

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

AUDIT REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2008
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
JUNE 30, 2008
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Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

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

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA

Walter J. Jung, CPA
Brent T. Napoleon, CPA
Jennifer L. Rowe, CPA
Terry Ann Wheeler, CPA

— CONSULTANT —
Randy E. Bullis, CPA, DABFA

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Croton-Harmon Union Free School District, as of and for the year ended June 30, 2008, which collectively comprise the Croton-Harmon Union Free School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Croton-Harmon Union Free School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Croton-Harmon Union Free School District, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Croton-Harmon Union Free School District's basic financial statements. The supplemental schedules on pages 43 and 44 were required by accounting principles generally accepted in the United States of America. The supplemental schedules on pages 45 through 48 were required by the New York State Education Department. All of the supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,


NUGENT & HAEUSSLER, P.C.

September 30, 2008

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, 2008. 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 government-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, 2008 are as follows:

- The District completed the bonding of the capital projects during the 2006-2007 fiscal year, and therefore did not incur any new debt during the 2007-2008 fiscal year. In fact, the District was able to pay an additional \$94,500 (\$174,900 total) towards reducing the outstanding principal on the Bond Anticipation Notes from \$402,900 to \$228,000. These bond anticipation notes represent the outstanding debt for the previous purchase of school buses.
- During the 2007-2008 fiscal year, the District settled all of the outstanding litigation surrounding the capital construction. The district was able to pay off all of the settlements by using the money in the Reserve for Liability. With the high cost of legal fees associated with the litigation settlements, the district appropriated \$268,948 from the unappropriated fund balance to increase the general fund budget to pay the associated legal fees.

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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Overview of the Financial Statements (Continued)

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.

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">• Statement of Net Assets• Statement of Activities	<ul style="list-style-type: none">• Balance Sheet• Statement of Revenues, Expenditures, and Changes in Fund Balances	<ul style="list-style-type: none">• Statement of Fiduciary Net Assets• Statement of Changes in Fiduciary Net Assets
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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, 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

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District as a Whole

The District's net assets at June 30, 2008 are \$23,291,574. This is a \$2,698,985 increase from last year's net assets of \$20,592,589, as adjusted. The following table provides a summary of the District's net assets:

Summary of Net Assets

	School District Activities	
	June 30, 2008	June 30, 2007
Current Assets	\$ 11,768,616	\$ 12,716,152
Capital Assets, Net	47,870,193	48,355,137
Total Assets	<u>59,638,809</u>	<u>61,071,289</u>
Current Liabilities	5,976,313	7,601,149
Long-Term Debt Outstanding	30,370,922	32,877,551
Total Liabilities	<u>36,347,235</u>	<u>40,478,700</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	15,534,488	12,617,489
Restricted	996,226	1,227,416
Unrestricted	6,760,860	6,747,684
Total Net Assets	<u>\$ 23,291,574</u>	<u>\$ 20,592,589</u>

The District does not record, at this time, the liability for post-employment benefits in regard to health care premiums. This unrecorded liability will be material to the financial statements as a whole and is not required to be calculated and recorded at this time. The Governmental Accounting Standards Board will require this liability to be recorded in the 2008-2009 fiscal year.

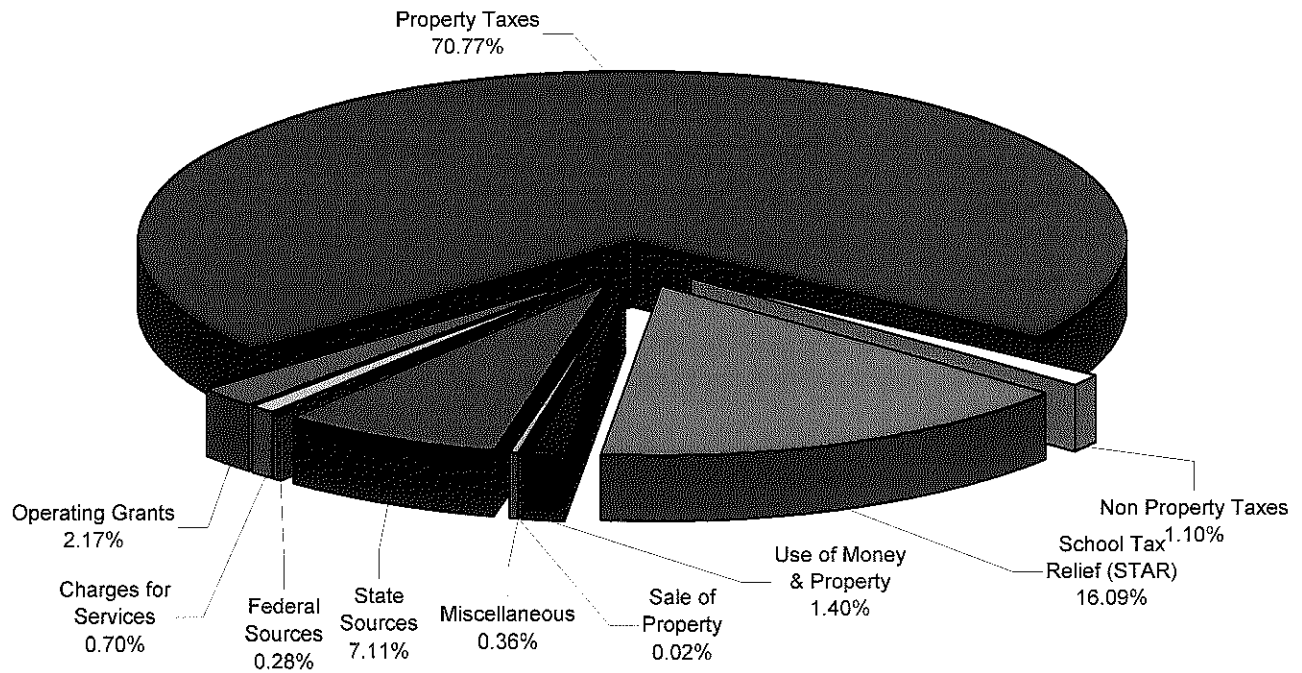
The following table and supporting graphs provides a summary of revenues, expenses and changes in net assets for the year ended June 30, 2008:

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

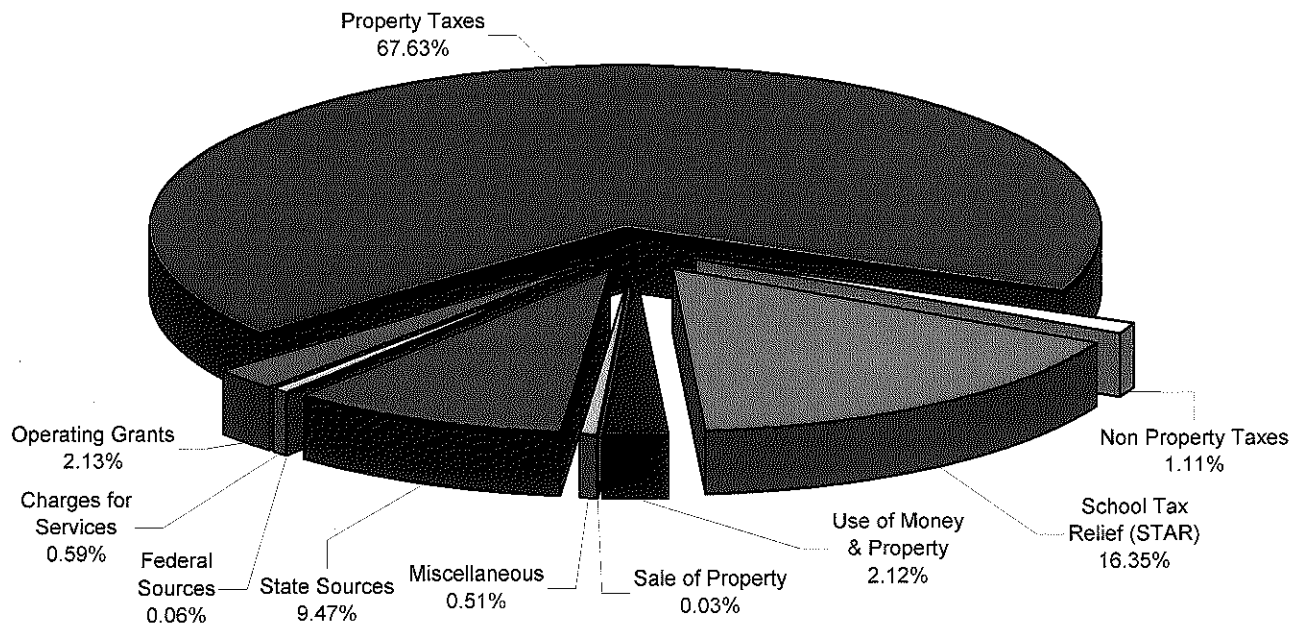
	<u>June 30, 2008</u>	<u>%</u>	<u>June 30, 2007</u>	<u>%</u>
<u>REVENUES</u>				
PROGRAM REVENUES:				
Charges for Services	\$ 275,402	0.70%	\$ 224,545	0.59%
Operating Grants	859,945	2.17%	804,269	2.13%
GENERAL REVENUES:				
Property Taxes	28,015,773	70.77%	25,568,608	67.63%
Non Property Taxes	437,002	1.10%	420,717	1.11%
School Tax Relief (STAR)	6,367,897	16.09%	6,180,792	16.35%
Use of Money & Property	552,677	1.40%	800,852	2.12%
Sale of Property	8,706	0.02%	11,745	0.03%
Miscellaneous	142,185	0.36%	194,233	0.51%
State Sources	2,813,070	7.11%	3,579,565	9.47%
Federal Sources	111,807	0.28%	21,961	0.06%
TOTAL REVENUES	<u>39,584,464</u>	100.00%	<u>37,807,287</u>	100.00%
<u>EXPENSES</u>				
General Support	5,798,249	15.72%	5,412,369	14.99%
Instruction	21,691,819	58.80%	20,895,698	57.85%
Pupil Transportation	1,968,179	5.34%	1,790,433	4.96%
Community Services	0	0.00%	746	0.00%
Employee Benefits	5,350,856	14.51%	5,111,384	14.15%
Debt Service Interest	863,281	2.34%	1,682,076	4.66%
Depreciation	1,145,798	3.11%	1,183,060	3.28%
School Lunch Program	67,297	0.18%	40,359	0.11%
TOTAL EXPENSES	<u>36,885,479</u>	100.00%	<u>36,116,125</u>	100.00%
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 2,698,985</u>		<u>\$ 1,691,162</u>	

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

**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

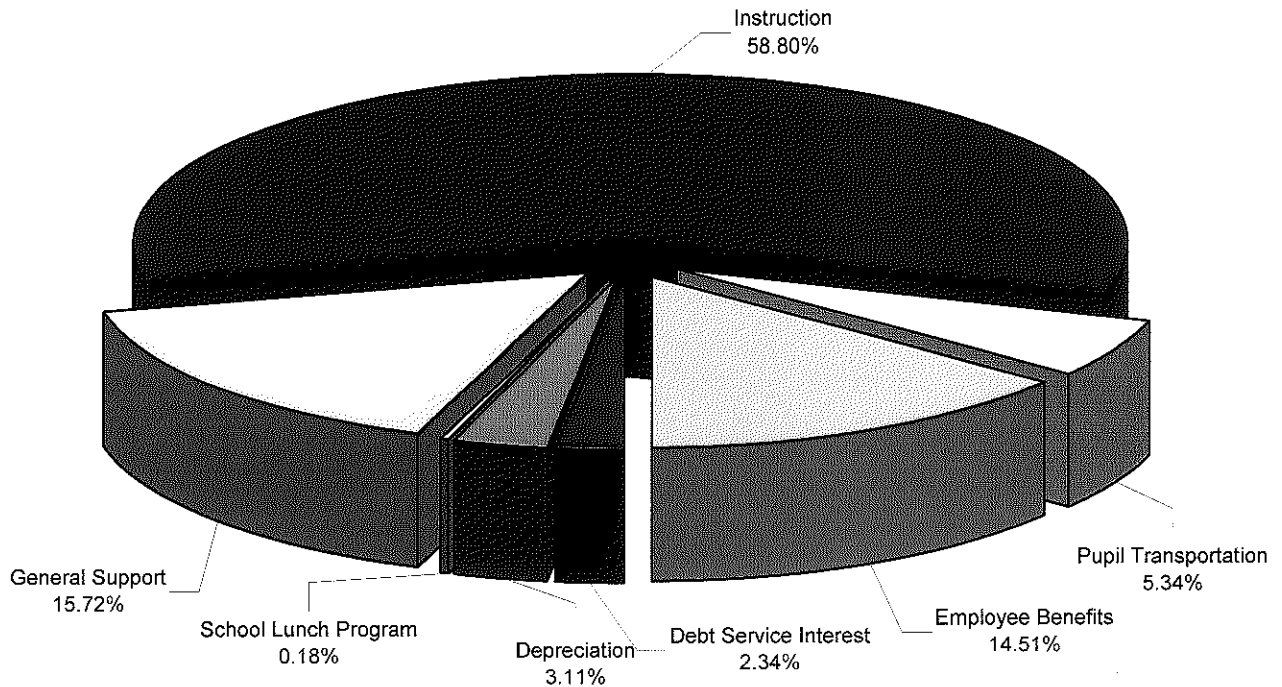


**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

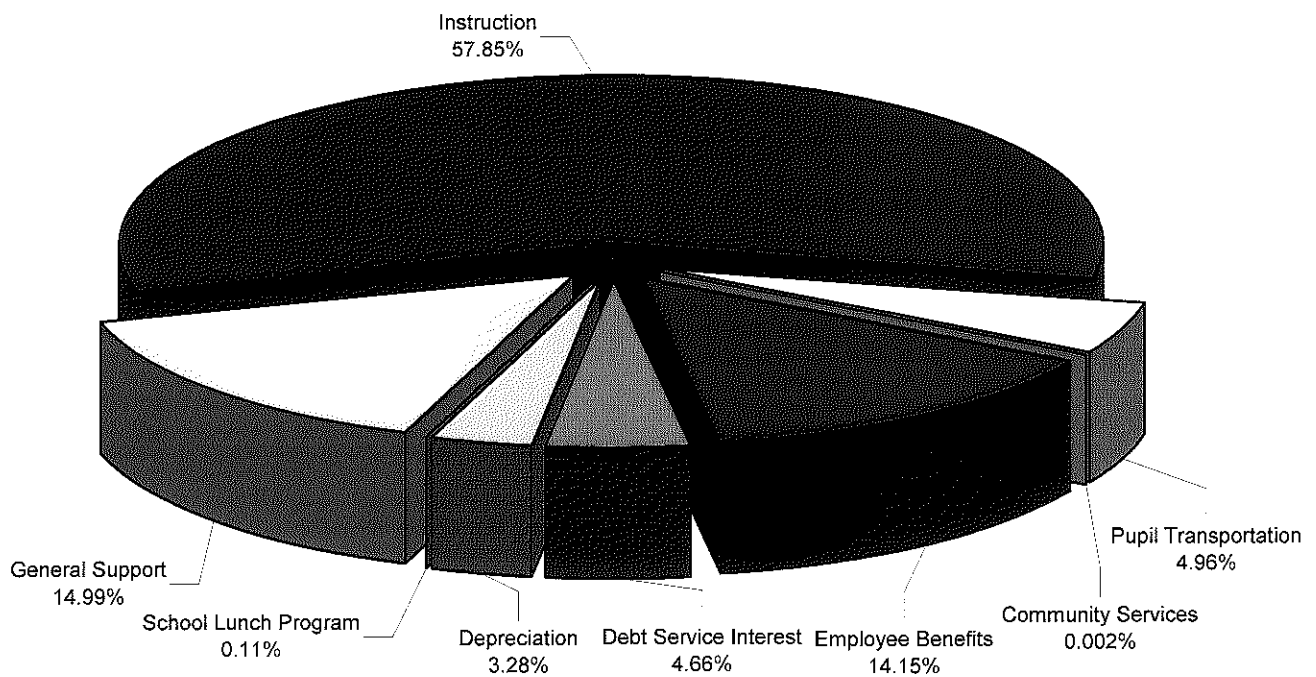


CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2008



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

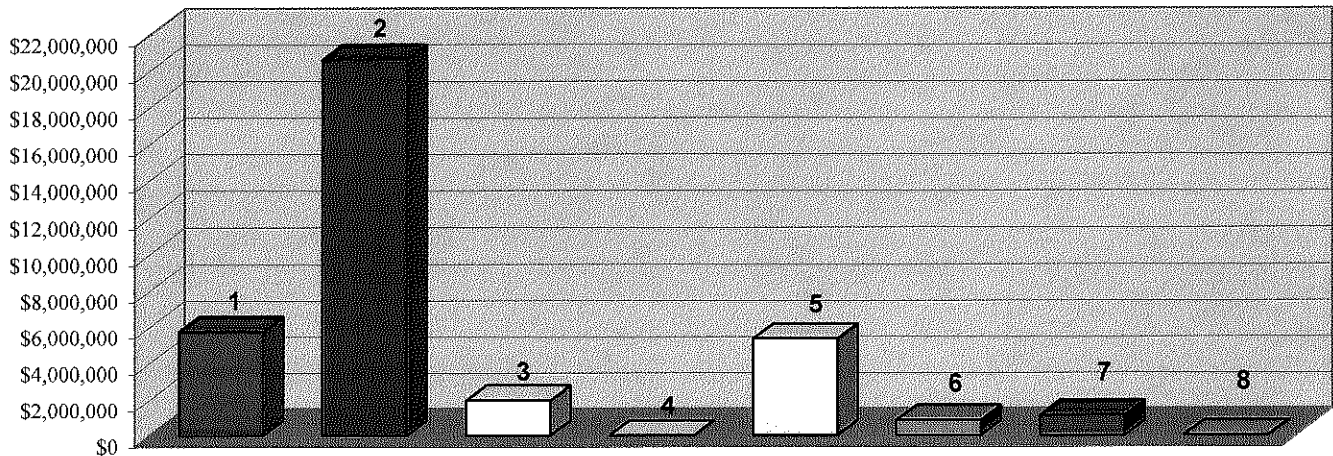


CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

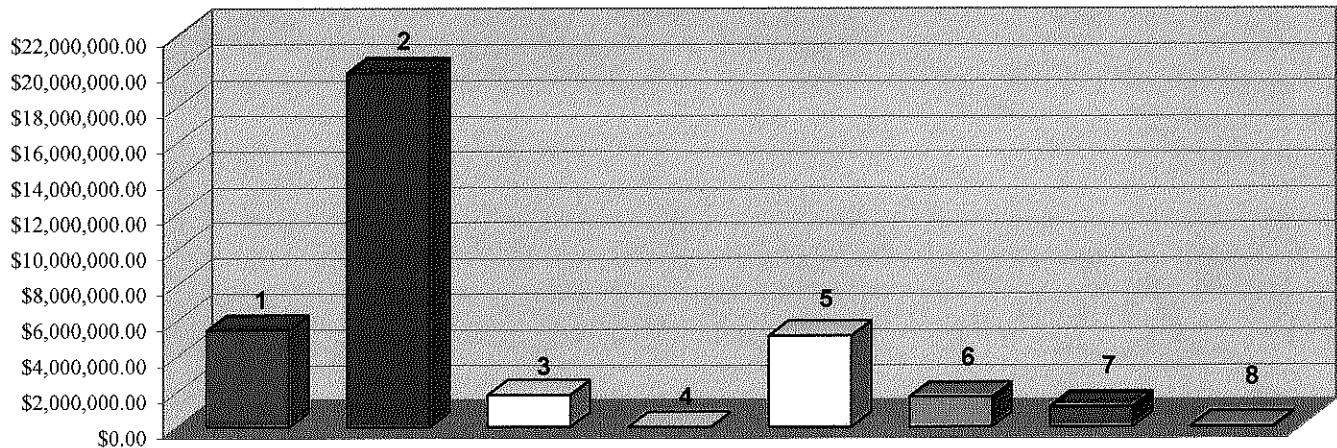
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2007-2008	NET COST OF SERVICES 2007-2008	TOTAL COST OF SERVICES 2006-2007	NET COST OF SERVICES 2006-2007
General Support	1	\$ 5,798,249	\$ 5,765,587	\$ 5,412,369	\$ 5,412,369
Instruction	2	21,691,819	20,631,607	20,895,698	19,896,206
Pupil Transportation	3	1,968,179	1,968,179	1,790,433	1,790,433
Community Services	4	0	0	746	746
Employee Benefits	5	5,350,856	5,350,856	5,111,384	5,111,384
Debt Service - Interest	6	863,281	863,281	1,682,076	1,682,076
Depreciation	7	1,145,798	1,145,798	1,183,060	1,153,738
School Lunch Program	8	67,297	24,824	40,359	40,359
		<u>\$ 36,885,479</u>	<u>\$ 35,750,132</u>	<u>\$ 36,116,125</u>	<u>\$ 35,087,311</u>

NET COSTS 2007-2008



NET COSTS 2006-2007



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 reserved and unreserved fund balance for each of these funds is as follows:

	June 30, 2008		June 30, 2007	
	Reserved	Unreserved	Reserved	Unreserved
General	\$ 2,706,986	\$ 4,685,999	\$3,228,095	\$3,638,930
Special Aid	49,993	15,545	0	76,585
School Lunch	0	56,584	0	72,785
Capital Projects	0	845,958	34,594	1,020,412
Debt Service	197,193	0	172,410	0

General Fund Budgetary Highlights

The original budget for the General Fund was revised by \$1,238,949 during the year. The supplemental appropriations principally consisted of legal settlements and fees.

In the General Fund for the fiscal year ended June 30, 2008, actual revenues were less than revised budgeted revenues by \$19,823 (0.05%). Revenue sources significantly under budget were State Sources (12.4%) due to charges for students in residential placements as well as audit changes in state aid which resulted in an over payment to the District. These charges are deducted from State Aid. Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$2,324,784 (5.6%). Once again, the District kept fiscal restraints on purchases.

For fiscal year 2008-2009, the District has appropriated \$1,125,000 of fund balance to reduce the tax levy.

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

- Variances between estimated revenues and amounts actually received for New York State Aid
- Rising costs of employee benefits such as health insurance, teachers' and employees' retirement
- Escalating costs of utilities – electric, gasoline, diesel fuel and heating oil

Management believes that the budget adopted for 2008-2009 is reasonably adaptable to any adverse changes that may arise based on the above factors.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Other Fund Highlights

The Special Aid Fund ended the year with a fund balance of \$65,538. These funds will be appropriated in subsequent years to fund expenditures from the Hudson River Estuary Grant.

The School Lunch Program Fund ended the year with a fund balance of \$56,584. The expenditures exceeded revenues by \$16,201. 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 of \$845,958. The District is in the process of completing the Final Building Project Cost Reports for the capital projects. When these reports are complete, any funds remaining from these projects will be transferred to the General and Debt Service Funds as applicable.

Debt Service Fund ended the year with a fund balance of \$197,193. 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 investment in capital assets, net of accumulated depreciation as of June 30, 2008, was \$47,870,193. The total decrease in this net investment was 1.00% for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation as of June 30, 2007 was \$48,355,136. The District expended \$660,854 to acquire and construct capital assets during the fiscal year ended June 30, 2008, and depreciation expense for the fiscal year was \$1,145,798.

Capital Assets (Continued)

CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 810,100	\$ 810,100	0.00%
<u>Depreciable Assets:</u>			
Land Improvements	47,172	52,288	-9.78%
Building and Improvements	45,872,021	46,327,202	-0.98%
Furniture and Equipment	534,369	602,457	-11.30%
Vehicles	606,531	563,090	7.71%
TOTALS	<u>\$ 47,870,193</u>	<u>\$ 48,355,137</u>	-1.00%

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$32,385,000. 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. During the fiscal year, the District did not issue any serial bonds. Activity in bonded debt outstanding during the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Serial Bond	\$ 12,650,000	\$ 0	\$ 675,000	\$ 11,975,000
Serial Bond	13,325,000	0	815,000	12,510,000
Serial Bond	2,450,000	0	590,000	1,860,000
Serial Bond	6,420,000	0	380,000	6,040,000
Total Bonded Debt Outstanding	<u>\$ 34,845,000</u>	<u>\$ 0</u>	<u>\$ 2,460,000</u>	<u>\$ 32,385,000</u>

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of "Aa3" 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, Director of Finance and Administration, 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 ASSETS
GOVERNMENTAL ACTIVITIES
June 30, 2008

ASSETS

Unrestricted Cash	\$ 7,561,344
Restricted Cash	2,735,686
State & Federal Aid Receivable	777,398
Due from Other Governments	509,417
Due from Fiduciary Funds	181,138
Other Receivables, Net	3,633
Capital Assets, Net	47,870,193
	<hr/>
TOTAL ASSETS	59,638,809

LIABILITIES

Accounts Payable	290,985
Accrued Liabilities	997,969
Due to Other Governments	449,762
Due to Teachers' Retirement System	1,381,850
Due to Employees' Retirement System	88,146
Bond Anticipation Notes	228,000
Deferred Revenues	4,601
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	2,535,000
Due and Payable In More Than One Year:	
Bonds Payable	29,850,000
Compensated Absences	352,327
Judgements and Claims	168,595
	<hr/>
TOTAL LIABILITIES	36,347,235

NET ASSETS

Investment in Capital Assets, Net of Related Debt	15,534,488
Restricted for:	
Debt Service	197,193
Capital Projects	799,033
Unrestricted	6,760,860
	<hr/>
TOTAL NET ASSETS	\$ 23,291,574

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS
		EXPENSES	CHARGES FOR SERVICES	
<u>FUNCTIONS & PROGRAMS</u>				
General Support	\$ (6,955,314)	\$ 0	\$ 32,662	\$ (6,922,652)
Instruction	(26,519,360)	243,594	816,618	(25,459,148)
Pupil Transportation	(2,446,786)	0	0	(2,446,786)
Debt Service - Interest	(863,281)	0	0	(863,281)
School Lunch Program	<u>(100,738)</u>	<u>31,808</u>	<u>10,665</u>	<u>(58,265)</u>
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (36,885,479)</u>	<u>\$ 275,402</u>	<u>\$ 859,945</u>	<u>(35,750,132)</u>
<u>GENERAL REVENUES</u>				
Real Property Taxes				28,015,773
Other Tax Items				6,367,897
Non Property Taxes				437,002
Use of Money & Property				552,677
Sale of Property & Compensation for Loss				8,706
Miscellaneous				142,185
State Sources				2,813,070
Federal Sources				<u>111,807</u>
TOTAL GENERAL REVENUES				<u>38,449,117</u>
CHANGE IN NET ASSETS				2,698,985
NET ASSETS, BEGINNING OF YEAR				<u>20,592,589</u>
NET ASSETS, END OF YEAR				\$ 23,291,574

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 7,333,020	\$ 173,375	\$ 54,949	\$ 0	\$ 0	\$ 7,561,344
Restricted Cash	1,639,435	0	0	899,581	196,670	2,735,686
State & Federal Aid Receivable	310,784	463,607	3,007	0	0	777,398
Due from Other Governments	509,417	0	0	0	0	509,417
Due from Other Funds	553,496	8,093	0	174,900	523	737,012
Due from Fiduciary Funds	181,138	0	0	0	0	181,138
Other Receivables, Net	2,995	0	638	0	0	3,633
TOTAL ASSETS	<u>\$ 10,530,285</u>	<u>\$ 645,075</u>	<u>\$ 58,594</u>	<u>\$ 1,074,481</u>	<u>\$ 197,193</u>	<u>\$ 12,505,628</u>
<u>LIABILITIES & FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 277,305	\$ 12,076	\$ 1,604	\$ 0	\$ 0	\$ 290,985
Accrued Liabilities	758,746	7,862	406	0	0	767,014
Due to Other Governments	449,762	0	0	0	0	449,762
Due to Other Funds	176,998	559,491	0	523	0	737,012
Due to Teachers' Retirement System	1,381,850	0	0	0	0	1,381,850
Due to Employees' Retirement System	88,146	0	0	0	0	88,146
Bond Anticipation Notes	0	0	0	228,000	0	228,000
Deferred Revenues	4,493	108	0	0	0	4,601
TOTAL LIABILITIES	<u>3,137,300</u>	<u>579,537</u>	<u>2,010</u>	<u>228,523</u>	<u>0</u>	<u>3,947,370</u>
<u>FUND BALANCES</u>						
Fund Balance:						
Reserved:						
Reserve for Encumbrances	710,566	49,993	0	0	0	760,559
Capital Reserve	10,646	0	0	0	0	10,646
Reserve for Debt Service	0	0	0	0	197,193	197,193
Property Loss Reserve and Liability Reserve	930,000	0	0	0	0	930,000
Tax Certiorari Reserve	1,055,774	0	0	0	0	1,055,774
Unreserved:						
Designated for Subsequent Year's Expenditures	1,125,000	0	0	845,958	0	1,970,958
Undesignated	3,560,999	15,545	56,584	0	0	3,633,128
TOTAL FUND BALANCES	<u>7,392,985</u>	<u>65,538</u>	<u>56,584</u>	<u>845,958</u>	<u>197,193</u>	<u>8,558,258</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 10,530,285</u>	<u>\$ 645,075</u>	<u>\$ 58,594</u>	<u>\$ 1,074,481</u>	<u>\$ 197,193</u>	<u>\$ 12,505,628</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2008

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET ASSETS
<u>ASSETS</u>				
Unrestricted Cash	\$ 7,561,344			\$ 7,561,344
Restricted Cash	2,735,686			2,735,686
State & Federal Aid Receivable	777,398			777,398
Due from Other Governments	509,417			509,417
Due from Other Funds	737,012		(737,012)	0
Due from Fiduciary Funds	181,138			181,138
Other Receivables, Net	3,633			3,633
Capital Assets, Net	0	47,870,193		47,870,193
TOTAL ASSETS	\$ 12,505,628	\$ 47,870,193	\$ (737,012)	\$ 59,638,809
<u>LIABILITIES & FUND BALANCES / NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 290,985			\$ 290,985
Accrued Liabilities	767,014	230,955		997,969
Due to Other Governments	449,762			449,762
Due to Other Funds	737,012		(737,012)	0
Due to Teachers' Retirement System	1,381,850			1,381,850
Due to Employees' Retirement System	88,146			88,146
Bond Anticipation Notes	228,000			228,000
Deferred Revenues	4,601			4,601
Bonds Payable	0	32,385,000		32,385,000
Compensated Absences	0	352,327		352,327
Judgements and Claims	0	168,595	- w/c Pool	168,595
TOTAL LIABILITIES	3,947,370	33,136,877	(737,012)	36,347,235
FUND BALANCES / NET ASSETS	8,558,258	14,733,316	0	23,291,574
TOTAL LIABILITIES & FUND BALANCES / NET ASSETS	\$ 12,505,628	\$ 47,870,193	\$ (737,012)	\$ 59,638,809

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, 2008

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	\$ 28,015,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,015,773
Other Tax Items	6,367,897	0	0	0	0	6,367,897
Non Property Taxes	437,002	0	0	0	0	437,002
Charges for Services	243,594	0	0	0	0	243,594
Use of Money & Property	527,894	0	0	0	24,783	552,677
Sale of Property & Compensation for Loss	8,706	0	0	0	0	8,706
Miscellaneous	142,185	11,323	7,433	0	0	160,941
State Sources	2,985,569	216,849	0	0	0	3,202,418
Federal Sources	111,807	448,609	10,665	0	0	571,081
Sales	0	0	24,375	0	0	24,375
TOTAL REVENUES	38,840,427	676,781	42,473	0	24,783	39,584,464
EXPENDITURES						
General Support	5,795,087	0	48,692	0	0	5,843,779
Instruction	21,055,688	664,205	0	0	0	21,719,893
Pupil Transportation	1,968,179	0	0	0	0	1,968,179
Employee Benefits	5,334,479	58,623	1,377	0	0	5,394,479
Debt Service:						
Principal	2,634,900	0	0	0	0	2,634,900
Interest	1,261,135	0	0	0	0	1,261,135
Cost of Sales	0	0	18,605	0	0	18,605
Capital Outlay	0	0	0	603,948	0	603,948
TOTAL EXPENDITURES	38,049,468	722,828	68,674	603,948	0	39,444,918
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	790,959	(46,047)	(26,201)	(603,948)	24,783	139,546
OTHER SOURCES & USES						
Bond Anticipation Notes Paid from Current Appropriations	0	0	0	174,900	0	174,900
Operating Transfers In	0	35,000	10,000	220,000	0	265,000
Operating Transfers (Out)	(265,000)	0	0	0	0	(265,000)
TOTAL OTHER SOURCES & USES	(265,000)	35,000	10,000	394,900	0	174,900
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	525,959	(11,047)	(16,201)	(209,048)	24,783	314,446
FUND BALANCES, BEGINNING OF YEAR	6,867,026	76,585	72,785	1,055,006	172,410	8,243,812
FUND BALANCES, END OF YEAR	\$ 7,392,985	\$ 65,538	\$ 56,584	\$ 845,958	\$ 197,193	\$ 8,558,258

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<u>REVENUES</u>						
Real Property Taxes	\$ 28,015,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,015,773
Other Tax Items	6,367,897	0	0	0	0	6,367,897
Non Property Taxes	437,002	0	0	0	0	437,002
Charges for Services	243,594	0	0	0	0	243,594
Use of Money & Property	552,677	0	0	0	0	552,677
Sale of Property & Compensation for Loss	8,706	0	0	0	0	8,706
Miscellaneous	160,941	0	0	0	0	160,941
State Sources	3,202,418	0	0	0	0	3,202,418
Federal Sources	571,081	0	0	0	0	571,081
Sales	24,375	0	0	0	0	24,375
TOTAL REVENUES	39,584,464	0	0	0	0	39,584,464
<u>EXPENDITURES</u>						
General Support	5,843,779	3,162	105,594	0	1,002,779	6,955,314
Instruction	21,719,893	28,832	829,737	0	3,940,898	26,519,360
Pupil Transportation	1,968,179	0	121,497	0	357,110	2,446,786
Employee Benefits	5,394,479	(43,623)	0	0	(5,350,856)	0
Debt Service:						
Principal	2,634,900	0	0	(2,460,000)	(174,900)	0
Interest	1,261,135	(397,854)	0	0	0	863,281
Cost of Sales	18,605	0	32,064	0	50,069	100,738
Capital Outlay	603,948	0	(603,948)	0	0	0
TOTAL EXPENDITURES	39,444,918	(409,483)	484,944	(2,460,000)	(174,900)	36,885,479
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	139,546	409,483	(484,944)	2,460,000	174,900	2,698,985
<u>OTHER SOURCES & USES</u>						
Bond Anticipation Notes Paid from Current Appropriations	174,900	0	0	0	(174,900)	0
Operating Transfers In	265,000	0	0	0	(265,000)	0
Operating Transfers (Out)	(265,000)	0	0	0	265,000	0
TOTAL OTHER SOURCES & USES	174,900	0	0	0	(174,900)	0
NET CHANGE FOR THE YEAR	\$ 314,446	\$ 409,483	\$ (484,944)	\$ 2,460,000	\$ 0	\$ 2,698,985

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 91,103	\$ 365,906
<u>LIABILITIES & NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 181,138
Extraclassroom Activity Balances	0	75,993
Other Liabilities	0	108,775
 TOTAL LIABILITIES	 0	 \$ 365,906
<u>NET ASSETS</u>		
Reserved for Endowment, Scholarship and Gift Funds	91,103	
 TOTAL LIABILITIES & NET ASSETS	 \$ 91,103	

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 8,440
Investment Earnings	<u>1,841</u>
TOTAL ADDITIONS	10,281
<u>DEDUCTIONS</u>	
Scholarships & Awards	<u>11,531</u>
CHANGE IN NET ASSETS	(1,250)
NET ASSETS, BEGINNING OF YEAR	<u>92,353</u>
NET ASSETS, END OF YEAR	<u><u>\$ 91,103</u></u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008

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

During the year ended June 30, 2008, the Croton-Harmon Union Free School District was billed \$3,510,609 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$533,132. 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 Assets and the Statement of Activities and Changes in Net Assets 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 Assets 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, 2008

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 1st and became a lien on August 13, 2007. Taxes were collected by the Town of Cortlandt and the Town of Yorktown during the period September 3, 2007 through October 31, 2007.

Uncollected real property taxes are subsequently enforced by Westchester County in which the District is located. Westchester 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 assets 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 Assets 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 inventoriable 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 assets 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. Capital Assets

Capital assets are reported at cost for acquisitions. 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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

M. Deferred Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred 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.

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

N. 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 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.

O. 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

O. Short-Term Debt (Continued)

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.

P. 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 Assets.

Q. Equity Classifications

1. District-wide Statements

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

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

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

Q. Equity Classifications (Continued)

2. Funds Statements

Unreserved fund balance consists of two classifications. A designation of unreserved fund balance indicates the planned use of these resources in the subsequent years' budget. The undesignated portion reports remaining fund balance that has not been designated or reserved. NYS Real Property Tax Law §1318 restricts the unreserved, undesignated fund balance of the General Fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources that are not available for general use or appropriation. Reserve funds are available to school districts within the State of New York. Reserve funds are established through Board action or voter approval and a separate identify must be maintained for each reserve. Earnings on the invested resources become part of the respective funds; however, separate bank accounts are not necessary for each reserve fund. Fund balance reserves currently in use by the District include the following:

Reserve for Encumbrances

Reserve for Encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year.

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, its 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.

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-1) 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

Q. Equity Classifications (Continued)

2. Funds Statements (Continued)

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.

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 Assets of Governmental Activities:

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities: (Continued)

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 Assets 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, 2008 were as follows:

Original Cost of Capital Assets	\$ 58,748,856
Accumulated Depreciation	(10,878,663)
	<u>\$ 47,870,193</u>

2. Interest is accrued in the Statement of Net Assets, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2008 was as follows:

Accrued Interest	\$ 230,955
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3. Long-term liabilities are reported in the Statement of Net Assets, but not in the Balance Sheet, because they are not due and payable in the current period. The balances at June 30, 2008 were as follows:

Bonds Payable	\$ 32,385,000
Compensated Absences	352,327
Judgements and Claims	168,595
	<u>\$ 32,905,922</u>

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Changes in Net Assets 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 Assets 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 Assets.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 Assets: (Continued)

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 Assets, 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 Assets.

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 Assets as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

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

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds and in the Statement of Activities and Changes in Net Assets (Schedule 5)	\$ 39,584,464
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Total Expenditures & Other Uses/Expenses

Total expenditures reported in governmental funds (Schedule 5)	\$ 39,444,918
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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 expense. This is the amount by which capital expenditures of \$660,854 were less than depreciation of \$1,145,798 in the current year.

	484,944
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CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 Assets (Continued):

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

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 amounts actually paid). The amount by which compensated absences earned exceeded the amount used during the year was \$31,994. Judgments and claims paid exceeded the amount earned during the year in the amount of \$43,623.	(11,629)
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 interest payable this year.	(397,854)
Repayment of bond and other debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Assets, and does not affect the Statement of Activities and Changes in Net Assets.	<u>(2,634,900)</u>
Total expenses in the Statement of Activities and Changes in Net Assets (Schedule 2)	<u><u>\$ 36,885,479</u></u>

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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

A. Budgets (Continued)

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. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #2.

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 reservations 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.

C. Other Stewardship and Compliance Matters

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Among the actions the District may consider is the establishment of a capital reserve to ensure that the school buildings are maintained adequately.

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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL. (Continued)

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	\$ 3,912,605.

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 \$2,735,686 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 agreement 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 cooperative as of year-end are \$1,078,382,508, which consisted of \$280,249,107 in repurchase agreements, \$565,127,788 in U. S. Treasury Securities, \$8,005,613 in U.S. Government Guaranteed Securities and \$225,000,000 in collateralized bank deposits, with various interest rate and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 7,296,267	\$ 7,296,267
Capital Projects Fund	11,345	11,345

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 Cooperative Liquid Assets Securities System – New York (CLASS).

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2008, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 810,100	\$ 0	\$ 0	\$ 810,100
Capital assets that are depreciated:				
Land Improvements	523,863	0	0	523,863
Buildings and Improvements	52,421,859	439,011	0	52,860,870
Furniture & Equipment	2,202,383	56,906	0	2,259,289
Vehicles	2,129,797	164,937	0	2,294,734
Total Depreciable Assets	<u>57,277,902</u>	<u>660,854</u>	<u>0</u>	<u>57,938,756</u>
Less: Accumulated Depreciation	<u>(9,732,865)</u>	<u>(1,145,798)</u>	<u>0</u>	<u>(10,878,663)</u>
Capital Assets, Net	<u>\$48,355,137</u>	<u>\$ (484,944)</u>	<u>\$ 0</u>	<u>\$47,870,193</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 105,594
Instruction	886,643
Transportation	121,497
Cost of Sales	<u>32,064</u>
Total Depreciation	<u>\$ 1,145,798</u>

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6. SHORT-TERM DEBT.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance
BAN maturing 12/28/07 at 3.61%	\$ 892,648	\$ 0	\$ 892,648	\$ 0
BAN maturing 12/26/08 at 3.21%	0	228,000	0	228,000
Total Short-Term Debt	<u>\$ 892,648</u>	<u>\$ 228,000</u>	<u>\$ 892,648</u>	<u>\$ 228,000</u>

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

Interest Paid	\$ 27,466
Less: Interest Accrued in the Prior Year	(16,334)
Plus: Interest Accrued in the Current Year	<u>3,835</u>
Interest Expense	<u>\$ 14,967</u>

NOTE 7. LONG-TERM DEBT.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	<u>\$34,845,000</u>	<u>\$ 0</u>	<u>\$2,460,000</u>	<u>\$32,385,000</u>	<u>\$2,535,000</u>
Other Liabilities:					
Due to Teachers' Compensated Absences	320,333	31,994	0	352,327	0
Judgements and Claims	<u>212,218</u>	<u>0</u>	<u>43,623</u>	<u>168,595</u>	<u>0</u>
Total Other Liabilities	<u>532,551</u>	<u>31,994</u>	<u>43,623</u>	<u>520,922</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$35,377,551</u>	<u>\$ 31,994</u>	<u>\$2,503,623</u>	<u>\$32,905,922</u>	<u>\$2,535,000</u>

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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	Balance
Serial Bond	02/15/03	10/15/20	3.5% - 4.5%	\$11,975,000
Serial Bond	02/15/04	10/15/19	3% - 4%	12,510,000
Serial Bond	03/01/05	05/15/11	2.5% - 3.25%	1,860,000
Serial Bond	07/15/06	11/01/19	4% - 6%	6,040,000
				<u>\$32,385,000</u>

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable	
	Principal	Interest
2009	\$ 2,550,000	\$ 1,158,835
2010	2,650,000	1,080,300
2011	2,740,000	995,644
2012	2,195,000	902,869
2013	2,290,000	824,794
2014 - 2018	12,875,000	2,760,081
2019 - 2023	7,085,000	377,704
TOTAL	<u>\$32,385,000</u>	<u>\$ 8,100,227</u>

NOTE 7. LONG-TERM DEBT. (Continued)

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

Interest paid	\$ 1,233,669
Less: Interest accrued in the prior year	(612,475)
Plus: Interest accrued in the current year	<u>227,120</u>
Total interest expense	<u>\$ 848,314</u>

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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8. PENSION PLANS. (Continued)

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 Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, and Albany, New York 12244.

Funding Policies

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board established rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2007 - 2008	\$ 1,205,729	\$ 382,620
2006 - 2007	1,122,848	417,474
2005 - 2006	979,917	437,400

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 9. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2008, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 734,634	\$ 176,998	\$ 0	\$ 265,000
Special Aid Fund	8,093	559,491	35,000	0
School Lunch Fund	0	0	10,000	0
Capital Fund	174,900	523	220,000	0
Debt Service Fund	523	0	0	0
Total Governmental Activities	918,150	737,012	265,000	265,000
Fiduciary Agency Fund	0	181,138	0	0
Totals	<u>\$ 918,150</u>	<u>\$ 918,150</u>	<u>\$ 265,000</u>	<u>\$ 265,000</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets. 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 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, 2008, the District recognized \$575,502 for its share of insurance premiums for currently enrolled retirees.

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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11. RISK MANAGEMENT. (Continued)

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, 2008 was \$26,093,986. Fund balance available to offset this liability was \$20,507,316, leaving an unfunded liability of \$5,586,670. The District's share of this unfunded liability was \$168,595. As of June 30, 2007, the District's share of this unfunded liability was \$212,218. The District's net assets as of June 30, 2007 have been restated to include this 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.

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.

NOTE 13. OPERATING LEASES.

The District leases certain office equipment under the terms of various non-cancelable leases. Rental expense for the year was \$22,528.

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

<u>For the Year Ended June 30,</u>	
2009	\$ 16,200
2010	6,972

NOTE 14. 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.

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
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 34,360,250	\$ 27,987,871	\$ 28,015,773	\$ 27,902
Other Tax Items	0	6,372,379	6,367,897	(4,482)
Non Property Taxes	420,000	420,000	437,002	17,002
Charges for Services	170,440	170,440	243,594	73,154
Use of Money & Property	429,060	429,060	527,894	98,834
Sale of Property & Compensation for Loss	500	500	8,706	8,206
Miscellaneous	70,000	70,000	142,185	72,185
STATE SOURCES	3,410,000	3,410,000	2,985,569	(424,431)
FEDERAL SOURCES	0	0	111,807	111,807
TOTAL REVENUES	38,860,250	38,860,250	\$ 38,840,427	\$ (19,823)
APPROPRIATED FUND BALANCE	1,250,619	2,489,568		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 40,110,869	\$ 41,349,818		

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, 2008

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
<u>EXPENDITURES</u>					
GENERAL SUPPORT:					
Board of Education	\$ 35,400	\$ 38,870	\$ 34,207	\$ 110	\$ 4,553
Central Administration	353,990	364,577	358,594	591	5,392
Finance	638,379	633,667	623,757	6,035	3,875
Staff	322,870	591,014	528,696	2,782	59,536
Central Services	2,778,040	3,081,928	2,799,495	257,753	24,680
Special Items	538,100	1,455,678	1,450,338	0	5,340
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,505,794	1,454,007	1,318,542	24,434	111,031
Teaching - Regular School	11,313,639	11,278,443	10,683,082	76,251	519,110
Programs for Children with Handicapping Conditions	5,770,872	5,346,167	5,035,465	52,471	258,231
Occupational Education	250,000	250,000	182,407	0	67,593
Teaching - Special Schools	232,500	232,500	179,881	0	52,619
Instructional Media	1,865,922	2,000,129	1,535,026	266,920	198,183
Pupil Services	2,271,940	2,334,750	2,121,285	22,304	191,161
PUPIL TRANSPORTATION	2,066,883	2,119,355	1,968,179	915	150,261
EMPLOYEE BENEFITS	6,065,370	6,004,001	5,334,479	0	669,522
DEBT SERVICE:					
Debt Service - Principal	2,638,530	2,638,530	2,634,900	0	3,630
Debt Service - Interest	1,197,640	1,261,202	1,261,135	0	67
TOTAL EXPENDITURES	39,845,869	41,084,818	38,049,468	710,566	2,324,784
OTHER USES:					
Operating Transfers Out	265,000	265,000	265,000	0	0
TOTAL EXPENDITURES & OTHER USES	\$ 40,110,869	\$ 41,349,818	38,314,468	\$ 710,566	\$ 2,324,784
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			\$ 525,959		

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 UNRESERVED FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

CHANGE FROM ADOPTED TO REVISED BUDGET

ADOPTED BUDGET	\$ 39,685,250
ADDITIONS:	
Encumbrances from Prior Year	<u>425,619</u>
ORIGINAL BUDGET	40,110,869
BUDGET REVISIONS:	
Budget Amendments for Legal Settlements:	
General Support	970,000
Budget Amendments for Legal Fees:	
General Support	<u>268,949</u>
REVISED BUDGET	<u><u>\$ 41,349,818</u></u>

USE OF UNRESERVED FUND BALANCE

UNRESERVED FUND BALANCE AS OF THE BEGINNING OF THE YEAR	\$ 3,638,930
LESS: Designated Fund Balance Used for the Levy of Taxes - Adopted Budget	<u>(825,000)</u>
UNDESIGNATED FUND BALANCE AS OF THE BEGINNING OF THE YEAR	<u><u>\$ 2,813,930</u></u>

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, 2008

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE			UNEXPENDED BALANCE	METHODS OF FINANCING			FUND BALANCE June 30, 2008
			PRIOR YEARS	CURRENT YEAR	TOTAL		PROCEEDS FROM DEBT	LOCAL SOURCES	TOTAL	
Old Capital Projects	\$ 7,467,660	\$ 8,761,803	\$ 8,760,831	\$ 0	\$ 8,760,831	\$ 972	\$ 6,750,000	\$ 2,021,321	\$ 8,771,321	\$ 10,490
98/99 Capital Projects	154,988	154,988	135,629	0	135,629	19,359	0	154,988	154,988	19,359
99/00 Capital Projects	99,900	99,900	64,948	0	64,948	34,952	0	99,900	99,900	34,952
District-wide Cons- truction & Renovation	34,800,000	37,228,000	36,332,590	236,135	36,568,725	659,275	36,840,000	388,000	37,228,000	659,275
00/01 Capital Projects	175,000	175,000	164,876	0	164,876	10,124	0	175,000	175,000	10,124
Bus Purchase	90,000	90,000	89,987	0	89,987	13	0	90,000	90,000	13
01/02 Capital Projects	184,500	184,500	82,662	0	82,662	101,838	0	184,500	184,500	101,838
Roof & Boiler Improvements	520,000	520,000	513,980	0	513,980	6,020	520,000	0	520,000	6,020
03/04 Capital Projects	277,500	277,500	290,442	0	290,442	(12,942)	0	277,500	277,500	(12,942)
04/05 Capital Projects	779,000	779,000	576,930	5,000	581,930	197,070	0	779,000	779,000	197,070
05/06 Bus Purchases	243,400	243,400	232,890	0	232,890	10,510	0	87,450	87,450	(145,440)
06/07 Bus Purchases	159,500	159,500	159,438	0	159,438	62	0	87,450	87,450	(71,988)
07/08 Bus Purchases	171,187	171,187	0	164,937	164,937	6,250	0	180,000	180,000	15,063
07/08 Capital Projects	220,000	220,000	0	197,876	197,876	22,124	0	220,000	220,000	22,124
	<u>\$ 45,342,635</u>	<u>\$ 49,064,778</u>	<u>\$47,405,203</u>	<u>\$ 603,948</u>	<u>\$48,009,151</u>	<u>\$ 1,055,627</u>	<u>\$ 44,110,000</u>	<u>\$ 4,745,109</u>	<u>\$ 48,855,109</u>	<u>\$ 845,958</u>

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

CROTON-HARMON UNION FREE SCHOOL DISTRICTCROTON-ON-HUDSON, NEW YORKGENERAL FUNDSCHEDULE OF CERTAIN REVENUES & EXPENDITURES COMPARED TO ST-3 DATAFOR THE YEAR ENDED JUNE 30, 2008

	<u>ACCOUNT CODE</u>	<u>ST-3 AMOUNT</u>	<u>AUDITED AMOUNT</u>
<u>REVENUES</u>			
Property Taxes	A -1001	\$ 28,015,773	\$ 28,015,773
Non Property Taxes	AT-1199	437,002	437,002
State Aid	AT-3999	2,985,569	2,985,569
Federal Aid	AT-4999	111,807	111,807
Total Revenues	AT-5999	38,840,427	38,840,427
<u>EXPENDITURES</u>			
General Support	AT-1999	5,795,087	5,795,087
Pupil Transportation	AT-5599	1,968,179	1,968,179
Debt Service - Principal	AT-9798.6	2,634,900	2,634,900
Debt Service - Interest	AT-9798.7	1,261,135	1,261,135
Total Expenditures	AT-9999	38,314,468	38,314,468

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

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2008

CAPITAL ASSETS, NET		\$ 47,870,193
DEDUCT:		
Bond Anticipation Note	\$ 228,000	
Short-term Portion of Bonds Payable	2,535,000	
Long-term Portion of Bonds Payable	<u>29,850,000</u>	
Total Bonds Payable	32,613,000	
Less: Unspent Bond Proceeds	<u>(277,295)</u>	
Related Debt		<u>(32,335,705)</u>
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT		<u>\$ 15,534,488</u>

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



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

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

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

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA

Walter J. Jung, CPA
Brent T. Napoleon, CPA
Jennifer L. Rowe, CPA
Terry Ann Wheeler, CPA

— CONSULTANT —
Randy E. Bullis, CPA, DABFA

We have audited 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, 2008, which collectively comprise the Croton-Harmon Union Free School District's basic financial statements and have issued our report thereon dated September 30, 2008. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Croton-Harmon Union Free School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Croton-Harmon Union Free School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Croton-Harmon Union Free School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Croton-Harmon Union Free School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Croton-Harmon Union Free School District's financial statements that is more than inconsequential will not be prevented or detected by the Croton-Harmon Union Free School District's internal control. We consider the deficiency described in the accompanying schedule of findings numbered 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Croton-Harmon Union Free School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and numbered 2008-01.

We noted certain matters that we reported to management of Croton-Harmon Union Free School District, in a separate letter dated September 30, 2008.

Croton-Harmon Union Free School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Croton-Harmon Union Free School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,


NUGENT & HAEUSSLER, P.C.

September 30, 2008

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

2008-01. Preparing Financial Statements

Condition

The auditor is currently making significant adjustments to properly record certain complex transactions and preparing the financial statements for external reporting purposes.

Criteria

The auditor cannot function as part of the District's internal control system over financial reporting. The auditor's preparation of the financials statements and disclosures would not be reported as a significant deficiency if the District had internal controls in place to prevent, detect, and correct a potential misstatement in the financial statements or notes.

Cause

Auditing standards state that if the District does not implement procedures to prevent, detect, or correct a potential misstatement in the financial statements or notes, this deficiency constitutes a significant deficiency in internal control. The district relies on the external auditor to prepare the financial statements and related disclosures, and to assist with properly recording certain transactions.

Effect

The financial statements could have been significantly misstated without audit adjustment.

Recommendation

Although the independent auditor cannot be a part of the District's internal control, relying on the auditor to assist with preparation of the District's financial statements and help guide management through complex accounting standards is acceptable under current prescribed standards.



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

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

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

Peter J. Bullis, CPA, FACFEI, DABFA
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— CONSULTANT —
Randy E. Bullis, CPA, DABFA

We have audited the statement of assets, liabilities, and fund balance-cash basis of the extraclassroom activity funds of the Croton-Harmon Union Free School District as of June 30, 2008, and the related statement of receipts and disbursements-cash basis for the year then ended. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note #1, these financial statements were prepared on the cash basis of accounting and are not intended to be presented in conformity with generally accepted accounting principles.

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 Croton-Harmon Union Free School District as of June 30, 2008, and its cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note #1.

Respectfully submitted,


NUGENT & HAEUSSLER, P. C.

September 30, 2008

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2008

ASSETS

Cash in Checking	\$ 75,993
------------------	-----------

FUND BALANCE

Fund Balance, Beginning of Year	\$ 67,214
Excess of Receipts over Disbursements	<u>8,779</u>
Fund Balance, End of Year	<u><u>\$ 75,993</u></u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
EXTRACLASROOM ACTIVITY FUND - HIGH SCHOOL
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	CASH BALANCE June 30, 2007	RECEIPTS	DISBURSEMENTS	CASH BALANCE June 30, 2008
AAMP	\$ 122	\$ 0	\$ 122	\$ 0
AFS Fund	1,453	0	0	1,453
Alliance For Equality	0	229	0	229
Art Club	1	0	1	0
Book Club	0	1,159	685	474
Cacti	0	3,009	3,009	0
Cheer Leading	41	4,595	4,636	0
Chorus	358	0	0	358
Class Of 2007	1,982	0	1,982	0
Class Of 2008	3,955	16,193	15,744	4,404
Class Of 2009	2,108	8,660	8,481	2,287
Class Of 2010	1,397	10,522	10,531	1,388
Class Of 2011	0	1,945	451	1,494
Destination Imagination	4,927	7,740	6,788	5,879
Drama Club	0	8,015	0	8,015
FBLA	122	10,985	11,107	0
Fashion Club	0	138	80	58
The Fourth Hour	9	2,595	0	2,604
Girl's Soccer	0	695	12	683
Humans Rights Task Force	2,054	2,574	4,399	229
La Rochelle	1,486	58,405	57,558	2,333
National Honor Society	11,330	1,495	2,102	10,723
Spanish Exchange 2004	1,896	31,200	21,133	11,963
Spirit Club	1,127	1,060	392	1,795
Student Congress	210	122	100	232
Student Memorial Fund	1,727	1,782	894	2,615
SFC Interest	79	274	100	253
TAP Fund	803	70	579	294
Tiger Tales	11,568	10,236	18,128	3,676
PVC Student Council	13,314	11,782	17,459	7,637
PVC Yearbook	5,145	4,937	5,452	4,630
Sales Tax	0	959	672	287
	<u>\$ 67,214</u>	<u>\$ 201,376</u>	<u>\$ 192,597</u>	<u>\$ 75,993</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, 2008

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.