PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

# Hastings-on-Hudson Union Free School District, New York

## Report to Those Charged with Governance

June 30, 2021

KNOW GREATER VALUE

Prepared by

Susan M. Barossi, CPA
Partner
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October 6, 2021

Board of Education
Hastings-on-Hudson Union Free School District
27 Farragut Avenue
Hastings-on-Hudson, New York 10706

We have audited the financial statements of Hastings-on-Hudson Union Free School District, New York as of and for the year ended June 30, 2021 and have issued our report thereon dated October 6, 2021. Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to those charged with governance ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Hastings-on-Hudson Union Free School District, New York and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of TCWG and management of the Hastings-on-Hudson Union Free School District, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
**PKF O'Connor Davies, LLP**

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# Status of the Audit

## Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.

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# Required Communications and Other Matters

| Required Item | Comments |
|---|---|
| **Auditor's responsibility under professional standards and planned scope and timing of the audit** | We have communicated such information in our engagement letter to you dated December 18, 2017. Generally, these responsibilities include:<br>• Forming and expressing an opinion on the financial statements.<br>• Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.<br>• Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG").<br>• Maintaining professional skepticism.<br>• Communicating audit related matters that are, in our professional judgment, significant to TCWG. |
| **Supplementary information accompanying the financial statements** | Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.<br><br>With respect to such supplementary information, we made certain inquiries of members of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. |
| **Other information in documents containing audited financial statements** | Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to determine that such other information is properly stated. |

| Required Item | Comments |
|---|---|
| **Our responsibilities under the Yellow Book** | In connection with our audit we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions. |
| **Responsibilities of management and TCWG** | Management's responsibilities include:<br>• The fair presentation of the financial statements, including the selection of appropriate accounting policies.<br>• Establishing and maintaining effective internal control.<br>• Complying with laws, regulations, grants and contracts.<br>• Providing the auditors with all financial records and related information and a signed representation letter.<br><br>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.<br><br>Both management and TCWG are responsible for:<br>• Setting the proper tone at the top.<br>• Designing and implementing policies and controls to prevent and detect fraud. |
| **Qualitative aspects of accounting practices - *Accounting Policies*** | The significant accounting policies are described in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the reporting period that had a significant impact on the financial statements.<br><br>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements. |
| **Qualitative aspects of accounting practices – *Significant Unusual Transactions*** | No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions. |

| Required Item | Comments |
|---|---|
| **Qualitative aspects of accounting practices - *Accounting Estimates and Management's Judgment*** | Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses, and such differences may be material.<br><br>Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change. The most sensitive estimates affecting the financial statements are:<br><br>• Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB")<br>• Actuarial assumptions and proportionate share calculations related to pension obligations<br>• Asset lives for depreciable capital assets<br>• Estimates of certain receivable balances and allowances for uncollectible amounts<br>• Estimates for certain operating and long-term liabilities<br><br>Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole. |
| **Qualitative aspects of accounting practices - *Financial Statement Disclosures*** | Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:<br><br>• Other post-employment benefit obligations payable<br>• Pension plan information<br>• Outstanding bonded indebtedness<br>• Fund balances<br>• Advances to other funds<br><br>The financial statement disclosures are consistent and clear. |
| **Difficulties encountered in performing the audit** | We encountered no significant difficulties in dealing with management relating to the performance of our audit. |

| Required Item | Comments |
|---|---|
| **Corrected and uncorrected misstatements** | Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.<br><br>We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods and the effect, if any, that they may have on the opinion in our report, and request their correction. There is one financial statement misstatement that remains uncorrected.<br><br>In addition, we are required to communicate to you all material corrected misstatements that were brought to the attention of management as a result of our audit procedures. |
| **Disagreements with management** | For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit. |
| **Management representations** | We have requested certain representations from management that are included in the management representation letter (see Appendix 2). |
| **Management's consultations with other accountants** | In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants. |
| **Auditor independence** | We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards. |
| **Significant issues discussed with management prior to retention** | We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Entity and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors. |

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# Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hastings-on-Hudson Union Free School District, New York (the "Entity") internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, as indicated in Addendum A, we share for your consideration on the following pages other observations about the internal control and operations as well as other matters identified in Addendum B.

Management's written response, included in Appendix 5 to the control deficiencies identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
October 6, 2021

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## Hastings-on-Hudson Union Free School District, New York

Addendum A
Control Deficiencies

- **Cash – All Funds**

  Although a monthly reconciliation process is in place, formal documentation of the preparer and reviewer is not evident on the monthly bank reconciliations.

  ***Recommendation***

  Preparer and reviewer signoffs should be evident on the bank reconciliations to formally document the bank reconciliations are being independently prepared and reviewed on a monthly basis.

- **Special Purpose Fund**

  *Inactive Trusts*

  The following expendable trust accounts were inactive during the fiscal year:

| Code | Trust | Balance at June 30, 2021 | Balance at June 30, 2020 | Special Purpose |
|---|---|---|---|---|
| TE58 | T&E Combo Interest | $ 473 | $ 473 | Variety of Purposes such as Scholarships, gifts for faculty, and staff development |
| TE56 | Burke Estate Principal | 3,770 | 3,770 | Restoration for the Burke Estate |
| TE57 | Burke Estate Interest | 1,654 | 1,653 | Restoration for the Burke Estate |
| TE58A | Vinod Dabral Soccer Award Interest | 233 | 233 | Soccer clinics and soccer team expenditures |
| TE61 | Ruth Barton Scholarship Interest | 158 | 155 | Awards for students choosing a career requiring training |
| TE67 | Robert Tucker Lecture Series | 6,912 | 6,912 | Open attendance lectures |
| TE74 | Steinway Piano Restoration | 757 | 757 | Piano restoration |
| TE76 | Lucy M. Wester Memorial Scholarship | 1,035 | 1,035 | Awards for Seniors who plan to attend college |
| TE80 | Plocharski Scholarship | 1 | 1 | Award for Students involved in music activities |

  ***Recommendation***

  Management should continue to pursue the purposes for which the trusts were created and appropriately determine their disposition.

  *Extraclassroom Activity Funds*

  Extraclassroom Activity Funds, which are authorized by the New York State Department of Education, are an integral part of the educational program of the School District. The following areas were not in compliance with the regulations of the Commissioner of Education:

**Hastings-on-Hudson Union Free School District, New York**

Addendum A
Control Deficiencies

- **Special Purpose Fund** *(Continued)*

*Formal Written Policies and Procedures*

The School District does not have any written policies and procedures. The School District has procedures in place to manage the processes and ensure proper segregation of duties and reporting, however they are not formally documented.

***Recommendation***

The School District should establish written procedures to enhance level of reporting. The policies should ensure that the following are addressed:

1. The method to be followed to establish club/activity
2. Acceptable purposes for which students may establish club/activity.
3. Grade groupings, which may form Extraclassroom Activity Funds clubs.
4. How faculty sponsors and student officers of Extraclassroom Activity Funds should be chosen.
5. Publish annually a list of approved Extraclassroom activities.
6. Provide guidance on the taxability of common fundraising activities.
7. Establish a method of disposing of funds of defunct organizations, review of inactive clubs and discontinue activities of graduating classes.
8. The appropriate level of internal control needed to adequately segregate the duties related to disbursing money, maintenance of records and reconciling bank accounts.
9. The procedures required to provide an adequate level of oversight for the maintenance of records and a periodic independent and impartial audit of the records.

*Non-Qualified Funds - Elementary School Level*

The regulations of the Commissioner of Education state that the Board of Education ("Board") of each School District with an educational program beyond the sixth grade is responsible for establishing the rules and regulations applicable to the conduct, operation and maintenance, safeguarding, accounting and auditing of all extraclassroom activities.

Extraclassroom Activity Funds have been established at the elementary school level. One of the intended purposes of an extraclassroom activity is to allow students to operate an activity and be involved in the financial management. It would appear that this is not practical at the elementary school level and that the teacher/advisor would have a significant role beyond the intended involvement.

***Recommendation***

"Extracurricular Activity" does not qualify under the state guidelines. Management should review the activity, operations and policies of all extra classroom activity accounts to determine the appropriate distribution of those funds.

**Hastings-on-Hudson Union Free School District, New York**

Addendum A
Control Deficiencies

- **Special Purpose Fund** *(Continued)*

*Middle School Cash Receipts*

There was no formal evidence to substantiate when cash receipts were received and therefore unable to determine if cash receipts are being deposited timely, actually parents are handling the cash related to the Middle School activities.

***Recommendation***

Cash must be collected by a School District employee or a student of the club. The School District should implement a procedure to formally document actual cash receipts, so as to ensure the timeliness of all deposits.

*Inactive Clubs*

The following clubs were financially inactive during the current year:

| Inactive Club | Balance as of June 30, 2021 | Balance as of June 30, 2020 |
|---|---|---|
| Art Club | $ 268 | $ 268 |
| Band | 1,947 | 1,947 |
| Class of 2022 | 1,118 | 1,118 |
| Class of 2023 | 2,591 | 2,591 |
| Crossing Borders | 6 | 6 |
| Culinary Club | 3,095 | 3,095 |
| Environment Club | 857 | 857 |
| Hudsonettes | 279 | 279 |
| Math Club | 176 | 176 |
| National Art Honor Society | 347 | 347 |
| Photography | 136 | 136 |
| Extracurricular | 828 | 828 |
| Middle School Gay Straight Alliance | 403 | 403 |
| Student Activity Club-5/6 | 51 | 51 |

***Recommendation***

State Education Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with that organization's constitution. A determination of the status of financially inactive clubs should be made to determine the proper disposition of funds.

**Hastings-on-Hudson Union Free School District, New York**

Addendum A
Control Deficiencies

- **School Lunch Fund**

For a student to pay for a school lunch, parents must go online and set up and load money into that account. At the time a student graduates or leaves the School District unused lunch money may remain on a student account until a refund request is made in a certain time frame. Often, it is done via credit card. As the student uses the money, it is deducted for their account and any unused funds do carry over from year to year. The issue of unused funds arises when a student graduates or withdraws from the School District. At June 30, 2021, $9,201 included in student deposits remained unclaimed pertaining to 2021 graduating seniors and students who withdrew.

***Recommendation***

Management must create a policy whereby parents are contacted regarding unremitted amounts and their future disposition.

- **Special Aid Fund**

*Old Summer Handicapped Receivables*

The Special Aid Fund is used to account for special programs supported in whole or in part with Federal, State or local funds. We noted that the School District has outstanding amount due from the State relating to the Summer School Handicapped Program in the amount of $58,479 that are more than one-year old.

***Recommendation***

The School District should continue its efforts to employ all appropriate collection enforcement efforts. If collection is not forthcoming, the remaining uncollectible portion will require additional funding from the General Fund, subject to Board of Education approval.

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## Hastings-on-Hudson Union Free School District, New York

Addendum B
Other Matters

- **Information Technology**

### 1. IT Strategy and Planning – Technology Committee Charter

Although the School District has an established Technology Committee that operates in a proactive fashion, a charter for this committee has not been developed. It was noted that this committee provides oversight for all technology initiatives and issues, but the roles and responsibilities of the committee have not been formally documented. In addition, formal meeting minutes are not recorded during Technology Committee meetings.

***Recommendation***
To ensure that the roles and responsibilities of the Technology Committee are clearly established, we recommend that a formal charter be developed and documented. In addition to the roles and responsibilities of the Committee the Charter should include procedures for:

- Annual review and update of the Technology plan
- Establishing and monitoring the IT budget
- Ensuring that adequate representation for the administrative and user areas within the School
- District are included in decision-making
- Aligning IT activities with the strategic objectives of the School District
- Review, approval and monitoring of major IT projects
- Providing a structured approach to system selection

### 2. Governance – Policy Regulations

Although the School District has adopted an Information Security Breach and Notification Policy and a Computer Resources and Data Management Policy, regulations and procedures have not been documented to address the policies.

***Recommendation***
The School District should document associated regulations and procedures to address the policies described in the Information Security Breach and Notification Policy. In addition, the School District should document procedures governing the use and security of the School District's computer resources and management of computer records. Procedures should address:

- Passwords
- System Administration
- Separation of Duties
- Remote Access
- Data Back-up (including archiving of e-mail)
- Record Retention
- Disaster Recovery Plans

# On the Horizon

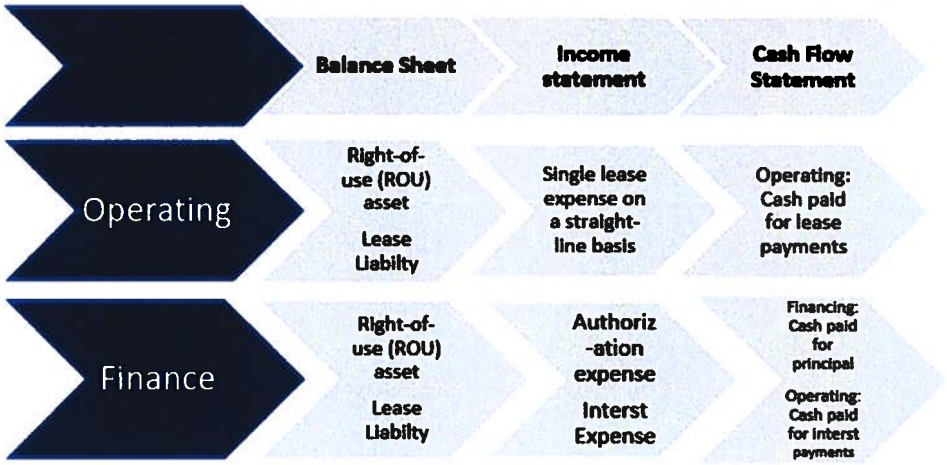
### GASB Statement No. 87 – *Leases*

Potentially pervasive changes are coming to lease accounting. Under the provisions of GASB Statement No. 87, nearly every lease will be considered a capital lease. While local governments and school districts would most likely be lessees in these kinds of transactions, some might also be involved in transactions where they are the lessor of these assets.

Under this standard, lessees will now be required to recognize in their entity-wide Statement of Net Position a lease liability and an intangible right-to-use lease asset when the lease begins. The intangible asset will be similar to other capital assets by requiring amortization over the life of the lease term, similar to depreciation of tangible capital assets. Also similar to other capital assets, leases will need to be assessed for impairment.

Lessors will do the opposite. Lessors will recognize a lease receivable and a deferred inflow of resources at the start of a lease. The receivable will be reduced and revenue recognized as lease payments are received each year. The lessor will continue to report the capital asset on its own Statement of Net Position.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. **GASB Statement No. 95 postponed by eighteen months the effective date of this statement. Accordingly, the provisions of this Statement are effective for fiscal years beginning after June 15, 2021 (i.e., the School District's financial statements for the year ended June 30, 2022) with earlier application encouraged.**



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# Appendix 1

## Audit Adjustments Proposed and Recorded by Management During Audit

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**Hastings-on-Hudson Union Free School District, New York**
**Audit Adjustments Proposed and Recorded by Management**
**June 30, 2021**

| Account | Description | Debit | Credit | Positive/ (Negative) Effect on Fund Balances |
|---|---|---|---|---|
| **General Fund** | | | | |
| To reclass designated for subsequent years for Reserves | | | | |
| A910 | APPROPRIATED FUND BALANCE | 750,000.00 | | |
| A827A | RESERVE FOR RETIREMENT SYS CONTRIBUTI - TRS | | | |
| A827B | ERS Subsequent years | | 650,000.00 | |
| A864A | TAX CERTS - DESIGNATED FOR SUBSEQUENT YEARS | | 100,000.00 | |
| **Total** | | **750,000.00** | **750,000.00** | - |
| To reclass the General Fund funding for the school lunch fund's deficit as a transfer out | | | | |
| A 9901.930-00-0000 | INTERFUND TRANSFER-SCHOOL LUNCH FUND | 70,000.00 | | |
| A 2110.400-00-0012 | CAFETERIA SERVICE-CONTRACTUAL EXPENDITURES | | 70,000.00 | |
| **Total** | | **70,000.00** | **70,000.00** | - |
| CLIENT ENTRY - To move Agency Fund's Deposits Payable and cash to General Fund due to GASB 84. This was originally put in Special Purpose Fund. | | | | |
| A 217 | HILLSIDE ELEMENTARY | 29,926.00 | | |
| A207 | CASH CHASE (TA201) | 74,755.00 | | |
| A 52 | HILLSIDE ELEMENTARY | | 29,926.00 | |
| A 55 | MIDDLE SCHOOL ACADEMIC CLASS TRIPS | | 740.00 | |
| A 56 | HIGH SCHOOL ACADEMIC CLASS TRIPS | | 8,300.00 | |
| A 57 | HASP | | 101.00 | |
| A 58 | GUIDANCE | | 15,142.00 | |
| A 59 | MIDDLE SCHOOL SCHOLARSHIPS | | 2,703.00 | |
| A 61 | HIGH SCHOOL SCHOLARSHIPS | | 3,282.00 | |
| A 63 | RACE MATTERS COMMITTEE | | 16,789.00 | |
| A 64 | CHROME BOOK INSURANCE | | 27,698.00 | |
| **Total** | | **104,681.00** | **104,681.00** | - |
| To transfer CARES Act funds from Special Aid to General Fund. | | | | |
| A 2630.490-00-0017 | COVID TECHNOLOGY - SERVICES FROM BOCES | 1,000.00 | | |
| A 2630.490-00-0017 | COVID TECHNOLOGY - SERVICES FROM BOCES | 3,010.00 | | |
| A 2630.490-00-0017 | COVID TECHNOLOGY - SERVICES FROM BOCES | 3,533.00 | | |
| A 4286 | CARES ACT EDUCATION | 2,577.00 | | |
| A391 | DUE FROM OTHER FUNDS | 1,116.00 | | |
| A391 | DUE FROM OTHER FUNDS | 6,587.00 | | |
| A410 | DUE FROM STATE & FEDERAL | 2,417.00 | | |
| A 4286 | CARES ACT EDUCATION | | 1,116.00 | |
| A 4286 | CARES ACT EDUCATION | | 2,417.00 | |
| A 4286 | CARES ACT EDUCATION | | 6,587.00 | |
| A391 | DUE FROM OTHER FUNDS | | 1,000.00 | |
| A391 | DUE FROM OTHER FUNDS | | 3,010.00 | |
| A391 | DUE FROM OTHER FUNDS | | 3,533.00 | |
| A691 | DEFERRED REVENUES | | 2,577.00 | |
| **Total** | | **20,240.00** | **20,240.00** | - |
| To adjust Due from Other Governments for Sales Tax accrual based on actual 2nd quarter amount. | | | | |
| A440 | DUE FROM OTHER GOVERNMENT | 82,248.00 | | |
| A 1120 | NON-PROP TAX DIST -COUNTY | | 82,248.00 | |
| **Total** | | **82,248.00** | **82,248.00** | **82,248** |
| To adjust clients entry for the write off of Title IV receivable in the Special Aid Fund to transfer out | | | | |
| A 9901.950-00-0000 | INTERFUND TRANSFER-SPECIAL AID FUND | 9,000.00 | | |
| A 2701 | REFUNDS OF PRIOR YR EXPENDITURES | | 9,000.00 | |
| **Total** | | **9,000.00** | **9,000.00** | - |
| To write of old receivables of $20,198 of the 2018/19 Summer Handicapped program and $38,281 of the 2019/20 Summer Handicapped program in the Special Aid Fund as per board resolution. | | | | |
| A 9901.950-00-0000 | INTERFUND TRANSFER-SPECIAL AID FUND | 58,479.00 | | |
| A391 | DUE FROM OTHER FUNDS | | 58,479.00 | |
| **Total** | | **58,479.00** | **58,479.00** | **(58,479)** |

**Hastings-on-Hudson Union Free School District, New York**
**Audit Adjustments Proposed and Recorded by Management**
**June 30, 2021**

| Account | Description | Debit | Credit | Positive/ (Negative) Effect on Fund Balances |
|---|---|---|---|---|
| **General Fund (Continued)** | | | | |
| To record fund balance reserves per client. | | | | |
| A909 | FUND BALANCE, UNRESERVED | 872,362.00 | | |
| A827 | RESERVE FOR RETIREMENT SYS CONTRIBUTI | | 50,000.00 | |
| A862 | RESERVE FOR LIABILITY CLAIMS | | 122,362.00 | |
| A878 | RESERVE FOR CAPITAL | | 700,000.00 | |
| **Total** | | **872,362.00** | **872,362.00** | - |
| **Special Aid Fund** | | | | |
| To transfer CARES Act funds from Special Aid to General Fund. | | | | |
| F 3650 | TITLE II A | 1,116.00 | | |
| F 3650 | TITLE II A | 2,417.00 | | |
| F 3650 | TITLE II A | 6,587.00 | | |
| F391 | DUE FROM OTHER FUNDS | 1,000.00 | | |
| F391 | DUE FROM OTHER FUNDS | 3,010.00 | | |
| F391 | DUE FROM OTHER FUNDS | 3,533.00 | | |
| F691 | DEFERRED REVENUES | 2,577.00 | | |
| F 2110.450-21-5890 | ESSER FUND-CARES | | 1,000.00 | |
| F 2110.450-21-5890 | ESSER FUND-CARES | | 3,010.00 | |
| F 2110.450-21-5895 | GEER FUND-CARES ACT | | 3,533.00 | |
| F 3650 | TITLE II A | | 2,577.00 | |
| F391 | DUE FROM OTHER FUNDS | | 1,116.00 | |
| F391 | DUE FROM OTHER FUNDS | | 6,587.00 | |
| F410 | DUE FROM STATE & FEDERAL | | 2,417.00 | |
| **Total** | | **20,240.00** | **20,240.00** | - |
| To write off old receivables of $20,198 of the 2018/19 Summer Handicapped program and $38,281 of the 2019/20 Summer Handicapped program in the Special Aid Fund as per board resolution. | | | | |
| F 3289 | OTHER STATE AID (SPECIFY) | 58,479.00 | | |
| F410 | DUE FROM STATE & FEDERAL | | 58,479.00 | |
| F391 | DUE FROM OTHER FUNDS | 58,479.00 | | |
| F 5031 | INTERFUND TRANSFER FROM GENERAL FUND | | 58,479.00 | |
| **Total** | | **116,958.00** | **116,958.00** | - |
| To adjust clients entry for the write off of Title IV receivable in the Special Aid Fund to transfer out | | | | |
| F 2110.400-20-0180 | TITLE IV ALLOCATION 2019-20 | 9,000.00 | | |
| F 5031 | INTERFUND TRANSFER FROM GENERAL FUND | | 9,000.00 | |
| **Total** | | **9,000.00** | **9,000.00** | |
| **School Lunch Fund** | | | | |
| To reclass the General Fund funding for the school lunch fund's deficit as a transfer in | | | | |
| C 2860.400-00-0300 | LUNCH FUND -CONTRACTUAL EXPENDITURES | 70,000.00 | | |
| C 5031 | Transfer From General | | 70,000.00 | |
| **Total** | | **70,000.00** | **70,000.00** | - |
| **Special Purpose Fund** | | | | |
| CLIENT ENTRY - To move Agency Fund's Deposits Payable and cash to General Fund due to GASB 84. This was originally in Special Purpose Fund. | | | | |
| TE40 | MIDDLE SCHOOL ACADEMIC CLASS TRIPS (TA55) | 740.00 | | |
| TE41 | HIGH SCHOOL ACADEMIC CLASS TRIPS (TA56) | 8,300.00 | | |
| TE42 | HASP (TA57) | 101.00 | | |
| TE43 | GUIDANCE (TA58) | 15,142.00 | | |
| TE44 | MIDDLE SCHOOL SCHOLARSHIPS (TA59) | 2,703.00 | | |
| TE45 | HIGH SCHOOL SCHOLARSHIPS (TA61) | 3,282.00 | | |
| TE46 | RACE MATTERS COMMITTEE (TA63) | 16,789.00 | | |
| TE47 | CHROMEBOOK INSURANCE (TA64) | 27,698.00 | | |
| TE52 | HILLSIDE ELEMENTARY (TA52) | 29,926.00 | | |
| TE217 | HILLSIDE ELEMENTARY CASH (TA217) | | 29,926.00 | |
| TE224 | T & E CASH | | 74,755.00 | |
| **Total** | | **104,681.00** | **104,681.00** | - |

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# Appendix 2

## Audit Adjustments Proposed and Passed by Management During Audit

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**Hastings-on-Hudson Union Free School District, New York**

**Audit Adjustments Proposed and Passed by Management (Not Recorded)**
**June 30, 2021**

| Account | Description | Debit | Credit | Positive/ (Negative) Effect on Fund Balances |
|---|---|---|---|---|
| **General Fund** | | | | |
| Proposed entry to reduce due to TRS and TRS expenditures | | | | |
| A632 | Due to State TRS | 87,232 | | |
| A 9089.800-00-0000 | Employee Benefits Other - TSA | | 87,232 | |
| **Total** | | 87,232 | 87,232 | $ 87,232 |

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# Appendix 3

## Management Representation Letter

# Hastings-on-Hudson Public Schools

27 Farragut Avenue
Hastings-on-Hudson, New York 10706
Tel: (914) 478-6200 Fax: (914) 478-3293
www.hohschools.org

*A National Blue Ribbon District of Excellence*

**William S. McKersie, Ph.D.**
Interim Superintendent of Schools

**Melissa I. Szymansk**
Assistant Superintendent for Curriculum & Instruction

**Maureen Caraballo**
Business Official & Treasurer


October 6, 2021

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the financial statements of the School District of Hastings-on-Hudson Union Free School District, New York, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

This representation letter is also provided in connection with your audit of the financial statements of the Extraclassroom Activity Funds of the School District, which comprise the statement of cash receipts, cash disbursements and cash balances as of June 30, 2021 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the basis of accounting prescribed by the New York State Department of Education.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, (having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves) as of the date of this letter, the following representations made to you during your audit.

**Our Responsibilities**

1) We acknowledge that we have fulfilled our responsibilities for:
   a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
   b) The preparation and fair presentation of the financial statements of the School District's Extraclassroom Activity Funds in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than US GAAP.

c) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
d) The design, implementation, and maintenance of internal control to prevent and detect fraud.

2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.

3) We are further responsible for reviewing, accepting and processing the standard, adjusting, or correcting journal entries that you proposed during the course of your engagement. We confirm that we designated a suitably qualified individual who understands the nature and impact of the proposed entries to the financial statements, and we accept responsibility for the proposed entries that we authorized and processed.

4) We acknowledge our responsibility for presenting the combining and individual fund financial statements in accordance with US GAAP, and we believe the combining and individual fund financial statements, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

**Financial Statements**

5) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
a) The School District's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
b) There have been no changes during the period audited in the School District's accounting policies and practices.
c) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

7) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
b) Guarantees, whether written or oral, under which the School District is contingently liable, if any.
c) The effects of all known actual, possible, pending or threatened litigation, claims, and assessments.
d) The identity of the School District's related parties and all the related party relationships and transactions of which we are aware.

8) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or

disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the School District's accounts. We are in agreement with those adjustments.

**Information Provided**

10) We have provided you with:
   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
   c) Additional information that you have requested from us for the purpose of the audit.
   d) Unrestricted access to persons within the School District from whom you determined it necessary to obtain audit evidence.
   e) Completeness and availability of all minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the School District's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   a) Management,
   b) Employees who have significant roles in internal control, or
   c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the School District's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

**Hosting Services**

16) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.

17) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

**Government—specific**

18) We have a process to track the status of audit findings and recommendations.

19) We have a process to track the status of audit findings and recommendations.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

22) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

28) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We also understand that as part of your audit, you prepared various adjusting journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

29) The School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

30) The School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

32) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.

34) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

36) Investments, and land are properly valued.

37) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.

38) Provisions for uncollectible receivables have been properly identified and recorded.

39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

40) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and any other specialists utilized and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

41) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

42) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

44) Deposits and investment securities are properly classified as to risk and are properly disclosed.

45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

46) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

47) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

48) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.

49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

50) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

51) We have disclosed all tax abatement agreements, the total gross amount of taxes abated during the period, the specific taxes being abated, and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77.

52) Expenditures of federal awards were below the $750,000 threshold for the year ended June 30, 2021, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance").

Signature: _____ Signature: _____

Title: Interim Superintendent Title: Business Official

PKF O'CONNOR DAVIES
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# Appendix 4

## About PKF O'Connor Davies, LLP

PKF O'CONNOR DAVIES
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# FIRM OVERVIEW

Founded in 1891, PKF O'Connor Davies has evolved from an accounting firm to a corps of high-caliber professionals that delivers to a global and growing client base a complete range of audit, tax and advisory services as well as insights and expertise at the highest level. As our business has grown, our commitment to active value creation has allowed us to connect our clients to sound business advice, key players and resources across diverse industries.

## An Acknowledged Global Leader

Not only are we one of the nation's most rapidly growing accounting and advisory firms, we are also the lead North American firm in the growing PKF global network of independent accounting and advisory firms. This enables us to provide clients with preferred access to top-tier experts and firms in over 400 locations, in 150 countries around the world. It also establishes us as the primary referral point for international businesses with needs in North America, an advantage for our domestic clients seeking connections outside the U.S.

## Active Partner Involvement Dedicated Engagement Teams

We have built strong relationships with our clients by being proactive, thorough and efficient. Firm partners are involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. Multi-disciplinary teams ensure solutions are customized to address specific needs and integrated for greater efficiency.

## A Higher Standard: Beyond Passive Value Calculation to Active Value Creation

Our focus on value has driven our growth, propelling PKF O'Connor Davies to the Top 27 on *Accounting Today*'s 2021 "Top 100 Firms" list and gaining us acclaim as one of the country's fastest-growing firms. With unmatched client focus, we unlock genuine value hidden at key connection points in every engagement within regional, national and international arenas. Through these connections, our team of specialists continually drives efficiencies, uncovers opportunities and manages risk – delivering value where others can't.

## Industry Recognition

- **Ranked 27 of "2021's Top 100 Firms"**
  – *Accounting Today, 2021*
- **Ranked 7 of the "Top Firms in the Mid-Atlantic"**
  – *Accounting Today, 2021*
- **"America's Best Tax Firms"**
  – *Forbes, 2021*
- **Ranked 10 of "New Jersey's Top Accounting Firms"**
  – *NJBIZ, 2019*
- **"Best Family Office – New Innovations"**
  – *Private Asset Management Awards, 2021*
- **"Best Accountancy Advisor"**
  – *Family Wealth Report Awards, 2021*
- **"Best Family Office Management Consultancy"**
  – *Family Wealth Report Awards, 2021*
- **"Best Accounting Firms to Work For"**
  – *Accounting Today, 2021*
- **"Best Places to Work in New Jersey"**
  – *NJBIZ, 2021*
- **Ranked #2 "Best Accounting Internship"**
  – *Vault, 2021*
- **Ranked 13 of the 50 "Best Accounting Employers to Work for in North America"**
  – *Vault, 2021*

## Agility, Responsiveness and Recognition

Since our founding, PKF O'Connor Davies has maintained its commitment to gaining a deep understanding of each client's operations and financial history in order to help meet their every challenge and objective. We fulfill this mission by providing resources that match those of larger firms in scope – but with the agility only a mid-sized firm such as ours can demonstrate…and yet, we still rank among them. Our services include:

### Accounting and Assurance Services

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit & Cybersecurity Reviews
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits & Compliance

### International Services

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Transfer Pricing

### Investment Banking Services

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory

### Tax Compliance and Planning Services

- Employee Benefit Planning & Tax Compliance
- International Tax Services
- IRS Representation & Tax Controversies
- Personal Financial Planning
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance & Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

### Advisory Services

- Bankruptcy & Restructuring
- Cybersecurity & Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory Services
- PPP Loan Forgiveness Services
- Risk Advisory Services
- Specialty Industry Advisory Services
  - Business Solutions
  - Employee Benefit Plan Services
  - Healthcare Advisory Services
  - Hospitality Advisory Services
  - Medical and Dental Advisory Services
  - Public Sector Advisory Services
- Transaction & Financial Advisory Services
- Virtual Chief Information Security Officer Services
- Wealth Services

### Family Office Services

- Accounting & Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring & Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning

Bethesda, MD | Cranford, NJ | Harrison, NY | Hauppauge, NY | Livingston, NJ | New York, NY | Newburgh, NY (Two Locations) | Palm Beach Gardens, FL | Providence, RI | Shelton, CT | Stamford, CT | Wethersfield, CT | Woodcliff Lake, NJ

**www.pkfod.com**

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# Appendix 5

## Management Responses to Findings – Internal Control Over Financial Reporting

# Hastings-on-Hudson Public Schools

27 Farragut Avenue, Hastings-on-Hudson, New York 10706
Tel: (914) 478-6200 Fax: (914) 478-3293
www.hohschools.org

A National Blue Ribbon District of Excellence

Maureen Caraballo
Business Official/Treasurer


# MEMO

TO: Hastings-on-Hudson Board of Education Trustees

DATE: September 22, 2021

RE: Audit Responses

---

**Cash – All Funds**

Although a monthly reconciliation process is in place, formal documentation of the preparer and reviewer is not evident on the monthly bank reconciliations.

***Recommendation***

Preparer and reviewer sign offs should be evident on the bank reconciliations to formally document the bank reconciliations are being independently prepared and reviewed on a monthly basis.

**Response**-The Treasurer and Deputy Treasurer will sign off on the bank reconciliations prepared by the Account Clerk. This will be implemented immediately.

**Expected completion 9/30/21**

**Special Purpose Fund**

*Inactive Trusts*

***Recommendation***

Management should continue to pursue the purposes for which the trusts were created and appropriately determine their disposition.

**Response-** The Business Office will review the inactive trusts with the HS Activities Controller to determine if any should be closed. **Expected Completion 10/31/21**

**Special Purpose Fund**

*Formal Written Policies and*

*Procedures*

The School District does not have any written policies and procedures. The School District has procedures in place to manage the processes and ensure proper segregation of duties and reporting, however they are not formally documented.

***Recommendation***

The School District should establish written procedures to enhance the level of reporting. The policies should ensure that the following are addressed:

1. The method to be followed to establish club/activity
2. Acceptable purposes for which students may establish club/activity.
3. Grade groupings, which may form Extraclassroom Activity Funds clubs.
4. How faculty sponsors and student officers of Extraclassroom Activity Funds should be chosen.
5. Publish annually a list of approved Extraclassroom activities.
6. Provide guidance on the taxability of common fundraising activities.
7. Establish a method of disposing of funds of defunct organizations, review of inactive clubs and discontinue activities of graduating classes.
8. The appropriate level of internal control needed to adequately segregate the duties related to disbursing money, maintenance of records and reconciling bank accounts.
9. The procedures required to provide an adequate level of oversight for the maintenance of records and a periodic independent and impartial audit of the records.

**Expected Completion 1/1/22**

*Non-Qualified Funds - Elementary School Level*

The regulations of the Commissioner of Education state that the Board of Education ("Board") of each School District with an educational program beyond the sixth grade is responsible for establishing the rules and regulations applicable to the conduct, operation and maintenance, safeguarding, accounting and auditing of all extraclassroom activities.

Extraclassroom Activity Funds have been established at the elementary school level. One of the intended purposes of an extraclassroom activity is to allow students to operate an activity and be involved in the financial management. It would appear that this

is not practical at the elementary school level and that the teacher/advisor would have a significant role beyond the intended involvement.

***Recommendation***

"Extracurricular Activity" does not qualify under the state guidelines. Management should review the activity, operations and policies of all extra classroom activity accounts to determine the appropriate distribution of those funds.

Response- The Business Office will work to develop and implement the recommendations above. This process has already begun and we will be closing the Elementary Account at the end of the calendar year.

**Expected completion 6/30/22**

**Special Purpose Fund**

*Middle School Cash*

*Receipts*

There was no formal evidence to substantiate when cash receipts were received and therefore unable to determine if cash receipts are being deposited timely, actually parents are handling the cash related to the Middle School activities.

***Recommendation***

Cash must be collected by a School District employee or a student of the club. The School District should implement a procedure to formally document actual cash receipts, so as to ensure the timeliness of all deposits.

**Response-** The Business Office will work with MS administration to ensure that a process is put into place to address this finding.

*Inactive Clubs*

Response-The Business Office will work to close clubs if they are deemed to be no longer needed.

**Expected completion 1/1/22**

**School Lunch Fund**

For a student to pay for a school lunch, parents must go online and set up and load money into that account. At the time a student graduates or leaves the School District unused lunch money may remain on a student account until a refund request is made in a certain time frame. Often, it is done via credit card. As the student uses the

money, it is deducted for their account and any unused funds do carry over from year to year. The issue of unused funds arises when a student graduates or withdraws from the School District. As of June 30, 2021, $9,201 included in student deposits remained unclaimed pertaining to 2021 graduating seniors and students who withdrew.

***Recommendation***

Management must create a policy whereby parents are contacted regarding unremitted amounts and their future disposition.

**Response-** The Business Office does send monthly collection letters to families but will work with the policy committee on refining the process. This year the balances were larger due to the pandemic and the policy that protects lunch shaming therefore balances grew larger.**Expected completion 1/1/22**

**Special Aid Fund**

*Old Summer Handicapped Receivables*

The Special Aid Fund is used to account for special programs supported in whole or in part with Federal, State or local funds. We noted that the School District has outstanding amount due from the State relating to the Summer School Handicapped Program in the amount of $58,479 that are more than one-year old.

***Recommendation***

The School District should continue its efforts to employ all appropriate collection enforcement efforts. If collection is not forthcoming, the remaining uncollectible portion will require additional funding from the General Fund, subject to Board of Education approval.

**Response-**Due to the delay in payments from the state we will ensure the amounts are addressed that are over a year. The Business Office will work more closely with the Special Education Department on the filing of the claims for reimbursement.

**Expected completion 6/30/22**

- **Information Technology**

**1. IT Strategy and Planning – Technology Committee Charter**

Although the School District has an established Technology Committee that operates in a proactive fashion, a charter for this committee has not been developed. It was noted that this committee provides oversight for all technology initiatives and issues, but the roles and responsibilities of the committee have not been formally documented. In addition, formal meeting minutes are not recorded during Technology Committee meetings.

***Recommendation***
To ensure that the roles and responsibilities of the Technology Committee are clearly established, we recommend that a formal charter be developed and documented. In addition to the roles and responsibilities of the Committee the Charter should include procedures for:

- Annual review and update of the Technology plan
- Establishing and monitoring the IT budget
- Ensuring that adequate representation for the administrative and user areas within the School
- District are included in decision-making
- Aligning IT activities with the strategic objectives of the School District
- Review, approval and monitoring of major IT projects
- Providing a structured approach to system selection

**Expected completion 1/1/22**

**2.Governance – Policy Regulations**

Although the School District has adopted an Information Security Breach and Notification Policy and a Computer Resources and Data Management Policy, regulations and procedures have not been documented to address the policies.

***Recommendation***
The School District should document associated regulations and procedures to address the policies described in the Information Security Breach and Notification Policy. In addition, the School District should document procedures governing the use and security of the School District's computer resources and management of computer records. Procedures should address:

- Passwords
- System Administration
- Separation of Duties
- Remote Access
- Data Back-up (including archiving of e-mail)
- Record Retention
- Disaster Recovery Plans

**Response-** Both of the recommendations under Informational Technology will be addressed in the fall. Due to the pandemic last year the development of these items was delayed and will be implemented this year. The Technology Committee is in the process of planning members and meetings. **Expected Completion 1/1/22**

# Hastings-On-Hudson Union Free School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2021

**Hastings-On-Hudson Union Free School District, New York**

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**Hastings-On-Hudson Union Free School District, New York**

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

## Independent Auditors' Report

**The Board of Education of the**
**Hastings-on-Hudson Union Free School District, New York**

### Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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



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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

We draw attention to Notes 2E and 2G in the notes to financial statements which discloses the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit for the year ended June 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. the basic financial statements of the School District as of and for the year ended June 30, 2020 (not presented herein). and have issued our report thereon dated September 30. 2020. which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2020 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures. including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

**PKF O'Connor Davies, LLP**
Harrison, New York
October 6, 2021

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

### Independent Auditors' Report

**The Board of Education of the**
**Hastings-on-Hudson Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 6, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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



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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

**Purpose of this Report**

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

PKF O'Connor Davies, LLP

**PKF O'Connor Davies, LLP**
Harrison, New York
October 6, 2021

## Introduction

Our discussion and analysis of the Hastings-on-Hudson Union Free School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. To enhance your understanding of the School District's financial performance, it should be read in conjunction with the basic financial statements that immediately follow this section.

## Financial Highlights

Key financial highlights for fiscal year 2020-2021 are as follows:

- At the close of the current fiscal year, the School District's governmental funds financial statement shows a combined ending fund balance of $10,963,171, exclusive of a Capital Projects Fund deficit of $7,002,444, an increase of $1,173,356 from the prior year.

- The general fund balance at June 30, 2021 is $10,140,566, an increase of $1,041,053 from the prior year. New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, this amount for the General Fund was $2,110,319 or 4.00%. This is within the 4% statutory limit. This is due to the decreased spending due to the pandemic, going forward it will be important to keep this reserve at the 4% allowable limit. The increase was mostly due to the State Aid increase which includes federal funding due to pandemic and unanticipated increase to Sales Tax revenues, as well as a reduction in activities due to the pandemic primarily in transportation, special education contractual services and extracurricular and sports.

- During the 2018-2019 fiscal year, the School District received voter authorization to issue bonds for $18,383,614. The School District issued a bond anticipation note for $15,198,000 (including bond premium) during the 2020-2021 fiscal year. At bond for the total amount will be issued in the 2021-22 school year.

- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by $(62,963,071). This represented a decrease of $11,233,558 for the year ended June 30, 2021, inclusive of an adjustment of $83,116 for the cumulative effect of a change in accounting principle due to the implementation of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". In accordance with GASB Statement No. 84, the School District determined that the extra classroom activity funds should be reported with governmental activities (and governmental funds) and not within fiduciary funds.

- The School District is committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the School District has recognized substantial liabilities in the district-wide financial statements for these benefits. As of June 30, 2021, the School District had liabilities of $102.631,933 for other postemployment benefits recorded in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). The School District also reported $3,788,687 for its proportionate share of the net pension liabilities of the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") recorded in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*". More detailed information about the School District's OPEB and pension reporting is presented in Note 3E in the notes to financial statements.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements, which are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund financial statements and schedules in addition to the basic financial statements.

*District-Wide Financial Statements*

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
    - The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
    - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave, OPEB and net pension liabilities).
    - The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section, as the first two pages of the basic financial statements.

*Fund Financial Statements*

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*
- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects

funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.
- The *Fiduciary Funds* are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, the School District had no such activity to report in this fund category.

*Notes to Financial Statements*

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

*Other Information*

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

## District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Hastings-on-Hudson Union Free School District, New York at the close of the current fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $62,963,071.

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Current Assets | $ 24,095,132 | $ 13,047,134 |
| Net Pension Assets | - | 3,416,594 |
| Capital Assets, net | 23,220,445 | 17,713,243 |
| Total Assets | 47,315,577 | 34,176,971 |
| Deferred Outflows of Resources | 46,887,544 | 49,773,685 |
| Current Liabilities | 20,280,066 | 3,949,237 |
| Long-term Liabilities | 114,200,241 | 122,075,445 |
| Total Liabilities | 134,480,307 | 126,024,682 |
| Deferred Inflows of Resources | 22,685,885 | 9,655,487 |
| Net Position | | |
| Net Investment in Capital Assets | 24,048,866 | 10,001,256 |
| Restricted | | |
| Capital Projects | 1,387,559 | 661,806 |
| Debt Service | 587,219 | 388,634 |
| Tax Certiorari | 1,598,288 | 1,431,767 |
| Liability Claims | 760,597 | 250,182 |
| Unemployment | 150,083 | 50,000 |
| ERS retirement system contributions | 2,233,121 | 1,980,663 |
| TRS retirement system contributions | 452,111 | 301,610 |
| Special Purposes | 168,078 | 161,255 |
| Unrestricted | (94,348,993) | (66,956,686) |
| Total Net Position | $ (62,963,071) | $ (51,729,513) |

Current assets increased by $11,047,998 from the prior year. Cash and equivalents and investments increased by $11,768,570 primarily from the issuance of a bond anticipation note to finance approved capital projects. The net pension asset for the TRS decreased by $3,416,594 due to investment losses by the retirement system for its fiscal year ending June 30, 2020.

Long-term liabilities, which consist of general obligation bonds, energy performance contract debt, net pension and OPEB liabilities, increased by $8,455,625 from the previous year. The OPEB liability decreased by $6,958,249 primarily due to a decline in the discount rate. The net pension liabilities to ERS and TRS also decreased by a net of $322,622 due to investment losses for TRS for its fiscal year ending June 30, 2020 partially offset by investment gains for ERS for its fiscal year ending March 31, 2021.

A large component of the School District's net position ($62,963,071) reflects its investment in capital assets, net of accumulated depreciation and less any related debt that is still outstanding that was used to acquire those assets. The School District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above, inclusive of net investment in capital assets of $24,048,866, constitute $31,385,922 of net position and $7,337,056 are comprised of amounts restricted for specific purposes, i.e., payments of tax certiorari claims, capital projects, debt service, retirement contributions, etc. There is a negative balance of unrestricted net position of $94,348,993 primarily a result of the recognition of the OPEB liabilities. Overall, net position decreased by $11.233,558. Without the decrease in OPEB liabilities, the net position would have decreased by $11,556,180.

## Changes in Net Position

| | June 30 | |
|---|---|---|
| | 2021 | 2020 |
| **REVENUES** | | |
| Program Revenues | | |
| Charges for Services | $ 994,532 | $ 1,284,363 |
| Operating Grants and Contributions | 797,271 | 942,272 |
| Capital Grants and Contributions | 198,585 | 31,838 |
| Total Program Revenues | 1,990,388 | 2,258,473 |
| General Revenues | | |
| Real Property Taxes | 41,416,294 | 39,800,061 |
| Other Tax Items | 2,429,836 | 2,748,565 |
| Non-Property Taxes | 812,067 | 671,653 |
| Unrestricted Use of Money and Property | 30,404 | 125,592 |
| Sale of Property and Compensation for Loss | 56,612 | 13,377 |
| Unrestricted State Aid | 5,074,603 | 5,234,371 |
| Miscellaneous | 175,245 | 100,821 |
| Total General Revenues | 49,995,061 | 48,694,440 |
| Total Revenues | 51,985,449 | 50,952,913 |
| **EXPENSES** | | |
| General Support | 7,665,888 | 8,260,860 |
| Instruction | 53,816,635 | 52,863,627 |
| Pupil Transportation | 1,071,667 | 1,037,892 |
| Cost of Food Sales | 292,800 | 372,876 |
| Other | 242,465 | 158,766 |
| Interest | 212,668 | 154,437 |
| Total Expenses | 63,302,123 | 62,848,458 |
| Change in Net Position | (11,316,674) | (11,895,545) |
| **NET POSITION** | | |
| Beginning as reported | (51,729,513) | (39,833,968) |
| Cumulative Effect of Change in Accounting Principle | 83,116 | - |
| Beginning, as restated | (51,646,397) | (39,833,968) |
| Ending | $ (62,963,071) | $ (51,729,513) |

*The following are the major changes in Net Position:*

Revenues:

- Real property taxes increased by $1,616,233 or 4.1%. The current property tax increase is attributed to projected increased expenses related to instruction, employee benefits and transportation. It is also a result of the continuing decrease in STAR (see below). The School District relies upon real property taxes as its primary source of revenue.

- Other tax items include revenues received for the School Tax Relief Reimbursement Program ("STAR"). The STAR Program provides tax relief to homeowners by decreasing the assessments taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result in changes to the NYS law, this revenue decreased by $318,729 during the 2020-2021 fiscal year and has decreased by $2,828,548, almost 53.8%, in the past five years shifting this burden from the state to the taxpayers.

- The receipt of sales tax revenue increased by $140,414 or 20.9% due to an increase in Westchester County's sales tax rate and internet collections.

- Revenue from rental of facilities remained much lower than typical as a result of limited access due to the pandemic.

- Interest income decreased by $95,196 as a result of extremely low interest rates and temporary use of cash on hand for capital projects.

Expenses:

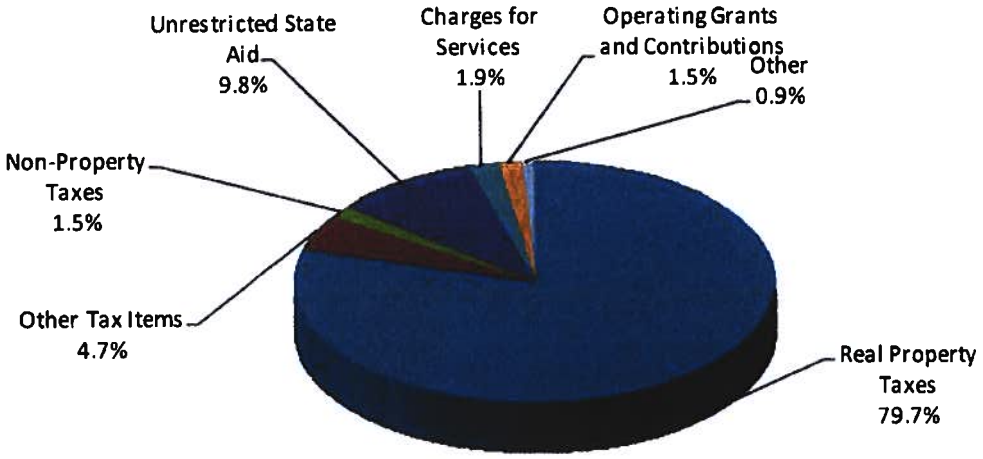
- Overall, General Support expenses decreased slightly over the prior year. The decrease was due to a reduction in the ERS liability.

- Instructional program expenses increased by $953,008 or 1.8%, over the prior year. The increase was due to an increase in services for students with disabilities as well as in instructional technology because of the covid pandemic.

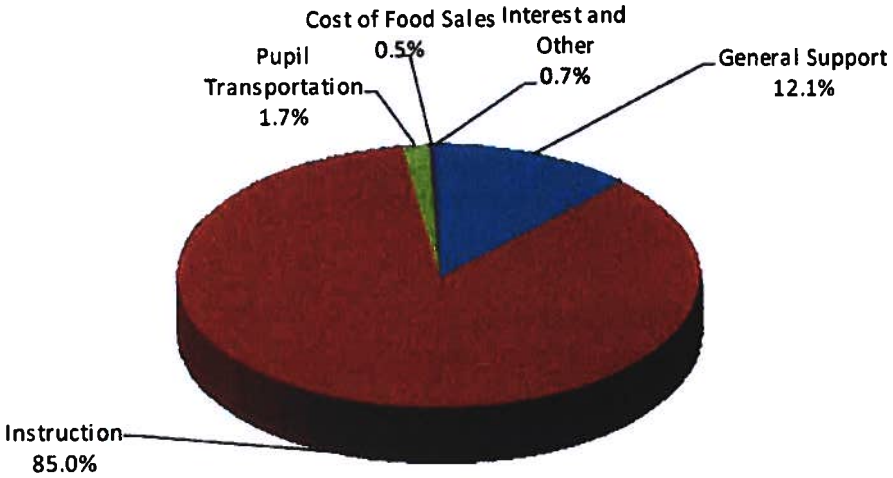
- Pupil transportation expenditures increased by $33,775 because, in the prior year, the School District paid for less than seven months of transportation as a result of school closures due to the pandemic.

The following graphs depict where the School District revenues were derived and how monies were spent. As you can see, the School District relies upon real property taxes for 79.7% of its revenue, while the School District's largest expense, instructional costs, accounts for 85.0% of total expenses.

**Sources of Revenue for Fiscal Year 2021**
**Governmental Activities**




**Expenses for Fiscal Year 2021**
**Governmental Activities**



### *Financial Analysis of the School District's Funds*

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

*Governmental Funds*

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of $3,960,727, a decrease of $5,197,716 from the prior year (inclusive of the cumulative effect of change in accounting principle). This decrease is a result of the capital outlay for capital projects.

| | |
|---|---|
| Nonspendable: | |
| Inventories | $ 2,262 |
| Restricted: | |
| Employment Benefit Accrued Liability | 490,674 |
| Liability Claims | 760,597 |
| Unemployment Benefits | 150,083 |
| Tax Certiorari | 1,598,288 |
| TRS Retirement Contributions | 452,111 |
| ERS Retirement Contributions | 2,233,121 |
| Future Capital Projects | 1,327,371 |
| Debt Service | 587,219 |
| Special Purposes | 168,078 |
| Total Restricted | 7,767,542 |
| Assigned: | |
| Purchases On Order: | |
| General Government Support | 139,654 |
| Instruction | 373,031 |
| | 512,685 |
| Subsequent Year's Expenditures | 534,843 |
| School Lunch Fund | 35,520 |
| Total Assigned | 1,083,048 |
| Unassigned - General Fund | 2,110,319 |
| Unassigned - Capital Projects Fund (Deficit) | (7,002,444) |
| | (4,892,125) |
| **Total Fund Balances** | $ 3,960,727 |

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was $10,190.566. This represents an increase of $1,041,053 from the prior year. This is a result of a reduction in expenditures based on a projection of reduced state aid, sales tax, facilities use fees and interest income. The reduction in state aid and sales tax did not materialize creating a large surplus during 2020-2021. The surplus was allocated to various restricted components of fund balance, where appropriate, and the balance is in the unassigned fund balance. The amount of the unassigned fund balance is $2,110,319 or 4% of the ensuing year's budget. This is at the 4% allowed by NYS Law.

More detailed information about the School District's governmental fund balances is presented in note 3H in the notes to financial statements.

## General Fund Budgetary Highlights – 2020-2021

The original, voter approved adopted budget of $51,660,159 was increased by $401,157 as a result of the rollover of prior year encumbrances for a total original budget of $52,061,316. The budget was further revised during the 2020-2021 fiscal year by a total of $200,856 from the appropriation of fund balance from the Reserve for Tax Certiorari and the Reserve for Restricted Fund balance to fund claims. As a result, the final budget totaled $52,262,172.

Revenue Highlights include:

- Increase in taxes due to increased tax levy and decrease in STAR
- Decrease in STAR reimbursement revenue due to changes in NYS Law
- State aid exceeded the budgeted amount by $878,793 due to unanticipated state revenues that had been projected to decrease by 25% due to the COVID pandemic. Federal funds given to NYS came in after the budget had been finalized. The result was the District received full aid plus additional revenues.
- Increase in sales tax revenue due to increase in Westchester County sales tax rate and internet collections
- Decrease in rental of facilities revenue as facilities were not available due to the pandemic
- Decrease in interest income due to extremely low interest rates and temporary use of cash on hand for capital projects

Expenditure Highlights include:

- Decrease in Instruction due to restricted activities due to the pandemic
- An increase in Central Services costs as a result of increased gas and electricity usage and rates. significant investments in computer supplies and performance of facilities projects
- Increase in pupil transportation as a result of returning to a full year of attendance

## For the Future

The Hastings-on-Hudson Union Free School District is financially stable and strong. However, there are two inter-related challenges that will require some discussion: Enrollment and Budget.

*Enrollment*:

As the chart below shows, from 2010-2011 to 2020-2021, with the exception of 2012-2013 and 2018-2019, as well as 2020-2021 (due to the pandemic), there has been an increase in enrollment in all of the School District's facilities. While the increases have been small on an annual basis, the cumulative effect has required increased staffing at various levels in different years. Enrollment for the 2021-2022 school year is projected to be 1,657 students.

## School District's Changing Enrollment

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| K-5 | 561 | 562 | 588 | 580 | 562 | 570 | 572 | 597 | 637 | 620 | 540 | 577 |
| 6-8 | 511 | 493 | 474 | 493 | 493 | 510 | 523 | 524 | 532 | 510 | 506 | 521 |
| 9-12 | 527 | 515 | 522 | 512 | 501 | 512 | 490 | 517 | 515 | 522 | 527 | 541 |
| Sp. Ed.* | 28 | 26 | 28 | 17 | 19 | 19 | 18 | 19 | 19 | 18 | 15 | 18 |
| Total | 1,627 | 1,602 | 1,620 | 1,610 | 1,581 | 1,619 | 1,609 | 1,668 | 1,712 | 1,674 | 1,588 | 1,657 |

*Out of School District Special Education Placements
**Projected Enrollment

*Budget:*

It is clear that the School District is heavily dependent upon real property taxes as they represent approximately 80% of School District revenues (exclusive of STAR).

Effective in the 2012-2013 school year, legislation was passed by New York State capping tax levy increases to 2%. Under these circumstances, the challenge of presenting a fiscally responsible budget, while meeting the needs of children and mandates, will require effective and efficient management of School District operations in future years. It will be important that discussions about these issues and what choices or changes are possible in expenditures that will need to take place so the community is fully cognizant of whatever tradeoffs are made.

## Capital Assets

As of June 30, 2021, the School District had $23,220,445, net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, as well as machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The change in capital assets during the current fiscal year results from the additional construction-in-progress and depreciation expense.

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

| Class | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Land | $ 115,000 | $ 115,000 |
| Construction-in-Progress | 6,084,794 | 1,657,792 |
| Buildings and Improvements | 16,239,848 | 15,102,757 |
| Machinery and Equipment | 780,803 | 837,694 |
| Total Capital Assets, net of Accumulated depreciation | $ 23,220,445 | $ 17,713,243 |

Construction-in-progress consists of:

| Project | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Hillside Roof Construction | $ - | $ 569,913 |
| Farragut Complex Heating & Ventilation | - | 158,837 |
| Pre Bond Professional Services & Architect Work | 1,521,944 | 929,042 |
| Farragut Roof Construction | 1,803,159 | - |
| Hillside Upgrades General Construction | 213,257 | - |
| Hillside Addition & Renovation General Construction | 1,859,815 | - |
| Hillside Addition & Renovation Heating, Ventilation & AC | 33,098 | - |
| Hillside Addition & Renovation Plumbing | 78,614 | - |
| Hillside Addition & Renovation Electrical Work | 177,983 | - |
| Hillside Addition & Renovation Civil/Site Work | 330,968 | - |
| Hillside Addition & Renovation Seating | 65,956 | - |
| | $ 6,084,794 | $ 1,657,792 |

## Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Bonds Payable, net | $ 6,354,152 | $ 6,875,893 |
| Energy Performance Contract | 754,795 | 877,682 |
| Claims Payable | 180,000 | 165,000 |
| Compensated Absences | 490,674 | 455,379 |
| Net Pension Liability | 3,788,687 | 694,715 |
| Other Post Employment Benefit Liability | 102,631,933 | 109,590,182 |
| Total | $ 114,200,241 | $ 118,658,851 |

During the 2020-2021 fiscal year, the School District issued a bond anticipation note for the bond authorized by the voters on February 28, 2019. The School District recorded its net pension liability to ERS and TRS as required by the provisions of GASB Statement No. 68. The School District's other postemployment benefit liability was recorded in accordance with the provisions of GASB Statement No. 75. As noted earlier, the sharp increase was due to a decrease in the discount rate compared to the previous year. This liability will continue to grow as at this time the School District is permitted by New York State only to fund its pay-as-you-go obligations for health insurance.

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

## Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:
Hastings on Hudson Union Free School District

Attn: Maureen Caraballo, Treasurer
27 Farragut Avenue
Hastings-on-Hudson, New York 10706
Tel: (914) 478-6210
Email: caraballom@hohschools.org

**Hastings-on-Hudson Union Free School District, New York**

Statement of Net Position
June 30, 2021

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and equivalents | $ 23,197,116 |
| Receivables | |
| Accounts | 16,783 |
| State and Federal aid | 671,723 |
| Due from other governments | 207,248 |
| Inventories | 2,262 |
| Capital assets | |
| Not being depreciated | 6,199,794 |
| Being depreciated, net | 17,020,651 |
| Total Assets | 47,315,577 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pension related | 15,972,078 |
| OPEB related | 30,915,466 |
| Total Deferred Outflows of Resources | 46,887,544 |
| **LIABILITIES** | |
| Accounts payable | 1,952,282 |
| Accrued liabilities | 95,996 |
| Bond anticipation notes payable | 15,000,000 |
| Due to other governments | 9,273 |
| Due to retirement systems | 2,843,709 |
| Deposits | 104,681 |
| Employee payroll deductions | 67,553 |
| Unearned revenues | 60,911 |
| Accrued interest payable | 145,661 |
| Non-current liabilities | |
| Due within one year | 871,035 |
| Due in more than one year | 113,329,206 |
| Total Liabilities | 134,480,307 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Pension related | 6,560,744 |
| OPEB related | 16,125,141 |
| Total Deferred Inflows of Resources | 22,685,885 |
| **NET POSITION** | |
| Net investment in capital assets | 24,048,866 |
| Restricted | |
| Tax certiorari | 1,598,288 |
| Liability claims | 760,597 |
| Unemployment benefits | 150,083 |
| ERS retirement system contributions | 2,233,121 |
| TRS retirement system contributions | 452,111 |
| Debt service | 587,219 |
| Capital projects | 60,188 |
| Future capital projects | 1,327,371 |
| Special purpose | 168,078 |
| Unrestricted | (94,348,993) |
| Total Net Position | $ (62,963,071) |

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

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**Hastings-on-Hudson Union Free School District, New York**

Statement of Activities
Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| General support | $ 7,665,888 | $ - | $ 6,590 | $ - | $ (7,659,298) |
| Instruction | 53,816,635 | 770,935 | 624,278 | - | (52,421,422) |
| Pupil transportation | 1,071,667 | - | - | - | (1,071,667) |
| Cost of food sales | 292,800 | 223,597 | 231 | - | (68,972) |
| Other | 242,465 | - | 166,172 | - | (76,293) |
| Interest | 212,668 | - | - | 198,585 | (14,083) |
| Total Governmental Activities | $ 63,302,123 | $ 994,532 | $ 797,271 | $ 198,585 | (61,311,735) |
| General revenues | | | | | |
| Real property taxes | | | | | 41,416,294 |
| Other tax items | | | | | |
| Payments in lieu of taxes | | | | | 5,525 |
| School tax relief reimbursement | | | | | 2,424,311 |
| Non-property taxes | | | | | |
| Non-property tax distribution from County | | | | | 812,067 |
| Unrestricted use of money and property | | | | | 30,404 |
| Sale of property and compensation for loss | | | | | 56,612 |
| Unrestricted State aid | | | | | 5,074,603 |
| Miscellaneous | | | | | 175,245 |
| Total General Revenues | | | | | 49,995,061 |
| Change in Net Position | | | | | (11,316,674) |
| Net Position - Beginning | | | | | (51,729,513) |
| Cumulative Effect of Change in Accounting Principle | | | | | 83,116 |
| Net Position - Beginning, as restated | | | | | (51,646,397) |
| Net Position - Ending | | | | | $ (62,963,071) |

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

**Hastings-on-Hudson Union Free School District, New York**

Balance Sheet
Governmental Funds
June 30, 2021

| | General | Capital Projects | Special Aid |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and equivalents | $ 13,165,967 | $ 9,684,680 | $ 102,905 |
| Receivables | | | |
| Accounts | 1,755 | - | 25 |
| State and Federal aid | 515,767 | - | 155,956 |
| Due from other governments | 207,248 | - | - |
| Due from other funds | 216,806 | - | - |
| Inventories | - | - | - |
| Total Assets | $ 14,107,543 | $ 9,684,680 | $ 258,886 |
| **LIABILITIES AND FUND BALANCES (DEFICITS)** | | | |
| Liabilities | | | |
| Accounts payable | $ 779,837 | $ 1,172,445 | $ - |
| Accrued liabilities | 95,996 | - | - |
| Bond anticipation notes payable | - | 15,000,000 | - |
| Due to other funds | - | 514,679 | 252,882 |
| Due to other governments | - | - | - |
| Due to retirement systems | 2,843,709 | - | - |
| Employee payroll deductions | 67,553 | - | - |
| Deposits payable | 104,681 | - | - |
| Unearned revenues | 25,201 | - | 6,004 |
| Total Liabilities | 3,916,977 | 16,687,124 | 258,886 |
| Fund balances (Deficits) | | | |
| Nonspendable | - | - | - |
| Restricted | 7,032,719 | - | - |
| Assigned | 1,047,528 | - | - |
| Unassigned | 2,110,319 | (7,002,444) | - |
| Total Fund Balances (Deficits) | 10,190,566 | (7,002,444) | - |
| Total Liabilities and Fund Balances (Deficits) | $ 14,107,543 | $ 9,684,680 | $ 258,886 |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|---|---|
| $ 243,564 | $ 23,197,116 |
| 15,003 | 16,783 |
| - | 671,723 |
| - | 207,248 |
| 550,755 | 767,561 |
| 2,262 | 2,262 |
| $ 811,584 | $ 24,862,693 |
| | |
| $ - | $ 1,952,282 |
| - | 95,996 |
| - | 15,000,000 |
| - | 767,561 |
| 9,273 | 9,273 |
| - | 2,843,709 |
| - | 67,553 |
| - | 104,681 |
| 29,706 | 60,911 |
| 38,979 | 20,901,966 |
| | |
| 2,262 | 2,262 |
| 734,823 | 7,767,542 |
| 35,520 | 1,083,048 |
| - | (4,892,125) |
| 772,605 | 3,960,727 |
| | |
| $ 811,584 | $ 24,862,693 |

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**Hastings-on-Hudson Union Free School District, New York**

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2021

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

| | |
|---|---|
| Fund Balances - Total Governmental Funds | $ 3,960,727 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Capital assets - non-depreciable | 6,199,794 |
| Capital assets - depreciable | 38,556,431 |
| Accumulated depreciation | (21,535,780) |
| | 23,220,445 |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. | |
| Deferred outflows - pension related | 15,972,078 |
| Deferred outflows - OPEB related | 30,915,466 |
| Deferred inflows - pension related | (6,560,744) |
| Deferred inflows - OPEB related | (16,125,141) |
| | 24,201,659 |
| Long-term liabilities that are not due and payable in the current period are not reported in the funds. | |
| Accrued interest payable | (145,661) |
| General obligation bonds payable | (6,225,000) |
| Energy performance contract debt payable | (754,795) |
| Claims payable | (180,000) |
| Compensated absences | (490,674) |
| Net pension liability - ERS | (13,703) |
| Net pension liability - TRS | (3,774,984) |
| Total OPEB liability | (102,631,933) |
| | (114,216,750) |
| Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issues, whereas these amounts are deferred and amortized in the statement of activities. | |
| Premium on general obligation bonds | (129,152) |
| Net Position of Governmental Activities | $ (62,963,071) |

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

**Hastings-on-Hudson Union Free School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

| | General | Capital Projects | Special Aid |
|---|---|---|---|
| **REVENUES** | | | |
| Real property taxes | $ 41,416,294 | $ - | $ - |
| Other tax items | 2,429,836 | - | - |
| Non-property taxes | 812,067 | - | - |
| Charges for services | 770,935 | - | - |
| Use of money and property | 37,028 | - | - |
| Sale of property and compensation for loss | 56,612 | - | - |
| State aid | 5,311,868 | - | 113,286 |
| Federal aid | 7,543 | - | 368,729 |
| Food sales | - | - | - |
| Miscellaneous | 175,245 | - | - |
| Total Revenues | 51,017,428 | - | 482,015 |
| **EXPENDITURES** | | | |
| Current | | | |
| General support | 5,289,575 | - | - |
| Instruction | 30,950,803 | - | 574,562 |
| Pupil transportation | 1,044,103 | - | - |
| Employee benefits | 11,637,737 | - | - |
| Cost of food sales | - | - | - |
| Other | - | - | - |
| Debt service | | | |
| Principal | 122,887 | - | - |
| Interest | 28,335 | - | - |
| Capital outlay | - | 6,471,072 | - |
| Total Expenditures | 49,073,440 | 6,471,072 | 574,562 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,943,988 | (6,471,072) | (92,547) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | - | 100,000 | 92,547 |
| Transfers out | (902,935) | - | - |
| Total Other Financing Sources (Uses) | (902,935) | 100,000 | 92,547 |
| Net Change in Fund Balances | 1,041,053 | (6,371,072) | - |
| **FUND BALANCES (DEFICITS)** | | | |
| Beginning of Year, as restated | 9,149,513 | (631,372) | - |
| End of Year | $ 10,190,566 | $ (7,002,444) | $ - |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|---|---|
| $ - | $ 41,416,294 |
| - | 2,429,836 |
| - | 812,067 |
| - | 770,935 |
| 198,582 | 235,610 |
| | |
| - | 56,612 |
| - | 5,425,154 |
| 222 | 376,494 |
| 223,597 | 223,597 |
| 166,150 | 341,395 |
| 588,551 | 52,087,994 |
| | |
| - | 5,289,575 |
| - | 31,525,365 |
| - | 1,044,103 |
| - | 11,637,737 |
| 283,783 | 283,783 |
| 242,465 | 242,465 |
| | |
| 510,000 | 632,887 |
| 130,388 | 158,723 |
| - | 6,471,072 |
| 1,166,636 | 57,285,710 |
| | |
| (578,085) | (5,197,716) |
| | |
| 710,388 | 902,935 |
| - | (902,935) |
| | |
| 710,388 | - |
| 132,303 | (5,197,716) |
| | |
| 640,302 | 9,158,443 |
| $ 772,605 | $ 3,960,727 |

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Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021

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

| | |
|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ (5,197,716) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay expenditures | 6,538,657 |
| Depreciation expense | (1,031,455) |
| | 5,507,202 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Unavailable Revenues - State aid | (102,545) |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities. | |
| Principal paid on general obligation bonds | 510,000 |
| Principal paid on energy performance contract debt | 122,887 |
| Amortization of premium and loss on refunding bonds | 11,741 |
| | 644,628 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Accrued interest | (65,686) |
| Compensated absences | (35,295) |
| Claims payable | (15,000) |
| Changes in pension liabilities and related deferred outflows and inflows of resources | (2,413,632) |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | (9,638,630) |
| | (12,168,243) |
| Change in Net Position of Governmental Activities | $ (11,316,674) |

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

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**Hastings-on-Hudson Union Free School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Real property taxes | $ 41,432,773 | $ 41,432,773 | $ 41,416,294 | $ (16,479) |
| Other tax items | 2,424,311 | 2,424,311 | 2,429,836 | 5,525 |
| Non-property taxes | 500,000 | 500,000 | 812,067 | 312,067 |
| Charges for services | 560,000 | 560,000 | 770,935 | 210,935 |
| Use of money and property | 30,000 | 30,000 | 37,028 | 7,028 |
| Sale of property and compensation for loss | - | - | 56,612 | 56,612 |
| State aid | 4,433,075 | 4,433,075 | 5,311,868 | 878,793 |
| Federal aid | - | - | 7,543 | 7,543 |
| Miscellaneous | 100,000 | 100,000 | 175,245 | 75,245 |
| Total Revenues | 49,480,159 | 49,480,159 | 51,017,428 | 1,537,269 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General support | 4,807,028 | 5,655,973 | 5,289,575 | 366,398 |
| Instruction | 32,361,117 | 32,668,077 | 30,950,803 | 1,717,274 |
| Pupil transportation | 1,473,294 | 1,111,539 | 1,044,103 | 67,436 |
| Employee benefits | 12,488,267 | 11,768,892 | 11,637,737 | 131,155 |
| Debt service | | | | |
| Principal | 122,887 | 122,887 | 122,887 | - |
| Interest | 28,335 | 28,335 | 28,335 | - |
| Total Expenditures | 51,280,928 | 51,355,703 | 49,073,440 | 2,282,263 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,800,769) | (1,875,544) | 1,943,988 | 3,819,532 |
| **OTHER FINANCING (USES)** | | | | |
| Transfers out | (780,388) | (906,469) | (902,935) | 3,534 |
| Net Change in Fund Balances | (2,581,157) | (2,782,013) | 1,041,053 | 3,823,066 |
| **FUND BALANCES** | | | | |
| Beginning of Year | 2,581,157 | 2,782,013 | 9,149,513 | 6,367,500 |
| End of Year | $ - | $ - | $ 10,190,566 | $ 10,190,566 |

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

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## Note 1 - Summary of Significant Accounting Policies

The Hastings-on-Hudson Union Free School District, New York ("School District") as presently constituted, was established in 1903 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

### A. Financial Reporting Entity

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

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

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

### B. District-Wide Financial Statements

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements.

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds. The major revenues of this fund are Federal and State aid.

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

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

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

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

b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, "*Fiduciary Activities*", the School District had no such activity to report in this fund category.

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues

**Note 1 - Summary of Significant Accounting Policies (Continued)**

from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liability and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**Cash and Equivalents, Investments and Risk Disclosure**

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

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

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

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Risk Disclosure

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*" directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2021.

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

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

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Village of Hastings-On-Hudson, New York ("Village") which is included in the levy is responsible for the billing and collection of the taxes. The Village guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventory** - Inventory in the School Lunch Fund consists of surplus food at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts

**Note 1 - Summary of Significant Accounting Policies (Continued)**

are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

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

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

| Class | Life in Years |
|---|---|
| Land Improvements | 20-30 |
| Buildings and Improvements | 20-50 |
| Machinery and Equipment | 5-20 |

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of $25,201 within the General Fund for tuition and retiree health insurance billings received in advance, $6,004 within the Special Aid Fund for State and Federal aid received in advance, and $29,706 for amounts received in advance for the lunch program in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

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

The School District reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other post-employment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other post-employment benefit liabilities in Note 3D.

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

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

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

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

**Other Post - Employment Benefit Liability ("OPEB")** - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*".

**Net Position** - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for tax certiorari, liability claims, unemployment benefits, retirement system contributions, debt service, capital projects, future capital projects and special purpose.

*Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows* of resources that does not meet the definition of the two preceding categories

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

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

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the School Board for amounts assigned for balancing the subsequent year's budget or the Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

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

### F. Encumbrances

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

### G. Use of Estimates

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

### H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were issued, which date is October 6, 2021.

## Note 2 - Stewardship, Compliance and Accountability

### A. Budgetary Data

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

a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.

c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.

d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

f) Formal budgetary integration is employed during the year as a management control device for the General and Debt Service funds.

g) Budgets for the General and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch or Special Purpose funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

i) Appropriations in the General and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Fund Balance**

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

**C. Property Tax Limitation**

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

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

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

**D. Capital Projects Fund Project Deficit**

The deficits in various capital projects arise because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficits in these projects will be reduced and eliminated as the bond anticipation

## Note 2 - Stewardship, Compliance and Accountability (Continued)

notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

### E. Adoption of Accounting Standard

For the year ended June 30, 2021, the School District implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported in the Fiduciary Fund are now reflected within governmental funds

### F. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84.

### G. Cumulative Effect of Change in Accounting Principle

The School District implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*", for the year ended June 30, 2021. Certain amounts previously reported in the School District's Fiduciary Fund are now being reported within the Special Purpose Fund and/or the General Fund. As a result, the School District has reported a cumulative effect of change in accounting principle of $72,500 to the July 1, 2019 fund balance of the Special Purpose Fund (the earliest year presented). The School District also reported on its Statement of Activities a cumulative effect of change in accounting principle of $83,116 to the July 1, 2020 net position of governmental activities for this same reason.

## Note 3 - Detailed Notes on All Funds

### A. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2021 is as follows:

| Fund | Due From | Due To |
|---|---|---|
| General | $ 216,806 | $ - |
| Capital Projects | - | 514,679 |
| Special Aid | - | 252,882 |
| Non-Major Governmental | 550,755 | - |
| | $ 767,561 | $ 767,561 |

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

## Note 3 - Detailed Notes on All Funds (Continued)

### B. Capital Assets

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

| Class | Balance July 1, 2020 | Additions | Deductions | Balance June 30 2021 |
|---|---|---|---|---|
| Capital Assets, not being depreciated | | | | |
| Land | $ 115,000 | $ - | $ - | $ 115,000 |
| Construction-in-progress | 1,657,792 | 5,331,985 | 904,983 | 6,084,794 |
| | $ 1,772,792 | $ 5,331,985 | $ 904,983 | $ 6,199,794 |
| Capital Assets, being depreciated: | | | | |
| Land Improvements | $ 8,231,726 | $ - | $ 415,672 | $ 7,816,054 |
| Buildings and Improvements | 27,185,379 | 2,066,707 | - | 29,252,086 |
| Machinery and Equipment | 1,997,209 | 44,948 | 553,866 | 1,488,291 |
| Total Capital Assets, being Depreciated | 37,414,314 | 2,111,655 | 969,538 | 38,556,431 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 2,040,815 | 377,412 | 415,672 | 2,002,555 |
| Buildings and Improvements | 18,273,533 | 552,204 | - | 18,825,737 |
| Machinery and Equipment | 1,159,515 | 101,839 | 553,866 | 707,488 |
| Total Accumulated Depreciation | 21,473,863 | 1,031,455 | 969,538 | 21,535,780 |
| Total Capital Assets, being depreciated, net | $ 15,940,451 | $ 1,080,200 | $ - | $ 17,020,651 |
| Governmental Activities Capital Assets, net | $ 17,713,243 | $ 6,412,185 | $ 904,983 | $ 23,220,445 |

Construction-in-progress consists of:

| Project | June 30, 2021 | 2020 |
|---|---|---|
| Hillside Roof Construction | $ - | $ 569,913 |
| Farragut Complex Heating & Ventilation | - | 158,837 |
| Pre Bond Professional Services & Architect Work | 1,521,944 | 929,042 |
| Farragut Roof Construction | 1,803,159 | - |
| Hillside Upgrades General Construction | 213,257 | - |
| Hillside Addition & Renovation General Construction | 1,859,815 | - |
| Hillside Addition & Renovation Heating, Ventilation & AC | 33,098 | - |
| Hillside Addition & Renovation Plumbing | 78,614 | - |
| Hillside Addition & Renovation Electrical Work | 177,983 | - |
| Hillside Addition & Renovation Civil/Site Work | 330,968 | - |
| Hillside Addition & Renovation Seating | 65,956 | - |
| | $ 6,084,794 | $ 1,657,792 |

## Note 3 - Detailed Notes on All Funds (Continued)

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

| | |
|---|---|
| General Support | $ 632,317 |
| Instruction | 390,121 |
| Cost of Food Sales | 9,017 |
| Total Depreciation Expense | $ 1,031,455 |

### C. Accrued Liabilities

Accrued liabilities as of June 30, 2021 were as follows:

| | General Fund |
|---|---|
| Payroll and Employee Benefits | $ 95,996 |

### D. Short-Term Capital Borrowings – Bond Anticipation Notes

The schedule below details the changes in the short-term capital borrowings:

| Purpose | Original Issue Date | Maturity Date | Rate of Interest | Balance July 1, 2020 | New Issues | Redemptions | Balance June 30, 2021 |
|---|---|---|---|---|---|---|---|
| Construction of Improvements and Alterations to District Buildings | 3/4/2021 | 3/4/2022 | 1.50 % | $ - | $ 15,000,000 | $ - | $ 15,000,000 |

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of $72,500 were recorded in the district-wide financial statements.

## Note 3 - Detailed Notes on All Funds (Continued)

### E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2021:

| | Balance July 1, 2020 | New Issues/ Additions | Maturities and/or Payments | Balance June 30, 2021 | Due Within One-Year |
|---|---|---|---|---|---|
| General Obligation Bonds Payable | $ 6,735,000 | $ - | $ 510,000 | $ 6,225,000 | $ 515,000 |
| Plus | | | | | |
| Unamortized premium on bonds | 140,893 | - | 11,741 | 129,152 | - |
| | 6,875,893 | - | 521,741 | 6,354,152 | 515,000 |
| Energy Performance Contract Debt Payable | 877,682 | - | 122,887 | 754,795 | 127,035 |
| | 7,753,575 | - | 644,628 | 7,108,947 | 642,035 |
| Other Non-current Liabilities: | | | | | |
| Claims Payable | 165,000 | 180,000 | 165,000 | 180,000 | 180,000 |
| Net Pension Liability - ERS | 4,111,309 | - | 4,097,606 | 13,703 | - |
| Net Pension Liability (Asset) - TRS | (3,416,594) | 7,191,578 | - | 3,774,984 | - |
| Compensated Absences | 455,379 | 81,295 | 46,000 | 490,674 | 49,000 |
| Other Postemployment Benefit Liability | 109,590,182 | (5,358,594) | 1,599,655 | 102,631,933 | - |
| Total Non-Current Liabilities | 110,905,276 | 2,094,279 | 5,908,261 | 107,091,294 | 229,000 |
| Total Long-Term Liabilities | $ 118,658,851 | $ 2,094,279 | $ 6,552,889 | $ 114,200,241 | $ 871,035 |

Each governmental fund's liability for general obligation bonds payable, energy performance contract debt payable, claims, net pension liability, compensated absences and other postemployment benefit obligations is liquidated by the General Fund. The School District's indebtedness for general obligation bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund. The School District's indebtedness for the energy performance contract debt is satisfied by the General Fund.

#### General Obligation Bonds Payable

General Obligation Bonds payable at June 30, 2021 is comprised of the following individual issue:

| Purpose | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at June 30, 2021 |
|---|---|---|---|---|---|
| Serial Bond* | 2016 | $ 8,150,701 | July, 2031 | 2.0 - 2.125 % | $ 6,225,000 |

*To finance the construction of improvements and alterations to all District buildings inclusive of the Reynolds and Burke athletic fields.

## Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of $130,388 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of $125,288 was recorded in the district-wide financial statements.

### Energy Performance Contract Debt Payable

The School District, in August 2012 entered into a $1,698,397 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fourteen years, with semi-annual installments of $75,611 through August 2026. Payments include interest at 3.3480%. The balance due at June 30, 2021 was $754,795. Interest expenditures of $28,335 were recorded in the fund financial statements in the General Fund. Interest expense of $26,621 was recorded in the district-wide financial statements.

### Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2021, including interest payments of $796,040 are as follows:

| Year Ending June 30, | General Obligation Bonds | | Energy Performance Contract Debt | | Total | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 515,000 | $ 120,138 | $ 127,035 | $ 24,186 | $ 642,035 | $ 144,324 |
| 2023 | 525,000 | 109,738 | 131,324 | 19,897 | 656,324 | 129,635 |
| 2024 | 530,000 | 99,188 | 135,758 | 15,464 | 665,758 | 114,652 |
| 2025 | 540,000 | 88,488 | 140,341 | 10,881 | 680,341 | 99,369 |
| 2026 | 550,000 | 77,588 | 145,079 | 6,143 | 695,079 | 83,731 |
| 2027-2031 | 2,935,000 | 216,390 | 75,258 | 1,245 | 3,010,258 | 217,635 |
| 2032 | 630,000 | 6,694 | - | - | 630,000 | 6,694 |
| | $ 6,225,000 | $ 718,224 | $ 754,795 | $ 77,816 | $ 6,979,795 | $ 796,040 |

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

### Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

### Claims Payable

Claims payable reflects a liability of $180,000 for court ordered tax certiorari refunds, which were not due and payable at year-end. This amount has been recorded in the district-wide financial statements.

## Note 3 - Detailed Notes on All Funds (Continued)

### Compensated Absences

The School District is obligated to compensate employees for accrued vacation upon separation of service in accordance with applicable collective bargaining agreements. The School District is not required to compensate employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

### Pension Plans

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

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

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

**Note 3 - Detailed Notes on All Funds (Continued)**

the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2021 are as follows:

| | Tier/Plan | Rate |
|---|---|---|
| ERS | 4 A15 41J | 16.2 % |
| | 5 A15 41J | 13.5 |
| | 6 A15 41J1 | 9.7 |
| | 6 A15 41J2 | 9.7 |
| TRS | 1-6 | 9.53 % |

At June 30, 2021, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2021 | June 30, 2020 |
| Net pension liability (asset) | $ 13,703 | $ 3,774,984 |
| School Districts' proportion of the net pension liability (asset) | 0.0137620 % | 0.136613 % |
| Change in proportion since the prior measurement date | (0.0017638) % | 0.005105 % |

The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2021, the School District recognized its proportionate share of pension expense in the district-wide financial statements of $5,322,321 ($352,757 for ERS and $4,969,564 for TRS). Pension expenditures of $724,870 for ERS and $2,183,819 for TRS were recorded in the fund financial statements and were charged to the General Fund.

## Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2021, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | ERS | | TRS | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 167,355 | $ - | $ 3,307,641 | $ 193,461 |
| Changes of assumptions | 2,519,608 | 47,521 | 4,774,476 | 1,701,851 |
| Net difference between projected and actual earnings on pension plan investments | - | 3,936,415 | 2,465,396 | - |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 211,832 | 163,043 | 15,876 | 518,453 |
| School District contributions subsequent to the measurement date | 248,879 | - | 2,261,015 | - |
| | $ 3,147,674 | $ 4,146,979 | $ 12,824,404 | $ 2,413,765 |

| | Total | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 3,474,996 | $ 193,461 |
| Changes of assumptions | 7,294,084 | 1,749,372 |
| Net difference between projected and actual earnings on pension plan investments | 2,465,396 | 3,936,415 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 227,708 | 681,496 |
| School District contributions subsequent to the measurement date | 2,509,894 | - |
| | $ 15,972,078 | $ 6,560,744 |

$248,879 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2022. The $2,261,015 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

| Year Ended | March 31, ERS | June 30, TRS |
|---|---|---|
| 2021 | $ - | $ 1,382,657 |
| 2022 | (205,095) | 2,880,664 |
| 2023 | (59,920) | 2,341,108 |
| 2024 | (211,501) | 1,417,908 |
| 2025 | (771,668) | 317 |
| Thereafter | - | 126,970 |
| | $ (1,248,184) | $ 8,149,624 |

## Note 3 - Detailed Notes on All Funds (Continued)

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

| | ERS | TRS |
|---|---|---|
| Measurement Date | March 31, 2021 | June 30, 2020 |
| Actuarial valuation date | April 1, 2020 | June 30, 2019 |
| Investment rate of return | 5.9% * | 7.1% * |
| Salary scale | 4.4% | 1.90%-4.72% |
| Inflation rate | 2.7% | 2.2% |
| Cost of living adjustments | 1.4% | 1.3% |

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

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

## Note 3 - Detailed Notes on All Funds (Continued)

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

| | ERS March 31, 2021 | | TRS June 30, 2020 | |
|---|---|---|---|---|
| Asset Type | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Domestic Equity | 32 % | 4.05 % | 33 % | 7.1 % |
| International Equity | 15 | 6.30 | 16 | 7.7 |
| Private Equity | 10 | 6.75 | 8 | 10.4 |
| Real Estate | 9 | 4.95 | 11 | 6.8 |
| Domestic Fixed Income Securities | - | - | 16 | 1.8 |
| Global Fixed Income Securities | - | - | 2 | 1.0 |
| High Yield Fixed Income Securities | - | - | 1 | 3.9 |
| Global Equities | - | - | 4 | 7.4 |
| Private Debt | - | - | 1 | 5.2 |
| Real Estate Debt | - | - | 7 | 3.6 |
| Opportunistic Portfolio/ARS Portfolio | 3 | 4.50 | - | - |
| Credit | 4 | 3.63 | - | - |
| Real Assets | 3 | 5.95 | - | - |
| Fixed Income | 23 | - | - | - |
| Cash | 1 | 0.50 | 1 | 0.7 |
| | 100 % | | 100 % | |

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 3 - Detailed Notes on All Funds (Continued)**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 6.1% for TRS) or 1 percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

| | 1% Decrease (4.9%) | Current Discount Rate (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| School District's proportionate share of the ERS net pension liability (asset) | $ 3,803,526 | $ 13,703 | $ (3,481,400) |

| | 1% Decrease (6.1%) | Current Discount Rate (7.1%) | 1% Increase (8.1%) |
|---|---|---|---|
| School District's proportionate share of the TRS net pension liability (asset) | $ 23,845,274 | $ 3,774,984 | $ (13,069,075) |

The components of the collective net pension liability (asset) as of the March 31, 2021 ERS measurement date and the June 30, 2020 TRS measurement date were as follows:

| | ERS | TRS |
|---|---|---|
| Total pension liability | $ 220,680,157,000 | $ 123,242,776,215 |
| Fiduciary net position | 220,580,583,000 | 120,479,505,380 |
| Employers' net pension liability | $ 99,574,000 | $ 2,763,270,835 |
| Fiduciary net position as a percentage of total pension liability | 99.95% | 97.76% |

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2021 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2021 were $248,879 to ERS and $2,594,830 to TRS, inclusive of $333,815 of employee contributions.

## Note 3 - Detailed Notes on All Funds (Continued)

*Voluntary Defined Contribution Plan*

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of $75,000 or more. The employee contribution is between 3% and 5% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

### Other Postemployment Benefit Liability ("OPEB")

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

At June 30, 2021, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees currently receiving benefit payments | 142 |
| Active employees | 287 |
| | 429 |

The School District's total OPEB liability of $102,631,933 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | Varied by years of service and retirement system |
| Discount rate | 2.16% |
| Healthcare cost trend rates | |
| Pre-Medicare | 5.70% for 2020, decreasing to an ultimate rate of 4.04% by 2075 |
| Medicare | 2.70% for 2020, decreasing to an ultimate rate of 4.04% by 2075 |

The discount rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Note 3 - Detailed Notes on All Funds (Continued)**

Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2020.

The actuarial assumptions used in the June 30, 2020 valuation used to value the post-retirement medical liabilities can be categorized into three groups:

1. Economic assumptions
2. Medical assumptions
3. Demographic assumptions

The School District's change in the total OPEB liability for the year ended June 30, 2021 is as follows:

| | |
|---|---|
| Total OPEB Liability - Beginning of Year | $ 109,590,182 |
| Service cost | 6,113,474 |
| Interest | 2,539,471 |
| Changes of benefit terms | (119,330) |
| Differences between expected and actual experience | (7,604,852) |
| Changes in assumptions or other inputs | (6,287,357) |
| Benefit payments | (1,599,655) |
| Total OPEB Liability - End of Year | $ 102,631,933 |

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|---|---|---|---|
| Total OPEB Liability | $ 133,062,190 | $ 102,631,933 | $ 90,652,996 |

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.7% decreasing to 3.04%) or 1 percentage point higher (6.7% decreasing to 5.04%) than the current healthcare cost trend rates:

| | 1% Decrease (4.7% decreasing to 3.04%) | Current Healthcare Cost Trend Rates (5.7% decreasing to 4.04%) | 1% Increase (6.7% decreasing to 5.04%) |
|---|---|---|---|
| Total OPEB Liability | $ 86,202,304 | $ 102,631,933 | $ 140,729,792 |

**Note 3 - Detailed Notes on All Funds (Continued)**

For the year ended June 30, 2021, the School District recognized OPEB expense of $11,238,285 in the district-wide financial statements. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes of assumptions or other inputs | $ 28,113,713 | $ 7,209,259 |
| Differences between expected and actual experience | 2,801,753 | 8,915,882 |
| | $ 30,915,466 | $ 16,125,141 |

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

| Year Ended June 30, | |
|---|---|
| 2022 | $ 2,704,670 |
| 2023 | 2,704,670 |
| 2024 | 2,704,670 |
| 2025 | 2,704,670 |
| 2026 | 2,704,670 |
| Thereafter | 1,266,975 |
| | $ 14,790,325 |

## F. Revenues and Expenditures

### Interfund Transfers

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

| | Transfers In | | | |
|---|---|---|---|---|
| Transfers Out | Capital Projects Fund | Special Aid Fund | Non-Major Governmental Funds | Total |
| General Fund | $ 100,000 | $ 92,547 | $ 710,388 | $ 902,935 |

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due, 2) move amounts earmarked in the operating

**Note 3 - Detailed Notes on All Funds (Continued)**

funds to fulfill commitments for the Special Aid Fund and 3) move funds from the operating funds to the Capital Projects Fund to fund capital projects, 4) move funds from Capital Projects Fund to General Fund for closed capital projects.

### G. Net Position

The components of net position are detailed below:

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

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

*Restricted for Liability Claims* - the component of net position that has been established to set aside funds to be used for the payment of future claims made upon the School District in accordance with Section 6-n of the General Municipal Law of the State of New York.

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

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

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

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

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Future Capital Projects* - the component of net position that has been established in accordance with General Municipal Law to set aside funds to be used for future capital projects.

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

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

## Note 3 - Detailed Notes on All Funds (Continued)

### H. Fund Balances

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total |
| Nonspendable | | | | | | | | |
| Inventories | $ - | $ - | $ 2,262 | $ 2,262 | $ - | $ - | $ 6,308 | $ 6,308 |
| Restricted | | | | | | | | |
| Tax certiorari | 1,498,288 | - | - | 1,498,288 | 1,431,767 | - | - | 1,431,767 |
| Tax certiorari - for subsequent year's expenditures | 100,000 | - | - | 100,000 | - | - | - | - |
| Employee benefit accrued liability | 490,674 | - | - | 490,674 | 455,378 | - | - | 455,378 |
| Liability Claims | 760,597 | - | - | 760,597 | 250,182 | - | - | 250,182 |
| Unemployment Benefits | 150,083 | - | - | 150,083 | 50,000 | - | - | 50,000 |
| ERS retirement contributions | 1,583,121 | - | - | 1,583,121 | 1,480,663 | - | - | 1,480,663 |
| ERS Retirement contributions - for subsequent year's expenditures | 650,000 | - | - | 650,000 | 500,000 | - | - | 500,000 |
| TRS retirement contributions | 452,111 | - | - | 452,111 | 301,610 | - | - | 301,610 |
| Debt service | 20,474 | - | 566,745 | 587,219 | 20,440 | - | 368,194 | 388,634 |
| Future capital projects | 1,327,371 | - | - | 1,327,371 | 627,371 | - | - | 627,371 |
| Special purposes (1) | - | - | 168,078 | 168,078 | - | - | 244,371 | 244,371 |
| Total Restricted | 7,032,719 | - | 734,823 | 7,767,542 | 5,117,411 | - | 612,565 | 5,729,976 |
| Assigned | | | | | | | | |
| Purchases on order | 139,654 | - | - | 139,654 | 163,278 | - | - | 163,278 |
| General government support | 373,031 | - | - | 373,031 | 203,125 | - | - | 203,125 |
| Instruction | - | - | - | - | 10,000 | - | - | 10,000 |
| Pupil Transportation | - | - | - | - | 24,754 | - | - | 24,754 |
| Employee Benefits | 512,685 | - | - | 512,685 | 401,157 | - | - | 401,157 |
| Subsequent year's expenditures | 534,843 | - | - | 534,843 | 1,680,000 | - | - | 1,680,000 |
| School Lunch Fund | - | - | 35,520 | 35,520 | - | - | 21,429 | 21,429 |
| Total Assigned | 1,047,528 | - | 35,520 | 1,083,048 | 2,081,157 | - | 21,429 | 2,102,586 |
| Unassigned | 2,110,319 | (7,002,444) | - | (4,892,125) | 1,950,945 | (631,372) | - | 1,319,573 |
| Total Fund Balance | $ 10,190,566 | $ (7,002,444) | $ 772,605 | $ 3,960,727 | $ 9,149,513 | $ (631,372) | $ 640,302 | $ 9,158,443 |

(1) Balance at June 30, 2020 restated for the implementation of the provisions of GASB Statement No. 84, "*Fiduciary Activities*"

## Note 3 - Detailed Notes on All Funds (Continued)

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

Inventories in the School Lunch fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal cause of operations.

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

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

Subsequent year's expenditures represent that at June 30, 2021, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balance in such fund.

## Note 4 - Summary Disclosure of Significant Contingencies

### A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. $180,000 has been accrued in the district-wide financial statements for this purpose. Additional payments resulting from adverse decisions will be funded in the year the payment is made.

At June 30, 2021, the School District is involved in cases with the parents of students in which the parents are seeking tuition reimbursement for their unilateral placement of the student at the various schools. These cases are presently being defended. If the parents are successful, the School District could be obligated for the parents' attorney fees and tuition. No amounts have been accrued in these financial statements for this purpose as the ultimate outcome of these cases is presently undeterminable.

### B. Contingencies

The School District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

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

## C. Risk Management

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to $1 million per occurrence. The School District maintains liability coverage for school board members up to $1 million. The School District also maintains an excess catastrophe liability policy with coverage up to $25 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

## Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "*Leases*", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issues GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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**Hastings-on-Hudson Union Free School District, New York**

Required Supplementary Information - Schedule of Changes in the
School District's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)(2)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Total OPEB Liability | | | | |
| Service cost | $ 6,113,474 | $ 4,109,006 | $ 1,967,225 | $ 2,046,669 |
| Interest | 2,539,471 | 3,045,589 | 2,399,060 | 2,156,899 |
| Changes of benefit terms | (119,330) | - | - | - |
| Differences between expected and actual experience | (7,604,852) | (3,015,515) | 4,202,630 | - |
| Changes of assumptions or other inputs | (6,287,357) (6) | 23,612,074 (5) | 15,606,987 (4) | (3,045,590) |
| Benefit payments | (1,599,655) | (1,627,744) | (1,452,456) | (1,326,449) |
| Net Change in Total OPEB Liability | (6,958,249) | 26,123,410 | 22,723,446 | (168,471) |
| Total OPEB Liability – Beginning of Year | 109,590,182 | 83,466,772 | 60,743,326 | 60,911,797 (3) |
| Total OPEB Liability – End of Year | $ 102,631,933 | $ 109,590,182 | $ 83,466,772 | $ 60,743,326 |
| School District's covered employee payroll | $ 24,874,335 | $ 25,957,919 | $ 23,640,143 | $ 23,937,435 |
| Total OPEB liability as a percentage of covered - employee payroll | 413% | 422% | 353% | 254% |

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*"
(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.
(3) Restated for the implementation of the provisions of GASB Statement No. 75.
(4) Discount rate decreased from 3.87% in 2018 to 3.51% in 2019.
(5) Discount rate decreased from 3.51% in 2019 to 2.21% in 2020.
(6) Discount rate decreased from 2.21% in 2020 to 2.16% in 2021.

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

| | 2021 (6) | 2020 (5) | 2019 | 2018 (4) | 2017 (3) | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| School District's proportion of the net pension liability (asset) | 0.136613% | 0.131508% | 0.129438% | 0.126703% | 0.125303% | 0.125888% | 0.126180% |
| School District's proportionate share of the net pension liability (asset) | $ 3,774,984 | $ (3,416,594) | $ (2,340,574) | $ (963,071) | $ 1,342,046 | $ (13,075,778) | $ (14,055,624) |
| School District's covered payroll | $ 23,790,158 | $ 22,710,088 | $ 21,686,282 | $ 20,650,000 | $ 19,978,000 | $ 19,324,000 | $ 19,034,000 |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 15.87% | (15.04)% | (10.79)% | (4.66)% | 6.72% | (67.67)% | (73.84)% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.76% | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |

Schedule of Contributions

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 2,261,015 | $ 2,107,808 | $ 2,411,811 | $ 2,125,256 | $ 2,420,168 | $ 2,649,067 | $ 3,387,422 |
| Contributions in relation to the contractually required contribution | (2,261,015) | (2,107,808) | (2,411,811) | (2,125,256) | (2,420,168) | (2,649,067) | (3,387,422) |
| Contribution excess | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School District's covered payroll | $ 26,725,236 | $ 23,790,158 | $ 22,710,088 | $ 21,686,282 | $ 20,650,000 | $ 19,978,000 | $ 19,324,000 |
| Contributions as a percentage of covered payroll | 8.46% | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% | 17.53% |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*".
(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.
(3) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.
(4) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.
(5) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.1% effective with the June 30, 2019 measurement date.
(6) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (2)

| | 2021 (6) | 2020 (4) (5) | 2019 | 2018 | 2017 | 2016 (3) | 2015 |
|---|---|---|---|---|---|---|---|
| School District's proportion of the net pension liability | 0.0137620% | 0.0155258% | 0.0150164% | 0.013976% | 0.014336% | 0.014238% | 0.014036% |
| School District's proportionate share of the net pension liability | $ 13,703 | $ 4,111,309 | $ 1,063,960 | $ 451,063 | $ 1,347,035 | $ 2,285,168 | $ 474,157 |
| School District's covered payroll | $ 4,863,968 | $ 4,823,120 | $ 4,407,649 | $ 4,025,661 | $ 4,015,853 | $ 3,805,000 | $ 4,018,000 |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 0.28% | 85.24% | 24.14% | 11.20% | 33.54% | 60.06% | 11.80% |
| Plan fiduciary net position as a percentage of the total pension liability | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.90% |

Schedule of Contributions

| | 2020 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 698,064 | $ 661,169 | $ 631,914 | $ 593,212 | $ 595,517 | $ 634,470 | $ 693,093 |
| Contributions in relation to the contractually required contribution | (698,064) | (661,169) | (631,914) | (593,212) | (595,517) | (634,470) | (693,093) |
| Contribution excess | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School District's covered payroll | $ 4,885,764 | $ 4,774,706 | $ 4,757,500 | $ 4,438,062 | $ 4,092,000 | $ 4,056,000 | $ 4,018,000 |
| Contributions as a percentage of covered payroll | 14.29% | 13.85% | 13.28% | 13.37% | 14.55% | 15.64% | 17.25% |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*".
(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.
(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.
(5) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.
(6) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains, partially offset by a decrease in the discount rate from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

See independent auditors' report.

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**Hastings-on-Hudson Union Free School District, New York**

General Fund
Comparative Balance Sheet
June 30.

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and equivalents | $ 13,165,967 | $ 10,917,873 |
| Receivables | | |
| Accounts | 1,755 | 141,820 |
| State and Federal aid | 515,767 | 897,210 |
| Due from other governments | 207,248 | 125,000 |
| Due from other funds | 216,806 | 418,775 |
| | 941,576 | 1,582,805 |
| Total Assets | $ 14,107,543 | $ 12,500,678 |
| **LIABILITIES AND FUND BALANCE** | | |
| Liabilities | | |
| Accounts payable | $ 779,837 | $ 306,883 |
| Accrued liabilities | 95,996 | 72,259 |
| Due to retirement systems | 2,843,709 | 2,653,949 |
| Employee payroll deductions | 67,553 | 84,124 |
| Deposits payable | 104,681 | 113,551 |
| Unearned revenues | 25,201 | 17,854 |
| Total Liabilities | 3,916,977 | 3,248,620 |
| Deferred inflows of resources | | |
| Unavailable revenues | - | 102,545 |
| Total Liabilities and Deferred Inflows of Resources | 3,916,977 | 3,351,165 |
| Fund balance | | |
| Restricted | 7,032,719 | 5,117,411 |
| Assigned | 1,047,528 | 2,081,157 |
| Unassigned | 2,110,319 | 1,950,945 |
| Total Fund Balance | 10,190,566 | 9,149,513 |
| Total Liabilities and Fund Balance | $ 14,107,543 | $ 12,500,678 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

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

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Encumbrances | Variance with Final Budget |
| **REVENUES** | | | | | |
| Real property taxes | $ 41,432,773 | $ 41,432,773 | $ 41,416,294 | $ | $ (16,479) |
| Other tax items | 2,424,311 | 2,424,311 | 2,429,836 | | 5,525 |
| Non-property taxes | 500,000 | 500,000 | 812,067 | | 312,067 |
| Charges for services | 560,000 | 560,000 | 770,935 | | 210,935 |
| Use of money and property | 30,000 | 30,000 | 37,028 | | 7,028 |
| Sale of property and compensation for loss | - | - | 56,612 | | 56,612 |
| State aid | 4,433,075 | 4,433,075 | 5,311,868 | | 878,793 |
| Federal aid | - | - | 7,543 | | 7,543 |
| Miscellaneous | 100,000 | 100,000 | 175,245 | | 75,245 |
| Total Revenues | 49,480,159 | 49,480,159 | 51,017,428 | | 1,537,269 |
| **EXPENDITURES** | | | | | |
| Current | | | | | |
| General support | | | | | |
| Board of education | 61,174 | 65,693 | 61,758 | 215 | 3,720 |
| Central administration | 365,000 | 370,439 | 365,068 | - | 5,371 |
| Finance | 694,189 | 732,944 | 713,003 | 8,369 | 11,572 |
| Staff | 343,500 | 380,283 | 331,324 | 40 | 48,919 |
| Central services | 2,836,165 | 3,522,748 | 3,257,562 | 131,030 | 134,156 |
| Special items | 507,000 | 583,866 | 560,860 | - | 23,006 |
| Total General Support | 4,807,028 | 5,655,973 | 5,289,575 | 139,654 | 226,744 |
| Instruction | | | | | |
| Instruction, administration and improvement | 1,676,867 | 1,735,589 | 1,675,945 | 2,892 | 56,752 |
| Teaching - Regular school | 17,021,155 | 16,774,372 | 16,152,404 | 73,809 | 548,159 |
| Programs for students with disabilities | 8,365,025 | 8,207,241 | 7,641,954 | 206,552 | 358,735 |
| Occupational education | 41,390 | 51,669 | 51,669 | - | - |
| Instructional media | 1,638,290 | 2,215,833 | 2,091,489 | 15,926 | 108,418 |
| Pupil services | 3,618,390 | 3,683,373 | 3,337,342 | 73,852 | 272,179 |
| Total Instruction | 32,361,117 | 32,668,077 | 30,950,803 | 373,031 | 1,344,243 |
| Pupil transportation | 1,473,294 | 1,111,539 | 1,044,103 | - | 67,436 |
| Employee benefits | 12,488,267 | 11,768,892 | 11,637,737 | - | 131,155 |
| Debt service | | | | | |
| Principal | 122,887 | 122,887 | 122,887 | - | - |
| Interest | 28,335 | 28,335 | 28,335 | - | - |
| Total Expenditures | 51,280,928 | 51,355,703 | 49,073,440 | 512,685 | 1,769,578 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,800,769) | (1,875,544) | 1,943,988 | (512,685) | 3,306,847 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (780,388) | (906,469) | (902,935) | - | 3,534 |
| Total Other Financing Uses | (780,388) | (906,469) | (902,935) | - | 3,534 |
| Net Change in Fund Balance | (2,581,157) | (2,782,013) | 1,041,053 | $ (512,685) | $ 3,310,381 |
| **FUND BALANCE** | | | | | |
| Beginning of Year | 2,581,157 | 2,782,013 | 9,149,513 | | |
| End of Year | $ - | $ - | $ 10,190,566 | | |

See independent auditors' report.

| 2020 | | | | |
|---|---|---|---|---|
| Original Budget | Final Budget | Actual | Encumbr-ances | Variance with Final Budget |
| $ 39,795,260 | $ 39,795,260 | $ 39,800,061 | $ | $ 4,801 |
| 2,748,565 | 2,748,565 | 2,748,565 | | - |
| 460,000 | 460,000 | 671,653 | | 211,653 |
| 545,000 | 545,000 | 913,052 | | 368,052 |
| 75,000 | 75,000 | 148,920 | | 73,920 |
| - | - | 13,377 | | 13,377 |
| 5,210,000 | 5,210,000 | 5,247,450 | | 37,450 |
| 100,000 | 100,000 | 100,821 | | 821 |
| 48,933,825 | 48,933,825 | 49,643,899 | | 710,074 |
| 58,700 | 76,918 | 70,221 | 1,974 | 4,723 |
| 451,000 | 467,790 | 458,724 | - | 9,066 |
| 682,675 | 704,875 | 659,119 | 34,489 | 11,267 |
| 185,000 | 320,779 | 279,900 | - | 40,879 |
| 3,146,896 | 3,430,741 | 3,190,454 | 126,815 | 113,472 |
| 466,000 | 550,534 | 540,751 | - | 9,783 |
| 4,990,271 | 5,551,637 | 5,199,169 | 163,278 | 189,190 |
| 1,684,320 | 1,813,441 | 1,775,007 | 6,776 | 31,658 |
| 17,163,532 | 16,790,279 | 16,418,242 | 99,002 | 273,035 |
| 8,064,035 | 7,959,175 | 7,389,997 | 8,418 | 560,760 |
| 65,000 | 95,500 | 83,610 | 1,390 | 10,500 |
| 1,582,635 | 1,745,953 | 1,625,863 | 47,660 | 72,430 |
| 3,600,800 | 3,609,948 | 3,040,813 | 39,879 | 529,256 |
| 32,160,322 | 32,014,296 | 30,333,532 | 203,125 | 1,477,639 |
| 1,498,660 | 1,229,179 | 1,007,593 | 10,000 | 211,586 |
| 12,286,512 | 12,186,321 | 11,455,445 | 24,754 | 706,122 |
| 118,873 | 118,874 | 118,873 | - | 1 |
| 32,348 | 32,348 | 32,348 | - | - |
| 51,086,986 | 51,132,655 | 48,146,960 | 401,157 | 2,584,538 |
| (2,153,161) | (2,198,830) | 1,496,939 | (401,157) | 3,294,612 |
| - | - | 122,371 | - | 122,371 |
| (785,488) | (1,505,488) | (1,488,972) | - | 16,516 |
| (785,488) | (1,505,488) | (1,366,601) | - | 138,887 |
| (2,938,649) | (3,704,318) | 130,338 | $ (401,157) | $ 3,433,499 |
| 2,938,649 | 3,704,318 | 9,019,175 | | |
| $ - | $ - | $ 9,149,513 | | |

**Hastings-on-Hudson Union Free School District, New York**

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REAL PROPERTY TAXES** | $ 41,432,773 | $ 41,432,773 | $ 41,416,294 | $ (16,479) |
| **OTHER TAX ITEMS** | | | | |
| Payments in lieu of taxes | - | - | 5,525 | 5,525 |
| School tax relief reimbursement | 2,424,311 | 2,424,311 | 2,424,311 | - |
| | 2,424,311 | 2,424,311 | 2,429,836 | 5,525 |
| **NON-PROPERTY TAXES** | | | | |
| Non-property tax distribution from County | 500,000 | 500,000 | 812,067 | 312,067 |
| **CHARGES FOR SERVICES** | | | | |
| Day school tuition | 420,000 | 420,000 | 682,583 | 262,583 |
| Other student fees and charges | 70,000 | 70,000 | 5,707 | (64,293) |
| Health services for other districts | 70,000 | 70,000 | 82,645 | 12,645 |
| | 560,000 | 560,000 | 770,935 | 210,935 |
| **USE OF MONEY AND PROPERTY** | | | | |
| Earnings on investments | 30,000 | 30,000 | 37,028 | 7,028 |
| **SALE OF PROPERTY AND COMPENSATION FOR LOSS** | | | | |
| Insurance Recovery | - | - | 11,174 | 11,174 |
| Other | - | - | 45,438 | 45,438 |
| | - | - | 56,612 | 56,612 |
| **STATE AID** | | | | |
| Basic formula | 2,573,075 | 2,573,075 | 3,192,064 | 618,989 |
| BOCES | 820,000 | 820,000 | 972,576 | 152,576 |
| Lottery | 900,000 | 900,000 | 1,012,508 | 112,508 |
| Textbook aid | 96,000 | 96,000 | 99,200 | 3,200 |
| Computer software aid | 35,000 | 35,000 | 24,933 | (10,067) |
| Library aid | 9,000 | 9,000 | 10,587 | 1,587 |
| | 4,433,075 | 4,433,075 | 5,311,868 | 878,793 |

| | | | | |
|---|---|---|---|---|
| **FEDERAL AID** | | | | |
| Elementary and Secondary School Emergency Relief Fund (CARES) | - | - | 4,010 | 4,010 |
| Governor's Emergency Education Relief Fund (CARES) | - | - | 3,533 | 3,533 |
| | - | - | 7,543 | 7,543 |
| **MISCELLANEOUS** | | | | |
| Refund of BOCES aided services | 75,000 | 75,000 | 110,746 | 35,746 |
| Refund of prior year's expenditures | 25,000 | 25,000 | 64,340 | 39,340 |
| Other | - | - | 159 | 159 |
| | 100,000 | 100,000 | 175,245 | 75,245 |
| **TOTAL REVENUES** | $ 49,480,159 | $ 49,480,159 | $ 51,017,428 | $ 1,531,744 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Encumbr-ances | Variance with Final Budget |
|---|---|---|---|---|---|
| **GENERAL SUPPORT** | | | | | |
| ***BOARD OF EDUCATION*** | | | | | |
| Board of education | $ 31,200 | $ 34,550 | $ 34,028 | $ 215 | $ 307 |
| District clerk | 29,974 | 31,143 | 27,730 | - | 3,413 |
| Total Board of Education | 61,174 | 65,693 | 61,758 | 215 | 3,720 |
| ***CENTRAL ADMINISTRATION*** | | | | | |
| Chief school administrator | 365,000 | 370,439 | 365,068 | - | 5,371 |
| ***FINANCE*** | | | | | |
| Business administration | 589,614 | 627,529 | 612,388 | 8,369 | 6,772 |
| Accounting and auditing | 97,575 | 98,227 | 93,427 | - | 4,800 |
| Treasurer | 7,000 | 7,188 | 7,188 | - | - |
| Total Finance | 694,189 | 732,944 | 713,003 | 8,369 | 11,572 |
| ***STAFF*** | | | | | |
| Legal | 165,000 | 165,000 | 132,118 | - | 32,882 |
| Personnel | 123,000 | 132,663 | 121,952 | 40 | 10,671 |
| Public information and services | 55,500 | 82,620 | 77,254 | - | 5,366 |
| Total Staff | 343,500 | 380,283 | 331,324 | 40 | 48,919 |

| | | | | | |
|---|---|---|---|---|---|
| ***CENTRAL SERVICES*** | | | | | |
| Operation of plant | 2,476,326 | 3,078,387 | 2,830,086 | 125,924 | 122,377 |
| Maintenance of plant | 359,839 | 444,361 | 427,476 | 5,106 | 11,779 |
| Total Central Services | 2,836,165 | 3,522,748 | 3,257,562 | 131,030 | 134,156 |
| ***SPECIAL ITEMS*** | | | | | |
| Unallocated insurance | 197,000 | 207,662 | 207,662 | - | - |
| Assessments on school property | 75,000 | 75,000 | 61,948 | - | 13,052 |
| Refunds of real property taxes | - | 45,810 | 35,856 | - | 9,954 |
| Administrative charge - BOCES | 235,000 | 255,394 | 255,394 | - | - |
| Total Special Items | 507,000 | 583,866 | 560,860 | - | 23,006 |
| Total General Support | 4,807,028 | 5,655,973 | 5,289,575 | 139,654 | 226,744 |
| **INSTRUCTION** | | | | | |
| ***INSTRUCTION, ADMINISTRATION AND IMPROVEMENT*** | | | | | |
| Curriculum development and supervision | 254,259 | 259,359 | 250,767 | 174 | 8,418 |
| Supervision - Regular school | 1,422,608 | 1,476,230 | 1,425,178 | 2,718 | 48,334 |
| Total Instruction, Administration and Improvement | 1,676,867 | 1,735,589 | 1,675,945 | 2,892 | 56,752 |
| ***TEACHING - REGULAR SCHOOL*** | 17,021,155 | 16,774,372 | 16,152,404 | 73,809 | 548,159 |
| ***PROGRAMS FOR STUDENTS WITH DISABILITIES*** | 8,365,025 | 8,207,241 | 7,641,954 | 206,552 | 358,735 |
| ***OCCUPATIONAL EDUCATION*** | 41,390 | 51,669 | 51,669 | - | - |

(Continued)

**Hastings-on-Hudson Union Free School District, New York**

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Encumbr-ances | Variance with Final Budget |
|---|---|---|---|---|---|
| **INSTRUCTION (Continued)** | | | | | |
| ***INSTRUCTIONAL MEDIA*** | | | | | |
| School library and audiovisual | $ 381,872 | $ 391,388 | $ 357,022 | $ 5,596 | $ 28,770 |
| Computer assisted instruction | 1,256,418 | 1,824,445 | 1,734,467 | 10,330 | 79,648 |
| Total Instructional Media | 1,638,290 | 2,215,833 | 2,091,489 | 15,926 | 108,418 |
| ***PUPIL SERVICES*** | | | | | |
| Guidance - Regular school | 1,198,710 | 1,211,523 | 1,179,981 | 931 | 30,611 |
| Health services - Regular school | 447,552 | 592,919 | 511,378 | 74 | 81,467 |
| Psychological services - Regular school | 664,157 | 664,156 | 636,779 | - | 27,377 |
| Co-curricular activities - Regular school | 448,664 | 310,333 | 271,990 | - | 38,343 |
| Interscholastic athletics - Regular school | 859,307 | 904,442 | 737,214 | 72,847 | 94,381 |
| Total Pupil Services | 3,618,390 | 3,683,373 | 3,337,342 | 73,852 | 272,179 |
| Total Instruction | 32,361,117 | 32,668,077 | 30,950,803 | 373,031 | 1,344,243 |
| **PUPIL TRANSPORTATION** | | | | | |
| District transportation services | 52,200 | 53,199 | 36,761 | - | 16,438 |
| Contract transportation | 1,421,094 | 1,058,340 | 1,007,342 | - | 50,998 |
| Total Pupil Transportation | 1,473,294 | 1,111,539 | 1,044,103 | - | 67,436 |

| | | | | | |
|---|---|---|---|---|---|
| **EMPLOYEE BENEFITS** | | | | | |
| State retirement | 700,000 | 724,870 | 724,870 | - | - |
| Teachers' retirement | 2,399,980 | 2,299,980 | 2,183,819 | - | 116,161 |
| Social security | 2,170,005 | 2,095,310 | 2,095,310 | - | - |
| Workers' compensation benefits | 190,000 | 190,000 | 182,662 | - | 7,338 |
| Life insurance | 10,000 | 13,600 | 12,812 | - | 788 |
| Unemployment benefits | 34,754 | 84,282 | 84,282 | - | - |
| Hospital, medical and dental insurance | 6,570,263 | 5,931,550 | 5,931,182 | - | 368 |
| Union welfare benefits | 413,265 | 429,300 | 422,800 | - | 6,500 |
| Total Employee Benefits | 12,488,267 | 11,768,892 | 11,637,737 | - | 131,155 |
| **DEBT SERVICE** | | | | | |
| Principal | | | | | |
| Energy performance contract debt | 122,887 | 122,887 | 122,887 | - | - |
| Interest | | | | | |
| Energy performance contract debt | 28,335 | 28,335 | 28,335 | - | - |
| Total Debt Service | 151,222 | 151,222 | 151,222 | - | - |
| **TOTAL EXPENDITURES** | 51,280,928 | 51,355,703 | 49,073,440 | 512,685 | 1,769,578 |
| **OTHER FINANCING USES** | | | | | |
| Transfers out | | | | | |
| Special Aid Fund | 40,000 | 96,081 | 92,547 | - | 3,534 |
| School Lunch Fund | - | 70,000 | 70,000 | - | - |
| Debt Service Fund | 640,388 | 640,388 | 640,388 | - | - |
| Capital Projects Fund | 100,000 | 100,000 | 100,000 | - | - |
| **TOTAL OTHER FINANCING USES** | 780,388 | 906,469 | 902,935 | - | 3,534 |
| **TOTAL EXPENDITURES AND OTHER FINANCING USES** | $ 52,061,316 | $ 52,262,172 | $ 49,976,375 | $ 512,685 | $ 1,773,112 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Capital Projects Fund
Comparative Balance Sheet
June 30,

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and equivalents | $ 9,684,680 | $ 390,648 |
| State and Federal aid receivable | - | 30,989 |
| Total Assets | $ 9,684,680 | $ 421,637 |
| **LIABILITIES AND FUND BALANCE / (DEFICIT)** | | |
| Liabilities | | |
| Accounts payable | $ 1,172,445 | $ 736,876 |
| Bond anticipation notes payable | 15,000,000 | - |
| Due to other funds | 514,679 | 316,133 |
| Total Liabilities | 16,687,124 | 1,053,009 |
| Fund balance / (deficit) | | |
| Unassigned | (7,002,444) | (631,372) |
| Total Liabilities and Fund Balance / (Deficit) | $ 9,684,680 | $ 421,637 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Capital Projects Fund
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30

| | 2021 | 2020 |
|---|---|---|
| **REVENUES** | | |
| State Aid | $ - | $ 30,989 |
| **EXPENDITURES** | | |
| Capital outlay | 6,471,072 | 1,563,493 |
| Deficiency of Revenues Over Expenditures | (6,471,072) | (1,532,504) |
| **OTHER FINANCING SOURCES (USES)** | | |
| Transfers in | 100,000 | 820,000 |
| Transfers out | - | (122,371) |
| Total Other Financing Sources | 100,000 | 697,629 |
| Net Change in Fund Balance | (6,371,072) | (834,875) |
| **FUND BALANCE (DEFICIT)** | | |
| Beginning of Year | (631,372) | 203,503 |
| End of Year | $ (7,002,444) | $ (631,372) |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Capital Projects Fund
Project-Length Schedule
Inception of Project Through June 30, 2021

| Project | Authorization | Expenditures and Transfers To Date | | |
|---|---|---|---|---|
| | | Prior Years | Current Year | Totals |
| District-Wide Improvements - 2015/16 | $ 8,150,701 | $ 8,109,113 | $ - | $ 8,109,113 |
| Capital Improvements - 2018/19 | 100,000 | 99,629 | 371 | 100,000 |
| Capital Improvements - 2019/20 | 100,000 | 96,903 | 1,806 | 98,709 |
| Capital Improvements - 2020/21 | 100,000 | - | 72,070 | 72,070 |
| District-Wide Improvements - 2019/20 | 18,383,614 | 1,427,395 | 6,396,825 | 7,824,220 |
| Smart Schools Bond Act | 413,683 | 413,683 | - | 413,683 |
| Excel | 907,969 | 877,002 | - | 877,002 |
| Totals | $ 28,155,967 | $ 11,023,725 | $ 6,471,072 | $ 17,494,797 |

See independent auditors' report.

| Unexpended Balance | Method of Financing: Proceeds of Obligations | Method of Financing: State Aid | Method of Financing: Interfund Transfers | Revenues | Fund Balance (Deficit) at June 30, 2021 | Bond Anticipation Note Outstanding at June 30, 2021 |
|---|---|---|---|---|---|---|
| $ 41,588 | $ 8,150,701 | $ - | $ - | $ 8,150,701 | $ 41,588 | $ - |
| - | - | - | 100,000 | 100,000 | - | - |
| 1,291 | - | - | 100,000 | 100,000 | 1,291 | - |
| - | - | - | 100,000 | 100,000 | 27,930 | - |
| 10,559,394 | - | - | 720,000 | 720,000 | (7,104,220) | 15,000,000 |
| - | - | 413,683 | - | 413,683 | - | - |
| 30,967 | - | - | 907,969 | 907,969 | 30,967 | - |
| $ 10,633,240 | $ 8,150,701 | $ 413,683 | $ 1,927,969 | $ 10,492,353 | $ (7,002,444) | $ 15,000,000 |

**Hastings-on-Hudson Union Free School District, New York**

Special Aid Fund
Comparative Balance Sheet
June 30,

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and equivalents | $ 102,905 | $ 79,173 |
| Receivables | | |
| Accounts | 25 | 25 |
| State and Federal aid | 155,956 | 375,650 |
| | 155,981 | 375,675 |
| Total Assets | $ 258,886 | $ 454,848 |
| **LIABILITIES** | | |
| Due to other funds | $ 252,882 | $ 454,848 |
| Unearned revenues | 6,004 | - |
| Total Liabilities | $ 258,886 | $ 454,848 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Special Aid Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

| | 2021 | 2020 |
|---|---|---|
| **REVENUES** | | |
| State aid | $ 113,286 | $ 140,656 |
| Federal aid | 368,729 | 516,435 |
| Total Revenues | 482,015 | 657,091 |
| **EXPENDITURES** | | |
| Current | | |
| Instruction | 574,562 | 685,575 |
| Deficiency of Revenues Over Expenditures | (92,547) | (28,484) |
| **OTHER FINANCING SOURCES** | | |
| Transfers in | 92,547 | 28,484 |
| Fund Balance | - | - |
| **FUND BALANCE** | | |
| Beginning of Year | - | - |
| End of Year | $ - | $ - |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021
(With Comparative Totals for 2020)

| | School Lunch | Special Purpose | Debt Service |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and equivalents | $ 58,672 | $ 165,683 | $ 19,209 |
| Receivables | | | |
| Accounts | 15,003 | - | - |
| Due from other funds | 824 | 2,395 | 547,536 |
| | 15,827 | 2,395 | 547,536 |
| Inventories | 2,262 | - | - |
| Total Assets | $ 76,761 | $ 168,078 | $ 566,745 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities | | | |
| Accounts payable | $ - | $ - | $ - |
| Due to other governments | 9,273 | - | - |
| Unearned revenues | 29,706 | - | - |
| Total Liabilities | 38,979 | - | - |
| Fund balances | | | |
| Nonspendable | 2,262 | - | - |
| Restricted | - | 168,078 | 566,745 |
| Assigned | 35,520 | - | - |
| Total Fund Balances | 37,782 | 168,078 | 566,745 |
| Total Liabilities and Fund Balances | $ 76,761 | $ 168,078 | $ 566,745 |

See independent auditors report.

| Total Non-Major Governmental Funds | |
|---|---|
| 2021 | 2020 |
| $ 243,564 | $ 352,282 |
| 15,003 | 11,861 |
| 550,755 | 352,206 |
| 565,758 | 364,067 |
| 2,262 | 6,308 |
| $ 811,584 | $ 722,657 |
| $ - | $ 40,000 |
| 9,273 | 8,557 |
| 29,706 | 33,798 |
| 38,979 | 82,355 |
| 2,262 | 6,308 |
| 734,823 | 612,565 |
| 35,520 | 21,429 |
| 772,605 | 640,302 |
| $ 811,584 | $ 722,657 |

**Hastings-on-Hudson Union Free School District, New York**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2021
(With Comparative Totals for 2020)

| | School Lunch | Special Purpose | Debt Service |
|---|---|---|---|
| **REVENUES** | | | |
| Use of money and property | $ 9 | $ 22 | $ 198,551 |
| Federal aid | 222 | - | - |
| Food sales | 223,597 | - | - |
| Miscellaneous | - | 166,150 | - |
| Total Revenues | 223,828 | 166,172 | 198,551 |
| **EXPENDITURES** | | | |
| Current | | | |
| Cost of food sales | 283,783 | - | - |
| Other | - | 242,465 | - |
| Debt service | | | |
| Principal | - | - | 510,000 |
| Interest | - | - | 130,388 |
| Total Expenditures | 283,783 | 242,465 | 640,388 |
| Deficiency of Revenues Over Expenditures | (59,955) | (76,293) | (441,837) |
| **OTHER FINANCING SOURCES** | | | |
| Transfers in | 70,000 | - | 640,388 |
| Net Change in Fund Balances | 10,045 | (76,293) | 198,551 |
| **FUND BALANCES** | | | |
| Beginning of Year, as reported | 27,737 | 244,371 | 368,194 |
| Cumulative Effect of Change in Accounting Principle | - | - | - |
| Beginning of Year, as restated | 27,737 | 244,371 | 368,194 |
| End of Year | $ 37,782 | $ 168,078 | $ 566,745 |

See independent auditors' report.

| Total Non-Major Governmental Funds | |
|---|---|
| 2021 | 2020 |
| $ 198,582 | $ 1,056 |
| 222 | 3,748 |
| 223,597 | 371,311 |
| 166,150 | 239,605 |
| 588,551 | 615,720 |
| 283,783 | 384,444 |
| 242,465 | 256,539 |
| 510,000 | 500,000 |
| 130,388 | 140,488 |
| 1,166,636 | 1,281,471 |
| (578,085) | (665,751) |
| 710,388 | 640,488 |
| 132,303 | (25,263) |
| 640,302 | 593,065 |
| - | 72,500 |
| 640,302 | 665,565 |
| $ 772,605 | $ 640,302 |

**Hastings-on-Hudson Union Free School District, New York**

School Lunch Fund
Comparative Balance Sheet
June 30,

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and equivalents | $ 58,672 | $ 91,099 |
| Receivables | | |
| Accounts | 15,003 | 11,861 |
| Due from other funds | 824 | 824 |
| | 15,827 | 12,685 |
| Inventories | 2,262 | 6,308 |
| Total Assets | $ 76,761 | $ 110,092 |
| **LIABILITIES AND FUND BALANCE** | | |
| Liabilities | | |
| Accounts payable | $ - | $ 40,000 |
| Due to other governments | 9,273 | 8,557 |
| Unearned revenues | 29,706 | 33,798 |
| Total Liabilities | 38,979 | 82,355 |
| Fund balance | | |
| Nonspendable | 2,262 | 6,308 |
| Assigned | 35,520 | 21,429 |
| Total Fund Balance | 37,782 | 27,737 |
| Total Liabilities and Fund Balance | $ 76,761 | $ 110,092 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

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

| | 2021 | 2020 |
|---|---|---|
| **REVENUES** | | |
| Use of money and property | $ 9 | $ 118 |
| Federal aid | 222 | 3,748 |
| Food sales | 223,597 | 371,311 |
| Total Revenues | 223,828 | 375,177 |
| **EXPENDITURES** | | |
| Current | | |
| Cost of food sales | 283,783 | 384,444 |
| Deficiency of Revenues Over Expenditures | (59,955) | (9,267) |
| **OTHER FINANCING SOURCES** | | |
| Transfers in | 70,000 | - |
| Net Change in Fund Balance | 10,045 | (9,267) |
| **FUND BALANCE** | | |
| Beginning of Year | 27,737 | 37,004 |
| End of Year | $ 37,782 | $ 27,737 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Special Purpose Fund
Comparative Balance Sheet
June 30,

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and equivalents | $ 165,683 | $ 241,979 |
| Due from other funds | 2,395 | 2,392 |
| Total Assets | $ 168,078 | $ 244,371 |
| **FUND BALANCE** | | |
| Restricted | $ 168,078 | $ 244,371 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

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

| | 2021 | 2020 |
|---|---|---|
| **REVENUES** | | |
| Use of money and property | $ 22 | $ 252 |
| Miscellaneous | 166,150 | 239,605 |
| Total Revenues | 166,172 | 239,857 |
| **EXPENDITURES** | | |
| Current | | |
| Other | 242,465 | 256,539 |
| Excess (Deficiency) of Revenues Over Expenditures | (76,293) | (16,682) |
| **FUND BALANCE** | | |
| Beginning of Year, as reported | 244,371 | 188,553 |
| Cumulative Effect of Change in Accounting Principle | - | 72,500 |
| Beginning of Year, as restated | 244,371 | 261,053 |
| End of Year | $ 168,078 | $ 244,371 |

See independent auditors' report.

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**Hastings-on-Hudson Union Free School District, New York**

Debt Service Fund
Comparative Balance Sheet
June 30

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and equivalents | $ 19,209 | $ 19,204 |
| Due from other funds | 547,536 | 348,990 |
| Total Assets | $ 566,745 | $ 368,194 |
| **FUND BALANCE** | | |
| Restricted | $ 566,745 | $ 368,194 |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

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

| | 2021 | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| **REVENUES** | | | | |
| Use of money and property | $ - | $ - | $ 198,551 | $ 198,551 |
| **EXPENDITURES** | | | | |
| Debt service | | | | |
| Serial bonds | | | | |
| Principal | 510,000 | 510,000 | 510,000 | - |
| Interest | 130,388 | 130,388 | 130,388 | - |
| Total Expenditures | 640,388 | 640,388 | 640,388 | - |
| Deficiency of Revenues Over Expenditures | (640,388) | (640,388) | (441,837) | 198,551 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers in | 640,388 | 640,388 | 640,388 | - |
| Net Change in Fund Balance | - | - | 198,551 | 198,551 |
| **FUND BALANCE** | | | | |
| Beginning of Year | - | - | 368,194 | 368,194 |
| End of Year | $ - | $ - | $ 566,745 | $ 566,745 |

See independent auditors' report.

| 2020 | | | |
|---|---|---|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget |
| $ - | $ - | $ 686 | $ 686 |
| 500,000 | 500,000 | 500,000 | - |
| 140,488 | 140,488 | 140,488 | - |
| 640,488 | 640,488 | 640,488 | - |
| (640,488) | (640,488) | (639,802) | 686 |
| 640,488 | 640,488 | 640,488 | - |
| - | - | 686 | 686 |
| - | - | 367,508 | 367,508 |
| $ - | $ - | $ 368,194 | $ 368,194 |

**Hastings-on-Hudson Union Free School District, New York**

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2021

| | |
|---|---|
| Adopted Budget | $ 51,660,159 |
| Additions | |
| Encumbrances | 401,157 |
| Original Budget | 52,061,316 |
| Budget Amendments | 200,856 |
| Final Budget | $ 52,262,172 |

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

| | | |
|---|---|---|
| 2021-22 Expenditure Budget | | $ 52,823,911 |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | | |
| Unrestricted fund balance | | |
| Assigned fund balance | $ 1,047,528 | |
| Unassigned fund balance | 2,110,319 | |
| Total Unrestricted Fund Balance | 3,157,847 | |
| Less | | |
| Appropriated for subsequent year's budget | 534,843 | |
| Encumbrances | 512,685 | |
| Total Adjustments | 1,047,528 | |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | | $ 2,110,319 |
| Actual Percentage | | 4.00% |

See independent auditors' report.

**Hastings-on-Hudson Union Free School District, New York**

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2021

| | | |
|---|---|---|
| Capital Assets, net | | $ 23,220,445 |
| Less | | |
| Bonds payable | $ (6,225,000) | |
| Energy performance contract debt payable | (754,795) | |
| Unamortized portion of premium on bonds | (129,152) | (7,108,947) |
| Plus | | |
| Unexpended bond and note proceeds | | 7,937,368 |
| Net Investment in Capital Assets | | $ 24,048,866 |

See independent auditors' report.

# Hastings-on-Hudson Union Free School District, New York

Extraclassroom Activity Funds

Statement of Cash Receipts, Cash Disbursements and Cash Balances

Year Ended June 30, 2021

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

## Independent Auditors' Report

**The Board of Education of the**
**Hastings-on-Hudson Union Free School District, New York**

**Report on the Financial Statement**

We have audited the accompanying statement of cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York, as of and for the year ended June 30, 2021, and the related note to financial statement.

***Management's Responsibility for the Financial Statement***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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



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**Basis for Qualified Opinion**

Controls over cash receipts during the time period between when receipts are first received by student club members and when such receipts are given to School District personnel for initial entry in the accounting records are not sufficient to enable us to extend our audit procedures beyond the receipts recorded. Accordingly, we were unable to form an opinion with respect to the completeness of cash receipts.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York as of June 30, 2021 and for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

***Basis of Accounting***

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

**Restriction on Use**

This report is intended solely for the information and use of the Board of Education, the State Education Department and management and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

**PKF O'Connor Davies, LLP**
Harrison, New York
October 6, 2021

**Hastings-on-Hudson Union Free School District, New York**

Extraclassroom Activity Funds
Statement of Cash Receipts, Cash Disbursements and Cash Balances
Year Ended June 30, 2021

| | Cash Balances Beginning | Receipts | Disburse-ments | Cash Balances Ending |
|---|---|---|---|---|
| **HIGH SCHOOL** | | | | |
| Academic Challenge | $ 325 | $ 2,170 | $ 800 | $ 1,695 |
| Amnesty Club | 732 | 1,296 | 1,513 | 515 |
| Art Club | 268 | - | - | 268 |
| Band | 1,947 | - | - | 1,947 |
| Chess Club | 310 | - | 62 | 248 |
| Chorus | 10,883 | 12,373 | 19,009 | 4,247 |
| Class of 2020 | 638 | 1,000 | 1,638 | - |
| Class of 2021 | 3,714 | 12,903 | 14,747 | 1,870 |
| Class of 2022 | 1,118 | - | - | 1,118 |
| Class of 2023 | 2,591 | - | - | 2,591 |
| Class of 2024 | - | 2,679 | 955 | 1,724 |
| Crossing Borders | 6 | - | - | 6 |
| Culinary Club | 3,095 | - | - | 3,095 |
| Culture Shock | 100 | 2,943 | 3,043 | - |
| Environment Club | 857 | - | - | 857 |
| Feminism Club | 422 | 76 | - | 498 |
| Foreign Language Club | 751 | 8 | - | 759 |
| Garden Club | 359 | - | 94 | 265 |
| Gay Straight Alliance | 577 | - | 462 | 115 |
| Golf Club | 2,457 | - | 816 | 1,641 |
| Hudsonettes | 279 | - | - | 279 |
| Math Club | 176 | - | - | 176 |
| National Art Honor Society | 347 | - | - | 347 |
| National Honor Society | 32 | - | 32 | - |
| Peer Leadership | 2,618 | 485 | 769 | 2,334 |
| Photography | 136 | - | - | 136 |
| Students Against Drunk Driving | 405 | - | 300 | 105 |
| Student Union | 10,302 | 373 | 1,680 | 8,995 |
| Sunshine Club | 1,255 | 660 | 837 | 1,078 |
| Varsity Club | 5,338 | 600 | 1,020 | 4,918 |
| Westchester Model United Nations Conference | 489 | 1,090 | 489 | 1,090 |
| Women's Health | 605 | - | 540 | 65 |
| Yearbook | 14,889 | 4,396 | 13,696 | 5,589 |
| Young Entrepreneurial Media Club | 3,238 | - | 500 | 2,738 |
| Total High School | 71,259 | 43,052 | 63,002 | 51,309 |

(Continued)

**Hastings-on-Hudson Union Free School District, New York**

Extraclassroom Activity Funds
Statement of Cash Receipts, Cash Disbursements and Cash Balances (Continued)
Year Ended June 30, 2021

| | Cash Balances Beginning | Receipts | Disburse-ments | Cash Balances Ending |
|---|---|---|---|---|
| **MIDDLE SCHOOL** | | | | |
| Extracurricular | $ 828 | $ - | $ - | $ 828 |
| Gay Straight Alliance Club | 403 | - | - | 403 |
| Grade 8 | 2,500 | 86 | 2,500 | 86 |
| Scholarship | 45 | 2 | - | 47 |
| Student Activity Club-5/6 | 51 | - | - | 51 |
| Yearbook | 8,030 | 8,233 | 3,885 | 12,378 |
| Total Middle School | 11,857 | 8,321 | 6,385 | 13,793 |
| Total All Schools | $ 83,116 | $ 51,373 | $ 69,387 | $ 65,102 |

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

## Note 1 - Summary of Significant Accounting Policies

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Hastings-on-Hudson Union Free School District, New York ("School District"). These funds are reflected in the financial statements of the School District within the Special Purpose Fund.

### A. Basis of Accounting

The financial statement was prepared on the basis of cash receipts and cash disbursements in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

### B. Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Risk Disclosure

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2021.

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

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

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