295
Capital Projects	0	0	0	(1,419,004)	(1,419,004)
Debt Service	0	157,781	0	0	157,781
Total	<u>\$ 1,069</u>	<u>\$ 14,961,216</u>	<u>\$ 1,727,090</u>	<u>\$ 466,047</u>	<u>\$ 17,155,422</u>

	<u>June 30, 2017</u>				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 13,419,655	\$ 1,536,428	\$ 1,850,961	\$ 16,807,044
Special Aid	0	70,838	0	0	70,838
School Lunch	0	5,821	0	0	5,821
Capital Projects	0	0	0	(845,385)	(845,385)
Debt Service	0	86,676	0	0	86,676
Total	<u>\$ 0</u>	<u>\$ 13,582,990</u>	<u>\$ 1,536,428</u>	<u>\$ 1,005,576</u>	<u>\$ 16,124,994</u>

General Fund Budgetary Highlights

The original budget for the General Fund was revised by \$293,805 during the year. The supplemental appropriations consisted of appropriations of \$12,800 from the Employee Benefit Accrued Liability Reserve for Retirement Benefits, and \$229,496 from the Tax Certiorari Reserve. A budget revision was also made for an insurance reimbursement of \$51,509.

In the General Fund for the fiscal year ended June 30, 2018, actual revenues were more than revised budgeted revenues by \$786,179 (1.75%). Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$2,272,923 (4.82%). Once again, the District kept fiscal restraints on purchases.

For fiscal year 2018-2019, the District has appropriated \$1,125,000 of fund balance to reduce the tax levy.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

General Fund Budgetary Highlights (Continued)

Factors that continue to affect the budget process are as follows:

- Variances between estimated revenues and amounts actually received from New York State Aid
- The tax levy cap legislation
- Low interest rates being paid on District investments
- High costs of employee benefits such as health insurance, workers compensation insurance, teachers' and employees' retirement
- The uncertainty in costs of utilities – electric, gasoline, diesel fuel and heating oil

The New York State Legislature enacted legislation, Chapter 97 of the Laws of 2011 that establishes a “property tax cap” on the amount that a school district’s property tax levy can increase each year. This legislation specifies that property taxes levied by a school district generally cannot increase by more than two percent, or the rate of inflation, whichever is less. The law does allow school districts to levy an additional amount for certain excludable expenditures. School districts can adopt a tax levy that exceeds the statutory limit, if the budget that is presented to the public is approved by sixty percent of the votes cast.

Management believes that the budget adopted for 2018-2019 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The Special Aid Fund ended the year with a fund balance of \$70,838. These funds will be appropriated in subsequent years to offset necessary transfers from the General Fund.

The School Lunch Program Fund ended the year with a fund balance of \$56,295. Revenues exceeded expenditures by \$50,474.

The Capital Projects Fund ended the year with a fund balance deficit of (\$1,419,004). The deficit is due to BANS used to finance the purchase of buses and district building improvements. Funding for the buses and building improvements will be provided as the BANS are redeemed from General Fund Appropriations.

Debt Service Fund ended the year with a fund balance of \$157,781. This fund balance will be appropriated in future years to offset principal and interest payments. The \$157,781 includes a premium payment of \$90,333 in the 2017-2018 year on a \$7,880,000 BAN which will be used to offset the BAN payment due on the BAN in June 2019.

Capital Asset and Debt Administration

Capital Assets

The District’s investment in capital assets, net of accumulated depreciation as of June 30, 2018, was \$51,915,442. The total change in this net investment was a decrease of 1.97% for the District as a whole (see schedule below). The District’s investment in capital assets, net of accumulated depreciation as of June 30, 2017 was \$52,959,784. The District expended 971,081 to acquire and construct capital assets during the fiscal year ended June 30, 2018. Assets retired from service had a net basis of \$4,405 and depreciation expense for the fiscal year was 2,011,018.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Capital Assets (Continued)

CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 810,100	\$ 810,100	0.00%
Construction in Progress	1,008,938	419,670	140.41%
<u>Depreciable Assets:</u>			
Land Improvements	397,013	459,095	-13.52%
Building and Improvements	48,108,807	49,753,873	-3.31%
Furniture and Equipment	380,304	413,792	-8.09%
Vehicles	1,210,280	1,103,254	9.70%
TOTALS	<u>\$ 51,915,442</u>	<u>\$ 52,959,784</u>	-1.97%

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$6,915,000. This amount is backed by the full faith and credit of the Croton-Harmon Union Free School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>			<u>Issued</u>
Serial Bond -2006	\$ 1,800,000	\$ 0	\$ 575,000	\$ 1,225,000
Serial Bond - 2011 Refunding	4,310,000	0	1,025,000	3,285,000
Serial Bond - 2013 Refunding	3,540,000	0	1,135,000	2,405,000
Total Bonded Debt Outstanding	<u>\$ 9,650,000</u>	<u>\$ 0</u>	<u>\$ 2,735,000</u>	<u>\$ 6,915,000</u>

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Diane L. Chaissan, Assistant Superintendent for Business, at the District's business offices at 10 Gerstein Street, Croton-on-Hudson, New York 10520.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

ASSETS

Unrestricted Cash	\$ 13,387,259
Restricted Cash	14,834,539
State & Federal Aid Receivable	409,547
Due from Other Governments	287,557
Due from Fiduciary Funds	3,780
Other Receivables, Net	19,024
Inventories	1,069
Capital Assets, Net	51,915,442
Net Pension Asset - Proportionate Share	816,711
TOTAL ASSETS	81,674,928

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amount on Refunding	203,405
Pension	12,633,144
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,836,549

LIABILITIES

Accounts Payable	706,137
Accrued Liabilities	350,891
Due to Other Governments	7,416
Due to Teachers' Retirement System	1,876,941
Due to Employees' Retirement System	225,714
Deferred Revenues	3,906
Retainage Payable	19,211
Bond Anticipation Notes	8,694,292
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Including Deferred Premium on Refunding of \$157,961)	2,997,961
Installment Purchase Debt	233,973
Due and Payable In More Than One Year:	
Bonds Payable (Including Deferred Premium on Refunding of \$111,796)	4,186,796
Installment Purchase Debt	2,066,812
Compensated Absences	489,007
Other Postemployment Benefits	40,895,638
Net Pension Liability - Proportionate Share	616,497
TOTAL LIABILITIES	63,371,192

DEFERRED INFLOWS OF RESOURCES

Pension	4,323,484
---------	-----------

NET POSITION

Net Investment in Capital Assets	33,939,013
Restricted	23,471,090
Unrestricted	(30,593,302)
TOTAL NET POSITION	\$ 26,816,801

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM REVENUES			NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	REVENUE & CHANGES IN NET POSITION
<u>FUNCTIONS & PROGRAMS</u>				
General Support	\$ (7,836,980)	\$ 0	\$ 0	\$ (7,836,980)
Instruction	(33,445,034)	81,621	841,858	(32,521,555)
Pupil Transportation	(3,400,220)	0	71,878	(3,328,342)
Debt Service - Interest	(353,857)	0	0	(353,857)
School Lunch Program	(200,719)	109,888	11,085	(79,746)
TOTAL FUNCTIONS & PROGRAMS	\$ (45,236,811)	\$ 191,509	\$ 924,821	(44,120,481)
<u>GENERAL REVENUES</u>				
Real Property Taxes				34,035,985
Other Tax Items				4,587,150
Non Property Taxes				526,124
Use of Money & Property				166,548
Sale of Property & Compensation for Loss				86,311
Miscellaneous				742,903
State Sources				5,696,390
Federal Sources				877
TOTAL GENERAL REVENUES				45,842,288
CHANGE IN NET POSITION				1,721,807
NET POSITION, BEGINNING OF YEAR (As Restated)				25,094,994
NET POSITION, END OF YEAR				\$ 26,816,801

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 5,840,505	\$ 0	\$ 58,486	\$ 7,488,268	\$ 0	\$ 13,387,259
Restricted Cash	14,677,371	0	0	0	157,168	14,834,539
State & Federal Aid Receivable	112,504	296,211	832	0	0	409,547
Due from Other Governments	287,557	0	0	0	0	287,557
Due from Other Funds	200,602	0	0	0	613	201,215
Due from Fiduciary Funds	3,780	0	0	0	0	3,780
Other Receivables, Net	17,402	1,525	97	0	0	19,024
Inventories	0	0	1,069	0	0	1,069
TOTAL ASSETS	<u>\$ 21,139,721</u>	<u>\$ 297,736</u>	<u>\$ 60,484</u>	<u>\$ 7,488,268</u>	<u>\$ 157,781</u>	<u>\$ 29,143,990</u>
<u>LIABILITIES & FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 488,007	\$ 5,513	\$ 0	\$ 212,617	\$ 0	\$ 706,137
Accrued Liabilities	257,883	13,832	1,232	0	0	272,947
Due to Other Governments	321	6,951	144	0	0	7,416
Due to Other Funds	250	200,602	0	363	0	201,215
Due to Teachers' Retirement System	1,876,941	0	0	0	0	1,876,941
Due to Employees' Retirement System	225,714	0	0	0	0	225,714
Deferred Revenues	1,093	0	2,813	0	0	3,906
Bond Anticipation Notes	0	0	0	8,694,292	0	8,694,292
TOTAL LIABILITIES	<u>2,850,209</u>	<u>226,898</u>	<u>4,189</u>	<u>8,907,272</u>	<u>0</u>	<u>11,988,568</u>
<u>FUND BALANCES</u>						
Nonspendable	0	0	1,069	0	0	1,069
Restricted	14,677,371	70,838	55,226	0	157,781	14,961,216
Assigned	1,727,090	0	0	0	0	1,727,090
Unassigned	1,885,051	0	0	(1,419,004)	0	466,047
TOTAL FUND BALANCES	<u>18,289,512</u>	<u>70,838</u>	<u>56,295</u>	<u>(1,419,004)</u>	<u>157,781</u>	<u>17,155,422</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 21,139,721</u>	<u>\$ 297,736</u>	<u>\$ 60,484</u>	<u>\$ 7,488,268</u>	<u>\$ 157,781</u>	<u>\$ 29,143,990</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
<u>ASSETS</u>				
Unrestricted Cash	\$ 13,387,259	\$ 0	\$ 0	\$ 13,387,259
Restricted Cash	14,834,539	0	0	14,834,539
State & Federal Aid Receivable	409,547	0	0	409,547
Due from Other Governments	287,557	0	0	287,557
Due from Other Funds	201,215	0	(201,215)	0
Due from Fiduciary Funds	3,780	0	0	3,780
Other Receivables, Net	19,024	0	0	19,024
Inventories	1,069	0	0	1,069
Capital Assets, Net	0	51,915,442	0	51,915,442
Net Pension Asset - Proportionate Share	0	816,711	0	816,711
TOTAL ASSETS	<u>29,143,990</u>	<u>52,732,153</u>	<u>(201,215)</u>	<u>81,674,928</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amount on Refunding	0	203,405	0	203,405
Pension	0	12,633,144	0	12,633,144
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>12,836,549</u>	<u>0</u>	<u>12,836,549</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,143,990</u>	<u>\$ 65,568,702</u>	<u>\$ (201,215)</u>	<u>\$ 94,511,477</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 706,137	\$ 0	\$ 0	\$ 706,137
Accrued Liabilities	272,947	77,944	0	350,891
Due to Other Governments	7,416	0	0	7,416
Due to Other Funds	201,215	0	(201,215)	0
Due to Teachers' Retirement System	1,876,941	0	0	1,876,941
Due to Employees' Retirement System	225,714	0	0	225,714
Deferred Revenues	3,906	0	0	3,906
Retainage Payable	0	19,211	0	19,211
Bond Anticipation Notes	8,694,292	0	0	8,694,292
Bonds Payable	0	7,184,757	0	7,184,757
Installment Purchase Debt	0	2,300,785	0	2,300,785
Compensated Absences	0	489,007	0	489,007
Other Postemployment Benefits	0	40,895,638	0	40,895,638
Net Pension Liability - Proportionate Share	0	616,497	0	616,497
TOTAL LIABILITIES	<u>11,988,568</u>	<u>51,583,839</u>	<u>(201,215)</u>	<u>63,371,192</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	0	4,323,484	0	4,323,484
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>11,988,568</u>	<u>55,907,323</u>	<u>(201,215)</u>	<u>67,694,676</u>
FUND BALANCES / NET POSITION	<u>17,155,422</u>	<u>9,661,379</u>	<u>0</u>	<u>26,816,801</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION	<u>\$ 29,143,990</u>	<u>\$ 65,568,702</u>	<u>\$ (201,215)</u>	<u>\$ 94,511,477</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>						
Real Property Taxes	\$ 34,035,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,035,985
Other Tax Items	4,587,150	0	0	0	0	4,587,150
Non Property Taxes	526,124	0	0	0	0	526,124
Charges for Services	81,621	0	0	0	0	81,621
Use of Money & Property	165,776	0	0	0	772	166,548
Sale of Property & Compensation for Loss	86,311	0	0	0	0	86,311
Miscellaneous	652,570	83,869	0	0	0	736,439
State Sources	5,656,100	239,793	0	187,200	0	6,083,093
Federal Sources	877	443,164	11,085	0	0	455,126
Sales	0	0	109,888	0	0	109,888
TOTAL REVENUES	<u>45,792,514</u>	<u>766,826</u>	<u>120,973</u>	<u>187,200</u>	<u>772</u>	<u>46,868,285</u>
<u>EXPENDITURES</u>						
General Support	6,117,303	0	66,809	0	0	6,184,112
Instruction	24,062,128	698,127	0	0	0	24,760,255
Pupil Transportation	2,387,092	89,847	0	0	0	2,476,939
Employee Benefits	7,969,451	38,800	5,241	0	0	8,013,492
Debt Service:						
Principal	3,236,616	0	0	0	0	3,236,616
Interest	407,508	0	0	0	0	407,508
Cost of Sales	0	0	88,449	0	0	88,449
Capital Outlay	0	0	0	1,063,927	0	1,063,927
TOTAL EXPENDITURES	<u>44,180,098</u>	<u>826,774</u>	<u>160,499</u>	<u>1,063,927</u>	<u>0</u>	<u>46,231,298</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	<u>1,612,416</u>	<u>(59,948)</u>	<u>(39,526)</u>	<u>(876,727)</u>	<u>772</u>	<u>636,987</u>
<u>OTHER SOURCES & USES</u>						
Bond Anticipation Notes Paid from Current Appropriations	0	0	0	303,108	0	303,108
Premium on Obligation	0	0	0	0	90,333	90,333
Operating Transfers In	20,000	59,948	90,000	0	0	169,948
Operating Transfers (Out)	(149,948)	0	0	0	(20,000)	(169,948)
TOTAL OTHER SOURCES & USES	<u>(129,948)</u>	<u>59,948</u>	<u>90,000</u>	<u>303,108</u>	<u>70,333</u>	<u>393,441</u>
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	1,482,468	0	50,474	(573,619)	71,105	1,030,428
FUND BALANCES, BEGINNING OF YEAR	<u>16,807,044</u>	<u>70,838</u>	<u>5,821</u>	<u>(845,385)</u>	<u>86,676</u>	<u>16,124,994</u>
FUND BALANCES, END OF YEAR	<u>\$ 18,289,512</u>	<u>\$ 70,838</u>	<u>\$ 56,295</u>	<u>\$ (1,419,004)</u>	<u>\$ 157,781</u>	<u>\$ 17,155,422</u>

See notes to financial statement.