

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

Report to Those Charged with Governance

June 30, 2020

Prepared by

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**KNOW  
GREATER  
VALUE**



September 30, 2020

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, 2020 and have issued our report thereon dated September 30, 2020. 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.

## Required Communications and Other Matters

Required Item	Comments
<b>Auditor's responsibility under professional standards and planned scope and timing of the audit</b>	<p>We have communicated such information in our engagement letter to you dated December 18, 2017. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> <li>• Forming and expressing an opinion on the financial statements.</li> <li>• Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.</li> <li>• Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG").</li> <li>• Maintaining professional skepticism.</li> <li>• Communicating audit related matters that are, in our professional judgment, significant to TCWG.</li> </ul>
<b>Supplementary information accompanying the financial statements</b>	<p>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.</p> <p>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.</p>
<b>Other information in documents containing audited financial statements</b>	<p>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.</p>

Required Item	Comments
<b>Our responsibilities under the Yellow Book</b>	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.
<b>Responsibilities of management and TCWG</b>	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> <li>• The fair presentation of the financial statements, including the selection of appropriate accounting policies.</li> <li>• Establishing and maintaining effective internal control.</li> <li>• Complying with laws, regulations, grants and contracts.</li> <li>• Providing the auditors with all financial records and related information and a signed representation letter.</li> </ul> <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p> <p>Both management and TCWG are responsible for:</p> <ul style="list-style-type: none"> <li>• Setting the proper tone at the top.</li> <li>• Designing and implementing policies and controls to prevent and detect fraud.</li> </ul>
<b>Qualitative aspects of accounting practices - <i>Accounting Policies</i></b>	<p>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.</p> <p>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.</p>
<b>Qualitative aspects of accounting practices – <i>Significant Unusual Transactions</i></b>	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
<b>Qualitative aspects of accounting practices - <i>Accounting Estimates and Management's Judgment</i></b>	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB")</li> <li>• Actuarial assumptions and proportionate share calculations related to pension obligations</li> <li>• Asset lives for depreciable capital assets</li> <li>• Estimates of certain receivable balances and allowances for uncollectible amounts</li> <li>• Estimates for certain operating and long-term liabilities</li> </ul> <p>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.</p>
<b>Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i></b>	<p>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:</p> <ul style="list-style-type: none"> <li>• Other post-employment benefit obligations payable</li> <li>• Pension plan information</li> <li>• Outstanding bonded indebtedness</li> <li>• Fund balances</li> </ul> <p>The financial statement disclosures are consistent and clear.</p>
<b>Difficulties encountered in performing the audit</b>	<p>We encountered no significant difficulties in dealing with management relating to the performance of our audit.</p>

Required Item	Comments
<b>Corrected and uncorrected misstatements</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Disagreements with management</b>	<p>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.</p>
<b>Management representations</b>	<p>We have requested certain representations from management that are included in the management representation letter (see Appendix 2).</p>
<b>Management's consultations with other accountants</b>	<p>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.</p>
<b>Auditor independence</b>	<p>We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.</p>
<b>Significant issues discussed with management prior to retention</b>	<p>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.</p>

## 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  
September 30, 2020



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

### Addendum A Control Deficiencies

- **Special Purpose Fund**

#### *Inactive Trusts*

The following expendable trust accounts were inactive during the fiscal year except for interest earnings:

Trust	Balance at June 30,		Special Purpose
	2020	2019	
Burke Estate Principal	\$ 3,770	\$ 3,770	Restoration for the Burke Estate
Burke Estate Interest	1,653	1,649	Restoration for the Burke Estate
Vinod Dabral Soccer Award Interest	233	233	Soccer clinics and soccer team expenditures
Ruth Barton Scholarship Interest	155	117	Awards for students choosing a career requiring training
Robert Tucker Lecture Series	6,912	6,912	Open attendance lectures
Steinway Piano Restoration	757	757	Piano restoration
Lucy M. Wester Memorial Scholarship	1,035	1,035	Awards for Seniors who plan to attend college

#### ***Recommendation***

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

- **Agency Fund**

#### *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:

#### *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.

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

### Addendum A Control Deficiencies

- **Agency Fund** (*Continued*)

#### *Non-Qualified Funds - Elementary School Level (Continued)*

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.

#### *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 an employee or a student of the club. The 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:

<u>Inactive Club</u>	<u>Balance as of June 30,</u>	
	<u>2020</u>	<u>2019</u>
Crossing Borders	\$ 6	\$ 6
Culinary Club	3,095	3,095
Culture Shock	100	100
Golf Club	2,452	2,452
Math Club	176	176
National Honor Society	32	32
Extracurricular	828	828
Middle School Gay Straight Alliance	403	403

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

### **Addendum A** **Control Deficiencies**

- **Agency Fund** (*Continued*)

#### ***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.

- **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 \$29,102 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.

- **Capital Projects Fund**

#### ***Project Deficit***

The District-Wide Improvements 2019/20 capital project is in a deficit in the amount of \$707,395 as of June 30, 2020. The District applied for debt financing and is waiting for the authorization from NYS Education Department. The School District has not received an approval from NYS as of the date of our audit.

#### ***Recommendation***

Management to follow up with New York State Education Department on the status of the approval process and the timeline pertaining to the authorization.

## **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. 84 – *Fiduciary Activities*

In January 2017, GASB issued 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. Previously issued guidance lacked the necessary clarity to determine when a government had fiduciary responsibility for a certain activity. This lack of clarity has resulted in a divergence in practice among financial statement preparers and auditors.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities. The focus of the criteria is on (a) whether a government *controls* the assets of the fiduciary activity and (b) the *beneficiaries* with whom a fiduciary relationship exists. A government is considered in control of the assets if the government holds the assets or has the ability to direct the use of the assets in a manner that provides benefits to the specified or intended recipients. The assets also cannot be derived from the government’s own source revenues (or from government-mandated or voluntary non-exchange transactions) and must also have one or more of the following characteristics related to whom the assets will benefit:

- 1) Be administered through a trust
- 2) The government itself is not the beneficiary
- 3) Dedicated to providing benefits in accordance with the benefit terms
- 4) Legally protected from the government’s creditors for the benefit of individuals and the government has no administrative or direct financial involvement with the asset
- 5) For the benefit of individuals and government has no administrative or direct financial involvement with the assets

An activity meeting the above criteria should be reported in the basic financial statements in one of the following four fiduciary funds, as applicable:

- 1) Pension (and other employee benefit) trust funds
- 2) Investment trust funds
- 3) Private-purpose trust funds
- 4) Custodial funds

Custodial funds should report fiduciary activities that are not reported in one of the first three fiduciary funds noted above. The use of **Agency funds has been eliminated with this Statement and replaced with custodial funds.**

Governments with activities meeting the above criteria will present a Statement of Fiduciary Net Position (i.e., assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) and a Statement of Changes in Fiduciary Net Position (i.e., additions and deductions) for each fiduciary fund type. Previous guidance for agency funds only required the presentation of assets and liabilities, whereas the custodial funds require the same elements as the other fiduciary funds, including net position.

**GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”, postponed by one year the effective date of this statement. Accordingly, the provisions of this Statement are now effective for fiscal years beginning after December 15, 2019 (i.e., the School District’s financial statements for the year ended June 30, 2021).**

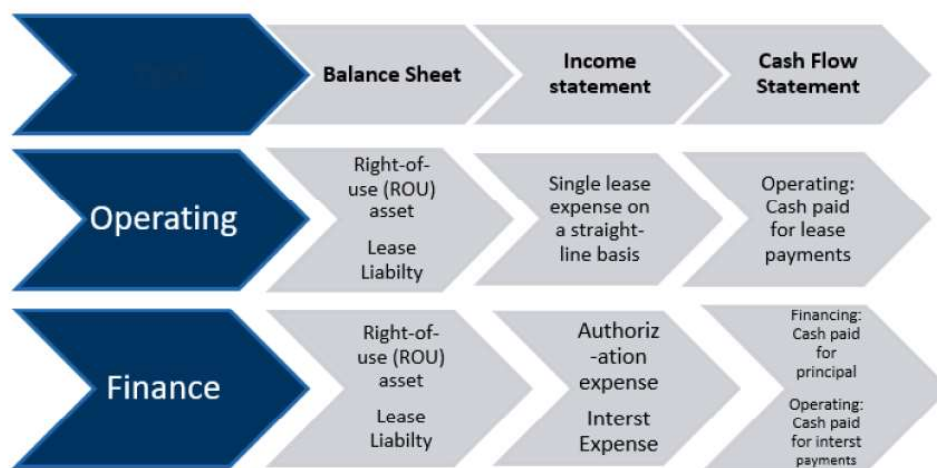
## GASB Statement No. 87 – Leases

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.**



## Appendix 1

### Audit Adjustments Proposed and Recorded by Management During Audit





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

Audit Adjustments Proposed and Recorded by Management  
June 30, 2020

Account	Description	Debit	Credit	Postive/ (Negative) Effect on Fund Balances
<b>General Fund</b>				
To reclass designated for subsequent years for reserves				
A910	APPROPRIATED FUND BALANCE	500,000		
A827A	RESERVE FOR RETIREMENT SYSTEM CONTRIBUTIONS - TRS		500,000	
A827B	ERS SUBSEQUENT YEARS		500,000	
<b>Total</b>		<u>500,000</u>	<u>500,000</u>	\$ -
CLEINT ENTRY - To transfer of excess capital imporvement 15-16 project to capital reserve per 8/27 agenda				
A909	FUND BALANCE, UNRESERVED	122,371		
A 5031	INTERFUND TRANSFERS		122,371	
<b>Total</b>		<u>122,371</u>	<u>122,371</u>	-
CLIENT ENTRY - To record 19/20 vacation accrual				
A909	FUND BALANCE, UNRESERVED	75,826		
A867	RESERVE FOR EMPLOYEE BENEFIT ACCRUED LIABILITY		75,826	
<b>Total</b>		<u>75,826</u>	<u>75,826</u>	-
To record the FICA addition to the vacation accrual.				
A909	FUND BALANCE, UNRESERVED	32,361		
A867	RESERVE FOR EMPLOYEE BENEFIT ACCRUED LIABILITY		32,361	
<b>Total</b>		<u>32,361</u>	<u>32,361</u>	-
CLIENT ENTRY - To record transfer from capital reserve to capital fund.				
A 9950,900-00-0000	INTERFUND TRANSFER CAPITA-CAPITAL	720,000		
A878	RESERVE FOR CAPITAL PROJECTS	720,000		
A391	DUE FROM OTHER FUNDS		720,000	
A909	FUND BALANCE, UNRESERVED		720,000	
<b>Total</b>		<u>1,440,000</u>	<u>1,440,000</u>	(720,000)
To defer the 20% of BOCES aid that is withheld by NYS				
A 3103	BOARDS OF COOPERATIVE SERVICE	102,545		
A695	DEFERRED INFLOWS OF RESOURCES		102,545	
<b>Total</b>		<u>102,545</u>	<u>102,545</u>	(102,545)
				<u>\$ (822,545)</u>
<b>Capital Fund</b>				
CLIENT ENTRY - To correct transfer of excess capital improvements project to general fund capital reserve.				
H9901,900,00-0000	TRANSFERS OUT TO GENERAL FUND	122,371		
H909	FUND BALANCE, UNRESERVED		122,371	
<b>Total</b>		<u>122,371</u>	<u>122,371</u>	(122,371)
CLIENT ENTRY - To record interest from capital projects funds to debt service fund				
H 2401	INT & EARNINGS	15		
H391	DUE FROM OTHER FUNDS		15	
<b>Total</b>		<u>15</u>	<u>15</u>	(15)
CLIENT ENTRY - To record transfer from capital reserve to capital projects fund				
H391	DUE FROM OTHER FUNDS	720,000		
H5031	INTERFUND TRANSFERS		720,000	
<b>Total</b>		<u>720,000</u>	<u>720,000</u>	720,000
CLIENT ENTRY -To accrue Thermo Dynamics & Niko Construction expenditures				
H 1629,293-02-0026	UPGRADES TO HILLSIDE ELEMENTARY 2019 BOND- ROOF CONSTRUCTION & ABATEMENT WORK	569,913		
H 1630,294-01-0035	UPGRADES TO FMS & HHS 2019 BOND- HEATING, VENTILATION, AC & ABATEMENT WORK	158,837		
H600	ACCOUNTS PAYABLE		728,750	
<b>Total</b>		<u>728,750</u>	<u>728,750</u>	(728,750)
				<u>\$ (131,136)</u>
<b>Debt Service</b>				
CLIENT ENTRY - To record interest from capital projects fund to debt service fund				
V391	DUE FROM OTHER FUNDS	15		
V 2401	INT & EARNINGS		15	
<b>Total</b>		<u>15</u>	<u>15</u>	\$ 15



## Appendix 2

# Audit Adjustments Proposed and Passed by Management During Audit

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

Audit Adjustments Proposed and Passed by Management (Not Recorded)  
June 30, 2020

Account	Description	Debit	Credit	Positive/ (Negative) Effect on Fund Balances
<b>General Fund</b>				
Proposed entry to reduce due to TRS and TRS expenditures				
A632	DUE TO STATE TRS	94,832.00		
A 9089.800-00-0000	EMPLOYEE BENEFITS OTHER - TSA		94,832.00	
<b>Total</b>		<u>94,832.00</u>	<u>94,832.00</u>	<u>\$ -</u>



## 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](http://www.hohschools.org)



*A National Blue Ribbon District of Excellence*

**Valerie J. Henning-Piedmonte, Ed.D.**  
Superintendent of Schools

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

**Maureen Caraballo**  
Business Official & Treasurer

September 30, 2020

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, 2020, 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, 2020 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.

- 10) The School District has disclosed a contingency note to describe the effects of COVID-19 on the School District's finances and operations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time. The management of the School District does not believe that the effects of COVID-19 will affect the School District's ability to operate as a going concern.

### **Information Provided**

- 11) 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.
- 12) 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.
- 13) 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.
- 14) 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.
- 15) 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.
- 16) 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**

- 17) 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.
- 18) 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**

- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) 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.

- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) 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.
- 24) 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.
- 25) 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.
- 26) 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.
- 27) 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.
- 28) 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.
- 29) 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.
- 30) 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.
- 31) 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.
- 32) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 33) 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.
- 34) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.

- 35) 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.
- 36) 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.
- 37) Investments, and land are properly valued.
- 38) 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.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) 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.
- 41) 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.
- 42) 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.
- 43) 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.
- 44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 45) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 46) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 47) 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.
- 48) 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.
- 49) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 50) 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.

- 51) 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.
- 52) 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.
- 53) Expenditures of federal awards were below the \$750,000 threshold for the year ended June 30, 2020, 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: \_\_\_\_\_

Dr. Valerie Henning-Piedmonte, Ed.D.  
Superintendent of Schools

Signature: \_\_\_\_\_

Maureen Caraballo  
Business Official/Treasurer

## Appendix 4

### About PKF O'Connor Davies, LLP



## 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* 2020 "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 "2020's Top 100 Firms"**  
– *Accounting Today*, 2020
- **Ranked 7 of the "Top Firms in the Mid-Atlantic"**  
– *Accounting Today*, 2020
- **Ranked 10 of "New Jersey's Top Accounting Firms"**  
– *NJBIZ*, 2019
- **"Best Multi-Family Office – Over \$10 Billion"**  
– *Private Asset Management Awards*, 2020
- **"Tax Advice Award"**  
– *Family Wealth Report Awards*, 2018
- **"Best Places to Work in New Jersey"**  
– *NJBIZ*, 2019
- **Ranked #1 Best Accounting Internship**  
– *Vault*, 2020
- **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

### 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
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory 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
- 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

We offer an exceptional breadth of advisory services across diverse industries and sectors.



Bethesda, MD | Cranford, NJ | Harrison, NY | Livingston, NJ | New York, NY | Newburgh, NY (Fostertown Road & 254 Route 17K) | Providence, RI | Shelton, CT | Stamford, CT | Wethersfield, CT | Woodcliff Lake, NJ

[www.pkfod.com](http://www.pkfod.com)



## 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](http://www.hohschools.org)



*A National Blue Ribbon District of Excellence*

**Valerie J. Henning-Piedmonte, Ed.D.**  
Superintendent of Schools

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

**Maureen Caraballo**  
Business Official & Treasurer

Ms. Susan M. Barossi  
PKF O'Connor Davies  
500 Mamaroneck Avenue, Suite 301  
Harrison, NY 10528

September 30, 2020

Re: Audit Year End June 2020

Dear Ms. Barossi,

We are in receipt of the Audit Report for Year End June 2020. This letter is to provide you with the districts reply to your recommendations as referenced in the following statements.

## **Appendix A- Control Deficiencies**

1-Inactive Trusts-The Burke Estate account will be expended this year on landscaping upgrades. The other trusts are still all active and will remain.

2-Agency Funds-Elementary School Level-The District is looking to close the fund at the Elementary and move to Activity and Trips in the Business Office.

-Middle School Cash Receipts-The Business Office will work with the MS Club advisors to ensure correct documentation is provided.

-Inactive Clubs-The Business Office continues to monitor inactive clubs and review with central High School Treasurer. The clubs listed will be monitored throughout the 20/21 school year and closed if deemed no longer necessary.

3-Special Aid Fund-The receivable in the federal fund was looked into and deemed to be a current receivable. The Business Office will track this open receivable and write off at year end if it is still open.

4-Capital Projects Fund-The deficit in the Capital Fund will be addressed when the District issues their BAN in late fall. The delays in approvals due to COVID impacted the borrowing timeline of the BAN.

## **Appendix A-Other Matters**

1-IT Strategy & Planning-Technology Committee Charter-The District will work to establish a charter for a Technology Committee in the 20/21 school year.

2-Governance Policy Regulations-The District is in the process of updating District Policies. The Technology Policies will be reviewed as part of this review.

Sincerely,

  
Maureen Caraballo



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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2020



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

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2020, 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***

As discussed in Note 4B in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). 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, 2020 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, 2020 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, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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, 2019 (not presented herein), and have issued our report thereon dated October 2, 2019, 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, 2019 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 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 30, 2020

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**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, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 30, 2020.

**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.

## **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

September 30, 2020

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

## **Management's Discussion and Analysis (MD&A) June 30, 2020**

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### **Introduction**

The 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, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. It should be read in conjunction with the basic financial statements, which immediately follows this section, to enhance understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2019-2020 are as follows:

- New York State Law limits the unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. As of June 30, 2020, the total fund balance of the General Fund was \$9,149,513 an increase of \$130,338 from previous year's ending fund balance. Of this amount, \$1,680,000 has been assigned for subsequent year's expenditures, \$401,159 represent purchases on order. The unassigned fund balance is \$1,950,945 which represents approximately 3.78% of the subsequent year's budget and therefore, falls within the 4% statutory limit. This amount is available for spending at the discretion of the School District. The remainder of the fund balance of the General Fund, \$5,117,411 has been restricted for specific purposes.
- On the District-wide financial statements, the assets and deferred outflows of resources of the School District were less than liabilities and deferred inflows of resources by (\$51,729,513). The unrestricted portion of Net Position is (\$66,956,686). The School District's total Net Position decreased by (\$11,895,545). The Governmental Accounting Standard Board ("GASB") is charged with developing the accounting rules that apply to governments, including school districts and BOCES. These obligations include health benefits provided to retirees, this does not include any pension obligations. GASB Statement No. 75 establishes standards for accrual based measurement and recognition of Other Postemployment Benefit Obligations ("OPEB") expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2020, the School District's OPEB obligations of \$109,590,182 are reflected as a liability on the district-wide financial statements.
- The School District's governmental funds (including General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund) financial statements report a combined ending fund balance of \$9,075,327 versus a balance of \$9,815,743 for the 2018-2019 school year. The reduction in total fund balance is due to capital outlay expenditures in the Capital Project Fund exceeding Capital Project Fund Revenues and Other Financing Sources in the current year.

- At the beginning of the fiscal year, the School District had net capital assets of \$16,605,644 at the end of this fiscal year, the net capital assets increased by \$1,107,599 to \$17,713,243. The increase is due to capital improvements.
- The School Lunch Fund's revenues totaled \$375,177 for the current year compared to \$552,287 in the prior year. The decrease in food sales is due to decreased participation as a result of the COVID-19 pandemic and the closing of schools in mid-March. The School Lunch Fund's expenditures for the year were \$384,444 compared to \$578,230 in the prior year. The decrease is also due to the closing of schools March - June.
- The School Lunch Fund provided free breakfast/lunch to 70 students. The School District did not participate in the National School Lunch and breakfast program. The expenditures of these meals are covered within the total expenditure of the food service program.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains combining and individual fund 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 and liabilities, with the difference between the two 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 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.
  - The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales 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, Capital Projects Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund and Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Special Aid fund, since the School District has elected to report them as major funds. Data for the other three governmental funds are combined into a single aggregated presentation. Individual fund data for 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 respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

#### *Notes to the 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 the financial statements can be found following the basic financial statements section of this report.

### **District-Wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the School District, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by (\$51,729,513) at the close of the current fiscal year.

### Net Position

	June 30,	
	2020	2019
Current Assets	\$ 13,047,134	\$ 13,181,845
Net Pension Asset	3,416,594	2,340,574
Capital Assets, net	17,713,243	16,605,644
Total Assets	34,176,971	32,128,063
Deferred Outflows of Resources		
Deferred amounts on pensions *	49,773,685	30,804,070
Current Liabilities	3,949,237	3,452,735
Long-term Liabilities	122,075,445	93,424,339
Total Liabilities	126,024,682	96,877,074
Deferred Inflows of Resources		
Deferred amounts on pensions *	9,655,487	5,889,027
Net Position		
Net Investment in capital assets	10,001,256	8,263,043
Restricted		
Tax Certiorari	1,431,767	1,169,630
Liability claims	250,182	-
Unemployment benefits	50,000	-
ERS retirement system contributions	1,980,663	1,919,869
TRS retirement system contributions	301,610	200,000
Capital projects	34,435	161,915
Future capital projects	627,371	1,025,000
Repairs	-	200,000
Debt service	388,634	387,785
Special purposes	161,255	188,553
Unrestricted	(66,956,686)	(53,149,763)
Total Net Position	\$ (51,729,513)	\$ (39,633,968)

\* Detailed information pertaining to the School District's Deferred Outflows/Inflows of Resources is presented in Notes 1 and 3 to the financial statements. The amounts are as follows:

	2020		2019	
	Deferred Amounts on Pensions		Deferred Amounts on Pensions	
Retirement System	Outflows	Inflows	Outflows	Inflows
Employee (ERS)	\$ 2,805,591	\$ 79,403	\$ 823,650	\$ 356,377
Teacher (TRS)	10,900,050	4,895,244	12,371,872	3,155,944
	13,705,641	4,974,647	13,195,522	3,512,321
Related to OPEB	36,068,044	4,680,840	17,608,548	2,376,706
	\$ 49,773,685	\$ 9,655,487	\$ 30,804,070	\$ 5,889,027

The increase in the 2020 ERS Deferred Outflow is due to the difference between projected and actual investment earnings on pension plan investments

The Net investment in capital assets is used to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to the 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. The unrestricted net position, which is a negative (\$66,956,686), is the result of the recognition of the OPEB liabilities. Overall, net position decreased by \$11,895,545.

In addition, as a requirement 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*, items are included in the Statement of Net Position. As of June 30, 2020, the School District reported a net pension liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset and the net deferrals are not in custody of, nor are they accessible by the School District, rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3D of the financial statements for more information on these pension items.

## Changes in Net Position

Governmental activities decreased the School District's Net Position by \$11,895,545 during the 2019-2020 fiscal year versus a decrease of \$4,795,991 during the previous fiscal year.

	June 30,	
	2020	2019
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 1,284,363	\$ 1,224,572
Operating Grants and Contributions	942,272	1,070,809
Capital Grants and Contributions	31,838	928
Total Program Revenues	<u>2,258,473</u>	<u>2,296,309</u>
General Revenues		
Real Property Taxes	39,800,061	37,233,822
Other Tax Items	2,748,565	3,602,219
Non-Property Taxes	671,653	497,050
Unrestricted Use of Money and Property	125,592	162,934
Sale of Property and Compensation for Loss	13,377	3,561
Unrestricted State Aid	5,234,371	5,529,320
Miscellaneous	100,821	249,186
Total General Revenues	<u>48,694,440</u>	<u>47,278,092</u>
Total Revenues	<u>50,952,913</u>	<u>49,574,401</u>
<b>PROGRAM EXPENSES</b>		
General Support	8,260,860	7,223,604
Instruction	52,863,627	44,854,103
Pupil Transportation	1,037,892	1,441,138
Cost of Food Sales	372,876	604,169
Other	158,766	79,004
Interest	154,437	168,374
Total Expenses	<u>62,848,458</u>	<u>54,370,392</u>
Change in Net Position	(11,895,545)	(4,795,991)
<b>NET POSITION</b>		
Beginning	<u>(39,833,968)</u>	<u>(35,037,977)</u>
Ending	<u><u>\$ (51,729,513)</u></u>	<u><u>\$ (39,833,968)</u></u>

Governmental activities decreased the School District's net position by \$11,895,545 during the current fiscal year. Noteworthy is the impact of the requirements of GASB Statement No. 75 that requires recognition of OPEB expenses and the requirements of GASB No. 68 that require the recognition of pension expenses.

The major changes are as follows:

#### Revenues

- Real property taxes increased by \$2,566,239 this is the result of an increase in spending as well as the change in the processing of the State's School Tax Relief Reimbursement ("STAR") program. The state now requires new STAR recipients to pay the Town of Greenburgh, New York and file for STAR reimbursement as part of their state income tax return. As a result, you will see that the STAR reimbursements to the School District continue to decline.
- Other tax items (STAR) decreased by \$853,563. As referenced above this is a result of the change in the way the STAR reimbursement is handled by the state for new homeowners as well as homeowners whose income exceeds a certain amount. The STAR reimbursement is capped based on the tax cap increase. This has resulted in homeowner's star rebates being reduced.
- Non-Property Taxes (sales tax) increased by \$174,603. The county sales tax "rate" increased in the 2019-2020 fiscal year.
- During the 2019-2020 fiscal year, the School District collected borderline property taxes amounting to \$83,709. This amount remained consistent with the prior year. The School District also collected \$829,343 in day school and special education tuition. The special education tuition received resulted in a positive variance of \$365,000 over the budgeted amount. The budget for this revenue is budgeted conservatively being we are not always clear on what districts may send students to us at the time of budget development.
- Earnings on investments were \$125,592. Reflecting an increase from the prior fiscal year of \$162,934 due to higher interest earnings. Unfortunately, the interest rate has decreased significantly in the last quarter due to the Covid-19 pandemic.
- State Aid to the School District decreased by \$294,949 due to reduced BOCES Aid as well as Building aid due to the expiration of the 2000 capital bond debt and reimbursement.

#### Expenses

Instruction expenses increased by \$8,009,524. Approximately 7 million dollars of this increase is due to a restatement of the provisions of GASB Statement No. 75 for OPEB. The remainder of the increase.

- The other increases were to address enrollment growth. The School District continues to see steady increases in enrollment. The remainder of the increases is due to contractual obligations for staff as well as an increase in contractual services.
- At Hillside School, there was an increase of 2.6 FTE, which included additional sections of ICT. A new position to for Math support was also created to assist our student's needs. At the

School District wide level, there was an increase in ENL teachers as well as the creation of a Diversity Coordinator that included release time for the position.

- Pupil Transportation expenses decreased by \$403,246. The decrease was driven by a reduction of transportation services due to Covid-19.

### **Fund Balance Reporting**

GASB Statement No. 54 five classifications of fund balance are as follows: nonspendable, restricted, committed, assigned and unassigned.

These classifications as follows reflect spending constraints on resources:

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

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

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

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

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

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

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

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 balances* 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 \$9,075,327. Of this amount, \$5,646,860 constituted Restricted Fund balance. There is \$2,102,586 assigned (\$1,680,000 for subsequent years budget and \$401,157 for encumbrances) in the General Fund and represents the amount estimated for use in the 2020-2021 budget.

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 \$9,149,153 of which \$1,950,945, or approximately 3.78%, of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. This unassigned fund balance is available for spending at the School District's discretion.

The actual change in the General Fund fund balance was an increase of \$130,338. The School District is paying close attention to the amount of fund balance it keeps. Currently, as mentioned earlier the School District has over ten million worth of tax certiorari claims filed against them. These claims will likely be settled at between 35-40% of the claim. The amount available in the reserve would not cover the current liability. It is important to maintain a certain level of fund balance as it directly affects the School District's credit rating.

## **General Fund Budgetary Highlights**

Actual revenues and other financing sources exceeded the budget by \$832,445. Actual expenditures and other financing uses were \$2,282,211 less than the budget. The School District creates their operating budget a year in advance. The expenditure savings are a result of having lower staff salaries than anticipated including leaving certain administrative positions unfilled for the 2019/2020 school year. There was also a considerable savings in the area of transportation, as due to COVID-19 less buses were needed resulting in a surplus of over 200k. These type of savings are not expected to repeat in the upcoming fiscal year.

## **Capital Assets**

At June 30, 2020, the School District had \$17,713,243 net of accumulated depreciation invested in capital assets. Since the School District completed its capital project and placed it in service, the Land and Buildings and Improvements portion of the capital assets has decreased due to depreciation. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2020	2019
Land	\$ 115,000	\$ 115,000
Construction-in-progress	1,657,792	38,059
Land Improvements	6,190,911	6,524,067
Buildings and Improvements	8,911,846	9,242,954
Machinery and Equipment	837,694	685,564
Total Capital Assets, net of accumulated depreciation	<u>\$ 17,713,243</u>	<u>\$ 16,605,644</u>

Construction-in-progress consists of:

Project	June 30,	
	2020	2019
Hillside Stage Revitalization	\$ -	\$ 25,000
Hillside Roof Construction	569,913	-
Farragut Complex Heating and Ventilation	158,837	-
Pre Bond Professional Services and Architect Work	929,042	13,059
	<u>\$ 1,657,792</u>	<u>\$ 38,059</u>

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

### Long-Term Debt

At June 30, 2020, the School District had \$122,075,445 in general obligation and other long-term debt outstanding, as follows:

	June 30,	
	2020	2019
General Obligation Bonds Payable	\$ 6,735,000	\$ 7,235,000
Premium on Bonds	140,893	152,634
Energy Performance Contract Debt Payable	877,682	996,555
Claims Payable	165,000	165,000
Compensated Absences	455,379	344,418
Net Pension Obligation	4,111,309	1,063,960
Other Post Employment Benefit Obligations Payable	109,590,182	83,466,772
Total	<u>\$ 122,075,445</u>	<u>\$ 93,424,339</u>

General obligation bonds payable is comprised of \$6,735,000 in capital improvement bonds. During the 2020-2021 fiscal year, the School District retired \$500,000 in bond principal. The



School District is projected to retired \$510,000 in bond principal during the 2020-2021 school year.

At June 30, 2020, the School District reported a liability of \$4,111,309 for its proportionate share of the net pension liability of the Employees Retirement System ("ERS") and the Teachers Retirement System ("TRS"). For ERS, the net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Other Post Employment Benefit Obligations Payable increased from \$83,466,772 in 2019 to \$109,590,182 in 2020 due to 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.

Detailed information about the School District's long-term liabilities is presented in the notes to the financial statements (Note 3D Long-Term Liabilities).

### **For the Future**

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

#### ***Budget***

The School District heavily depends on its real property taxes, which represent approximately 75% of its revenue. Combine the real property taxes with the STAR (School Tax Relief) reimbursement, this number increases to 82%. At the same time, the School District's share of State Aid did not increase at the same rate as expenditure increases. State Aid has not kept up with the increased costs that local schools have dealt with over the last decade. The State has struggled to control their own spending to stay under the tap cap increases. The School District does try to maximize revenues from non-property tax and state aid sources (e.g., day and special tuition received from out of district students, rental fees, grants, and investment income), but the amount one can generate from those sources is limited. Traditionally, a public school's main funding sources are property taxes and state aid. Another challenge districts face is staying under the state mandated tax cap. The amount, which is calculated by the state and given to districts, restricts the amount of the tax levy increase. Although Hastings has been able to stay compliant, it has required the School District to rely on fund balance and making education as needed. The ability to meet mandates and also meet community expectation will create the need for Hastings to consider a tax cap override in the near future.

#### ***Enrollment***

The School District comprises of three schools: Hillside Elementary School, Farragut Middle School and the Hastings High School. The School District has experienced steady enrollment increases since the late 80's. According to the most recent enrollment projection the overall enrollment in the three schools as of January 2020 was 1,674 students. Of these 620 were in K-4; 510 in grades 5-8 and 522 students in grades 9-12. The overall enrollment of the School District has increased over the last ten years. Over the next five years the School District's overall

enrollment is expected to increase slightly, although the enrollment recently has exceeded projections.

### **School District's Changing Enrolment**

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21**
K-4	580	562	570	572	597	637	620	609
5-8	493	493	510	523	524	532	510	521
9-12	512	501	512	490	517	515	522	533
*Sp. Ed.	17	19	19	18	19	19	18	19
Total	1610	1581	1619	1609	1668	1712	1674	1686

\*Out of School District Special Education placements

\*\*Projected enrollment

### **Retirement Systems**

As a result of the declines in the markets since 2008 and in 2020, both the NYSTRS and the NYSERS rates have continued to be quite high to make up for losses the funds suffered in previous years. The School District has not had to amortize any of the expenditures it continues to be a challenge of the School District's finances.

The School District has established an Employee Retirement Reserve as well a Teachers Retirement Reserve to address the retirement obligations allowed by law. These reserves will greatly help keep the increase in the School District's budget in subsequent years at a minimal amount.

### **Summary**

With increasing costs of providing education, additional Federal and State mandates, and School District's ambitious educational goals, the School District is prepared to meet these future challenges. The School District will have to address the decreasing amount of fund balance in the near future and address its ability to stay under the tax cap while maintaining the district's programs.

### **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, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 11,428,546
Receivables	
Accounts	183,431
State and Federal aid	1,303,849
Due from other governments	125,000
Inventories	6,308
Net pension asset	3,416,594
Capital assets	
Not being depreciated	1,772,792
Being depreciated, net	15,940,451
Total Assets	34,176,971
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	49,773,685
<b>LIABILITIES</b>	
Accounts payable	1,082,845
Accrued liabilities	72,259
Due to other governments	8,557
Due to retirement systems	2,653,949
Unearned revenues	51,652
Accrued interest payable	79,975
Non-current liabilities	
Due within one year	843,887
Due in more than one year	121,231,558
Total Liabilities	126,024,682
<b>DEFERRED INFLOWS OF RESOURCES</b>	9,655,487
<b>NET POSITION</b>	
Net investment in capital assets	10,001,256
Restricted	
Tax certiorari	1,431,767
Liability claims	250,182
Unemployment benefits	50,000
ERS retirement system contributions	1,980,663
TRS retirement system contributions	301,610
Debt service	388,634
Capital projects	34,435
Future capital projects	627,371
Special purpose	161,255
Unrestricted	(66,956,686)
Total Net Position	\$ (51,729,513)

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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 8,260,860	\$ -	\$ 23,165	\$ -	\$ (8,237,695)
Instruction	52,863,627	913,052	772,715	30,989	(51,146,871)
Pupil transportation	1,037,892	-	-	-	(1,037,892)
Cost of food sales	372,876	371,311	3,866	-	2,301
Other	158,766	-	142,526	-	(16,240)
Interest	154,437	-	-	849	(153,588)
<b>Total Governmental Activities</b>	<b>\$ 62,848,458</b>	<b>\$ 1,284,363</b>	<b>\$ 942,272</b>	<b>\$ 31,838</b>	<b>(60,589,985)</b>
General revenues					
Real property taxes					39,800,061
Other tax items					
School tax relief reimbursement					2,748,565
Non-property taxes					
Non-property tax distribution from County					671,653
Unrestricted use of money and property					125,592
Sale of property and compensation for loss					13,377
Unrestricted State aid					5,234,371
Miscellaneous					100,821
<b>Total General Revenues</b>					<b>48,694,440</b>
<b>Change in Net Position</b>					<b>(11,895,545)</b>
<b>Net Position - Beginning</b>					<b>(39,833,968)</b>
<b>Net Position - Ending</b>					<b>\$ (51,729,513)</b>

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, 2020

	General	Capital Projects	Special Aid
<b>ASSETS</b>			
Cash and equivalents	\$ 10,689,559	\$ 390,648	\$ 79,173
Receivables			
Accounts	171,545	-	25
State and Federal aid	897,210	30,989	375,650
Due from other governments	125,000	-	-
Due from other funds	418,775	-	-
Inventories	-	-	-
Total Assets	<u>\$ 12,302,089</u>	<u>\$ 421,637</u>	<u>\$ 454,848</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 305,969	\$ 736,876	\$ -
Accrued liabilities	72,259	-	-
Due to other funds	-	316,133	454,848
Due to other governments	-	-	-
Due to retirement systems	2,653,949	-	-
Unearned revenues	17,854	-	-
Total Liabilities	<u>3,050,031</u>	<u>1,053,009</u>	<u>454,848</u>
Deferred inflows of resources			
Unavailable revenues	<u>102,545</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,152,576</u>	<u>1,053,009</u>	<u>454,848</u>
Fund balances (Deficits)			
Nonspendable	-	-	-
Restricted	5,117,411	-	-
Assigned	2,081,157	-	-
Unassigned	<u>1,950,945</u>	<u>(631,372)</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>9,149,513</u>	<u>(631,372)</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 12,302,089</u>	<u>\$ 421,637</u>	<u>\$ 454,848</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 269,166	\$ 11,428,546
11,861	183,431
-	1,303,849
-	125,000
352,206	770,981
6,308	6,308
<u>\$ 639,541</u>	<u>\$ 13,818,115</u>
\$ 40,000	\$ 1,082,845
-	72,259
-	770,981
8,557	8,557
-	2,653,949
33,798	51,652
<u>82,355</u>	<u>4,640,243</u>
-	102,545
<u>82,355</u>	<u>4,742,788</u>
6,308	6,308
529,449	5,646,860
21,429	2,102,586
-	1,319,573
<u>557,186</u>	<u>9,075,327</u>
<u>\$ 639,541</u>	<u>\$ 13,818,115</u>

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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, 2020

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

Fund Balances - Total Governmental Funds	\$ 9,075,327
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>17,713,243</u>
Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) and postemployment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities	8,730,994
Deferred amounts on other post employment obligations	<u>31,387,204</u>
	<u>40,118,198</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset	3,416,594
Unavailable revenues - State aid	<u>102,545</u>
	<u>3,519,139</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(79,975)
Bonds payable	(6,875,893)
Energy performance contract debt payable	(877,682)
Claims payable	(165,000)
Compensated absences	(455,379)
Net pension liability	(4,111,309)
Other post employment benefit obligations payable	<u>(109,590,182)</u>
	<u>(122,155,420)</u>
Net Position of Governmental Activities	<u>\$ (51,729,513)</u>

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, 2020

	General	Capital Projects	Special Aid
<b>REVENUES</b>			
Real property taxes	\$ 39,800,061	\$ -	\$ -
Other tax items	2,748,565	-	-
Non-property taxes	671,653	-	-
Charges for services	913,052	-	-
Use of money and property	148,920	-	-
Sale of property and compensation for loss	13,377	-	-
State aid	5,247,450	30,989	140,656
Federal aid	-	-	516,435
Food sales	-	-	-
Miscellaneous	100,821	-	-
Total Revenues	49,643,899	30,989	657,091
<b>EXPENDITURES</b>			
Current			
General support	5,199,169	-	-
Instruction	30,333,532	-	685,575
Pupil transportation	1,007,593	-	-
Employee benefits	11,455,445	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	118,873	-	-
Interest	32,348	-	-
Capital outlay	-	1,563,493	-
Total Expenditures	48,146,960	1,563,493	685,575
Excess (Deficiency) of Rev- enues Over Expenditures	1,496,939	(1,532,504)	(28,484)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	122,371	820,000	28,484
Transfers out	(1,488,972)	(122,371)	-
Total Other Financing Sources (Uses)	(1,366,601)	697,629	28,484
Net Change in Fund Balances	130,338	(834,875)	-
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	9,019,175	203,503	-
End of Year	\$ 9,149,513	\$ (631,372)	\$ -

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

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 39,800,061
-	2,748,565
-	671,653
-	913,052
1,056	149,976
-	13,377
-	5,419,095
3,748	520,183
371,311	371,311
142,274	243,095
518,389	50,850,368
-	5,199,169
-	31,019,107
-	1,007,593
-	11,455,445
384,444	384,444
169,824	169,824
500,000	618,873
140,488	172,836
-	1,563,493
1,194,756	51,590,784
(676,367)	(740,416)
640,488	1,611,343
-	(1,611,343)
640,488	-
(35,879)	(740,416)
593,065	9,815,743
\$ 557,186	\$ 9,075,327

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

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds	\$ (740,416)
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	2,145,454
Depreciation expense	<u>(1,037,855)</u>
	<u>1,107,599</u>
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	<u>102,545</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 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 bonds	500,000
Principal paid on energy performance contract debt	118,873
Amortization of premium and loss on refunding bonds	<u>11,741</u>
	<u>630,614</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	6,658
Compensated absences	(110,961)
Pension obligations	(2,923,536)
Other post employment benefit obligations	<u>(9,968,048)</u>
	<u>(12,995,887)</u>
Change in Net Position of Governmental Activities	<u>\$ (11,895,545)</u>

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**

Balance - Budget and Actual

General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 39,795,260	\$ 39,795,260	\$ 39,800,061	\$ 4,801
Other tax items	2,748,565	2,748,565	2,748,565	-
Non-property taxes	460,000	460,000	671,653	211,653
Charges for services	545,000	545,000	913,052	368,052
Use of money and property	75,000	75,000	148,920	73,920
Sale of property and compensation for loss	-	-	13,377	13,377
State aid	5,210,000	5,210,000	5,247,450	37,450
Miscellaneous	100,000	100,000	100,821	821
<b>Total Revenues</b>	<b>48,933,825</b>	<b>48,933,825</b>	<b>49,643,899</b>	<b>710,074</b>
<b>EXPENDITURES</b>				
Current				
General support	4,990,271	5,551,637	5,199,169	352,468
Instruction	32,160,322	32,014,296	30,333,532	1,680,764
Pupil transportation	1,498,660	1,229,179	1,007,593	221,586
Employee benefits	12,286,512	12,186,321	11,455,445	730,876
Debt service				
Principal	118,873	118,874	118,873	1
Interest	32,348	32,348	32,348	-
<b>Total Expenditures</b>	<b>51,086,986</b>	<b>51,132,655</b>	<b>48,146,960</b>	<b>2,985,695</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,153,161)</b>	<b>(2,198,830)</b>	<b>1,496,939</b>	<b>3,695,769</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	122,371	122,371
Transfers out	(785,488)	(1,505,488)	(1,488,972)	16,516
<b>Total Other Financing Uses</b>	<b>(785,488)</b>	<b>(1,505,488)</b>	<b>(1,366,601)</b>	<b>138,887</b>
<b>Net Change in Fund Balances</b>	<b>(2,938,649)</b>	<b>(3,704,318)</b>	<b>130,338</b>	<b>3,834,656</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,938,649	3,704,318	9,019,175	5,314,857
End of Year	\$ -	\$ -	\$ 9,149,513	\$ 9,149,513

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

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

Statement of Assets and Liabilities  
Fiduciary Fund  
June 30, 2020

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$ 311,431</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 30,640
Deposits	197,675
Student activity funds	<u>83,116</u>
 Total Liabilities	<u>\$ 311,431</u>

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

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

**A. Financial Reporting Entity**

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

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

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

**B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District 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.

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:

Special Revenue 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 the terms of a trust agreement.

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

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

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

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

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

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

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

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 from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liability and other post employment benefit obligations payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

The School District's 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, 2020.

**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, 2020, 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.

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

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

<u>Class</u>	<u>Life in Years</u>
Land Improvements	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 \$17,854 within the General Fund for tuition and retiree health insurance billings received in advance and \$33,798 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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 2,805,591	\$ 79,403
New York State Teachers' Retirement System	10,900,050	4,895,244
Other post employment benefit obligations	36,068,044	4,680,840
	<u>\$ 49,773,685</u>	<u>\$ 9,655,487</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other post employment benefit obligations are detailed in Note 3D.

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

**Net Position** - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations

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

of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for tax certiorari, liability claims, unemployment benefits, retirement system contributions, debt service, capital projects, future capital projects and special purpose. The balance is classified as unrestricted.

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

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 amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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

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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4B).

**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 September 30, 2020.

**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.

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

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



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

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 deficit in the District-Wide Improvements - 2019/20 capital project of \$707,395 arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds****A. Due From/To Other Funds**

The composition of interfund balances at June 30, 2020 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 418,775	\$ -
Capital Projects	-	316,133
Special Aid	-	454,848
Non-Major Governmental	352,206	-
	<u>\$ 770,981</u>	<u>\$ 770,981</u>

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

Notes to Financial Statements (Continued)  
June 30, 2020

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

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.

### B. Capital Assets

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

Class	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Construction-in-progress	38,059	1,644,733	25,000	1,657,792
	<u>\$ 153,059</u>	<u>\$ 1,644,733</u>	<u>\$ 25,000</u>	<u>\$ 1,772,792</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 8,180,226	\$ 51,500	\$ -	\$ 8,231,726
Buildings and Improvements	26,962,010	223,369	-	27,185,379
Machinery and Equipment	1,746,357	250,852	-	1,997,209
Total Capital Assets, being Depreciated	<u>36,888,593</u>	<u>525,721</u>	<u>-</u>	<u>37,414,314</u>
Less Accumulated Depreciation for:				
Land Improvements	1,656,159	384,656	-	2,040,815
Buildings and Improvements	17,719,056	554,477	-	18,273,533
Machinery and Equipment	1,060,793	98,722	-	1,159,515
Total Accumulated Depreciation	<u>20,436,008</u>	<u>1,037,855</u>	<u>-</u>	<u>21,473,863</u>
Total Capital Assets, being depreciated, net	<u>\$ 16,452,585</u>	<u>\$ (512,134)</u>	<u>\$ -</u>	<u>\$ 15,940,451</u>
Governmental Activities				
Capital Assets, net	<u>\$ 16,605,644</u>	<u>\$ 1,132,599</u>	<u>\$ 25,000</u>	<u>\$ 17,713,243</u>

Construction-in-progress consists of:

Project	June 30,	
	2020	2019
Hillside Stage Revitalization	\$ -	\$ 25,000
Hillside Roof Construction	569,913	
Farragut Complex Heating & Ventilation	158,837	
Pre Bond Professional Services		
&Architect Work	<u>929,042</u>	<u>13,059</u>
	<u>\$ 1,657,792</u>	<u>\$ 38,059</u>

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

Notes to Financial Statements (Continued)  
June 30, 2020

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

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

General Support	\$ 619,352
Instruction	409,572
Cost of Food Sales	<u>8,391</u>
Total Depreciation Expense	<u>\$ 1,037,855</u>

### C. Accrued Liabilities

Accrued liabilities as of June 30, 2020 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 72,259</u>

### D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance June 30, 2020</u>	<u>Due Within One-Year</u>
General Obligation Bonds Payable	\$ 7,235,000	\$ -	\$ 500,000	\$ 6,735,000	\$ 510,000
Plus					
Unamortized premium on bonds	<u>152,634</u>	<u>-</u>	<u>11,741</u>	<u>140,893</u>	<u>-</u>
	7,387,634	-	511,741	6,875,893	510,000
Energy Performance Contract Debt Payable	<u>996,555</u>	<u>-</u>	<u>118,873</u>	<u>877,682</u>	<u>122,887</u>
	<u>8,384,189</u>	<u>-</u>	<u>630,614</u>	<u>7,753,575</u>	<u>632,887</u>
Other Non-current Liabilities:					
Claims Payable	165,000	165,000	165,000	165,000	165,000
Net Pension Liability	1,063,960	3,047,349	-	4,111,309	-
Compensated Absences	344,418	144,961	34,000	455,379	46,000
Other Post Employment Benefit Obligations Payable	<u>83,466,772</u>	<u>27,751,154</u>	<u>1,627,744</u>	<u>109,590,182</u>	<u>-</u>
Total Non-Current Liabilities	<u>85,040,150</u>	<u>31,108,464</u>	<u>1,826,744</u>	<u>114,321,870</u>	<u>211,000</u>
Total Long-Term Liabilities	<u>\$ 93,424,339</u>	<u>\$ 31,108,464</u>	<u>\$ 2,457,358</u>	<u>\$ 122,075,445</u>	<u>\$ 843,887</u>

Each governmental fund's liability for general obligation bonds payable, energy performance contract debt payable, claims, net pension liability, compensated absences and other post employment 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.

**Note 3 - Detailed Notes on All Funds (Continued)****General Obligation Bonds Payable**

General Obligation Bonds payable at June 30, 2020 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2020
Serial Bond*	2017	<u>\$ 8,150,701</u>	July, 2031	2.0 - 2.125 %	<u>\$ 6,735,000</u>

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

Interest expenditures of \$140,488 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$123,747 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, 2020 was \$877,682. Interest expenditures of \$32,348 were recorded in the fund financial statements in the General Fund. Interest expense of \$30,690 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt as of June 30, 2020, including interest payments of \$954,763 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 510,000	\$ 130,388	\$ 122,887	\$ 28,335	\$ 632,887	\$ 158,723
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
2026-2030	2,870,000	274,440	220,337	7,388	3,090,337	281,828
2031-2032	1,245,000	26,232	-	-	1,245,000	26,232
	<u>\$ 6,735,000</u>	<u>\$ 848,612</u>	<u>\$ 877,682</u>	<u>\$ 106,151</u>	<u>\$ 7,612,682</u>	<u>\$ 954,763</u>

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

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

**Claims Payable**

Claims payable reflects a liability of \$165,000 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.

**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](http://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](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2020 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14 41J	15.9 %
	4 A15 41J	15.9
	5 A15 41J	13.3
	6 A15 41J1	9.4
	6 A15 41J2	9.4
TRS	1-6	8.86 %

At June 30, 2020, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension liability (asset)	\$ 4,111,309	\$ (3,416,594)
School Districts' proportion of the net pension liability (asset)	0.0155258 %	0.131508 %
Change in proportion since the prior measurement date	0.0005094 %	0.002070 %

The net pension liability (asset) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of \$5,611,884 (\$1,446,873 for ERS and \$4,237,447 for TRS). Pension expenditures of \$658,439 for ERS and \$2,102,345 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, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 241,967	\$ -	\$ 2,315,338	\$ 254,065
Changes of assumptions	82,782	71,481	6,454,403	1,573,766
Net difference between projected and actual earnings on pension plan investments	2,107,657	-	-	2,739,932
Changes in proportion and differences between School District contributions and proportionate share of contributions	154,306	7,922	22,501	327,481
School District contributions subsequent to the measurement date	218,879	-	2,107,808	-
	<u>\$ 2,805,591</u>	<u>\$ 79,403</u>	<u>\$ 10,900,050</u>	<u>\$ 4,895,244</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,557,305	\$ 254,065		
Changes of assumptions	6,537,185	1,645,247		
Net difference between projected and actual earnings on pension plan investments	2,107,657	2,739,932		
Changes in proportion and differences between School District contributions and proportionate share of contributions	176,807	335,403		
School District contributions subsequent to the measurement date	2,326,687	-		
	<u>\$ 13,705,641</u>	<u>\$ 4,974,647</u>		

\$218,879 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, 2021. The \$2,107,808 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. 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
2020	\$ -	\$ 1,485,413
2021	445,589	37,777
2022	633,798	1,479,810
2023	798,126	960,263
2024	629,796	71,983
Thereafter	-	(138,248)

**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, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8% *	7.1% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.2%
Cost of living adjustments	1.3%	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-2018. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

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



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

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

Asset Type	ERS March 31, 2020		TRS June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.05 %	33 %	6.3 %
International Equity	14	6.15	16	7.8
Private Equity	10	6.75	8	9.9
Real Estate	10	4.95	11	4.6
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.6
Global Equities	-	-	4	7.2
Private Debt	-	-	1	6.5
Real Estate Debt	-	-	7	2.9
Absolute Return Strategies	2	3.25	-	-
Opportunistic Portfolio	3	4.65	-	-
Real Assets	3	5.95	-	-
Bonds and Mortgages	17	0.75	-	-
Cash	1	-	1	0.3
Inflation Indexed Bonds	4	0.50	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 6.8% 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 6.8% 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 (5.8% for ERS and 6.1% for TRS) or 1 percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
School District's proportionate share of the ERS net pension liability	<u>\$ 7,545,414</u>	<u>\$ 4,111,309</u>	<u>\$ 948,485</u>
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ (15,422,148)</u>	<u>\$ (3,416,594)</u>	<u>\$ (19,220,173)</u>

The components of the collective net pension liability (asset) as of the March 31, 2020 ERS measurement date and the June 30, 2019 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 194,596,261,000	\$ 119,879,473,882
Fiduciary net position	<u>168,115,682,000</u>	<u>122,477,480,654</u>
Employers' net pension liability (asset)	<u>\$ 26,480,579,000</u>	<u>\$ (2,598,006,772)</u>
Fiduciary net position as a percentage of total pension liability (asset)	<u>86.39%</u>	<u>102.17%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 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, 2020 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, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 were \$218,879 to ERS and \$2,435,070 to TRS, inclusive of \$232,429 of employee contributions.

**Note 3 - Detailed Notes on All Funds (Continued)****Other Post Employment Benefit Obligations ("OPEB") Payable**

In addition to providing pension benefits, the 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 District may vary according to length of service. The cost of providing post employment health care benefits is shared between the District and the retired employee as noted below. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the 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, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	146
Active employees	<u>268</u>
	<u><u>414</u></u>

The District's total OPEB liability of \$109,590,182 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2018.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Varied by years of service and retirement system
Discount rate	2.21%
Healthcare cost trend rates	
Pre-Medicare	5.40% for 2020, decreasing to an ultimate rate of 3.84% by 2075
Medicare	5.40% for 2020, decreasing to an ultimate rate of 3.84% 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.

Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2018.

The actuarial assumptions used in the June 30, 2018 valuation used to value the post-retirement medical liabilities can be categorized into three groups:

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

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

The School District's change in the total OPEB liability for the year ended June 30, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 83,466,772
Service cost	4,109,006
Interest	3,045,589
Changes of benefit terms	-
Differences between expected and actual experience	(3,015,515)
Changes in assumptions or other inputs	23,612,074
Benefit payments	<u>(1,627,744)</u>
Total OPEB Liability - End of Year	<u>\$ 109,590,182</u>

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Assumption 2.21%	1% Increase (1.21%)
Total OPEB Liability	<u>\$ 90,763,696</u>	<u>\$ 109,590,182</u>	<u>\$ 133,989,752</u>

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.4% decreasing to 2.84%) or 1 percentage point higher (6.4% decreasing to 4.84%) than the current healthcare cost trend rates:

	1% Decrease (4.4% decreasing to 2.84%)	Healthcare Cost Trend Rates (5.4% decreasing to 3.84%)	1% Increase (6.4% decreasing to 4.84%)
Total OPEB Liability	<u>\$ 86,357,538</u>	<u>\$ 109,590,182</u>	<u>\$ 141,541,907</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$11,595,792 in the district-wide financial statements. At June 30, 2020, the 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	\$ 32,799,332	\$ 2,042,264
Differences between expected and actual experience	<u>3,268,712</u>	<u>2,638,576</u>
	<u>\$ 36,068,044</u>	<u>\$ 4,680,840</u>

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

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

Year Ended June 30,	
2021	\$ 4,441,197
2022	4,441,197
2023	4,441,197
2024	4,441,197
2025	4,441,197
Thereafter	9,181,219

## F. Revenues and Expenditures

### Interfund Transfers

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

Transfers Out	Transfers In				Total
	General	Capital Projects Fund	Special Aid Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 820,000	\$ 28,484	\$ 640,488	\$ 1,488,972
Capital Projects Fund	122,371	-	-	-	122,371
	<u>\$ 122,371</u>	<u>\$ 820,000</u>	<u>\$ 28,484</u>	<u>\$ 640,488</u>	<u>\$ 1,611,343</u>

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 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.

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

**G. Net Position**

The components of net position are detailed below:

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

*Restricted for 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".

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

Notes to Financial Statements (Continued)  
June 30, 2020

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

#### H. Fund Balances

	2020				2019			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Inventories	\$ -	\$ -	\$ 6,308	\$ 6,308	\$ -	\$ -	\$ 3,448	\$ 3,448
Restricted								
Tax certiorari	1,431,767	-	-	1,431,767	969,630	-	-	969,630
Tax certiorari - for subsequent year's expenditures	-	-	-	-	200,000	-	-	200,000
Employee benefit accrued liability	455,378	-	-	455,378	344,418	-	-	344,418
Liability Claims	250,182	-	-	250,182	-	-	-	-
Unemployment Benefits	50,000	-	-	50,000	-	-	-	-
ERS retirement contributions	1,480,663	-	-	1,480,663	1,269,869	-	-	1,269,869
ERS Retirement contributions - for subsequent year's expenditures	500,000	-	-	500,000	450,000	-	-	450,000
TRS retirement contributions	301,610	-	-	301,610	200,000	-	-	200,000
Debt service	20,440	-	368,194	388,634	20,277	-	367,508	387,785
Repairs	-	-	-	-	200,000	-	-	200,000
Capital projects	-	-	-	-	-	203,503	-	203,503
Future capital projects	627,371	-	-	627,371	1,025,000	-	-	1,025,000
Special purposes	-	-	161,255	161,255	-	-	188,553	188,553
Total Restricted	5,117,411	-	529,449	5,646,860	4,679,194	203,503	556,061	5,438,758
Assigned								
Purchases on order								
General government support	163,278	-	-	163,278	462,753	-	-	462,753
Instruction	203,125	-	-	203,125	125,896	-	-	125,896
Pupil Transportation	10,000	-	-	10,000	-	-	-	-
Employee Benefits	24,754	-	-	24,754	-	-	-	-
	401,157	-	-	401,157	588,649	-	-	588,649
Subsequent year's expenditures	1,680,000	-	-	1,680,000	1,700,000	-	-	1,700,000
School Lunch Fund	-	-	21,429	21,429	-	-	33,556	33,556
Total Assigned	2,081,157	-	21,429	2,102,586	2,288,649	-	33,556	2,322,205
Unassigned	1,950,945	(631,372)	-	1,319,573	2,051,332	-	-	2,051,332
Total Fund Balance	\$ 9,149,513	\$ (631,372)	\$ 557,186	\$ 9,075,327	\$ 9,019,175	\$ 203,503	\$ 593,065	\$ 9,815,743

**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, 2020, 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. Included in the district-wide financial statements \$165,000 is accrued. Additional payments resulting from adverse decisions will be funded in the year the payment is made.

At June 30, 2020, 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. The total amount of this obligation could be approximately \$1,200,000. No amounts have been accrued in these financial statements.

**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.

*Coronavirus*

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and school district aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority. Such measures have already impacted the state aid revenues reported by the School District for the year ended June 30, 2020.

In addition to these New York State actions, the School District's economically sensitive revenues (i.e., sales tax distributions, interest earnings, charges for services) are being negatively impacted. Meanwhile, the School District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support remote work and remote learning, additional bus runs to lower capacity) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the School District's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the School District. The School District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and

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

meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time.

**D. 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.

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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)

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 4,109,006	\$ 1,967,225	\$ 2,046,669
Interest	3,045,589	2,399,060	2,156,899
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,015,515)	4,202,630	-
Changes of assumptions or other inputs	23,612,074 (5)	15,606,987 (4)	(3,045,590)
Benefit payments	(1,627,744)	(1,452,456)	(1,326,449)
Net Change in Total OPEB Liability	26,123,410	22,723,446	(168,471)
Total OPEB Liability – Beginning of Year	83,466,772	60,743,326	60,911,797 (3)
Total OPEB Liability – End of Year	<u>\$ 109,590,182</u>	<u>\$ 83,466,772</u>	<u>\$ 60,743,326</u>
School District's covered employee payroll	<u>\$ 25,957,919</u>	<u>\$ 23,640,143</u>	<u>\$ 23,937,435</u>
Total OPEB liability as a percentage of covered - employee payroll	<u>422%</u>	<u>353%</u>	<u>254%</u>

(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.

**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)**

	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	0.131508%	0.129438%	0.126703%	0.125303%	0.125888%	0.126180%
School District's proportionate share of the net pension liability (asset)	\$ (3,416,594)	\$ (2,340,574)	\$ (963,071)	\$ 1,342,046	\$ (13,075,778)	\$ (14,055,624)
School District's covered payroll	\$ 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	(15.04)%	(10.79)%	(4.66)%	6.72%	(67.67)%	(73.84)%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

**Schedule of Contributions**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 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	(2,107,808)	(2,411,811)	(2,125,256)	(2,420,168)	(2,649,067)	(3,387,422)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 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	8.86%	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.

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)**

	2020 (4)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	0.0155258%	0.0150164%	0.013976%	0.014336%	0.014238%	0.014036%
School District's proportionate share of the net pension liability	\$ 4,111,309	\$ 1,063,960	\$ 451,063	\$ 1,347,035	\$ 2,285,168	\$ 474,157
School District's covered payroll	\$ 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	85.24%	24.14%	11.20%	33.54%	60.06%	11.80%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

**Schedule of Contributions**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 661,169	\$ 631,914	\$ 593,212	\$ 595,517	\$ 634,470	\$ 693,093
Contributions in relation to the contractually required contribution	(661,169)	(631,914)	(593,212)	(595,517)	(634,470)	(693,093)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 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	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.

See independent auditors' report.

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

General Fund  
Comparative Balance Sheet  
June 30,

	2020	2019
<b>ASSETS</b>		
Cash and equivalents	\$ 10,689,559	\$ 10,979,213
Receivables		
Accounts	171,545	125,784
State and Federal aid	897,210	879,392
Due from other governments	125,000	100,000
Due from other funds	418,775	172,107
	1,612,530	1,277,283
Total Assets	\$ 12,302,089	\$ 12,256,496
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 305,969	\$ 347,094
Accrued liabilities	72,259	34,850
Due to retirement systems	2,653,949	2,835,336
Unearned revenues	17,854	20,041
Total Liabilities	3,050,031	3,237,321
Deferred inflows of resources		
Unavailable revenues	102,545	-
Total Liabilities and Deferred Inflows of Resources	3,152,576	3,237,321
Fund balance		
Restricted	5,117,411	4,679,194
Assigned	2,081,157	2,288,649
Unassigned	1,950,945	2,051,332
Total Fund Balance	9,149,513	9,019,175
Total Liabilities and Fund Balance	\$ 12,302,089	\$ 12,256,496

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,

	2020				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Real property taxes	\$ 39,795,260	\$ 39,795,260	\$ 39,800,061	\$	\$ 4,801
Other tax items	2,748,565	2,748,565	2,748,565		-
Non-property taxes	460,000	460,000	671,653		211,653
Charges for services	545,000	545,000	913,052		368,052
Use of money and property	75,000	75,000	148,920		73,920
Sale of property and compensation for loss	-	-	13,377		13,377
State aid	5,210,000	5,210,000	5,247,450		37,450
Miscellaneous	100,000	100,000	100,821		821
<b>Total Revenues</b>	<b>48,933,825</b>	<b>48,933,825</b>	<b>49,643,899</b>		<b>710,074</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	58,700	76,918	70,221	1,974	4,723
Central administration	451,000	467,790	458,724	-	9,066
Finance	682,675	704,875	659,119	34,489	11,267
Staff	185,000	320,779	279,900	-	40,879
Central services	3,146,896	3,430,741	3,190,454	126,815	113,472
Special items	466,000	550,534	540,751	-	9,783
<b>Total General Support</b>	<b>4,990,271</b>	<b>5,551,637</b>	<b>5,199,169</b>	<b>163,278</b>	<b>189,190</b>
Instruction					
Instruction, administration and improvement	1,684,320	1,813,441	1,775,007	6,776	31,658
Teaching - Regular school	17,163,532	16,790,279	16,418,242	99,002	273,035
Programs for students with disabilities	8,064,035	7,959,175	7,389,997	8,418	560,760
Occupational education	65,000	95,500	83,610	1,390	10,500
Instructional media	1,582,635	1,745,953	1,625,863	47,660	72,430
Pupil services	3,600,800	3,609,948	3,040,813	39,879	529,256
<b>Total Instruction</b>	<b>32,160,322</b>	<b>32,014,296</b>	<b>30,333,532</b>	<b>203,125</b>	<b>1,477,639</b>
Pupil transportation	1,498,660	1,229,179	1,007,593	10,000	211,586
Employee benefits	12,286,512	12,186,321	11,455,445	24,754	706,122
Debt service					
Principal	118,873	118,874	118,873	-	1
Interest	32,348	32,348	32,348	-	-
<b>Total Expenditures</b>	<b>51,086,986</b>	<b>51,132,655</b>	<b>48,146,960</b>	<b>401,157</b>	<b>2,584,538</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,153,161)	(2,198,830)	1,496,939	(401,157)	3,294,612
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	122,371	-	122,371
Transfers out	(785,488)	(1,505,488)	(1,488,972)	-	16,516
<b>Total Other Financing Uses</b>	<b>(785,488)</b>	<b>(1,505,488)</b>	<b>(1,366,601)</b>	<b>-</b>	<b>138,887</b>
<b>Net Change in Fund Balance</b>	<b>(2,938,649)</b>	<b>(3,704,318)</b>	<b>130,338</b>	<b>\$ (401,157)</b>	<b>\$ 3,433,499</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,938,649	3,704,318	9,019,175		
End of Year	\$ -	\$ -	\$ 9,149,513		

See independent auditors' report.



2019				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 37,248,132	\$ 37,248,132	\$ 37,233,822	\$	\$ (14,310)
3,602,219	3,602,219	3,602,219		-
442,000	442,000	497,050		55,050
360,000	360,000	677,824		317,824
20,000	20,000	195,563		175,563
-	-	3,561		3,561
5,496,235	5,496,235	5,676,429		180,194
150,000	150,000	249,186		99,186
47,318,586	47,318,586	48,135,654		817,068
78,369	76,719	70,468	-	6,251
432,000	477,242	466,591	-	10,651
660,500	687,223	650,492	29,875	6,856
190,500	335,303	314,738	-	20,565
3,080,201	3,822,031	3,299,849	432,878	89,304
466,000	578,597	559,098	-	19,499
4,907,570	5,977,115	5,361,236	462,753	153,126
1,643,255	1,527,774	1,433,257	646	93,871
16,647,141	16,358,397	16,030,191	6,233	321,973
7,878,629	7,698,573	7,191,614	8,866	498,093
80,000	33,849	19,734	-	14,115
1,600,489	1,820,411	1,641,578	72,016	106,817
3,584,897	3,611,364	3,315,684	38,135	257,545
31,434,411	31,050,368	29,632,058	125,896	1,292,414
1,801,044	1,578,793	1,412,418	-	166,375
12,069,193	11,702,983	11,160,343	-	542,640
97,402	114,991	114,991	-	-
54,078	36,489	36,231	-	258
50,363,698	50,460,739	47,717,277	588,649	2,154,813
(3,045,112)	(3,142,153)	418,377	(588,649)	2,971,881
-	-	-	-	-
(780,438)	(780,438)	(778,541)	-	1,897
(780,438)	(780,438)	(778,541)	-	1,897
(3,825,550)	(3,922,591)	(360,164)	\$ (588,649)	\$ 2,973,778
3,825,550	3,922,591	9,379,339		
\$ -	\$ -	\$ 9,019,175		

**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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	<b>\$ 39,795,260</b>	<b>\$ 39,795,260</b>	<b>\$ 39,800,061</b>	<b>\$ 4,801</b>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	2,748,565	2,748,565	2,748,565	-
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	460,000	460,000	671,653	211,653
<b>CHARGES FOR SERVICES</b>				
Day school tuition	405,000	405,000	766,965	361,965
Other student fees and charges	70,000	70,000	62,378	(7,622)
Health services for other districts	70,000	70,000	83,709	13,709
	545,000	545,000	913,052	368,052
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	75,000	75,000	148,920	73,920
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Insurance Recovery	-	-	11,490	11,490
Other	-	-	1,887	1,887
	-	-	13,377	13,377
<b>STATE AID</b>				
Basic formula	3,080,000	3,080,000	3,288,873	208,873
BOCES	890,000	890,000	869,856	(20,144)
Lottery	1,100,000	1,100,000	973,097	(126,903)
Textbook aid	96,000	96,000	91,047	(4,953)
Computer software aid	35,000	35,000	13,990	(21,010)
Library aid	9,000	9,000	10,587	1,587
	5,210,000	5,210,000	5,247,450	37,450

**MISCELLANEOUS**

Refund of BOCES aided services	75,000	75,000	38,261	(36,739)
Refund of prior year's expenditures	25,000	25,000	59,060	34,060
Other	-	-	3,500	3,500

100,000	100,000	100,821	821
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**TOTAL REVENUES**

48,933,825	48,933,825	49,643,899	710,074
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**OTHER FINANCING SOURCES**

Transfers in - Capital Projects Fund	-	-	122,371	122,371
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**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

<u>\$ 48,933,825</u>	<u>\$ 48,933,825</u>	<u>\$ 49,766,270</u>	<u>\$ 832,445</u>
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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, 2020

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 31,700	\$ 31,700	\$ 30,913	\$ -	\$ 787
District clerk	27,000	45,218	39,308	1,974	3,936
Total Board of Education	58,700	76,918	70,221	1,974	4,723
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	451,000	467,790	458,724	-	9,066
<b>FINANCE</b>					
Business administration	577,300	598,953	587,672	7,114	4,167
Accounting and auditing	98,875	98,875	64,400	27,375	7,100
Treasurer	6,500	7,047	7,047	-	-
Total Finance	682,675	704,875	659,119	34,489	11,267
<b>STAFF</b>					
Legal	125,000	240,389	202,856	-	37,533
Personnel	8,000	25,169	21,823	-	3,346
Public information and services	52,000	55,221	55,221	-	-
Total Staff	185,000	320,779	279,900	-	40,879

**CENTRAL SERVICES**

Operation of plant	2,602,482	2,902,288	2,698,288	98,976	105,024
Maintenance of plant	544,414	528,453	492,166	27,839	8,448

Total Central Services	3,146,896	3,430,741	3,190,454	126,815	113,472
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**SPECIAL ITEMS**

Unallocated insurance	184,000	188,727	188,727	-	-
Assessments on school property	75,000	75,000	65,217	-	9,783
Refunds of real property taxes	-	52,003	52,003	-	-
Administrative charge - BOCES	207,000	234,804	234,804	-	-

Total Special Items	466,000	550,534	540,751	-	9,783
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Total General Support	4,990,271	5,551,637	5,199,169	163,278	189,190
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**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	239,000	243,183	236,950	5,759	474
Supervision - Regular school	1,445,320	1,570,258	1,538,057	1,017	31,184

Total Instruction, Administration and Improvement	1,684,320	1,813,441	1,775,007	6,776	31,658
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<b>TEACHING - REGULAR SCHOOL</b>	17,163,532	16,790,279	16,418,242	99,002	273,035
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<b>PROGRAMS FOR STUDENTS WITH DISABILITIES</b>	8,064,035	7,959,175	7,389,997	8,418	560,760
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<b>OCCUPATIONAL EDUCATION</b>	65,000	95,500	83,610	1,390	10,500
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(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, 2020

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual	\$ 381,493	\$ 383,684	\$ 363,839	\$ 10,442	\$ 9,403
Computer assisted instruction	1,201,142	1,362,269	1,262,024	37,218	63,027
Total Instructional Media	1,582,635	1,745,953	1,625,863	47,660	72,430
<b>PUPIL SERVICES</b>					
Guidance - Regular school	1,189,570	1,194,480	1,135,583	90	58,807
Health services - Regular school	400,745	404,383	344,947	5,052	54,384
Psychological services - Regular school	633,381	633,381	585,279	-	48,102
Co-curricular activities - Regular school	459,052	459,052	312,095	5,284	141,673
Interscholastic athletics - Regular school	918,052	918,652	662,909	29,453	226,290
Total Pupil Services	3,600,800	3,609,948	3,040,813	39,879	529,256
Total Instruction	32,160,322	32,014,296	30,333,532	203,125	1,477,639
<b>PUPIL TRANSPORTATION</b>					
District transportation services	47,000	48,631	40,380	-	8,251
Contract transportation	1,451,660	1,180,548	967,213	10,000	203,335
Total Pupil Transportation	1,498,660	1,229,179	1,007,593	10,000	211,586

**EMPLOYEE BENEFITS**

State retirement	689,415	689,415	658,439	-	30,976
Teachers' retirement	2,249,374	2,154,374	2,102,345	-	52,029
Social security	2,212,079	2,195,579	2,086,256	-	109,323
Workers' compensation benefits	180,000	180,000	176,853	-	3,147
Life insurance	10,000	10,000	9,531	-	469
Unemployment benefits	10,000	25,000	246	24,754	-
Hospital, medical and dental insurance	6,533,817	6,527,483	6,022,305	-	505,178
Union welfare benefits	401,827	404,470	399,470	-	5,000

Total Employee Benefits	12,286,512	12,186,321	11,455,445	24,754	706,122
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**DEBT SERVICE**

Principal					
Energy performance contract debt	118,873	118,874	118,873	-	1

## Interest

Energy performance contract debt	32,348	32,348	32,348	-	-
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Total Debt Service	151,221	151,222	151,221	-	1
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<b>TOTAL EXPENDITURES</b>	<b>51,086,986</b>	<b>51,132,655</b>	<b>48,146,960</b>	<b>401,157</b>	<b>2,584,538</b>
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**OTHER FINANCING USES**

Transfers out					
Special Aid Fund	45,000	45,000	28,484	-	16,516
Debt Service Fund	640,488	640,488	640,488	-	-
Capital Projects Fund	100,000	820,000	820,000	-	-

<b>TOTAL OTHER FINANCING USES</b>	<b>785,488</b>	<b>1,505,488</b>	<b>1,488,972</b>	<b>-</b>	<b>16,516</b>
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<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 51,872,474</b>	<b>\$ 52,638,143</b>	<b>\$ 49,635,932</b>	<b>\$ 401,157</b>	<b>\$ 2,601,054</b>
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See independent auditors' report.

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

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 390,648	\$ 519,012
State and Federal aid receivable	<u>30,989</u>	<u>-</u>
Total Assets	<u>\$ 421,637</u>	<u>\$ 519,012</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 736,876	\$ -
Due to other funds	<u>316,133</u>	<u>315,509</u>
Total Liabilities	<u>1,053,009</u>	<u>315,509</u>
Fund balance (deficit)		
Restricted	-	203,503
Unassigned	<u>(631,372)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(631,372)</u>	<u>203,503</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 421,637</u>	<u>\$ 519,012</u>

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,

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
State Aid	\$ 30,989	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>1,563,493</u>	<u>95,137</u>
Deficiency of Revenues Over Expenditures	<u>(1,532,504)</u>	<u>(95,137)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	820,000	100,000
Transfers out	<u>(122,371)</u>	<u>-</u>
Total Other Financing Sources	<u>697,629</u>	<u>100,000</u>
Net Change in Fund Balance	(834,875)	4,863
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>203,503</u>	<u>198,640</u>
End of Year	<u><u>\$ (631,372)</u></u>	<u><u>\$ 203,503</u></u>

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, 2020

Project	Authori- zation	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 - 2015/16	550,000	450,000	100,000	550,000
Capital Improvements Gym Floor - 2015/16	300,000	277,629	22,371	300,000
Capital Improvements - 2018/19	100,000	91,423	8,206	99,629
Capital Improvements - 2019/20	100,000	-	96,903	96,903
District-Wide Improvements - 2019/20	18,383,614	-	1,427,395	1,427,395
Smart Schools Bond Act	413,683	382,694	30,989	413,683
Excel	907,969	877,002	-	877,002
Totals	<u>\$ 28,905,967</u>	<u>\$ 10,187,861</u>	<u>\$ 1,685,864</u>	<u>\$ 11,873,725</u>

See independent auditors' report.

Unexpended Balance	Method of Financing				Fund Balance (Deficit) at June 30, 2020
	Proceeds of Obligations	State Aid	Interfund Transfers	Revenues	
\$ 41,588	\$ 8,150,701	\$ -	\$ -	\$ 8,150,701	\$ 41,588
-	-	-	550,000	550,000	-
-	-	-	300,000	300,000	-
371	-	-	100,000	100,000	371
3,097			100,000	100,000	3,097
16,956,219	-	-	720,000	720,000	(707,395)
-	-	413,683	-	413,683	-
30,967	-	-	907,969	907,969	30,967
<u>\$ 17,032,242</u>	<u>\$ 8,150,701</u>	<u>\$ 413,683</u>	<u>\$ 2,677,969</u>	<u>\$ 11,242,353</u>	<u>\$ (631,372)</u>

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

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 79,173</u>	<u>\$ 133,100</u>
Receivables		
Accounts	25	25
State and Federal aid	<u>375,650</u>	<u>75,058</u>
	<u>375,675</u>	<u>75,083</u>
 Total Assets	 <u><u>\$ 454,848</u></u>	 <u><u>\$ 208,183</u></u>
<b>LIABILITIES</b>		
Due to other funds	<u><u>\$ 454,848</u></u>	<u><u>\$ 208,183</u></u>

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,

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
State aid	\$ 140,656	\$ 185,236
Federal aid	<u>516,435</u>	<u>547,930</u>
Total Revenues	657,091	733,166
<b>EXPENDITURES</b>		
Current		
Instruction	<u>685,575</u>	<u>766,269</u>
Deficiency of Revenues Over Expenditures	(28,484)	(33,103)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>28,484</u>	<u>33,103</u>
Fund Balance	-	-
<b>FUND BALANCE</b>		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

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

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2020  
(With Comparative Totals for 2019)

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	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Cash and equivalents	\$ 91,099	\$ 158,863	\$ 19,204
Receivables			
Accounts	11,861	-	-
Due from other funds	824	2,392	348,990
	12,685	2,392	348,990
Inventories	6,308	-	-
Total Assets	\$ 110,092	\$ 161,255	\$ 368,194
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 40,000	\$ -	\$ -
Due to other governments	8,557	-	-
Unearned revenues	33,798	-	-
Total Liabilities	82,355	-	-
Fund balances			
Nonspendable	6,308	-	-
Restricted	-	161,255	368,194
Assigned	21,429	-	-
Total Fund Balances	27,737	161,255	368,194
Total Liabilities and Fund Balances	\$ 110,092	\$ 161,255	\$ 368,194

See independent auditors report.

Total Non-Major Governmental Funds	
2020	2019
\$ 269,166	\$ 355,969
11,861	10,843
352,206	351,585
364,067	362,428
6,308	3,449
\$ 639,541	\$ 721,846
\$ 40,000	\$ 95,697
8,557	9,652
33,798	23,432
82,355	128,781
6,308	3,449
529,449	556,061
21,429	33,555
557,186	593,065
\$ 639,541	\$ 721,846

**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, 2020  
(With Comparative Totals for 2019)

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ 118	\$ 252	\$ 686
Federal aid	3,748	-	-
Food sales	371,311	-	-
Miscellaneous	-	142,274	-
	<u>375,177</u>	<u>142,526</u>	<u>686</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current			
Cost of food sales	384,444	-	-
Other	-	169,824	-
Debt service			
Principal	-	-	500,000
Interest	-	-	140,488
	<u>384,444</u>	<u>169,824</u>	<u>640,488</u>
Total Expenditures			
Deficiency of Revenues Over Expenditures	(9,267)	(27,298)	(639,802)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	640,488
	<u>-</u>	<u>-</u>	<u>640,488</u>
Net Change in Fund Balances	(9,267)	(27,298)	686
<b>FUND BALANCES</b>			
Beginning of Year	37,004	188,553	367,508
	<u>37,004</u>	<u>188,553</u>	<u>367,508</u>
End of Year	\$ 27,737	\$ 161,255	\$ 368,194
	<u>\$ 27,737</u>	<u>\$ 161,255</u>	<u>\$ 368,194</u>

See independent auditors' report.



Total Non-Major Governmental Funds	
2020	2019
\$ 1,056	\$ 1,442
3,748	5,339
371,311	546,748
142,274	152,052
518,389	705,581
384,444	578,230
169,824	85,098
500,000	495,000
140,488	150,438
1,194,756	1,308,766
(676,367)	(603,185)
640,488	645,438
(35,879)	42,253
593,065	550,812
\$ 557,186	\$ 593,065

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

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	2020	2019
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 91,099</u>	<u>\$ 150,669</u>
Receivables		
Accounts	11,861	10,843
Due from other funds	<u>824</u>	<u>824</u>
	<u>12,685</u>	<u>11,667</u>
Inventories	<u>6,308</u>	<u>3,449</u>
Total Assets	<u><u>\$ 110,092</u></u>	<u><u>\$ 165,785</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 40,000	\$ 95,697
Due to other governments	8,557	9,652
Unearned revenues	<u>33,798</u>	<u>23,432</u>
Total Liabilities	<u>82,355</u>	<u>128,781</u>
Fund balance		
Nonspendable	6,308	3,449
Assigned	<u>21,429</u>	<u>33,555</u>
Total Fund Balance	<u>27,737</u>	<u>37,004</u>
Total Liabilities and Fund Balance	<u><u>\$ 110,092</u></u>	<u><u>\$ 165,785</u></u>

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,

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Use of money and property	\$ 118	\$ 200
Federal aid	3,748	5,339
Food sales	<u>371,311</u>	<u>546,748</u>
Total Revenues	375,177	552,287
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>384,444</u>	<u>578,230</u>
Deficiency of Revenues Over Expenditures	(9,267)	(25,943)
<b>FUND BALANCE</b>		
Beginning of Year	<u>37,004</u>	<u>62,947</u>
End of Year	<u><u>\$ 27,737</u></u>	<u><u>\$ 37,004</u></u>

See independent auditors' report.

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

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 158,863	\$ 186,158
Due from other funds	<u>2,392</u>	<u>2,395</u>
Total Assets	<u>\$ 161,255</u>	<u>\$ 188,553</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 161,255</u>	<u>\$ 188,553</u>

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,

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Use of money and property	\$ 252	\$ 334
Miscellaneous	<u>142,274</u>	<u>152,052</u>
Total Revenues	142,526	152,386
<b>EXPENDITURES</b>		
Current		
Other	<u>169,824</u>	<u>85,098</u>
Excess (Deficiency) of Revenues Over Expenditures	(27,298)	67,288
<b>FUND BALANCE</b>		
Beginning of Year	<u>188,553</u>	<u>121,265</u>
End of Year	<u><u>\$ 161,255</u></u>	<u><u>\$ 188,553</u></u>

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,

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 19,204	\$ 19,142
Due from other funds	<u>348,990</u>	<u>348,366</u>
Total Assets	<u>\$ 368,194</u>	<u>\$ 367,508</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 368,194</u>	<u>\$ 367,508</u>

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,

	2020			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 686	\$ 686
<b>EXPENDITURES</b>				
Debt service				
Serial bonds				
Principal	500,000	500,000	500,000	-
Interest	140,488	140,488	140,488	-
Total Expenditures	640,488	640,488	640,488	-
Deficiency of Revenues Over Expenditures	(640,488)	(640,488)	(639,802)	686
<b>OTHER FINANCING SOURCES</b>				
Transfers in	640,488	640,488	640,488	-
Net Change in Fund Balance	-	-	686	686
<b>FUND BALANCE</b>				
Beginning of Year	-	-	367,508	367,508
End of Year	\$ -	\$ -	\$ 368,194	\$ 368,194

See independent auditors' report.



2019			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 908	\$ 908
495,000	495,000	495,000	-
150,438	150,438	150,438	-
645,438	645,438	645,438	-
(645,438)	(645,438)	(644,530)	908
645,438	645,438	645,438	-
-	-	908	908
-	-	366,600	366,600
\$ -	\$ -	\$ 367,508	\$ 367,508

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

### General Fund

#### Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2020

Adopted Budget	\$ 51,283,825
Additions	
Encumbrances	<u>588,649</u>
Original Budget	51,872,474
Budget Amendments	<u>765,669</u>
Final Budget	<u><u>\$ 52,638,143</u></u>

### General Fund

#### Section 1318 of Real Property Tax Law Limit Calculation

2020-21 Expenditure Budget	<u>\$ 51,660,159</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 2,081,157
Unassigned fund balance	<u>1,950,945</u>
Total Unrestricted Fund Balance	<u>4,032,102</u>
Less	
Appropriated for subsequent year's budget	1,680,000
Encumbrances	<u>401,157</u>
Total Adjustments	<u>2,081,157</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,950,945</u></u>
Actual Percentage	<u><u>3.78%</u></u>

See independent auditors' report.

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

## Schedule of Net Investment in Capital Assets Year Ended June 30, 2020

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Capital Assets, net		\$ 17,713,243
Less		
Bonds payable	(6,735,000)	
Energy performance contract debt payable	(877,682)	
Unamortized portion of premium on bonds	<u>(140,893)</u>	(7,753,575)
Plus		
Unexpended bond proceeds		<u>41,588</u>
Net Investment in Capital Assets		<u><u>\$ 10,001,256</u></u>

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, 2020

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

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, 2020, 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.

### **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, 2020 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

September 30, 2020

# 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, 2020

	Cash Balances Beginning	Receipts	Disburse- ments	Cash Balances Ending
<b>HIGH SCHOOL</b>				
Academic Challenge	\$ 295	\$ 50	\$ 20	\$ 325
Amnesty Club	490	551	309	732
Art Club	281	18	31	268
Band	2,129	-	182	1,947
Chess Club	278	32	-	310
Chorus	2,043	51,798	42,958	10,883
Class 2019	381	-	381	-
Class 2020	4,042	454	3,858	638
Class 2021	1,943	5,550	3,779	3,714
Class 2022	981	137	-	1,118
Class of 2023	-	3,139	548	2,591
Crossing Borders	6	-	-	6
Culinary Club	3,095	-	-	3,095
Culture Shock	100	-	-	100
Debate Club	138	-	138	-
Environment Club	728	129	-	857
Feminism Club	-	489	67	422
Foreign Language Club	2,377	4,117	5,743	751
Garden Club	323	83	47	359
Golf Club	2,457	-	-	2,457
Gay Straight Alliance	174	403	-	577
Habitat for Humanity	551	-	551	-
Hudsonettes	459	109	289	279
Math Club	176	-	-	176
National Art Honor Society	28	694	375	347
National Honor Society	32	-	-	32
Peer Leadership	3,782	138	1,302	2,618
Photography	103	34	1	136
Students Against Drunk Driving	513	36	144	405
Student Union	7,612	8,232	5,542	10,302
Sunshine Club	709	1,140	594	1,255
Varsity Club	5,096	2,286	2,044	5,338
Westchester Model United				
Nations Conference	990	6,780	7,281	489
Women's Health	433	172	-	605
Yearbook	11,327	3,562	-	14,889
Young Entrepreneurial Media Club	3,738	-	500	3,238
<b>Total High School</b>	<b>57,810</b>	<b>90,133</b>	<b>76,684</b>	<b>71,259</b>

(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, 2020

	Cash Balances Beginning	Receipts	Disburse- ments	Cash Balances Ending
<b>MIDDLE SCHOOL</b>				
Extracurricular	\$ 828	\$ -	\$ -	\$ 828
Grade 8	2,972	5,495	5,967	2,500
Gay Straight Alliance Club	403	-	-	403
Scholarship	35	10	-	45
Student Activity Club-5/6	91	20	60	51
Yearbook	10,361	1,673	4,004	8,030
Total Middle School	14,690	7,198	10,031	11,857
Total All Schools	<u>\$ 72,500</u>	<u>\$ 97,331</u>	<u>\$ 86,715</u>	<u>\$ 83,116</u>

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 Agency Fund.

**A. Basis of Accounting**

These financial statements were 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, 2020.

**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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