

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

AUDIT REPORT FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014  
INCLUDING REPORTS ON  
EXTRACLASSROOM ACTIVITY FUNDS

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
JUNE 30, 2014  
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## 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

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Patrick M. Bullis, CPA  
Walter J. Jung, CPA  
Maureen K. Lyon, CPA  
Justin B. Wood, CPA

### **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, 2014, 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.

## **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, 2014, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Notes 1 and 16, to the financial statements, the Croton-Harmon Union Free School District adopted new accounting guidance, GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits funding progress and budgetary comparison information on pages 4 through 15 and 52 through 54 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 55 through 57 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 55 through 57, 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 55 through 57, are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2014, 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Croton-Harmon Union Free School District's internal control over financial reporting and compliance.

*Jugent & Haussler, P.C.*

Montgomery, New York  
October 3, 2014



## 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, 2014. 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, 2014 are as follows:

- The District's actual expenditures and encumbrances were less than the revised budgeted expenditures by \$3,866,242. This was due to the following key factors:
  - A conservative approach to budgeting which took into account the worst case scenario in all cases.
  - Utility costs remained lower than anticipated as well as savings from the Energy Performance Contract.
  - Savings in the Special Education and technology budgets.
  - Use of state bids to get the best price on commodities such as fuel oil, gasoline and diesel.
  - Use of state bids to purchase materials and supplies for offices and classrooms.
- The voters approved a Capital Reserve Fund - 2013 on May 21, 2013. In January 2012, the District received voter approval to spend up to \$3.4M in bus loop reconfiguration, masonry repointing and repair/upgrades to alarm systems and emergency lighting. All of the work which was done without bonding is now nearing completion. Through the use of the Capital Reserve Funds, it is projected that the district will save approximately \$1,479,000 in interest payments since no borrowing was needed to complete the previous roof projects and the current projects. This savings does not include payments for underwriter fees and other bond issuance costs.
- In January 2014, the voters approved the use of \$4M from the Capital Reserve Funds. These projects include but are not limited to:
  - Auditorium Storage
  - Creation of a Video Production Studio at CHHS
  - Operations and Maintenance storage facility
  - Safety and Security issues such as:
    - Vestibule reconfiguration in all three buildings
    - Generator backup for all critical systems such as alarm and telephone systems
    - Additional lighting in school parking lots
    - Upgrades to public address systems
- The Croton-Harmon School District belongs to the Putnam Northern Westchester Health Insurance Consortium which helps to contain costs of health insurance premium rate increases. The rates have increased 3% each of the last four years which is far below many other plans. The rate increase for 2014-2015 will be approximately 1.5%.
- The District also belongs to a Workers' Compensation consortium which has helped to mitigate increases by averaging the increases in premium costs among the 19 participating districts. The consortium has helped the district save significant amounts over the state plan since 1984.
- The District transportation department also belongs to a consortium of schools which was formed to share information regarding transportation routes. This sharing of information has resulted in districts being able to consolidate runs and has reduced costs on out of district transportation for special education runs.

## 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			
		Fund Financial Statements	
	District-Wide	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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
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 and liabilities, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/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.

#### **Financial Analysis of the District as a Whole**

The District's net position at June 30, 2014 is \$43,953,256. This is a \$2,405,155 increase from last year's net position of \$41,548,101, as adjusted. The following table provides a summary of the District's net position:

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis  
(Continued)**

Summary of Net Position

	School District Activities		
	June 30, 2014	June 30, 2013	% Change
Current Assets	\$ 20,458,215	20,697,381	-1.16%
Capital Assets, Net	52,352,718	51,488,042	1.68%
Total Assets	72,810,933	72,185,423	0.87%
Current Liabilities	7,544,073	6,924,850	8.94%
Long-Term Debt Outstanding	21,313,604	23,712,472	-10.12%
Total Liabilities	28,857,677	30,637,322	-5.81%
Net Position:			
Net Investment in Capital Assets	30,968,354	27,629,372	12.08%
Restricted	11,526,048	11,995,224	-3.91%
Unrestricted	1,458,854	1,923,505	-24.16%
Total Net Position	\$ 43,953,256	\$ 41,548,101	5.79%

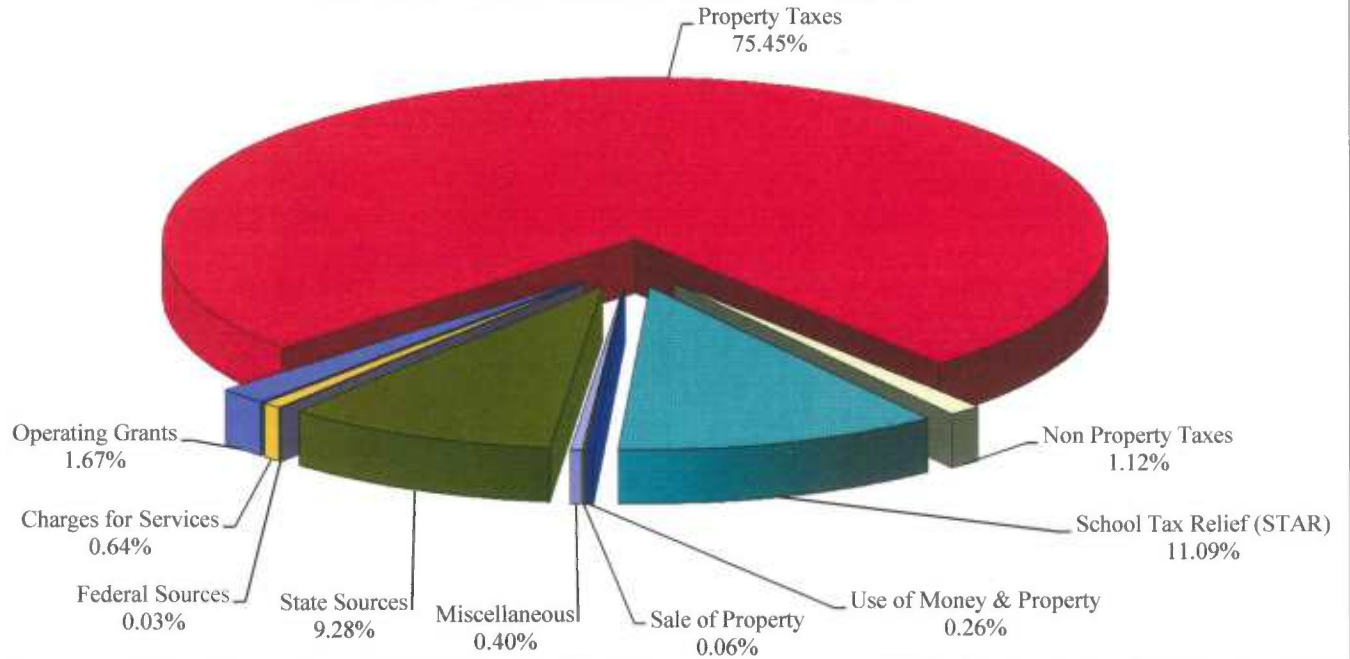
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2014:

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

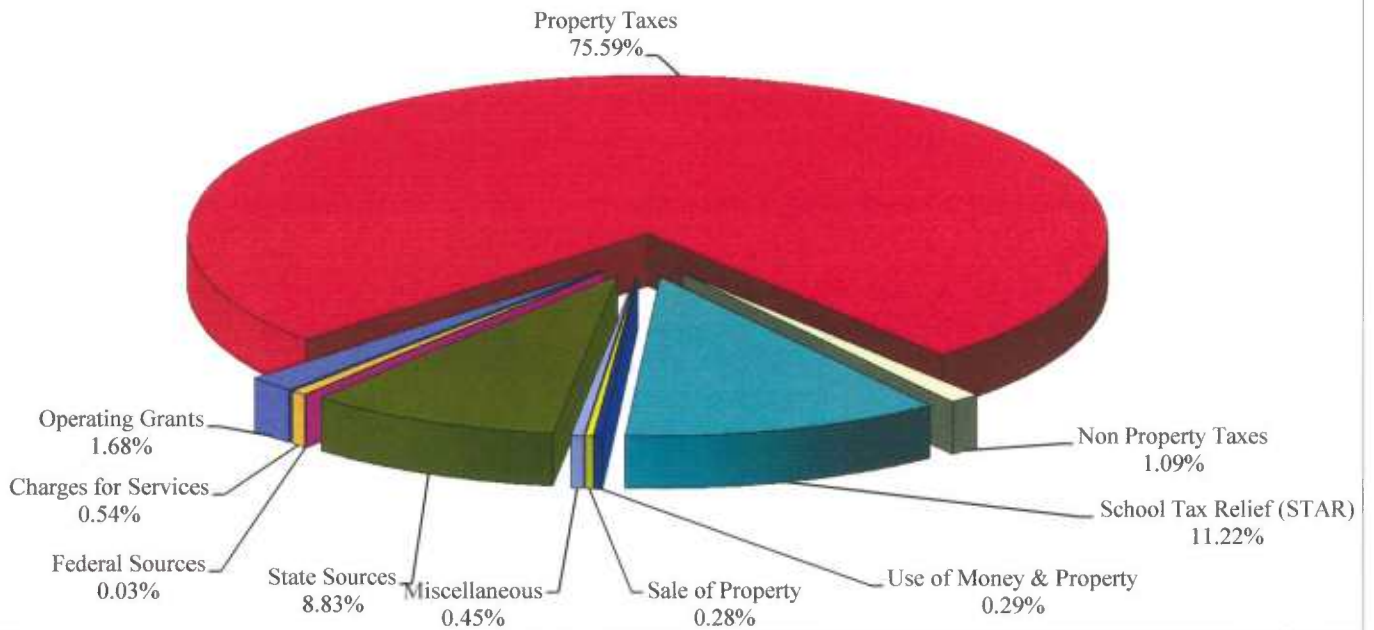
	<u>JUNE 30, 2014</u>	<u>%</u>	<u>JUNE 30, 2013</u>	<u>%</u>	<u>\$ Change</u>	<u>%</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 274,070	0.64%	\$ 227,611	0.54%	\$ 46,459	20.41%
Operating Grants	718,820	1.67%	705,514	1.68%	13,306	1.89%
GENERAL REVENUES:						
Property Taxes	32,480,841	75.45%	31,701,775	75.59%	779,066	2.46%
Non Property Taxes	482,617	1.12%	456,439	1.09%	26,178	5.74%
School Tax Relief (STAR)	4,772,029	11.09%	4,703,237	11.22%	68,792	1.46%
Use of Money & Property	113,696	0.26%	119,874	0.29%	(6,178)	-5.15%
Sale of Property	24,356	0.06%	115,767	0.28%	(91,411)	-78.96%
Miscellaneous	171,197	0.40%	190,447	0.45%	(19,250)	-10.11%
State Sources	3,993,635	9.28%	3,705,020	8.83%	288,615	7.79%
Federal Sources	11,518	0.03%	11,319	0.03%	199	1.76%
TOTAL REVENUES	<u>43,042,779</u>	<u>100.00%</u>	<u>41,937,003</u>	<u>100.00%</u>	<u>1,105,776</u>	<u>2.64%</u>
<u>EXPENSES</u>						
General Support	5,364,556	13.20%	5,189,006	13.24%	175,550	3.38%
Instruction	21,705,659	53.42%	21,759,735	55.50%	(54,076)	-0.25%
Pupil Transportation	2,324,954	5.72%	2,210,718	5.64%	114,236	5.17%
Employee Benefits	8,686,132	21.37%	7,854,741	20.04%	831,391	10.58%
Debt Service Interest	675,708	1.66%	750,477	1.91%	(74,769)	-9.96%
Depreciation	1,815,968	4.47%	1,397,832	3.57%	418,136	29.91%
School Lunch Program	64,647	0.16%	41,067	0.10%	23,580	57.42%
TOTAL EXPENSES	<u>40,637,624</u>	<u>100.00%</u>	<u>39,203,576</u>	<u>100.00%</u>	<u>1,434,048</u>	<u>3.66%</u>
INCREASE (DECREASE)						
IN NET ASSETS	<u>\$ 2,405,155</u>		<u>\$ 2,733,427</u>		<u>\$(328,272)</u>	<u>-12.01%</u>

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

**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



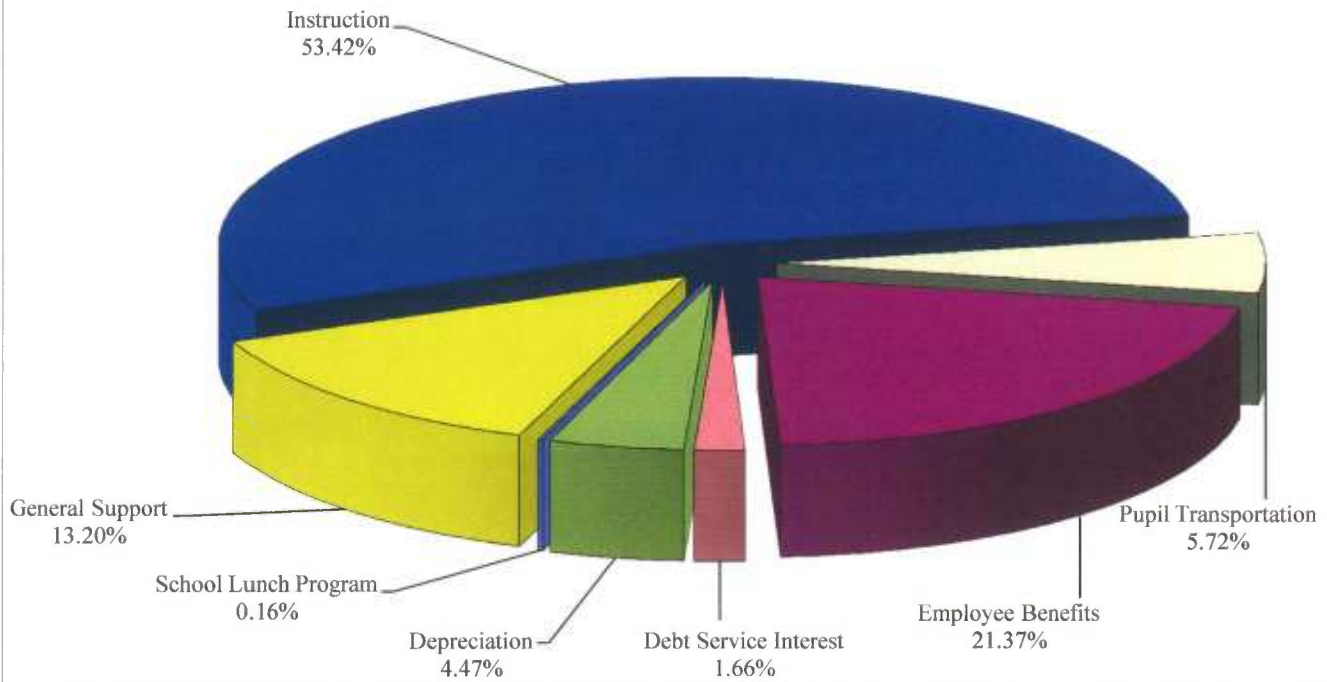
**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



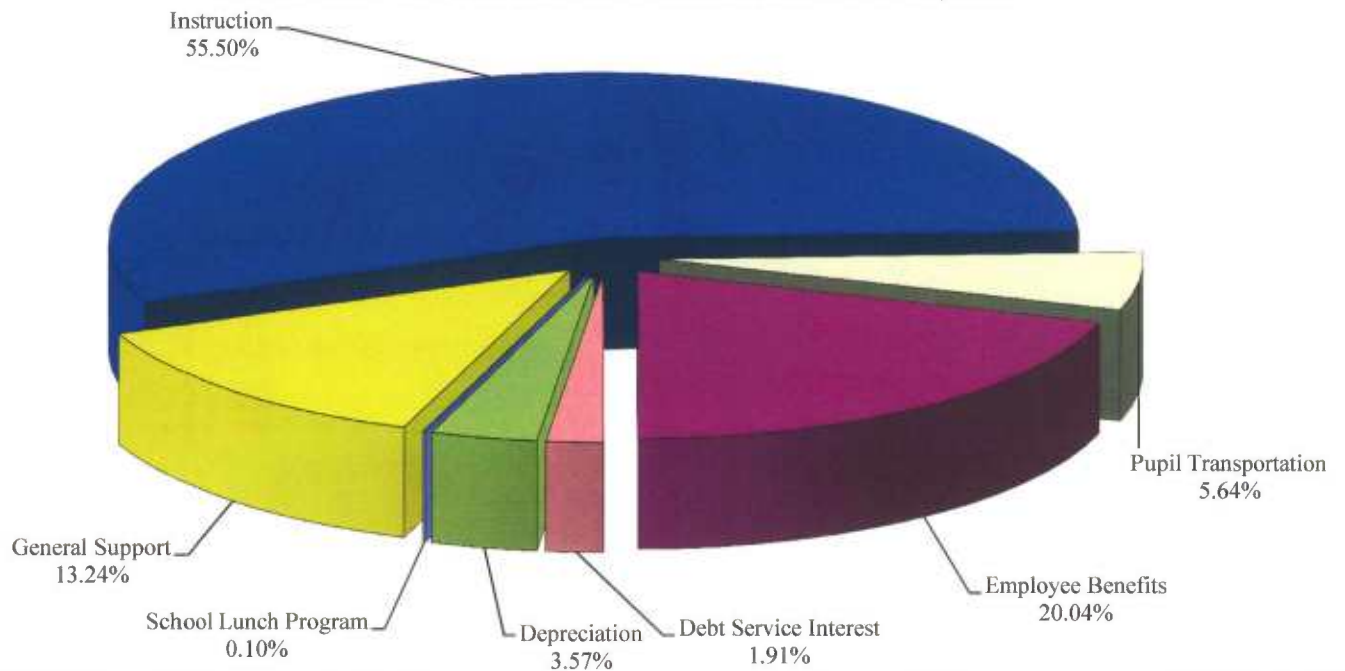


CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK

**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

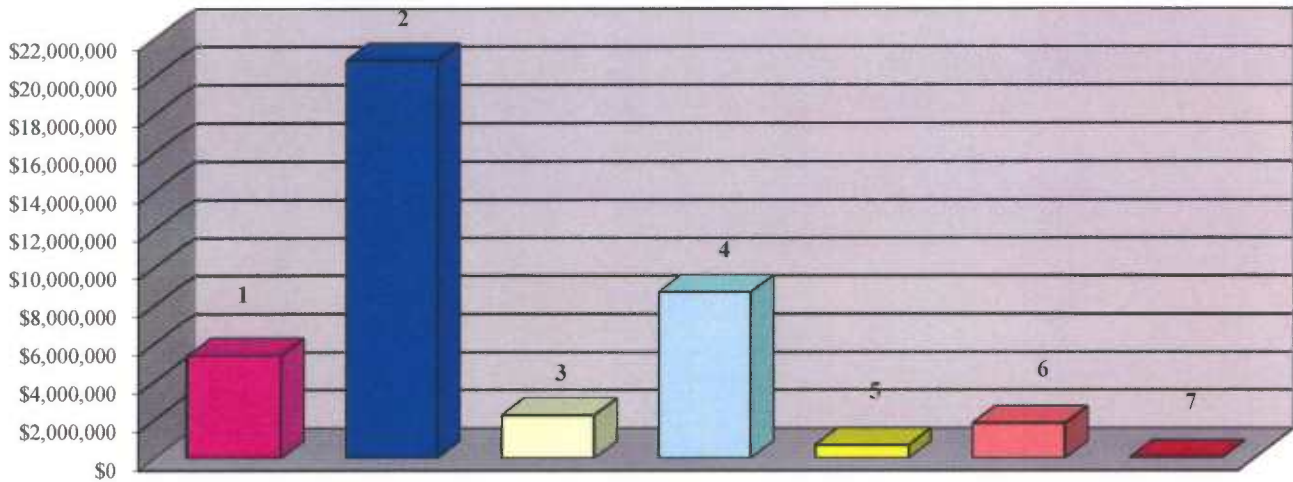


CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
STATEMENT OF ACTIVITIES  
NET COSTS

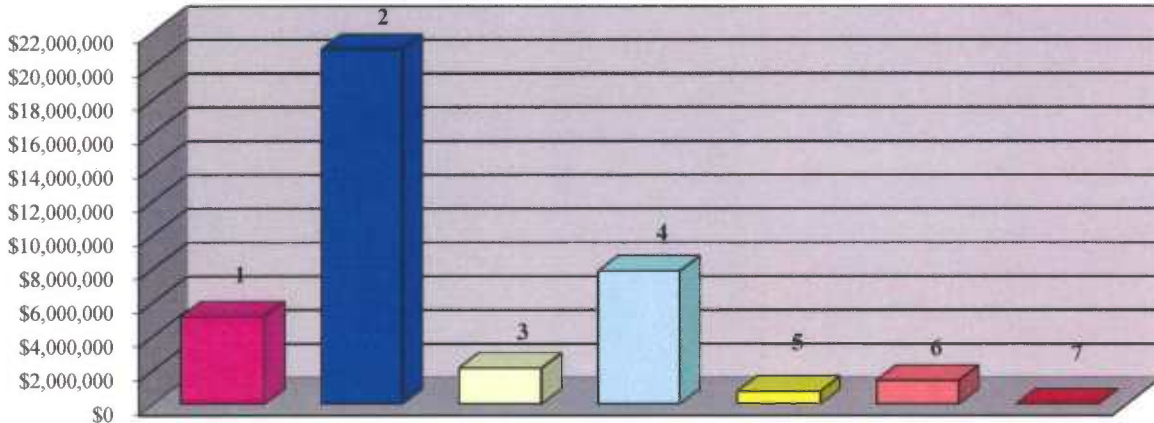
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2013-2014	NET COST OF SERVICES 2013-2014	TOTAL COST OF SERVICES 2012-2013	NET COST OF SERVICES 2012-2013
General Support	1	\$ 5,364,556	\$ 5,364,556	\$ 5,189,006	\$ 5,164,016
Instruction	2	21,705,659	20,831,025	21,759,735	20,973,591
Pupil Transportation	3	2,324,954	2,239,153	2,210,718	2,124,308
Employee Benefits	4	8,686,132	8,686,132	7,854,741	7,854,741
Debt Service - Interest	5	675,708	675,708	750,477	750,477
Depreciation	6	1,815,968	1,815,968	1,397,832	1,397,832
School Lunch Program	7	64,647	32,192	41,067	5,486
		<u>\$ 40,637,624</u>	<u>\$ 39,644,734</u>	<u>\$ 39,203,576</u>	<u>\$ 38,270,451</u>

**NET COSTS 2013-2014**



**NET COSTS 2012-2013**



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:

June 30, 2014					
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 11,463,226	\$ 2,042,659	\$ 1,816,031	\$ 15,321,916
Special Aid	0	41,831	0	0	41,831
School Lunch	0	14,800	0	0	14,800
Capital Projects	0	0	0	(180,467)	(180,467)
Debt Service	0	6,191	0	0	6,191
Total	<u>\$ 0</u>	<u>\$ 11,526,048</u>	<u>\$ 2,042,659</u>	<u>\$ 1,635,564</u>	<u>\$ 15,204,271</u>

June 30, 2013					
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 10,852,010	\$ 2,097,236	\$ 1,783,587	\$ 14,732,833
Special Aid	0	41,831	0	0	41,831
School Lunch	0	50,256	0	0	50,256
Capital Projects	0	745,350	0	0	745,350
Debt Service	0	305,777	0	0	305,777
	<u>\$ 0</u>	<u>\$ 11,995,224</u>	<u>\$ 2,097,236</u>	<u>\$ 1,783,587</u>	<u>\$ 15,876,047</u>

**General Fund Budgetary Highlights**

The original budget for the General Fund was revised by \$1,386,270 during the year. The supplemental appropriations consisted of appropriations from the Capital Reserve in the amount of \$1,300,000 for District-wide Improvements, \$36,518 for AP Exam Fees and \$33,396 for Instructional Grants and \$16,356 in FEMA Reimbursement.

In the General Fund for the fiscal year ended June 30, 2014, actual revenues were greater than revised budgeted revenues by \$77,415 (.18%). Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$3,866,245 (8.32%). Once again, the District kept fiscal restraints on purchases.

For fiscal year 2014-2015, the District has appropriated \$1,600,000 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 new 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 2014-2015 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 \$41,831. 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 \$14,800. Expenditures exceeded revenues and other sources by \$35,456. The District plans to use fund balance to fund future purchases of necessary cafeteria tables and/or equipment.

The Capital Projects Fund ended the year with a fund balance deficit of (\$180,467).

Debt Service Fund ended the year with a fund balance of \$6,191. This fund balance will be appropriated in future years to offset principal and interest payments.

#### Capital Asset and Debt Administration

##### Capital Assets

The District’s net investment in capital assets, depreciation as of June 30, 2014, was \$52,352,718. The total increase in this net investment was 1.68% for the District as a whole (see schedule below). The District’s investment in capital assets, net of accumulated depreciation as of June 30, 2013 was \$51,488,042. The District expended \$2,680,644 to acquire and construct capital assets during the fiscal year ended June 30, 2014. Assets retired from service had a net basis of \$0 and depreciation expense for the fiscal year was \$1,815,968.



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>June 30, 2014</u>	<u>June 30, 2013</u>	<u>% Change</u>
<u>Non-Depreciable Assets:</u>			
Land	\$ 810,100	\$ 810,100	0.00%
Construction in Progress	2,884,317	679,922	324.21%
<u>Depreciable Assets:</u>			
Land Improvements	645,338	689,010	-6.34%
Building and Improvements	46,481,245	47,967,145	-3.10%
Furniture and Equipment	581,943	408,418	42.49%
Vehicles	949,775	933,447	1.75%
TOTALS	<u>\$ 52,352,718</u>	<u>\$ 51,488,042</u>	1.68%

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$17,340,000. 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>	<u>Paid</u>	<u>Balance</u>
Serial Bond -2004	\$ 2,075,000	\$ 0	\$ 1,020,000	\$ 1,055,000
Serial Bond -2006	3,880,000	0	490,000	3,390,000
Serial Bond - 2011 Refunding	8,040,000	0	890,000	7,150,000
Serial Bond - 2013 Refunding	5,750,000	0	5,000	5,745,000
Total Bonded Debt Outstanding	<u>\$ 19,745,000</u>	<u>\$ 0</u>	<u>\$ 2,405,000</u>	<u>\$ 17,340,000</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, 2014

ASSETS

Unrestricted Cash	\$ 7,436,470
Restricted Cash	11,526,048
State & Federal Aid Receivable	589,789
Due from Other Governments	220,165
Due from Fiduciary Funds	2,716
Other Receivables, Net	13,358
Capital Assets, Net	52,352,718
TOTAL ASSETS	<u>72,141,264</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges	669,669
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>72,810,933</u>

LIABILITIES

Accounts Payable	516,065
Accrued Liabilities	364,553
Due to Other Governments	20,693
Due to Teachers' Retirement System	2,698,634
Due to Employees' Retirement System	248,248
Retained Percentages	120,390
Bond Anticipation Notes	750,124

## Long-term Liabilities:

## Due and Payable Within One Year:

Bonds Payable (Including Deferred Premium on Refunding \$488,060)	2,642,961
Installment Purchase Debt	182,405

## Due and Payable In More Than One Year:

Bonds Payable (Including Deferred Premium on Refunding \$743,640)	15,598,640
Installment Purchase Debt	2,879,903
Compensated Absences	360,087
Other Postemployment Benefits	2,474,974

TOTAL LIABILITIES	<u>28,857,677</u>
-------------------	-------------------

NET POSITION

Net Investment in Capital Assets	30,968,354
Restricted	11,526,048
Unrestricted	1,458,854
TOTAL NET POSITION	<u>\$ 43,953,256</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS & PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
General Support	\$ (6,984,112)	\$ 0	\$ 0	\$ (6,984,112)
Instruction	(29,656,886)	253,386	621,248	(28,782,252)
Pupil Transportation	(3,221,447)	0	85,801	(3,135,646)
Community Services	0	0	0	0
Debt Service - Interest	(675,708)	0	0	(675,708)
School Lunch Program	(99,471)	20,684	11,771	(67,016)
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (40,637,624)</u>	<u>\$ 274,070</u>	<u>\$ 718,820</u>	<u>(39,644,734)</u>
<u>GENERAL REVENUES</u>				
Real Property Taxes				32,480,841
Other Tax Items				4,772,029
Non Property Taxes				482,617
Use of Money & Property				113,696
Sale of Property & Compensation for Loss				24,356
Miscellaneous				171,197
State Sources				3,993,635
Federal Sources				11,518
TOTAL GENERAL REVENUES				<u>42,049,889</u>
CHANGE IN NET POSITION				2,405,155
NET POSITION, BEGINNING OF YEAR				<u>41,548,101</u>
NET POSITION, END OF YEAR				<u>\$ 43,953,256</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014

ASSETS	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
Unrestricted Cash	\$ 6,242,742	\$ 95,612	\$ 337	\$ 798,054	\$ 299,725	\$ 7,436,470
Restricted Cash	11,463,226	41,831	14,800	0	6,191	11,526,048
State & Federal Aid Receivable	121,320	467,424	1,045	0	0	589,789
Due from Other Governments	220,165	0	0	0	0	220,165
Due from Other Funds	841,651	0	0	0	275	841,926
Due from Fiduciary Funds	2,716	0	0	0	0	2,716
Other Receivables, Net	13,358	0	0	0	0	13,358
<b>TOTAL ASSETS</b>	<b>\$ 18,905,178</b>	<b>\$ 604,867</b>	<b>\$ 16,182</b>	<b>\$ 798,054</b>	<b>\$ 306,191</b>	<b>\$ 20,630,472</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 408,300	\$ 33	\$ 0	\$ 107,732	\$ 0	\$ 516,065
Accrued Liabilities	212,865	15,874	1,382	0	0	230,121
Due to Other Governments	15,215	5,478	0	0	0	20,693
Due to Other Funds	0	541,651	0	275	300,000	841,926
Due to Teachers' Retirement System	2,698,634	0	0	0	0	2,698,634
Due to Employees' Retirement System	248,248	0	0	0	0	248,248
Retained Percentages	0	0	0	120,390	0	120,390
Bond Anticipation Notes	0	0	0	750,124	0	750,124
<b>TOTAL LIABILITIES</b>	<b>3,583,262</b>	<b>563,036</b>	<b>1,382</b>	<b>978,521</b>	<b>300,000</b>	<b>5,426,201</b>
<b>FUND BALANCES</b>						
Restricted	11,463,226	41,831	14,800	0	6,191	11,526,048
Assigned	2,042,659	0	0	0	0	2,042,659
Unassigned	1,816,031	0	0	(180,467)	0	1,635,564
<b>TOTAL FUND BALANCES</b>	<b>15,321,916</b>	<b>41,831</b>	<b>14,800</b>	<b>(180,467)</b>	<b>6,191</b>	<b>15,204,271</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 18,905,178</b>	<b>\$ 604,867</b>	<b>\$ 16,182</b>	<b>\$ 798,054</b>	<b>\$ 306,191</b>	<b>\$ 20,630,472</b>

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, 2014

ASSETS	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
Unrestricted Cash	\$ 7,436,470	\$ 0	\$ 0	\$ 7,436,470
Restricted Cash	11,526,048	0	0	11,526,048
State & Federal Aid Receivable	589,789	0	0	589,789
Due from Other Governments	220,165	0	0	220,165
Due from Other Funds	841,926	0	(841,926)	0
Due from Fiduciary Funds	2,716	0	0	2,716
Other Receivables, Net	13,358	0	0	13,358
Capital Assets, Net	0	52,352,718	0	52,352,718
TOTAL ASSETS	\$ 20,630,472	\$ 52,352,718	\$ (841,926)	\$ 72,141,264

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges	0	669,669		669,669
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 20,630,472	\$ 53,022,387	\$ (841,926)	\$ 72,810,933

LIABILITIES & FUND BALANCES / NET POSITION

<u>LIABILITIES</u>				
Accounts Payable	\$ 516,065	\$ 0	\$ 0	\$ 516,065
Accrued Liabilities	230,121	134,432	0	364,553
Due to Other Governments	20,693	0	0	20,693
Due to Other Funds	841,926	0	(841,926)	0
Due to Teachers' Retirement System	2,698,634	0	0	2,698,634
Due to Employees' Retirement System	248,248	0	0	248,248
Retained Percentages	120,390	0	0	120,390
Bond Anticipation Notes	750,124	0	0	750,124
Bonds Payable	0	18,241,601	0	18,241,601
Installment Purchase Debt	0	3,062,308	0	3,062,308
Compensated Absences	0	360,087	0	360,087
Other Postemployment Benefits	0	2,474,974	0	2,474,974
TOTAL LIABILITIES	5,426,201	24,273,402	(841,926)	28,857,677
FUND BALANCES / NET POSITION	15,204,271	28,748,985	0	43,953,256
TOTAL LIABILITIES & FUND BALANCES / NET POSITION	\$ 20,630,472	\$ 53,022,387	\$ (841,926)	\$ 72,810,933

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Real Property Taxes	\$ 32,480,841	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,480,841
Other Tax Items	4,772,029	0	0	0	0	4,772,029
Non Property Taxes	482,617	0	0	0	0	482,617
Charges for Services	253,386	0	0	0	0	253,386
Use of Money & Property	113,282	0	0	0	414	113,696
Sale of Property & Compensation for Loss	24,356	0	0	0	0	24,356
Miscellaneous	171,197	0	0	0	0	171,197
State Sources	4,147,268	211,277	0	0	0	4,358,545
Federal Sources	11,518	342,139	11,771	0	0	365,428
Sales	0	0	20,684	0	0	20,684
TOTAL REVENUES	42,456,494	553,416	32,455	0	414	43,042,779
<u>EXPENDITURES</u>						
General Support	5,424,536	0	36,582	0	0	5,461,118
Instruction	21,266,839	485,215	0	0	0	21,752,054
Pupil Transportation	2,217,703	107,251	0	0	0	2,324,954
Employee Benefits	8,286,271	25,730	3,264	0	0	8,315,265
Debt Service:						
Principal	2,747,154	0	0	0	0	2,747,154
Interest	732,128	0	0	0	0	732,128
Cost of Sales	0	0	28,065	0	0	28,065
Capital Outlay	0	0	0	2,518,638	0	2,518,638
TOTAL EXPENDITURES	40,674,631	618,196	67,911	2,518,638	0	43,879,376
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	1,781,863	(64,780)	(35,456)	(2,518,638)	414	(836,597)
<u>OTHER SOURCES &amp; USES</u>						
Bond Anticipation Notes Paid from Current Appropriations	0	0	0	164,821	0	164,821
Operating Transfers In	300,000	64,780	0	1,428,000	0	1,792,780
Operating Transfers (Out)	(1,492,780)	0	0	0	(300,000)	(1,792,780)
TOTAL OTHER SOURCES & USES	(1,192,780)	64,780	0	1,592,821	(300,000)	164,821
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	589,083	0	(35,456)	(925,817)	(299,586)	(671,776)
FUND BALANCES, BEGINNING OF YEAR	14,732,833	41,831	50,256	745,350	305,777	15,876,047
FUND BALANCES, END OF YEAR	\$ 15,321,916	\$ 41,831	\$ 14,800	\$ (180,467)	\$ 6,191	\$ 15,204,271

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<b>REVENUES</b>						
Real Property Taxes	\$ 32,480,841	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,480,841
Other Tax Items	4,772,029	0	0	0	0	4,772,029
Non Property Taxes	482,617	0	0	0	0	482,617
Charges for Services	253,386	0	0	0	0	253,386
Use of Money & Property	113,696	0	0	0	0	113,696
Sale of Property & Compensation for Loss	24,356	0	0	0	0	24,356
Miscellaneous	171,197	0	0	0	0	171,197
State Sources	4,358,545	0	0	0	0	4,358,545
Federal Sources	365,428	0	0	0	0	365,428
Sales	20,684	0	0	0	0	20,684
<b>TOTAL REVENUES</b>	<b>43,042,779</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43,042,779</b>
<b>EXPENDITURES</b>						
General Support	5,461,118	0	(36,969)	0	1,559,963	6,984,112
Instruction	21,752,054	55,631	1,447,156	0	6,402,045	29,656,886
Pupil Transportation	2,324,954	0	212,215	0	684,278	3,221,447
Employee Benefits	8,315,265	370,867	0	0	(8,686,132)	0
Debt Service:						
Principal	2,747,154	0	0	(2,582,333)	(164,821)	0
Interest	732,128	(15,025)	0	(41,395)	0	675,708
Cost of Sales	28,065	0	31,560	0	39,846	99,471
Capital Outlay	2,518,638	0	(2,518,638)	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>43,879,376</b>	<b>411,473</b>	<b>(864,676)</b>	<b>(2,623,728)</b>	<b>(164,821)</b>	<b>40,637,624</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>(836,597)</b>	<b>(411,473)</b>	<b>864,676</b>	<b>2,623,728</b>	<b>164,821</b>	<b>2,405,155</b>
<b>OTHER SOURCES &amp; USES</b>						
Bond Anticipation Notes Paid from Current Appropriations	164,821	0	0	0	(164,821)	0
Operating Transfers In	1,792,780	0	0	0	(1,792,780)	0
Operating Transfers (Out)	(1,792,780)	0	0	0	1,792,780	0
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>164,821</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(164,821)</b>	<b>0</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ (671,776)</b>	<b>\$ (411,473)</b>	<b>\$ 864,676</b>	<b>\$ 2,623,728</b>	<b>\$ 0</b>	<b>\$ 2,405,155</b>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 88,531	\$ 104,252
Accounts Receivable	<u>0</u>	<u>3,273</u>
TOTAL ASSETS	<u>\$ 88,531</u>	<u>\$ 107,525</u>
<u>LIABILITIES &amp; NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 2,716
Due to Other Governments	0	4,287
Extraclassroom Activity Balances	0	66,919
Other Liabilities	<u>0</u>	<u>33,603</u>
TOTAL LIABILITIES	<u>0</u>	<u>\$ 107,525</u>
<u>NET POSITION</u>		
Held in Trust for Endowment, Scholarship and Gift Funds	<u>88,531</u>	
TOTAL LIABILITIES & NET POSITION	<u>\$ 88,531</u>	

See notes to financial statement.



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 16,193
Investment Earnings	<u>43</u>
TOTAL ADDITIONS	16,236
<u>DEDUCTIONS</u>	
Scholarships & Awards	<u>18,575</u>
CHANGE IN NET POSITION	(2,339)
NET POSITION, BEGINNING OF YEAR	<u>90,870</u>
NET POSITION, END OF YEAR	<u><u>\$ 88,531</u></u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

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

A. Reporting Entity

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

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

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

1. Extraclassroom Activity Funds

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

B. Joint Venture

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture (Continued)

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

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. In the Putnam/Northern Westchester BOCES, each component district's share of administrative and capital cost may be determined by using the weighted average daily attendance for a certain percentage and the true valuation for a certain percentage, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2014, the Croton-Harmon Union Free School District was billed \$1,807,545 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$489,256. Financial statements for BOCES are available from the BOCES administrative office at 200 BOCES Drive, Yorktown Heights, New York 10598.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements

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

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

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

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

The District reports the following fiduciary funds:

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

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

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



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1<sup>st</sup> and became a lien on August 8, 2013. Taxes were collected by the Town of Cortlandt and the Town of Yorktown during the period September 1, 2013 through October 31, 2013.

Uncollected real property taxes are subsequently enforced by Westchester County. The County pays an amount representing uncollected real property taxes transmitted to Westchester County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

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



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CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions (Continued)

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Investments

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J. Accounts Receivable

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

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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

K. Inventories and Prepaid Items

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

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

L. Other Assets/Restricted Assets

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

M. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land Improvements	\$ 10,000	Straight Line	50 years
Buildings and Improvements	10,000	Straight Line	50 years
Furniture and Equipment	10,000	Straight Line	5 - 20 years
Vehicles	10,000	Straight Line	5 - 20 years

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. It is deferred charges on refunding reported in the government – wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

O. Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Unearned revenues recorded in governmental funds are typically adjusted prior to inclusion in the District-wide statements.

P. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical/personal time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken in varying time periods. Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

2. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age



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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Vested Employee Benefits (Continued)

2. Other Benefits -(Continued)

while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and most of the retired employees. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Short-Term Debt

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

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

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

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Equity Classifications

1. District-wide Statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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JUNE 30, 2014

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

1. District-wide Statements (Continued)

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

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

2. Funds Statements

In the governmental fund statements, there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. The District has established the following reserves that have been included in restricted fund balance:

Capital Reserve

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

Unemployment Insurance Reserve

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



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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Property Loss Reserve and Liability Reserve

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

Tax Certiorari Reserve

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

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Restricted fund balance at June 30, 2014 consisted of:

General Fund:

Capital Reserves	\$ 6,166,690
Unemployment Insurance Reserve	246,969
Property Loss Reserve and Liability Reserve	198,061
Tax Certiorari Reserve	3,445,966
Employee Benefit Accrued Liability Reserve	360,087
Retirement Contribution Reserve	1,045,453
	<hr/> 11,463,226
Special Aid Fund	41,831
School Lunch Fund	14,800
Debt Service Fund	6,191
Total Restricted Fund Balance	<hr/> <hr/> \$ 11,526,048

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2014.

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in the governmental funds other than the General Fund, the District has assigned those amounts to the purposes of the respective funds. Assigned fund balance in the General Fund includes \$442,659 assigned for specific purposes through the issuance of purchase orders that encumbered the budget for the year ended June 30, 2014. This assignment is made when purchase orders are approved by the Purchasing Agent who is designated each year by the Board of Education at its annual reorganizational meeting pursuant to the District's purchasing policy. Assigned fund balance in the General Fund also includes \$1,600,000 assigned to be used to reduce the tax levy for the year ending June 30, 2015. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Order of Use of Fund Balance:

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's General Fund budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2014, the District implemented the following new standards issued by GASB:

- GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for the year ending June 30, 2014.
- GASB Statement 66, *GASB Technical Corrections – 2012 – an Amendment of Statements 10 and 62*, effective for the year ending June 30, 2014.
- GASB Statement 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, effective for the year ending June 30, 2014

GASB has issued Statement 65, *Items Previously Reported as Assets and Liabilities*, which amends the financial statement classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The District has implemented Statement 65 as required.



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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. New Accounting Standards (Continued)

GASB has issued Statement 66, *GASB Technical Corrections – 2012 – an Amendment of Statements 10 and 62*, which improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The District has implemented Statement 66 as required.

GASB has issued Statement 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which improves financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The District has implemented Statement 67 as required.

U. Future Changes in Accounting Standards

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which improves financial reporting by state and local governments for pensions. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2015 financial statements.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, which establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations, includes a variety of transactions referred to as merger, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2015 financial statements.

GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. It will also enhance the information disclosed about a government's obligations and risk exposure from extending nonfinancial guarantees. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2015 financial statements.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Future Changes in Accounting Standards (Continued)

GASB has issued Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, which addresses an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions and the amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2015 financial statements.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2014 were as follows:

Original Cost of Capital Assets	\$ 69,596,607
Accumulated Depreciation	(17,243,889)
	<u>\$ 52,352,718</u>

2. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2014 was as follows:

Accrued Interest	\$ 134,432
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

3. Long-term liabilities are reported in the Statement of Net Position, but not in the Balance Sheet, because they are not due and payable in the current period. The balances at June 30, 2014 were as follows:

Bonds Payable	\$ 17,340,000
Deferred on Advanced Refunding	901,601
Installment Purchase Debt	3,062,308
Compensated Absences	360,087
Other Postemployment Benefits	2,474,974
	<u>\$ 24,138,970</u>

- B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Changes in Net Position fall into one of three broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

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

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and Changes in Net Position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities and Changes in Net Position.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities and Changes in Net Position as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position (Continued):

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities and Changes in Net Position (Continued)

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in governmental funds (Schedule 5)	\$ 43,042,779
Total revenues in the Statement of Activities and Changes in Net Position (Schedule 2)	<hr/> \$ 43,042,779 <hr/>

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

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

Total Expenditures & Other Uses/Expenses

Total expenditures reported in governmental funds (Schedule 5)	\$ 43,879,376
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital expenditures of \$2,680,644 were greater than depreciation of \$1,815,968 in the current year.	(864,676)
In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). The amount by which compensated absences earned exceeded the amount paid during the year was (\$55,631). Judgments and claims paid exceeded the amount earned during the year in the amount of \$0.	55,631
In the Statement of Activities, the expense for other postemployment benefits are measured based on the actuarially determined annual required contribution (ARC) of the District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the ARC exceeded the amount of financial resources used during the year.	370,867
Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable last year exceeds the the interest payable this year.	(15,025)
Premiums and discounts on long-term debt issuances, bond issuance costs and deferred amounts from debt refundings are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities and Changes in Net Position. This is the amount that was amortized during the fiscal year.	(41,395)
Repayment of bond and other debt principal is an expenditure in the governmental funds but reduces liabilities in the Statement of Net Position, and does not affect the the Statement of Activities and Changes in Net Position	<u>(2,747,154)</u>
Total expenses in the Statement of Activities and Changes in Net Position (Schedule 2)	<u>\$ 40,637,624</u>

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. A Supplemental appropriation was made for the use of the Capital Reserve Fund in the amount of \$1,300,000.

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

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

B. Encumbrances

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



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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**NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.**

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

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ 0.
Collateralized with securities held by the pledging financial institution, or or its trust department or agent, but not in the District's name	\$ 12,264,923.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$11,526,048 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

The District participates in a multi-municipal cooperative investment pool agreements pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the New York Liquid Asset Fund cooperative as of year-end are \$66,570,221, which consisted of \$45,763,000 in repurchase agreements, \$8,631,985 in U. S. Treasury Securities, and \$32,175,236 in collateralized bank deposits, with various interest rate and due dates.

The following amounts invested in this cooperative are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 6,877,210	\$ 6,877,210
Capital Projects Fund	231,059	231,059

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of New York Liquid Asset Fund.



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2014, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 810,100	\$ 0	\$ 0	\$ 810,100
Construction in Progress	679,922	2,204,395	0	2,884,317
Total Nondepreciable Assets	1,490,022	2,204,395	0	3,694,417
Capital assets that are depreciated:				
Land Improvements	1,227,572	17,814	0	1,245,386
Buildings and Improvements	60,764,231	0	0	60,764,231
Furniture & Equipment	692,424	244,431	(15,555)	921,300
Vehicles	2,757,269	214,004	0	2,971,273
Total Depreciable Assets	65,441,496	476,249	(15,555)	65,902,190
Less: Accumulated Depreciation	(15,443,476)	(1,815,968)	15,555	(17,243,889)
Capital Assets, Net	\$ 51,488,042	\$ 864,676	\$ 0	\$ 52,352,718

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 23,011
Instruction	1,549,182
Transportation	212,215
Cost of Sales	31,560
Total Depreciation	\$ 1,815,968

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 6. SHORT-TERM DEBT.

Transactions in short-term debt for the year ended June 30, 2013 are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	June 30, 2014 Ending Balance
BAN maturing 07/31/14 at 2.25%	\$ 107,981	\$ 0	\$ 35,994	\$ 71,987
BAN maturing 10/24/14 at .95%	\$ 492,721	\$ 314,243	\$ 128,827	678,137
Total Short-Term Debt	<u>\$ 600,702</u>	<u>\$ 314,243</u>	<u>\$ 164,821</u>	<u>\$ 750,124</u>

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

Interest Paid	\$ 6,366
Less: Interest Accrued in the Prior Year	(3,694)
Plus: Interest Accrued in the Current Year	<u>5,912</u>
Interest Expense	<u>\$ 8,584</u>

NOTE 7. LONG-TERM DEBT.

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

	Beginning Balance	Issued	Paid/ Redeemed	June 30, 2013 Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes					
Payable:					
Bonds Payable	\$19,745,000	\$ 0	\$ 2,405,000	\$17,340,000	\$2,485,000
Deferred Amount on Refunding	1,059,562	0	157,961	901,601	157,961
Installment Purchase Debt	<u>3,239,641</u>	<u>0</u>	<u>177,333</u>	<u>3,062,308</u>	<u>182,405</u>
Total Bonds and Notes Payable	<u>24,044,203</u>	<u>0</u>	<u>2,740,294</u>	<u>21,303,909</u>	<u>2,825,366</u>
Other Liabilities:					
Compensated Absences	304,456	55,631	0	360,087	0
Other Postemployment Benefits	<u>2,104,107</u>	<u>1,191,780</u>	<u>820,913</u>	<u>2,474,974</u>	<u>0</u>
Total Other Liabilities	<u>2,408,563</u>	<u>1,247,411</u>	<u>820,913</u>	<u>2,835,061</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$26,452,766</u>	<u>\$1,247,411</u>	<u>\$ 3,561,207</u>	<u>\$24,138,970</u>	<u>\$2,825,366</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 7. LONG-TERM DEBT. (Continued)

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	June 30, 2014 Balance
Serial Bond -2004	02/15/04	10/15/19	3% - 4%	1,055,000
Serial Bond - 2006	07/15/06	11/01/19	4% - 6%	3,390,000
Energy Performance Contract	12/21/10	05/15/26	2.84%	3,062,308
Serial Bond - 2011 Refunding	07/11/11	10/15/20	2% - 4%	7,150,000
Serial Bond - 2013 Refunding	02/20/13	10/15/19	2% - 4%	5,745,000
				<u>\$20,402,308</u>

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable	
	Principal	Interest
2015	\$ 2,667,405	\$ 642,684
2016	2,747,622	558,298
2017	2,837,988	470,831
2018	2,933,508	374,486
2019	8,279,856	569,899
2020 - 2024	935,929	47,062
TOTAL	<u>\$20,402,308</u>	<u>\$ 2,663,260</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2014 \$5,880,000 of bonds outstanding are considered defeased.

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

Interest paid	\$ 725,762
Less: Interest accrued in the prior year	(145,763)
Plus: Interest accrued in the current year	128,520
Less: Amortization of premiums, deferred amounts on bond refunding and issuance costs.	<u>(41,395)</u>
Total interest expense	<u>\$ 667,124</u>

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
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NOTE 8. PENSION PLANS.

General Information

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

Provisions and Administration

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report can be found on the System's website at [www.nystrs.org/main/library/annual-report.htm](http://www.nystrs.org/main/library/annual-report.htm) or may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the NYSERS. The Comptroller may adopt and may amend rules and regulations for the administration and transaction of the business of the NYSERS and for the custody and control of its funds.

The NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the NYSERS, Office of the State Comptroller, 110 State Street, Albany, N Y 12244.

Funding Policies

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. Employees in NYSTRS who joined on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their salary throughout their active membership, while those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board actuarially establishes rates annually for NYSTRS. For NYSTRS, the rate is currently 16.25% of the annual covered payroll for the fiscal year ended June 30, 2014, while the rates applicable to the fiscal years ended June 30, 2013 and 2012 were respectively, 11.84% and 11.11%. The District's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2013 - 2014	\$ 2,550,311	\$ 975,049
2012 - 2013	1,814,008	892,694
2011 - 2012	1,725,670	759,665



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTE 9. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2014, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 844,367	\$ 0	\$ 300,000	\$ 1,492,780
Special Aid Fund	0	541,651	64,780	0
School Lunch Fund	0	0	0	0
Capital Fund	0	275	1,428,000	0
Debt Service Fund	275	300,000	0	300,000
Total Governmental Activities	844,642	841,926	1,792,780	1,792,780
Fiduciary Agency Fund	0	2,716	0	0
Totals	<u>\$ 844,642</u>	<u>\$ 844,642</u>	<u>\$ 1,792,780</u>	<u>\$ 1,792,780</u>

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

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 10. POST-EMPLOYMENT BENEFITS.

The District provides post employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* requires the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2014 the District recognized \$820,913 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an updated actuarial valuation report as of July 1, 2013. The total liability indicated in this report for other post-employment benefits as of June 30, 2014 made by the District is \$2,474,974, which is reflected in the Statement of Net Position.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual Required Contribution	\$ 1,203,390
Interest on Net OPEB Obligation	79,536
Adjustment to Annual Required Contribution	<u>(91,146)</u>
Annual OPEB Cost (Expense)	1,191,780
Contributions Made	<u>(820,913)</u>
Increase in Net OPEB Obligation	370,867
Net OPEB Obligation, June 30, 2013	<u>2,104,107</u>
Net OPEB Obligation, June 30, 2014	<u><u>\$ 2,474,974</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of	
		Annual OPEB Cost	
		Contributed	Net OPEB Obligation
June 30, 2014	\$ 1,191,780	68.9%	\$ 2,474,974
June 30, 2013	1,205,635	60.9%	1,590,712
June 30, 2012	1,151,438	64.7%	1,140,133

Funded Status and Funding Progress

As of July 1, 2013, the most recent updated actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$19,174,561. Because the plan was not funded, this resulted in an unfunded actuarial accrued liability (UAAL) of \$19,174,561. Because benefits are not based on payroll, covered payroll and the ratio of the UAAL to covered payroll were not provided in the actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 4% after 3 years. Both rates included a 5% inflation assumption. The UAAL is being amortized as a fixed dollar basis. The remaining amortization period at June 30, 2014, was 24 years.

NOTE 11. RISK MANAGEMENT.

General Information

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

Pool, Non-Risk Retained

The District participates in Putnam/Northern Westchester Health Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 14 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The District has essentially transferred all related risk to the pool.

Self-Insurance Plan

The District participates in the Putnam Northern Westchester School Cooperative Workers Compensation Self-Insurance Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The total undiscounted liability for the Plan as of June 30, 2014 was \$26,559,544. Fund balance available to offset this liability was \$30,648,394 which exceeds the liability. For June 30, 2013, the plan also had assets in excess of the liability.

Other Contingencies

The District has several claims that are currently being litigated with the support of legal counsel. The results of this litigation are unknown at this time.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTE 12. COMMITMENTS AND CONTINGENCIES.

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

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. Encumbrances of appropriations of budgets for the year ended June 30, 2014 have been included in the assigned fund balances of the following funds as of June 30, 2014:

General Fund	<u>\$ 442,659</u>
Total Encumbrances	<u><u>\$ 442,659</u></u>

An audit of budgeting practices in the District was conducted by the New York State Comptroller's Office. An exit interview was done in January 2012, followed by the submission of a response from the District on February 7, 2012.

NOTE 13. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 14. RECLASSIFICATIONS.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

NOTE 15. FUND BALANCE.

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Fund Balance Sheet.

NOTE 16. GASB RESTATEMENT.

In July 2013, the District implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities* which requires retroactive application and the expensing of most issuance costs, except prepayments of insurance. Because unamortized debt issuance costs affect the calculation of deferred amounts in refunding transactions, the unamortized balances of the deferred refunding amounts must be restated. The restatement resulted in a decrease in the Deferred Amount on Refunding and the Net Investment in Capital Assets in the amount of \$199,340.



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 17. SUBSEQUENT EVENTS.

Management has evaluated subsequent events through October 3, 2014, the date the financial statements were available to be issued. The following subsequent event has been identified:

A BAN in the amount of \$71,987 was paid in July 2014.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2013	\$ 0	\$ 19,174,561	\$ 19,174,561	0.00%	\$ 22,055,011	86.94%
7/1/2011	\$ 0	\$ 17,331,290	\$ 17,331,290	0.00%	\$ 20,708,187	83.69%
7/1/2009	\$ 0	\$ 15,503,247	\$ 15,503,247	0.00%	\$ 20,681,881	74.96%

In accordance with GASB Statement 45, the District is required to have an actuarial valuation done biennially. Rolled over valuations are prepared for the years that full actuarial valuations are not completed.

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
LOCAL SOURCES:				
Real Property Taxes	\$ 32,480,691	\$ 32,480,691	\$ 32,480,841	\$ 150
Other Tax Items	4,772,029	4,772,029	4,772,029	0
Non Property Taxes	451,500	451,500	482,617	31,117
Charges for Services	188,450	224,968	253,386	28,418
Use of Money & Property	93,070	93,070	113,282	20,212
Sale of Property & Compensation for Loss	15,000	31,356	24,356	(7,000)
Miscellaneous	135,000	168,396	171,197	2,801
STATE SOURCES	4,153,643	4,153,643	4,147,268	(6,375)
FEDERAL SOURCES	3,426	3,426	11,518	8,092
OTHER SOURCES:				
Operating Transfers In	300,000	300,000	300,000	0
TOTAL REVENUES	42,592,809	42,679,079	\$ 42,756,494	\$ 77,415
APPROPRIATED FUND BALANCE	2,497,236	3,797,236		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 45,090,045	\$ 46,476,315		

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

CROTON-ON-HUDSON, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
<b>EXPENDITURES</b>					
<b>GENERAL SUPPORT:</b>					
Board of Education	\$ 66,500	\$ 66,800	\$ 40,250	0	\$ 26,550
Central Administration	335,909	337,649	324,827	0	12,822
Finance	615,281	534,961	497,793	12,500	24,668
Staff	441,259	426,020	371,008	0	55,012
Central Services	3,767,726	3,945,197	3,446,658	348,985	149,554
Special Items	602,037	755,959	744,000	0	11,959
<b>INSTRUCTIONAL:</b>					
Instruction, Administration & Improvement	1,785,064	1,749,248	1,617,612	333	131,303
Teaching - Regular School	11,985,036	11,964,373	11,555,479	58,930	349,964
Programs for Children with Handicapping Conditions	5,339,653	5,170,061	4,028,907	356	1,140,798
Occupational Education	218,095	218,095	201,463	0	16,632
Teaching - Special Schools	263,275	263,242	182,800	0	80,442
Instructional Media	1,369,896	1,511,841	1,401,578	238	110,025
Pupil Services	2,377,956	2,474,247	2,279,000	958	194,289
<b>PUPIL TRANSPORTATION</b>					
EMPLOYEE BENEFITS	2,533,847	2,544,397	2,217,703	20,359	306,335
	9,707,827	9,533,541	8,286,271	0	1,247,270
<b>DEBT SERVICE:</b>					
Debt Service - Principal	2,747,055	2,747,155	2,747,154	0	1
Debt Service - Interest	735,629	735,529	732,128	0	3,401
<b>TOTAL EXPENDITURES</b>	<b>44,892,045</b>	<b>44,978,315</b>	<b>40,674,631</b>	<b>442,659</b>	<b>3,861,025</b>
<b>OTHER USES:</b>					
Operating Transfers Out	198,000	1,498,000	1,492,780	0	5,220
<b>TOTAL EXPENDITURES &amp; OTHER USES</b>	<b>\$ 45,090,045</b>	<b>\$ 46,476,315</b>	<b>42,167,411</b>	<b>\$ 442,659</b>	<b>\$ 3,866,245</b>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>			<b>\$ 589,083</b>		

See paragraph on supplementary schedules included in auditor's report.



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET &  
USE OF UNASSIGNED FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

CHANGE FROM ADOPTED TO REVISED BUDGET

ADOPTED BUDGET	\$ 44,592,809
ADDITIONS:	
Encumbrances from Prior Year	497,236
ORIGINAL BUDGET	45,090,045
BUDGET REVISIONS:	
Capital Reserve	1,300,000
AP Exam Fees	36,518
Instructional Grant	33,396
FEMA Reimbursement	16,356
REVISED BUDGET	\$ 46,476,315

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2014–2015 Voter-approved expenditure budget maximum allowed	
(4% of 2014–2015 budget, \$45,400,867)	\$ 1,816,035

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

Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 2,042,659
Unassigned Fund Balance	1,816,031
Total Unrestricted Fund Balance	\$ 3,858,690
Less:	
Appropriated Fund Balance	\$ 1,600,000
Encumbrances Included in Assigned Fund Balance	442,659
Total Adjustments	\$ 2,042,659
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 1,816,031
Actual Percentage	4.00%

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES  
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE		UNEXPENDED BALANCE	PROCEEDS FROM DEBT	METHODS OF FINANCING			FUND BALANCE JUNE 30, 2014
			PRIOR YEARS	CURRENT YEAR			STATE SOURCES	LOCAL SOURCES	TOTAL	
05/06 Bus Purchases	\$ 243,300	\$ 243,300	\$ 232,890	\$ 0	\$ 10,410	\$ 0	\$ 0	\$ 243,300	\$ 243,300	\$ 10,410
06/07 Bus Purchases	159,600	159,600	159,438	0	162	0	0	159,600	159,600	162
Excel Project*	539,975	539,975	530,646	0	9,329	0	431,669	54,988	486,657	(43,989)
09/10 Bus Purchases*	215,000	215,000	156,484	0	58,516	0	0	172,000	172,000	15,516
Science Labs	400,000	797,947	787,872	0	10,075	0	0	797,947	797,947	10,075
10/11 Bus Purchases*	300,000	289,125	289,125	0	0	0	0	272,125	272,125	(17,000)
Energy Performance**	3,540,000	3,572,900	3,585,758	0	(12,858)	3,540,000	0	32,900	3,572,900	(12,858)
Roof Projects & Related Asbestos	3,600,000	3,207,909	3,212,988	0	(5,079)	0	0	3,600,000	3,600,000	387,012
12-13 Building Improvements	3,400,000	4,961,660	679,922	2,171,951	2,109,787	0	0	2,989,660	2,989,660	137,787
13-15 Building Improvements	34,000	34,000	0	32,444	1,556	0	0	0	0	(32,444)
11/12 Bus Purchases*	115,000	115,000	112,074	0	2,926	0	0	44,830	44,830	(67,244)
12/13 Bus Purchases*	317,063	317,063	317,063	0	0	0	0	63,412	63,412	(253,651)
13/14 Bus Purchases*	314,243	314,243	0	314,243	0	0	0	0	0	(314,243)
	\$ 13,178,181	\$ 14,767,722	\$ 10,064,260	\$ 2,518,638	\$ 2,184,824	\$ 3,540,000	\$ 431,669	\$ 8,430,762	\$ 12,402,431	\$ (180,467)

\* Funding for these projects will be provided when bond anticipation notes are redeemed from General Fund appropriations.

\*\* Additional funding may be provided by a transfer from another project or the General Fund.

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS, NET		\$ 52,352,718
ADD:		
Deferred Charges Bond Related		669,669
		<u>53,022,387</u>
DEDUCT:		
Bond Anticipation Note	\$ 750,124	
Short-term Portion of Bonds Payable	2,642,961	
Long-term Portion of Bonds Payable	15,598,640	
Short-term Portion of Installment Debt	182,405	
Long-term Portion of Installment Debt	<u>2,879,903</u>	
Total Bonds Payable	22,054,033	
Less: Unspent Bond Proceeds	<u>0</u>	
Related Debt		<u>(22,054,033)</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 30,968,354</u></u>

See paragraph on supplementary schedules included in auditor's report.



**Nugent & Haeussler, P.C.**  
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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

To the President and Members  
of the Board of Education of the  
Croton-Harmon Union Free School District  
Croton-on-Hudson, 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 fiduciary funds of Croton-Harmon Union Free School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Croton-Harmon Union Free School District's basic financial statements and have issued our report thereon dated October 3, 2014.

Internal Control over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Thomas R. Busse, Jr., CPA  
Brent T. Napoleon, CPA  
Jennifer L. Capicchioni, CPA

Patrick M. Bullis, CPA  
Walter J. Jung, CPA  
Maureen K. Lyon, CPA  
Justin B. Wood, CPA



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Croton-Harmon Union Free School District's financial statements are free of 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.

*Jugent & Haussler, P.C.*

Montgomery, New York  
October 3, 2014



**Nugent & Haeussler, P.C.**  
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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Croton-Harmon Union Free School District  
Croton-on-Hudson, New York

### **Report on Financial Statements**

We have audited the accompanying financial statement of the Croton-Harmon Union Free School District's extraclassroom activity funds, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2014, and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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. 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets liabilities and fund balance-cash basis of the extraclassroom activity funds of the Croton-Harmon Union Free School District as of June 30, 2014, and its cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note #1.

### **Basis of Accounting**

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



Montgomery, New York  
October 3, 2014

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
JUNE 30, 2014

ASSETS

Cash in Checking	<u>\$ 71,206</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Sales Tax Payable	\$ 4,287
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FUND BALANCE

Fund Balance, Beginning of Year	77,837
Excess of Disbursements over Receipts	<u>(10,918)</u>

Fund Balance, End of Year	<u>66,919</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 71,206</u>
------------------------------------	------------------

See notes to financial statement.



CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
EXTRACURRICULAR ACTIVITY FUNDS  
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2014

	FUND BALANCE JUNE 30, 2013	RECEIPTS	DISBURSEMENTS	FUND BALANCE JUNE 30, 2014
AFS Fund	\$ 1,165	\$ 0	\$ 0	\$ 1,165
Alliance For Equality	0	0	0	0
Art Club	1,065	922	917	1,070
Book Club	474	0	0	474
Cacti	0	0	0	0
Cheerleading	6,578	53,351	57,851	2,078
Chorus	358	0	250	108
Class Of 2013	2,336	5	2,341	0
Class Of 2014	2,650	15,747	16,774	1,623
Class Of 2015	(10)	12,473	11,267	1,196
Class Of 2016	1,304	10,466	10,544	1,226
Class Of 2017	0	1,078	0	1,078
Community Service & Interact	637	983	637	983
Drama Club	1,496	4,040	4,622	914
Explorer Club	0	1,208	1,168	40
Fourth Floor Literary Magazine	456	0	0	456
French Club	0	392	0	392
Girl's Soccer	100	0	0	100
Green Team	622	0	0	622
GSA	848	126	535	439
Humans Rights Task Force	380	0	0	380
La Rochelle	3,871	69,057	68,016	4,912
National Honor Society	2,885	0	714	2,171
Photo Club	47	0	0	47
PI Squad	146	58	0	204
SADD	1,080	4,477	3,235	2,322
Shakespeare Club	0	1,190	406	784
Spanish Exchange	2,967	250	554	2,663
Spirit Club	739	0	49	690
TAP Fund	294	0	0	294
Tiger Tales	7,389	9,776	10,786	6,379
Student Faculty Congress	2,780	4,386	873	6,293
PVC Destination Imagination	13,717	22,630	28,843	7,504
PVC Drama Club	13,201	3,195	4,611	11,785
PVC Social Action	(13)	625	602	10
PVC Student Council	4,409	18,951	19,835	3,525
PVC Yearbook	3,866	2,908	3,782	2,992
	<u>\$ 77,837</u>	<u>\$ 238,294</u>	<u>\$ 249,212</u>	<u>\$ 66,919</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT  
CROTON-ON-HUDSON, NEW YORK  
EXTRAClassroom Activity Funds  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Croton-Harmon Union Free School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of the Croton-Harmon Union Free School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.