

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

Report to Those Charged with Governance

June 30, 2019

Prepared by

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**KNOW
GREATER
VALUE**

October 2, 2019

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, 2019 and have issued our report thereon dated October 2, 2019. 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

Contents

Status of the Audit	4
Required Communications and Other Matters.....	5
Internal Control Over Financial Reporting	9
On the Horizon.....	16

Appendices

- 1 – Audit Adjustments Proposed and Recorded by Management During Audit
- 2 – Management Representation Letter
- 3 – About PKF O'Connor Davies, LLP
- 4 – Management's Responses to Findings – Internal control over Financial Reporting

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

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

Required Item	Comments
Qualitative aspects of accounting practices - <i>Accounting Estimates and Management's Judgment</i>	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. 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: • Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB") • Actuarial assumptions and proportionate share calculations related to pension obligations • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.
Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i>	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: • Other post employment benefit obligations payable • Pension plan information • Outstanding bonded indebtedness • Fund balances The financial statement disclosures are consistent and clear.
Difficulties encountered in performing the audit	We encountered no significant difficulties in dealing with management relating to the performance of our audit.

Required Item	Comments
Corrected and uncorrected misstatements	Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter (see Appendix 2).
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Entity and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors.

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.

In addition, we share in appendix A for your consideration other observations about the internal control and operations.

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

However, we share for your consideration on the following pages other observations about the internal control and operations.

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

PKF O'Connor Davies, LLP
Harrison, New York
October 2, 2019

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

Appendix A Control Deficiencies

- Capital Projects Fund**

Inactive Projects

The lack of financial activity in a capital project over an extended period of time may be an indication of the project's completion. Upon determination that a capital project has been completed, the governing board should pass a resolution indicating this status and directing the disposition of the unexpended proceeds. If the unexpended balance of the project consists of moneys provided from obligations, its use will be restricted to the payment of outstanding debt. If the remaining balance consists of a return of a contribution from an operating fund, it should be returned to that fund to be used for any lawful purpose. Our audit of the Capital Projects Fund indicated that various projects had no financial activity in the past fiscal year.

Recommendation

These projects should be reviewed and the Board of Education should pass a resolution to close the projects where applicable and direct the disposition of the unexpended proceeds.

- Special Purpose Fund**

Inactive Trusts

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

Trust	Balance June 30, 2019	Special Purpose
Burke Estate Principal	\$ 3,770	Restoration for the Burke Estate
Burke Estate Interest	1,649	Restoration for the Burke Estate
Vinod Dabral Soccer Award Interest	233	Soccer clinics and soccer team expenses
Ruth Barton Scholarship Interest	117	Scholarship awarded for students choosing a career requiring training
Steinway Piano Restoration	757	Piano restoration
Lucy M. Wester Memorial Scholarship	1,035	Scholarship awards for Seniors accepted and plan to attend college
Robert Tucker Lecture Series	6,912	Open attendance lectures
Dawn Taylor Memorial Scholarship	2,761	Scholarship awards for Seniors pursuing a career in photography

Recommendation

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

- **Agency Fund**

Extra classroom Activity Funds

Extra classroom 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 extra classroom activities.

Extra Classroom Activity Funds have been established at the elementary school level. One of the intended purposes of an extra classroom 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 Grade 8 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:

June 30, 2019	
Inactive Club	Balance
Art Club	\$ 281
Class 2021	1,943
Debate Club	138
Habitat for Humanity	551
Extracurricular	828
Middle School Gay	
Straight Alliance	403

Recommendation

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

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

Appendix A Other Matters

- **Information Technology**

1. IT Strategy and Planning – Technology Committee Charter

Observation: 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

Observation: 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:

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

Appendix A Other Matters

- **Information Technology (Continued)**

2. Governance – Policy Regulations

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

3. Cybersecurity Assessment / Cybersecurity Awareness Training

Cybersecurity Assessment / Cybersecurity Awareness Training

Cybersecurity is a significant risk facing every entity. Entities of all sizes are under the threat of constant attack. A successful cyber breach could result in significant financial, operational, regulatory and reputational impact. A key control to defend the multitude of cyber thrust is to have a clear understanding of the cyber exposure of the entity and the effectiveness of the controls in defending against them. The School District has not had a formal cybersecurity assessment.

Employees across all business segments pose a significant risk to the security of the network and sensitive data. While technical controls can and should be implemented to limit and control the cyber risk, ultimately employee awareness training is proven to be the most effective mitigation. Further, many types of cyber-attacks are specifically designated to commit financial fraud by leveraging employee cyber education weaknesses. Currently the School District does not have a cybersecurity awareness program.

Recommendation

The School District should perform a formal cybersecurity assessment to assist management in understanding their cyber exposure and defending against the multitude of evolving cyber threats. The School District develop and implement an employee cybersecurity awareness.

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

Appendix A Other Matters

4. Board Resolution

The School District policy is that when the Superintendent realizes that expenditures are going to be greater than those used to formulate the appropriations, he or she to makes a recommendation to the school board to reduce expenditures or increase the amount of fund balance available to appropriate for current year expenditures. It then becomes the responsibility of the school board to adopt the recommended amendment, or make an alternative amendment to assure that the expenditures do not exceed the new estimate of current year revenues plus available fund balance. Any board approved amendments are to be made prior to the fiscal year end. Due to the "timing" of a scheduled board meeting an amendment was made subsequent to year end.

Recommendation

When it is determined that when the school board expenditures priorities change during the course of the fiscal year, the budget must be amended. The board resolution/amendment should be made prior to the expenditure being made-year/end. Amendments to the appropriation act should be made before expenditures actually exceed the current appropriation.

On the Horizon

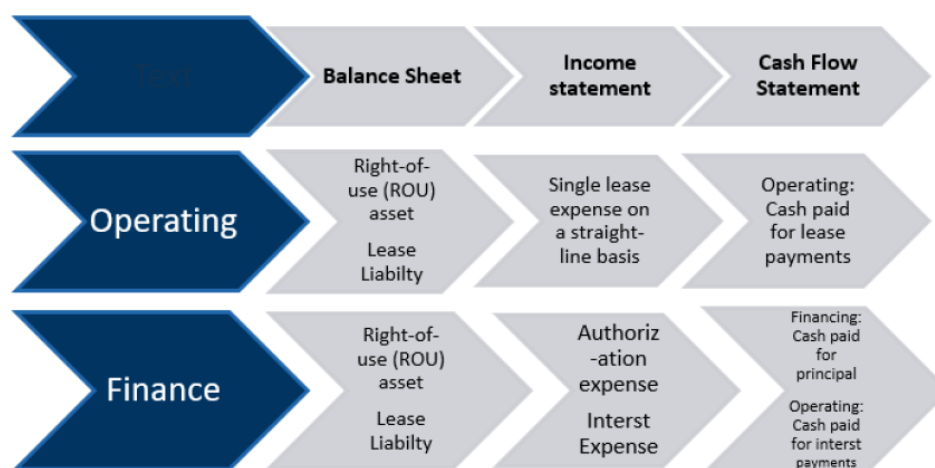
GASB Statement No. 87 – Leases

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

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

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

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after December 15, 2019 (i.e., the School's financial statements for the year ended June 30, 2021) with earlier application encouraged.**



Uniform Guidance Procurement Standards

The Office of Management and Budget (OMB) has updated guidance for the procurement grace period available to non-Federal entities under Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The update, as included in the Federal Register, allows for an additional one-year grace period for implementation of the procurement standards set forth in the Uniform Guidance (2 CFR 200.317 through 200.326). Including the grace period, the implementation date for the revised procurement standards is effective for fiscal years beginning on or after December 26, 2017. A non-Federal entity that chooses to take advantage of this grace period must document its choice in its internal records, noting whether it's in compliance with the previous or revised procurement standards.

The new procurement standards apply to procurement of goods and services directly charged to a Federal award. The standards don't apply to indirect costs and procurement of goods and services not charged to a Federal award. The standards have a strong emphasis on procurement methodology to achieve the goals of increased accountability and competition. The changes are designed to better mitigate waste, fraud and abuse.

General Requirements of the New Guidance - The following are the general requirements:

- Non-Federal entities (such as not-for-profit entities and local governments) receiving Federal awards must have their own documented (written) procurement procedures that conform to reflect Federal law, Uniform Guidance standards, and any State laws and regulations.
- Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms of their contracts or purchase orders.
- Non-Federal entities must maintain written conflict-of-interest policies if its employees engage in the selection, award and administration of contracts. No employee, officer or agent may participate in the selection, award, or administration of a contract funded by a Federal award if he or she has an actual or apparent conflict of interest. This also applies to organizational conflicts of interest if the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- Non-Federal entities should focus on greater economy and efficiency to promote cost-effective use of services during the procurement process, and must avoid using Federal funds for the acquisition of unnecessary and duplicative items.
- Non-Federal entities must document and maintain records sufficient to detail the history of the procurement steps and activities required to be completed. This includes the rationale for the type of procurement, selection of contract type, and the basis for the contractor selection and price.

Five Methods of Procurement - The Uniform Guidance outlines five methods of procurement:

- **Micro-Purchases:** Purchases that individually do not exceed \$10,000. To the extent practicable, micro-purchases must be distributed equitably among qualified suppliers. No bid or quote process is required.
- **Small Purchases:** Used for purchases up to the Simplified Acquisition threshold, which is currently \$250,000. These include small and informal purchase methods for securing services, supplies, or other property. Price or rate quotes must be obtained from an adequate number of qualified sources.
- **Sealed Bids:** Purchases over \$250,000. Bids are publically solicited and a fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all material terms and conditions of the invitation for bids, is the lowest in price. This method is most commonly used for procurement of construction contracts.
- **Competitive Proposals:** Purchases over \$250,000. This method requires formal solicitation from an adequate number of qualified sources, fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- **Noncompetitive Proposals:** These proposals only apply under unique circumstances. Examples include when an item is available only from one source, when a public emergency does not allow time for a competitive proposal process, when the Federal awarding agency authorizes, or when the competition is deemed inadequate after proper solicitation.

Changes to Government Auditing Standards

The U.S. Government Accountability Office, in July 2018, issued its 2018 revision to Government Auditing Standards (i.e. “Yellow Book”) These changes will be the first changes since 2011 and are designed to ensure the standards continue to meet the needs of the federal, state and local government communities and the public these bodies serve. The following significant new audit requirement was added to the 2017 exposure draft (proposed new standards). The following significant new audit requirement was added to the 2018 revision:

As part of an audit under Government Auditing Standards, if auditors become aware of waste or abuse that could be quantitatively or qualitatively material to the financial statements, auditors should perform additional audit procedures to ascertain the potential effect on the financial statements.

Included in the application guidance are these definitions:

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Waste involves the taxpayers not receiving reasonable value for money in connection with any government-funded activities because of an inappropriate act or omission by parties with control over or access to government resources. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but excludes fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Because the determination of abuse is subjective, auditors are not required to perform procedures to detect abuse in financial audits. Auditors may discover that abuse is indicative of fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements.

The 2018 revision of Government Auditing Standards is effective for financial audits for periods ending on or after June 30, 2020. Early implementation is not permitted.

New Rules for Auditor Involvement in Exempt Offering Documents

In July 2017, the Auditing Standards Board released Statement on Auditing Standards No. 133 *Auditor Involvement with Exempt Offering Documents*. This addresses the auditor’s responsibilities when the auditors’ report on the financial statements is included, or incorporated by reference, in an exempt offering document such as for municipal bond offerings AND the auditor is considered “involved” in the exempt offering document.

An auditor is considered involved in an exempt offering document if the auditor:

1. assists the entity in preparing information (in addition to the financial statements) that will be included in the document,
2. reads a draft of the exempt offering document at the entity’s request,
3. auditor issues a comfort or similar letter or an agreed-upon procedures report on information included in the exempt offering document,
4. participates in due diligence discussions with underwriters, placement agents, broker-dealers, or other financial intermediaries in connections with the exempt offering,
5. issues any attestation report on information relating to the exempt offering,
6. provides written agreement for the use of an auditors’ report in the exempt offering,
7. updates an auditors’ report for inclusion in the exempt offering document

When the auditor is considered involved, the auditor is required to do additional procedures outside the scope of the audit. These steps include reading the offering document in order to identify material inconsistencies with the audited financial statements. The auditor must also perform procedures to review events subsequent to the issuance of the audit report and up to the issuance of the exempt offering document. Finally, the auditor must obtain written representations from management.

This should be done before the offering document is released.

The provisions of this standard are effective for exempt offering documents initially distributed, circulated or submitted on or after June 15, 2018.

Appendix 1

Management Adjustments Recorded During Audit

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

Audit Adjustments Proposed and Recorded by Management
June 30, 2019

Account	Description	Debit	Credit	Postive/ (Negative) Effect on Fund Balances
General Fund				
To adjust ERS accrual				
A 9010.800-00-0000	NYS EMPLOYEES RETIREMENT-EMPLOYEE BENEFITS	20,000		
A637	DUE TO STATE ERS		20,000	
Total		20,000	20,000	\$ (20,000)
To adjust TRS Accrual				
A 9020.800-00-0000	NYS TEACHER RETIREMENT-EMPLOYEE BENEFITS	23,515		
A632	DUE TO STATE TRS		23,515	
Total		23,515	23,515	(23,515)
To reclass Fund balance				
A909	FUND BALANCE, UNRESERVED	33,327		
A867	RESERVE FOR EMPLOYEE BENEFIT ACCRUAL LIABILITIES		33,327	
Total		33,327	33,327	-
To record related services invoice - Irvington School District				
A 2250.470-00-0000	SPECIAL ED-TUITION	919		
A600	ACCOUNTS PAYABLE		919	
Total		919	919	(919)
To adjust Agency portion of Due To/Due From				
A380A	Agency A/R for Due From	29,508		
A391	DUE FROM OTHER FUNDS		29,508	
Total		29,508	29,508	-
To reverse estimated accrual General Aid 2018-2019.				
A 3101	BASIC FORMULA	83,814		
A410	DUE FROM STATE & FEDERAL		83,814	
Total		83,814	83,814	(83,814)
To write off uncollectible summer school receivables as per BOE resolution				
A 2250.470-00-0000	SPECIAL ED-TUITION	29,390		
A391	DUE FROM OTHER FUNDS		29,390	
Total		29,390	29,390	(29,390)
To adjust fund balance/reserves as per BOE resolution				
A884	RESERVE FOR DEBT SERVICE	213		
A909	FUND BALANCE, UNRESERVED	200,000		
A909	FUND BALANCE, UNRESERVED	450,000		
A910	APPROPRIATED FUND BALANCE	1,500,000		
A827B	Reserve - ERS contribution for subsequent years		450,000	
A864A	Reserve - TAX CERTS - DESIGNATED FOR SUBSEQUENT YEARS		200,000	
A909	FUND BALANCE, UNRESERVED		213	
A909	FUND BALANCE, UNRESERVED		1,500,000	
Total		2,150,213	2,150,213	-
To reclass to reserves per BOE resolution.				
A909	FUND BALANCE, UNRESERVED	29,460		
A864	RESERVE FOR TAX CERTIORARI		4,984	
A867	RESERVE FOR EMPLOYEE BENEFIT ACCRUAL LIABILITIES		24,476	
Total		29,460	29,460	-
				\$ (157,638)
Capital Projects Fund				
To Record capital projects fund interest in the Debt Service Fund				
H 2401	INTERST & EARNINGS	812		
H391	DUE FROM OTHER FUNDS		812	
Total		812	812	\$ (812)
Special Aid Fund				
To write off uncollectable summer school receivables as per BOE resolution.				
F391	DUE FROM OTHER FUNDS	29,390		
F410	DUE FROM STATE & FEDERAL		29,390	
Total		29,390	29,390	\$ -
Debt Service Fund				
To reclass capital interest to the debt service fund				
V391	DUE FROM OTHER FUNDS	812		
V 2401	INTEREST & EARNINGS		812	
Total		812	812	\$ 812

Appendix 2

Management Representation Letter



Hastings-on-Hudson Public Schools

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



A National Blue Ribbon District of Excellence

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

Melissa I. Szymanski
Assistant Superintendent for Curriculum & Instruction

Maureen Caraballo
Business Official & Treasurer

October 2, 2019

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 Hastings-on-Hudson Union Free School District, New York, (the "School District") which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2019, 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, 2019 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 and all component units 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 and schedules in accordance with US GAAP, and we believe the combining and individual fund financial statements and schedules, 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 except as discussed in Note 5 to the financial statements, 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) You have proposed adjusting journal entries that have been posted to the School District's accounts. We are in agreement with those adjustments.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
 - c) Additional information that you have requested from us for the purpose of the audit.
 - d) Unrestricted access to persons within the School District from whom you determined it necessary to obtain audit evidence.
 - e) Completeness and availability of all minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the School District's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the School District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

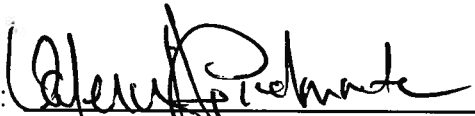
Government—specific

- 16) We have a process to track the status of audit findings and recommendations.
- 17) 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.
- 18) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 19) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 20) 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.
- 21) 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.
- 22) We have identified and disclosed to you all instances, which 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.
- 23) 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.
- 24) 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.
- 25) 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.
- 26) 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.
- 27) 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.
- 28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 31) 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.
- 32) 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.

- 33) Investments and land are properly valued.
- 34) 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.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) 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.
- 37) 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.
- 38) 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.
- 39) 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.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) Capital 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.
- 44) 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.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) 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.

- 47) All tax abatement agreements with the School are considered to be immaterial to the School's financial statements.
- 48) 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.
- 49) Expenditures of federal awards were below the \$750,000 threshold for the year ended June 30, 2019, 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
Superintendent of Schools

Signature: 

Maureen Caraballo
Treasurer

Appendix 3

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 29 on *Accounting Today's* 2019 "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 29 of "2019's Top 100 Firms"**
– *Accounting Today*, 2019
- **Ranked 7 of the "Top Firms in the Mid-Atlantic"**
– *Accounting Today*, 2019
- **Ranked 11 of "New Jersey's Top Accounting Firms"**
– *NJBIZ*, 2018
- **"Tax Advice Award"**
– *Family Wealth Report Awards*, 2018
- **"Best Multi-Family Office – Client Service – Over \$2 Billion"**
– *Private Asset Management Awards*, 2018
- **"Best Private Client Audit Firm"**
– *Private Asset Management Awards*, 2017
- **"Best Places to Work in New Jersey"**
– *NJBIZ*, 2018
- **Ranked 19 of the 50 "Best Accounting Employers to Work for in North America"**
– *Vault*, 2019

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
- 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 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
- 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 | Stamford, CT | Wethersfield, CT | Woodcliff Lake, NJ

www.pkfod.com

Appendix 4

Management Responses to Findings – Internal Control Over Financial Reporting

HASTINGS-ON-HUDSON UNION FREE SCHOOL DISTRICT

BUSINESS OFFICE
27 FARRAGUT AVENUE
HASTINGS-ON-HUDSON, NY 10706
WWW.HOHSCHOOLS.ORG
MAIN (914) 478-2900

TEL (914) 478-6405

FAX (914) 478-6219

MAUREEN CARABALLO
DISTRICT TREASURER

September 20, 2019

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

Re: Audit Year End June 2019

Dear Ms. Barossi,

We are in receipt of the Audit Report for Year End June 2019. This letter is to provide you with the districts reply to your recommendations as referenced in the following statements.

Appendix A, Control Deficiencies

1-Capital Projects Fund-The Capital Project Funds have been closed effective August 2019. The amounts have been transferred back to Capital Reserve by Board resolution.

2-Special Purpose Fund-Restoration for the Burke Estate will be used in 2019-2020 for landscaping. As for piano restoration, a conversation will be held with the music department regarding raising additional funds needed to restore. In reference to Scholarship awards, the Guidance Department will provide information to families regarding scholarship availability.

3-Agency Fund-This activity will no longer run through the district in the future.

4- Inactive Clubs-Regarding the Extra-curricular, Gay Straight Alliance Club and Debate Club the business office will work with the Middle and High Schools to determine status and recommend consolidation if no longer an active club.

Appendix A, Other Matters

1-IT Strategy and Planning-Technology Committee Charter-New Superintendent will be working to establish Technology Committee roles, responsibilities and Charter in 2019-2020.

2-Governance-Policy Regulations-New Superintendent will be working to establish regulations and procedures for the policies in 2019-2020.

3- Cybersecurity Assessment / Cybersecurity Awareness Training- District is planning a cybersecurity training for staff orientation days subsequent to year end.

Sincerely,



Maureen Caraballo

/LR

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

Financial Statements and
Supplementary Information

Year Ended June 30, 2019

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

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis	6
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements	
Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Aid Funds	29
Statement of Assets and Liabilities - Fiduciary Fund	31
Notes to Financial Statements	32
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	59
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	60
Schedule of Contributions	61
New York State and Local Employees Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	62
Schedule of Contributions	63
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	64
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	65
Schedule of Revenues Compared to Budget	67
Schedule of Expenditures and Other Financing Uses Compared to Budget	69
Capital Projects Fund	
Comparative Balance Sheet	73
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance Project-Length Schedule	74

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

Table of Contents (Concluded)

	<u>Page No.</u>
Special Aid Fund	
Comparative Balance Sheet	77
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 78	
Non-Major Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81
School Lunch Fund	
Comparative Balance Sheet	84
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance 85	
Special Purpose Fund	
Comparative Balance Sheet	86
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	87
Debt Service Fund	
Comparative Balance Sheet	88
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 89	
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	91
Section 1318 of Real Property Tax Law Limit Calculation	
Schedule of Net Investment in Capital Assets	92

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, 2019, 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, 2019, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2019 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, 2019 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, 2019 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, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated September 28, 2018, 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, 2018 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 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019 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

October 2, 2019

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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, 2019 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 2, 2019.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 2, 2019

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

Management's Discussion and Analysis (MD&A) June 30, 2019

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, 2019. 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 2018-2019 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, 2019, the total fund balance of the General Fund was \$9,019,175 a decrease of \$360,164 from previous year's ending fund balance. Of this amount, \$2,288,649 has been assigned for subsequent year's expenditures. The unassigned fund balance is \$2,051,332 which represents approximately 4.00% 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, \$4,679,194 has been restricted for specific purposes. The district has tax certiorari filings that exceed ten million dollars. The balance available to address these liabilities at the end of the fiscal year was \$969,630. In order to ensure the district can meet these obligations, it will need to increase this reserve when money may be available to address these liabilities.
- 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 (\$39,833,968). The unrestricted portion of Net Position is (\$53,149,763). The School District's total Net Position decreased by (\$4,795,991). The 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 OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2019, the School District's OPEB obligations of \$83,466,772 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 \$9,815,743 versus a balance of \$10,128,791 for the 2017-2018 school year. The amount decreased due to settling of approximately \$100,000 of tax certiorari claims as well as use in appropriating fund balance to balance the 2019/20 school budget.

- At the beginning of the fiscal year, the School District had net capital assets of \$17,367,153 at the end of this fiscal year, the net capital assets decreased by \$761,509 to \$16,605,644, mainly because of the depreciation of capital assets.
- The School Lunch Fund's revenues totaled \$552,287 for the current year compared to \$514,564 in the prior year the increase is due to higher food sales and overall participation. The School Lunch Fund's expenditures for the year were \$578,230 compared to \$497,531 in the prior year. The expenses increased primarily due to increase in labor cost. The District's contract with the food service provider guarantees a net return of \$5,000, so the program was not negatively affected by the increase in expenses. The change in the fund balance was due to an installation of air conditioning in the food service area.
- 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 expense of these meals are covered within the total expenses 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 District's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains six individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, 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 and Special Aid Fund. A budgetary comparison statement has been provided for the General Fund and the Special Aid 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 (\$39,833,968) at the close of the current fiscal year.

Net Position

	June 30,	
	2019	2018
Current Assets	\$ 13,181,845	\$ 13,082,054
Net Pension Asset	2,340,574	963,071
Capital Assets, net	16,605,644	17,367,153
Total Assets	32,128,063	31,412,278
Deferred Outflows of Resources		
Deferred amounts on pensions *	30,804,070	14,132,382
Current Liabilities	3,452,735	3,046,450
Long-term Liabilities	93,424,339	70,648,666
Total Liabilities	96,877,074	73,695,116
Deferred Inflows of Resources		
Deferred amounts on pensions *	5,889,027	6,887,521
Net Position		
Net Investment in capital assets	8,263,043	8,402,820
Restricted		
Capital projects	161,915	157,052
Retirement System Contributions	1,919,869	1,304,863
Future Capital Projects	1,025,000	825,000
Repairs	200,000	200,000
Debt Service	387,785	20,257
Tax Certiorari	1,169,630	1,247,343
Special Purposes	188,553	121,265
Unrestricted	(53,149,763)	(47,316,577)
Total Net Position	\$ (39,833,968)	\$ (35,037,977)

* 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:

	2019		2018	
	Deferred Amounts on Pensions		Deferred Amounts on Pensions	
Retirement System	Outflows	Inflows	Outflows	Inflows
Employee (ERS)	\$ 823,650	\$ 356,377	\$ 1,379,569	\$ 1,441,958
Teacher (TRS)	12,371,872	3,155,944	12,752,813	2,734,415
	13,195,522	3,512,321	14,132,382	4,176,373
Related to OPEB	17,608,548	2,376,706	-	2,711,148
	\$ 30,804,070	\$ 5,889,027	\$ 14,132,382	\$ 6,887,521

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 \$53,149,763, is the result of the recognition of the OPEB liabilities. Overall, net position decreased by \$4,795,991.

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*, new items are included in the Statement of Net Position. As of June 30, 2019, 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 3,D 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 \$4,795,991 during the 2018-2019 fiscal year versus a decrease of \$3,364,098 during the previous fiscal year.

	June 30,	
	2019	2018
REVENUES		
Program Revenues		
Charges for Services	\$ 1,224,572	\$ 1,238,849
Operating Grants and Contributions	1,070,809	741,458
Capital Grants and Contributions	928	37,500
Total Program Revenues	2,296,309	2,017,807
General Revenues		
Real Property Taxes	37,233,822	34,610,664
Other Tax Items	3,602,219	4,093,275
Non-Property Taxes	497,050	483,811
Unrestricted Use of Money and Property	162,934	38,219
Sale of Property and Compensation for Loss	3,561	1,418
Unrestricted State Aid	5,529,320	5,441,253
Miscellaneous	249,186	162,667
Total General Revenues	47,278,092	44,831,307
Total Revenues	49,574,401	46,849,114
PROGRAM EXPENSES		
General Support	7,223,604	6,438,519
Instruction	44,854,103	41,646,704
Pupil Transportation	1,441,138	1,367,680
Cost of Food Sales	604,169	505,523
Other	79,004	72,705
Interest	168,374	182,081
Total Expenses	54,370,392	50,213,212
Change in Net Position	(4,795,991)	(3,364,098)
NET POSITION		
Beginning	(35,037,977)	10,552,634
Cumulative Effect of Change in Accounting Principle	-	(42,226,513)
Net Position -Beginning as restated	(35,037,977)	(31,673,879)
Ending	<u>\$ (39,833,968)</u>	<u>\$ (35,037,977)</u>

Governmental activities decreased the School District's net position by \$4,795,991 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 \$2,623,158 this is the result of an increase in spending as well as the change in the process of the State's STAR program. The state now requires new STAR recipients to pay the town 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 District continue to decline.
- Other tax items (STAR) decreased by \$491,056. 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 \$13,239. The county sales tax rate will be increased in the upcoming fiscal year resulting in larger revenues. The district will experience a larger share of the county's sales tax revenue.
- During the 2018-2019 fiscal year, the School District collected borderline property taxes amounting to \$70,845. This amount remained consistent with the prior year. The School District also collected \$606,979 in day school and special education tuition. The special education tuition received resulted in a positive variance of \$200,000 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 \$162,934. Reflecting an increase from the prior fiscal year of \$124,715 due to higher interest earnings.
- Unrestricted State Aid to the School District increased by \$88,067 due to higher foundation aid. The building aid was less than the year due to the expiration of the 2000 capital bond debt and reimbursement.

Expenses

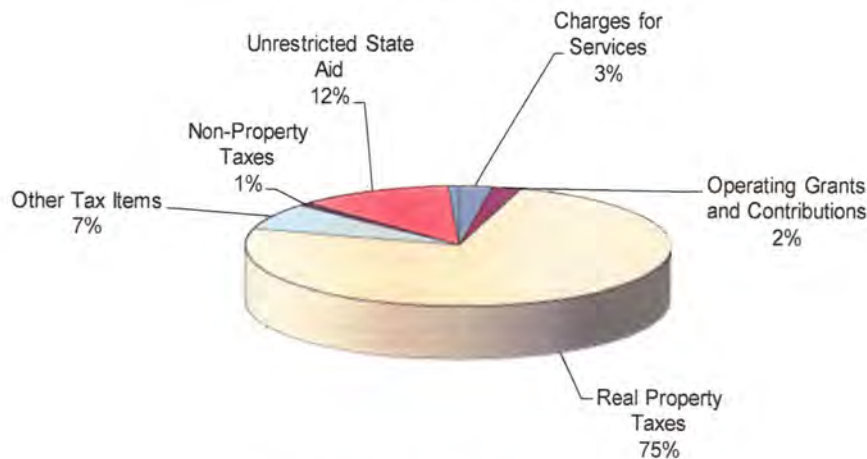
Instruction expenses increased by \$3,207,399. The increases are due to a variety of factors. The district hired 5 new instructional staff members throughout the District. The addition to a Literacy Specialist and Math Coach to address needs at the MS are new positions created in the 18/19 school year. Another additional was a full time guidance counselor position at the Hillside Elementary School. As part of the upcoming state requirement to have guidance at the elementary level this role was expanded from a .2 FTE in the 17/18 school year to a full time position. At the district level, there was an increase of 1.2 school psychologists. This increase was driven by the mental health needs of our students. Included in the instructional expenses is an increase of \$652,861 in Employee Benefits which was driven by an increased contribution to the Teachers

Retirement System as well as an increase in health insurance costs. For the 2019/2020 school year the rate of the TRS will decrease providing some relief for the District.

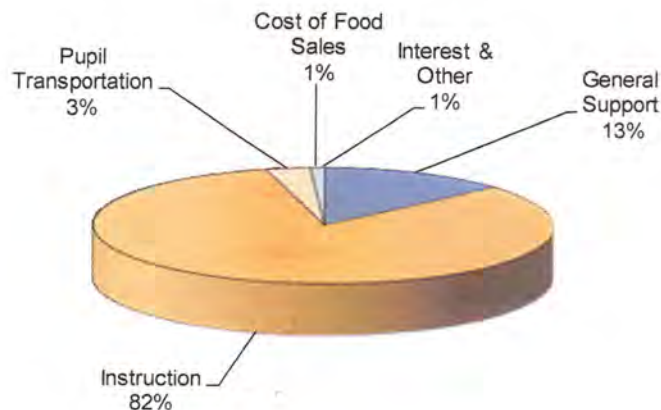
- The other increases were to address enrollment growth. The District continues to see steady increases in enrollment. The remainder of the increases is due to contractual obligations for staff as well as an increase in contractual services
- Pupil Transportation expenses increased by \$73,458. This is due to an increase in our out of district contract.

As indicated on the following pie charts, the School District relies upon real property taxes and other tax items (School Tax Relief) as its primary revenue source (82%) and State Aid as its secondary source of revenue (12%). The School District's instruction costs account for 83% of its expenses.

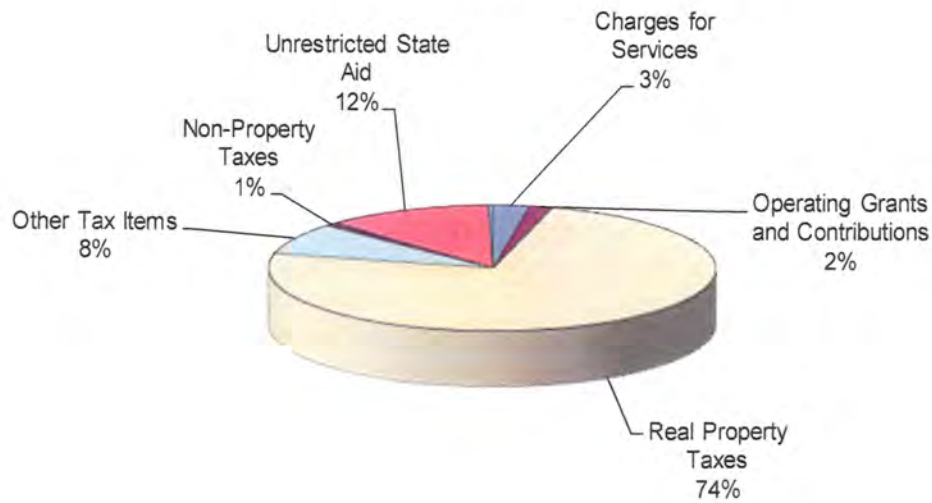
**Sources of Revenue for Fiscal Year 2019
Governmental Activities**



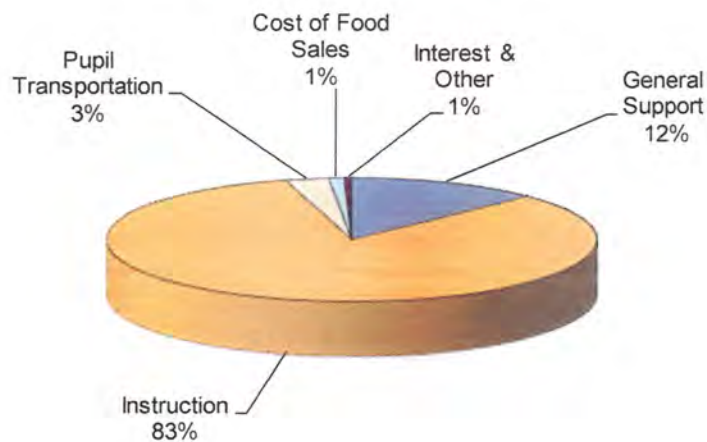
**Expenses for Fiscal Year 2019
Governmental Activities**



Sources of Revenue for Fiscal Year 2018 Governmental Activities



Expenses for Fiscal Year 2018 Governmental Activities



Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011. GASB Statement No. 54

abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

These classifications reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

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

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

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund 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 \$9,815,743. Of this amount, \$5,438,758 constituted Restricted Fund

balance. There is \$2,288,649 (\$1,700,000 for subsequent years budget and \$588,649 for encumbrances) in the General Fund and represents the amount estimated for use in the 2019-2020 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 \$9,019,175 of which \$2,051,332, or approximately 4.0%, 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 a decrease of (\$360,164). The District is paying close attention to the amount of fund balance it keeps. Currently, as mentioned earlier the 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 District's credit rating. The District anticipates borrowing for the capital bond approved by voters in the 20/21 school year. In order to secure a favorable interest rate the amount of fund balance will have a direct impact on the credit rating.

General Fund Budgetary Highlights

Actual revenues and other financing sources exceeded the budget by \$817,068. Actual expenditures and other financing uses were \$2,156,710 less than the budget. The 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 18/19 school year. There was also a considerable savings in the area of transportation, as less buses were needed resulting in a surplus of over 300k. These type of savings are not expected to repeat in the upcoming fiscal year.

Capital Assets

At June 30, 2019, the School District had \$16,605,644 net of accumulated depreciation invested in capital assets. Since the 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,	
	2019	2018
Land	\$ 115,000	\$ 115,000
Construction-in-progress	38,059	59,586
Land Improvements	6,524,067	6,687,609
Buildings and Improvements	9,242,954	10,035,440
Machinery and Equipment	685,564	469,518
Total Capital Assets, net of accumulated depreciation	\$ 16,605,644	\$ 17,367,153

Construction-in-progress consists of:

Project	June 30,	
	2019	2018
Hillside Stage Revitalization	\$ -	\$ 34,586
Pre Bond Architect Work	38,059	25,000
	<u>\$ 38,059</u>	<u>\$ 59,586</u>

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

Long-Term Debt

At June 30, 2019, the School District had \$93,424,339 in general obligation and other long-term debt outstanding, as follows:

	June 30,	
	2019	2018
Bonds Payable	\$ 7,235,000	\$ 7,730,000
Premium on Bonds	152,634	164,375
Energy Performance Contract Debt Payable	996,555	1,111,546
Claims Payable	165,000	165,000
Compensated Absences	344,418	283,356
Net Pension Obligation	1,063,960	451,063
Other Post Employment Benefit Obligations Payable	<u>83,466,772</u>	<u>60,743,326</u>
Total	<u>\$ 93,424,339</u>	<u>\$ 70,648,666</u>

Bonds payable is comprised of \$7,235,000 in capital improvement bond. During the 2018-2019 fiscal year, the School District amortized \$495,000 in bond principal. The School District is projected to amortize \$500,000 in bond principal during the 2019-2020 school year.

At June 30, 2019, the School District reported a liability of \$1,063,960 for its proportionate share of the net pension liability of ERS. For ERS, the net pension liability was measured as of March 31, 2019, 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 went from \$60,743,326 in 2018 to \$83,466,772 in 2019 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.

The School District, in July 2016, issued serial bonds in the amount of \$8,150,701. The bonds are due on July 1, 2031, with interest ranging from 2.000 – 2.125%. The proceeds were used to finance the construction of improvements and alterations to all District buildings.

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements (Note 3. D. 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 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 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 October 2018 was 1,712 students. Of these 637 were in K-4; 532 in grades 5-8 and 515 students in grades 9-12. The overall enrollment of the District has increased over the last ten years. Over the next five years the District's overall enrollment is expected to increase slightly, although the enrollment recently has exceeded projections.

School District's Changing Enrolment

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20**
K-4	588	580	562	570	572	597	637	646
5-8	474	493	493	510	523	524	532	526
9-12	522	512	501	512	490	517	515	536
*Sp. Ed.	28	17	19	19	18	19	19	19
Total	1620	1610	1581	1619	1609	1668	1712	1736

*Out of District Special Education placements

**Projected enrollment

Retirement Systems

As a result of the declines in the markets since 2008, both the NYSTRS and the NYSERS rates have continued to be quite high to make up for losses the funds suffered in previous years. Although the fund is fully accrued and the school district has not had to amortize any of the expense it continued to be a challenge of the District's finances.

The District has established an Employee Retirement Reserve to address one of the retirement obligations allowed by law. This reserve will greatly help keep the increase in the District's budget in subsequent years at a minimal amount.

Summary

With increasing costs of providing education, additional Federal and State mandates, and District's ambitious educational goals, the School District is prepared to meet these future challenges. The 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: caraballo@hohschools.org

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Hastings-on-Hudson Union Free School District, New York**Statement of Net Position**

June 30, 2019

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 11,987,294
Receivables	
Accounts	136,652
State and Federal aid	954,450
Due from other governments	100,000
Inventories	3,449
Net pension asset	2,340,574
Capital assets	
Not being depreciated	153,059
Being depreciated, net	16,452,585
Total Assets	32,128,063
DEFERRED OUTFLOWS OF RESOURCES	30,804,070
LIABILITIES	
Accounts payable	442,791
Accrued liabilities	34,850
Due to other governments	9,652
Due to retirement systems	2,835,336
Unearned revenues	43,473
Accrued interest payable	86,633
Non-current liabilities	
Due within one year	817,874
Due in more than one year	92,606,465
Total Liabilities	96,877,074
DEFERRED INFLOWS OF RESOURCES	5,889,027
NET POSITION	
Net investment in capital assets	8,263,043
Restricted	
Capital projects	161,915
Tax certiorari	1,169,630
Retirement system contributions	1,919,869
Debt service	387,785
Repairs	200,000
Future capital projects	1,025,000
Special purpose	188,553
Unrestricted	(53,149,763)
Total Net Position	\$ (39,833,968)

The notes to the 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, 2019

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	\$ 7,223,604	\$ -	\$ 32,609	\$ -	\$ (7,190,995)
Instruction	44,854,103	677,824	880,275	-	(43,296,004)
Pupil transportation	1,441,138	-	-	-	(1,441,138)
Cost of food sales	604,169	546,748	5,539	-	(51,882)
Other	79,004	-	152,386	-	73,382
Interest	168,374	-	-	928	(167,446)
Total Governmental Activities	\$ 54,370,392	\$ 1,224,572	\$ 1,070,809	\$ 928	(52,074,083)
General revenues					
Real property taxes					37,233,822
Other tax items					
School tax relief reimbursement					3,602,219
Non-property taxes					
Non-property tax distribution from County					497,050
Unrestricted use of money and property					162,934
Sale of property and compensation for loss					3,561
Unrestricted State aid					5,529,320
Miscellaneous					249,186
Total General Revenues					47,278,092
Change in Net Position					(4,795,991)
Net Position - Beginning					(35,037,977)
Net Position - Ending					\$ (39,833,968)

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

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

Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects	Special Aid
ASSETS			
Cash and equivalents	\$ 10,979,213	\$ 519,012	\$ 133,100
Receivables			
Accounts	125,784	-	25
State and Federal aid	879,392	-	75,058
Due from other governments	100,000	-	-
Due from other funds	172,107	-	-
Inventories	-	-	-
Total Assets	<u>\$ 12,256,496</u>	<u>\$ 519,012</u>	<u>\$ 208,183</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 347,094	\$ -	\$ -
Accrued liabilities	34,850	-	-
Due to other funds	-	315,509	208,183
Due to other governments	-	-	-
Due to retirement systems	2,835,336	-	-
Unearned revenues	20,041	-	-
Total Liabilities	<u>3,237,321</u>	<u>315,509</u>	<u>208,183</u>
Fund balances			
Nonspendable	-	-	-
Restricted	4,679,194	203,503	-
Assigned	2,288,649	-	-
Unassigned	2,051,332	-	-
Total Fund Balances	<u>9,019,175</u>	<u>203,503</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 12,256,496</u>	<u>\$ 519,012</u>	<u>\$ 208,183</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 355,969	\$ 11,987,294
10,843	136,652
-	954,450
-	100,000
351,585	523,692
3,449	3,449
<u>\$ 721,846</u>	<u>\$ 13,705,537</u>

\$ 95,697	\$ 442,791
-	34,850
-	523,692
9,652	9,652
-	2,835,336
23,432	43,473
<u>128,781</u>	<u>3,889,794</u>

3,449	3,449
556,061	5,438,758
33,555	2,322,204
-	2,051,332
<u>593,065</u>	<u>9,815,743</u>
<u>\$ 721,846</u>	<u>\$ 13,705,537</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, 2019

Fund Balances - Total Governmental Funds	\$ 9,815,743
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,605,644
Governmental funds do not report the effect of losses on refunding bonds or assets and liabilities related to net pension liabilities whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities	9,683,201
Deferred amounts on other post employment obligations	15,231,842
	24,915,043
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset	2,340,574
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(86,633)
Bonds payable	(7,387,634)
Energy performance contract debt payable	(996,555)
Claims payable	(165,000)
Compensated absences	(344,418)
Net pension liability	(1,063,960)
Other post employment benefit obligations payable	(83,466,772)
	(93,510,972)
Net Position of Governmental Activities	\$ (39,833,968)

The notes to the 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, 2019

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	\$ 37,233,822	\$ -	\$ -
Other tax items	3,602,219	-	-
Non-property taxes	497,050	-	-
Charges for services	677,824	-	-
Use of money and property	195,563	-	-
Sale of property and compensation for loss	3,561	-	-
State aid	5,676,429	-	185,236
Federal aid	-	-	547,930
Food sales	-	-	-
Miscellaneous	249,186	-	-
Total Revenues	48,135,654	-	733,166
EXPENDITURES			
Current			
General support	5,361,236	-	-
Instruction	29,632,058	-	766,269
Pupil transportation	1,412,418	-	-
Employee benefits	11,160,343	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	114,991	-	-
Interest	36,231	-	-
Capital outlay	-	95,137	-
Total Expenditures	47,717,277	95,137	766,269
Excess (Deficiency) of Revenues Over Expenditures	418,377	(95,137)	(33,103)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	100,000	33,103
Transfers out	(778,541)	-	-
Total Other Financing Sources (Uses)	(778,541)	100,000	33,103
Net Change in Fund Balances	(360,164)	4,863	-
FUND BALANCES			
Beginning of Year	9,379,339	198,640	-
End of Year	\$ 9,019,175	\$ 203,503	\$ -

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

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 37,233,822
-	3,602,219
-	497,050
-	677,824
1,442	197,005
-	3,561
-	5,861,665
5,339	553,269
546,748	546,748
152,052	401,238
705,581	49,574,401
-	5,361,236
-	30,398,327
-	1,412,418
-	11,160,343
578,230	578,230
85,098	85,098
495,000	609,991
150,438	186,669
-	95,137
1,308,766	49,887,449
(603,185)	(313,048)
645,438	778,541
-	(778,541)
645,438	-
42,253	(313,048)
550,812	10,128,791
\$ 593,065	\$ 9,815,743

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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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	\$ (313,048)
--	--------------

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	562,677
Depreciation expense	<u>(1,324,186)</u>
	<u>(761,509)</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	495,000
Principal paid on energy performance contract debt	114,991
Amortization of premium and loss on refunding bonds	<u>11,741</u>
	<u>621,732</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	6,554
Compensated absences	(61,062)
Pension obligations	491,798
Other post employment benefit obligations	<u>(4,780,456)</u>
	<u>(4,343,166)</u>

Change in Net Position of Governmental Activities	<u>\$ (4,795,991)</u>
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The notes to the 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 - Budget and Actual

General and Special Aid Funds

Year Ended June 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 37,248,132	\$ 37,248,132	\$ 37,233,822	\$ (14,310)
Other tax items	3,602,219	3,602,219	3,602,219	-
Non-property taxes	442,000	442,000	497,050	55,050
Charges for services	360,000	360,000	677,824	317,824
Use of money and property	20,000	20,000	195,563	175,563
Sale of property and compensation for loss	-	-	3,561	3,561
State aid	5,496,235	5,496,235	5,676,429	180,194
Federal aid	-	-	-	-
Miscellaneous	150,000	150,000	249,186	99,186
Total Revenues	47,318,586	47,318,586	48,135,654	817,068
EXPENDITURES				
Current				
General support	4,907,570	5,977,115	5,361,236	615,879
Instruction	31,434,411	31,050,368	29,632,058	1,418,310
Pupil transportation	1,801,044	1,578,793	1,412,418	166,375
Employee benefits	12,069,193	11,702,983	11,160,343	542,640
Debt service				
Principal	97,402	114,991	114,991	-
Interest	54,078	36,489	36,231	258
Total Expenditures	50,363,698	50,460,739	47,717,277	2,743,462
Excess (Deficiency) of Revenues Over Expenditures	(3,045,112)	(3,142,153)	418,377	3,560,530
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(780,438)	(780,438)	(778,541)	1,897
Total Other Financing Sources (Uses)	(780,438)	(780,438)	(778,541)	1,897
Net Change in Fund Balances	(3,825,550)	(3,922,591)	(360,164)	3,562,427
FUND BALANCES				
Beginning of Year	3,825,550	3,922,591	9,379,339	5,456,748
End of Year	\$ -	\$ -	\$ 9,019,175	\$ 9,019,175

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
183,339	185,236	185,236	-
680,104	678,207	547,930	(130,277)
-	-	-	-
863,443	863,443	733,166	(130,277)
-	-	-	-
898,443	898,443	766,269	132,174
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
898,443	898,443	766,269	132,174
(35,000)	(35,000)	(33,103)	1,897
35,000	35,000	33,103	(1,897)
-	-	-	-
35,000	35,000	33,103	(1,897)
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2019

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 247,153</u>
 LIABILITIES	
Accounts payable	\$ 30,422
Deposits	144,231
Student activity funds	<u>72,500</u>
 Total Liabilities	<u>\$ 247,153</u>

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

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

Notes to Financial Statements
June 30, 2019

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

Note 1 - Summary of Significant Accounting Policies (Continued)

soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues 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 Measurements 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, 2019.

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 which is included in the levy is responsible for the billing and collection of the taxes. The Village of Hastings-On-Hudson, New York 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, 2019, 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

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

Notes to Financial Statements (Continued)

June 30, 2019

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 \$20,041 within the General Fund for tuition received in advance and \$23,432 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.

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

Notes to Financial Statements (Continued)

June 30, 2019

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 Teachers' Retirement System	\$ 12,371,872	\$ 3,155,944
New York State and Local Employees' Retirement System	823,650	356,377
Other Post Employment Benefit Obligations	17,608,548	2,376,706
	<u>\$ 30,804,070</u>	<u>\$ 5,889,027</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 capital projects, tax certiorari, retirement system contributions, debt service, repairs, 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.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were issued, which date is October 2, 2019.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

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

B. Limitation on Fund Balance

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

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a

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

Notes to Financial Statements (Continued)

June 30, 2019

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2019 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 172,107	\$ -
Capital Projects	-	315,509
Special Aid	-	208,183
Non-Major Governmental	351,585	-
	<u>\$ 523,692</u>	<u>\$ 523,692</u>

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.

Hastings-On-Hudson Union Free School District, New York**Notes to Financial Statements (Continued)**

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)**B. Capital Assets**

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

Class	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital Assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Construction-in-progress	59,586	13,059	34,586	38,059
	<u>\$ 174,586</u>	<u>\$ 13,059</u>	<u>\$ 34,586</u>	<u>\$ 153,059</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 7,963,596	\$ 216,630	\$ -	\$ 8,180,226
Buildings and Improvements	26,898,026	63,984	-	26,962,010
Machinery and Equipment	1,448,962	303,590	6,195	1,746,357
	<u>36,310,584</u>	<u>584,204</u>	<u>6,195</u>	<u>36,888,593</u>
Total Capital Assets, being Depreciated				
Less Accumulated Depreciation for:				
Land Improvements	1,275,986	380,173	-	1,656,159
Buildings and Improvements	16,862,587	856,469	-	17,719,056
Machinery and Equipment	979,444	87,544	6,195	1,060,793
	<u>19,118,017</u>	<u>1,324,186</u>	<u>6,195</u>	<u>20,436,008</u>
Total Accumulated Depreciation				
Total Capital Assets, being depreciated, net	<u>\$ 17,192,567</u>	<u>\$ (739,982)</u>	<u>\$ -</u>	<u>\$ 16,452,585</u>
Governmental Activities				
Capital Assets, net	<u>\$ 17,367,153</u>	<u>\$ (726,923)</u>	<u>\$ 34,586</u>	<u>\$ 16,605,644</u>

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

General Support	\$ 597,447
Instruction	700,800
Cost of Food Sales	<u>25,939</u>
Total Depreciation Expense	<u>\$ 1,324,186</u>

C. Accrued Liabilities

Accrued liabilities as of June 30, 2019 were as follows:

	General Fund
Payroll and Employee Benefits	<u>\$ 34,850</u>

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

Notes to Financial Statements (Continued)
June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2019	Due Within One-Year
General Obligation Bonds Payable	\$ 7,730,000	\$ -	\$ 495,000	\$ 7,235,000	\$ 500,000
Plus					
Unamortized premium on bonds	164,375	-	11,741	152,634	-
	7,894,375	-	506,741	7,387,634	500,000
Energy Performance Contract Debt Payable	1,111,546	-	114,991	996,555	118,874
	9,005,921	-	621,732	8,384,189	618,874
Other Non-current Liabilities:					
Claims Payable	165,000	165,000	165,000	165,000	165,000
Net Pension Liability	451,063	612,897	-	1,063,960	-
Compensated Absences	283,356	89,062	28,000	344,418	34,000
Other Post Employment Benefit Obligations Payable	60,743,326	24,175,902	1,452,456	83,466,772	-
Total Non-Current Liabilities	61,642,745	25,042,861	1,645,456	85,040,150	199,000
Total Long-Term Liabilities	\$ 70,648,666	\$ 25,042,861	\$ 2,267,188	\$ 93,424,339	\$ 817,874

Each governmental fund's liability for general obligation bonds payable, energy performance contract 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 bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund. The School District's indebtedness for the energy performance contract debt is satisfied by the General Fund.

General Obligation Bonds Payable

General Obligation Bonds payable at June 30, 2019 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2019
Serial Bond*	2017	\$ 8,150,701	July, 2031	2.0 - 2.125 %	\$ 7,235,000

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

Interest expenditures of \$150,438 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$133,747 was recorded in the district-wide financial statements.

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

Notes to Financial Statements (Continued)
June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

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, 2019 was \$996,555. Interest expenditures of \$36,231 were recorded in the fund financial statements in the General Fund. Interest expense of \$34,627 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2019, including interest payments of \$1,127,600 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 500,000	\$ 140,488	\$ 118,874	\$ 32,348	\$ 618,874	\$ 172,836
2021	510,000	130,388	122,887	28,334	632,887	158,722
2022	515,000	120,138	127,035	24,187	642,035	144,325
2023	525,000	109,738	131,324	19,898	656,324	129,636
2024	530,000	99,188	135,758	15,464	665,758	114,652
2025-2029	2,810,000	331,240	330,677	18,269	3,140,677	349,509
2030-2032	1,845,000	57,920	-	-	1,845,000	57,920
	<u>\$ 7,235,000</u>	<u>\$ 989,100</u>	<u>\$ 966,555</u>	<u>\$ 138,500</u>	<u>\$ 8,201,555</u>	<u>\$ 1,127,600</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.

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.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

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

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

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

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of 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 2019 are as follows:

Hastings-On-Hudson Union Free School District, New York**Notes to Financial Statements (Continued)****June 30, 2019****Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14 41J	15.9 %
	4 A15 41J	15.9
	5 A15 41J	13.1
	6 A15 41J1	9.4
	6 A15 41J2	9.4
TRS	1-6	10.62 %

At June 30, 2019, 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, 2019	June 30, 2018
Net pension liability (asset)	\$ 1,063,960	\$ (2,340,574)
School Districts' proportion of the net pension liability (asset)	0.0150164 %	0.129438 %
Change in proportion since the prior measurement date	0.0010405 %	0.002735 %

The net pension liability (asset) was measured as of March 31, 2019 for ERS and June 30, 2018 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, 2019, the School District recognized pension expense in the district-wide financial statements of \$2,512,897 (\$735,149 for ERS and \$1,777,748 for TRS). Pension expenditures of \$627,392 for ERS and \$2,338,374 for TRS were recorded in the fund financial statements and were charged to the General Fund.

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

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2019, 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	\$ 209,516	\$ 71,422	\$ 1,749,092	\$ 316,829
Changes of assumptions	267,436	-	8,181,842	-
Net difference between projected and actual earnings on pension plan investments	-	273,071	-	2,598,215
Changes in proportion and differences between School District contributions and proportionate share of contributions	127,819	11,884	29,127	240,900
School District contributions subsequent to the measurement date	218,879	-	2,411,811	-
	<u>\$ 823,650</u>	<u>\$ 356,377</u>	<u>\$ 12,371,872</u>	<u>\$ 3,155,944</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 1,958,608	\$ 388,251		
Changes of assumptions	8,449,278	-		
Net difference between projected and actual earnings on pension plan investments	-	2,871,286		
Changes in proportion and differences between School District contributions and proportionate share of contributions	156,946	252,784		
School District contributions subsequent to the measurement date	2,630,690	-		
	<u>\$ 13,195,522</u>	<u>\$ 3,512,321</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, 2020. The \$2,411,811 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, 2019. 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:

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

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended	March 31,	June 30,
	ERS	TRS
2019	\$ -	\$ 2,308,347
2020	257,293	1,555,133
2021	(177,087)	130,291
2022	4,696	1,549,619
2023	163,492	1,038,188
Thereafter	-	222,539

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, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Investment rate of return	7.0% *	7.25% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

*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-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, 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

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

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

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.

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, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.8 %
International Equity	14	6.35	16	7.3
Private Equity	10	7.50	8	8.9
Real Estate	10	5.55	11	4.9
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.5
Short-Term	-	-	1	0.3
Global Equities	-	-	4	6.7
Private Debt	-	-	1	6.8
Real Estate Debt	-	-	7	2.8
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<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 2.3% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% 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.

Hastings-On-Hudson Union Free School District, New York**Notes to Financial Statements (Continued)**

June 30, 2019

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 7.0% for ERS and 7.25% 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 (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 4,651,805</u>	<u>\$ 1,063,960</u>	<u>\$ (1,950,083)</u>
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 16,080,126</u>	<u>\$ (2,340,574)</u>	<u>\$ (17,772,001)</u>

The components of the collective net pension liability as of the March 31, 2019 ERS measurement date and the June 30, 2018 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	<u>\$ 189,803,429,000</u>	<u>\$ 118,107,253,288</u>
Fiduciary net position	<u>182,718,124,000</u>	<u>119,915,517,622</u>
Employers' net pension liability (asset)	<u>\$ 7,085,305,000</u>	<u>\$ (1,808,264,334)</u>
Fiduciary net position as a percentage of total pension liability (asset)	<u>96.27%</u>	<u>101.53%</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, 2019 represent the projected employer contribution for the period April 1, 2019 through June 30, 2019 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, 2019 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, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 were \$218,879 to ERS and \$2,616,457 to TRS, inclusive of \$204,646 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, 2019, the following employees were covered by the benefit terms:

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

The District's total OPEB liability of \$83,466,772 was measured as of June 30, 2019, 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	3.00%
Salary increases	Varied by years of service and retirement system
Discount rate	3.51%
Healthcare cost trend rates	
Pre-Medicare	5.40% for 2019, decreasing to an ultimate rate of 3.84% by 2075
Medicare	5.40% for 2019, decreasing to an ultimate rate of 3.84% by 2075

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2018. This change caused an increase in liabilities.

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

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

Notes to Financial Statements (Continued)

June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 60,743,326
Service cost	1,967,225
Interest	2,399,060
Changes of benefit terms	-
Differences between expected and actual experience	4,202,630
Changes in assumptions or other inputs	15,606,987
Benefit payments	<u>(1,452,456)</u>
Total OPEB Liability - End of Year	<u>\$ 83,466,772</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 (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Current Assumption (3.51%)	1% Increase (4.51%)
Total OPEB Liability	<u>\$ 107,103,836</u>	<u>\$ 83,466,772</u>	<u>\$ 74,808,590</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 2.51%) or 1 percentage point higher (6.4% decreasing to 4.51%) than the current healthcare cost trend rates:

	1% Decrease (4.4% decreasing to 2.51%)	Healthcare Cost Trend Rates (5.4% decreasing to 3.51%)	1% Increase (6.4% decreasing to 4.51%)
Total OPEB Liability	<u>\$ 71,517,682</u>	<u>\$ 83,466,772</u>	<u>\$ 112,509,461</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$4,780,456 in the district-wide financial statements. At June 30, 2019, 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	\$ 3,735,671	\$ 2,376,706
Differences between expected and actual experience	<u>13,872,877</u>	<u>-</u>
	<u>\$ 17,608,548</u>	<u>\$ 2,376,706</u>

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

Notes to Financial Statements (Continued)
June 30, 2019

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,	
2020	\$ 1,866,627
2021	1,866,627
2022	1,866,627
2023	1,866,627
2024	1,866,627
Thereafter	5,898,707

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
	Capital Projects Fund	Special Aid Fund	Non-Major Governmental Funds	
General Fund	<u>\$ 100,000</u>	<u>\$ 33,103</u>	<u>\$ 645,438</u>	<u>\$ 778,541</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.

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

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

Notes to Financial Statements (Continued)
June 30, 2019

Note 3 - Detailed Notes on All Funds (Continued)

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 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 Repairs - the component of net position that has been established to set aside funds to be used for the repairs of parking facilities pursuant to Section 6d of General Municipal Law.

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, 2019

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2019				2018			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Inventories	\$ -	\$ -	\$ 3,449	\$ 3,449	\$ -	\$ -	\$ 1,421	\$ 1,421
Restricted								
Tax certiorari	969,630	-	-	969,630	1,247,343	-	-	1,247,343
Tax certiorari - for subsequent year's expenditures	200,000	-	-	200,000	350,000	-	-	350,000
Employee benefit accrued liability	344,418	-	-	344,418	283,356	-	-	283,356
ERS retirement contribution	1,269,869	-	-	1,269,869	1,304,863	-	-	1,304,863
ERS Retirement contributions - for subsequent year's expenditures	450,000	-	-	450,000	750,000	-	-	750,000
TRS retirement contributions	200,000	-	-	200,000	-	-	-	-
Debt service	20,277	-	367,508	387,785	20,257	-	366,600	386,857
Repairs	200,000	-	-	200,000	200,000	-	-	200,000
Capital projects	-	203,503	-	203,503	-	198,640	-	198,640
Future capital projects	1,025,000	-	-	1,025,000	825,000	-	-	825,000
Special purposes	-	-	188,553	188,553	-	-	121,265	121,265
Total Restricted	4,679,194	203,503	556,061	5,438,758	4,980,819	198,640	487,865	5,667,324
Assigned								
Purchases on order								
General government support	462,753	-	-	462,753	439,019	-	-	439,019
Instruction	125,896	-	-	125,896	166,219	-	-	166,219
Pupil Transportation	-	-	-	-	8,809	-	-	8,809
Employee Benefits	-	-	-	-	11,503	-	-	11,503
	588,649	-	-	588,649	625,550	-	-	625,550
Subsequent year's expenditures	1,700,000	-	-	1,700,000	2,100,000	-	-	2,100,000
School Lunch Fund	-	-	33,555	33,555	-	-	61,526	61,526
Total Assigned	2,286,649	-	33,555	2,322,204	2,725,550	-	61,526	2,787,076
Unassigned	2,051,332	-	-	2,051,332	1,672,970	-	-	1,672,970
Total Fund Balance	\$ 9,019,175	\$ 203,503	\$ 593,065	\$ 9,815,743	\$ 9,379,339	\$ 198,640	\$ 550,812	\$ 10,128,791

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

Notes to Financial Statements (Continued)

June 30, 2019

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, 2019, 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 or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings approximating \$165,000, accrued in the district-wide financial statements, 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. Any payments resulting from adverse decisions will be funded in the year the payment is made.

At June 30, 2019, 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. 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 \$675,000.

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.

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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

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

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

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

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

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)

	2019	2018
Total OPEB Liability:		
Service cost	\$ 1,967,225	\$ 2,046,669
Interest	2,399,060	2,156,899
Changes of benefit terms	-	-
Differences between expected and actual experience	4,202,630	-
Changes of assumptions or other inputs	15,606,987	(3,045,590) (4)
Benefit payments	(1,452,456)	(1,326,449)
Net Change in Total OPEB Liability	22,723,446	(168,471)
Total OPEB Liability – Beginning of Year	60,743,326	60,911,797 (3)
Total OPEB Liability – End of Year	<u>\$ 83,466,772</u>	<u>\$ 60,743,326</u>
School District's covered payroll	<u>\$ 23,640,143</u>	<u>\$ 23,937,435</u>
Total OPEB liability as a percentage of covered - employee payroll	<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 this statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 73.

(4) Change in OPEB liability due to the change in the municipal bond rate from the previous measurement date to the current measurement date (3.87% to 3.51%).

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

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability (Asset)
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2019	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.129438%</u>	<u>0.126703%</u>	<u>0.125303%</u>	<u>0.125888%</u>	<u>0.126180%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (2,340,574)</u>	<u>\$ (963,071)</u>	<u>\$ 1,342,046</u>	<u>\$ (13,075,778)</u>	<u>\$ (14,055,624)</u>
School District's covered payroll	<u>\$ 21,686,282</u>	<u>\$ 20,650,000</u>	<u>\$ 19,978,000</u>	<u>\$ 19,324,000</u>	<u>\$ 19,034,000</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(10.79)%</u>	<u>(4.66)%</u>	<u>6.72%</u>	<u>(67.67)%</u>	<u>(73.84)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(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 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.

(3) 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.

Hastings-on-Hudson Union Free School District, New York**Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,411,811	\$ 2,125,256	\$ 2,420,168	\$ 2,649,067	\$ 3,387,422
Contributions in relation to the contractually required contribution	<u>(2,411,811)</u>	<u>(2,125,256)</u>	<u>(2,420,168)</u>	<u>(2,649,067)</u>	<u>(3,387,422)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 22,710,088</u>	<u>\$ 21,686,282</u>	<u>\$ 20,650,000</u>	<u>\$ 19,978,000</u>	<u>\$ 19,324,000</u>
Contributions as a percentage of covered payroll	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0150164%</u>	<u>0.013976%</u>	<u>0.014336%</u>	<u>0.014238%</u>	<u>0.014036%</u>
School District's proportionate share of the net pension liability	<u>\$ 1,063,960</u>	<u>\$ 451,063</u>	<u>\$ 1,347,035</u>	<u>\$ 2,285,168</u>	<u>\$ 474,157</u>
School District's covered payroll	<u>\$ 4,407,649</u>	<u>\$ 4,025,661</u>	<u>\$ 4,015,853</u>	<u>\$ 3,805,000</u>	<u>\$ 4,018,000</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>24.14%</u>	<u>11.20%</u>	<u>33.54%</u>	<u>60.06%</u>	<u>11.80%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(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 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.

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

**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 631,914	\$ 593,212	\$ 595,517	\$ 634,470	\$ 693,093
Contributions in relation to the contractually required contribution	<u>(631,914)</u>	<u>(593,212)</u>	<u>(595,517)</u>	<u>(634,470)</u>	<u>(693,093)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 4,757,500</u>	<u>\$ 4,438,062</u>	<u>\$ 4,092,000</u>	<u>\$ 4,056,000</u>	<u>\$ 4,018,000</u>
Contributions as a percentage of covered payroll	<u>13.28%</u>	<u>13.37%</u>	<u>14.55%</u>	<u>15.64%</u>	<u>17.25%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68,
Accounting and Financial Reporting for Pensions.

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

General Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	<u>\$ 10,979,213</u>	<u>\$ 11,265,729</u>
Receivables		
Accounts	125,784	84,250
State and Federal aid	879,392	607,861
Due from other governments	100,000	100,000
Due from other funds	<u>172,107</u>	<u>170,444</u>
	<u>1,277,283</u>	<u>962,555</u>
Total Assets	<u><u>\$ 12,256,496</u></u>	<u><u>\$ 12,228,284</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 347,094	\$ 214,941
Accrued liabilities	34,850	87,119
Due to retirement systems	2,835,336	2,516,405
Unearned revenues	<u>20,041</u>	<u>30,480</u>
Total Liabilities	<u>3,237,321</u>	<u>2,848,945</u>
Fund balance		
Restricted	4,679,194	4,980,819
Assigned	2,288,649	2,725,550
Unassigned	<u>2,051,332</u>	<u>1,672,970</u>
Total Fund Balance	<u>9,019,175</u>	<u>9,379,339</u>
Total Liabilities and Fund Balance	<u><u>\$ 12,256,496</u></u>	<u><u>\$ 12,228,284</u></u>

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,**

	2019				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 37,248,132	\$ 37,248,132	\$ 37,233,822	\$	\$ (14,310)
Other tax items	3,602,219	3,602,219	3,602,219		-
Non-property taxes	442,000	442,000	497,050		55,050
Charges for services	360,000	360,000	677,824		317,824
Use of money and property	20,000	20,000	195,563		175,563
Sale of property and compensation for loss	-	-	3,561		3,561
State aid	5,496,235	5,496,235	5,676,429		180,194
Miscellaneous	150,000	150,000	249,186		99,186
Total Revenues	47,318,586	47,318,586	48,135,654		817,068
EXPENDITURES					
Current					
General support					
Board of education	78,369	76,719	70,468	-	6,251
Central administration	432,000	477,242	466,591	-	10,651
Finance	660,500	687,223	650,492	29,875	6,856
Staff	190,500	335,303	314,738	-	20,565
Central services	3,080,201	3,822,031	3,299,849	432,878	89,304
Special items	466,000	578,597	559,098	-	19,499
Total General Support	4,907,570	5,977,115	5,361,236	462,753	153,126
Instruction					
Instruction, administration and improvement	1,643,255	1,527,774	1,433,257	646	93,871
Teaching - Regular school	16,647,141	16,358,397	16,030,191	6,233	321,973
Programs for students with disabilities	7,878,629	7,698,573	7,191,614	8,866	498,093
Occupational education	80,000	33,849	19,734	-	14,115
Instructional media	1,600,489	1,820,411	1,641,578	72,016	106,817
Pupil services	3,584,897	3,611,364	3,315,684	38,135	257,545
Total Instruction	31,434,411	31,050,368	29,632,058	125,896	1,292,414
Pupil transportation	1,801,044	1,578,793	1,412,418	-	166,375
Employee benefits	12,069,193	11,702,983	11,160,343	-	542,640
Debt service					
Principal	97,402	114,991	114,991	-	-
Interest	54,078	36,489	36,231	-	258
Total Expenditures	50,363,698	50,460,739	47,717,277	588,649	2,154,813
Excess (Deficiency) of Revenues Over Expenditures	(3,045,112)	(3,142,153)	418,377	(588,649)	2,971,881
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(780,438)	(780,438)	(778,541)	-	1,897
Total Other Financing Uses	(780,438)	(780,438)	(778,541)	-	1,897
Net Change in Fund Balance	(3,825,550)	(3,922,591)	(360,164)	\$ (588,649)	\$ 2,973,778
FUND BALANCE					
Beginning of Year	3,825,550	3,922,591	9,379,339		
End of Year	\$ -	\$ -	\$ 9,019,175		

See independent auditors' report.

2018				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 34,611,039	\$ 34,611,039	\$ 34,610,664	\$	\$ (375)
4,093,275	4,093,275	4,093,275		-
425,000	425,000	483,811		58,811
460,000	460,000	635,294		175,294
115,000	115,000	135,963		20,963
-	-	1,418		1,418
5,385,000	5,385,000	5,586,692		201,692
150,000	150,000	162,667		12,667
<u>45,239,314</u>	<u>45,239,314</u>	<u>45,709,784</u>		<u>470,470</u>
72,417	74,839	54,076	169	20,594
454,548	450,877	423,649	-	27,228
630,076	653,670	627,310	6,000	20,360
229,699	231,362	125,560	-	105,802
2,639,556	3,345,788	2,788,403	432,850	124,535
477,573	1,238,351	1,214,715	-	23,636
<u>4,503,869</u>	<u>5,994,887</u>	<u>5,233,713</u>	<u>439,019</u>	<u>322,155</u>
1,652,048	1,449,697	1,382,230	55	67,412
16,490,931	15,765,943	15,325,698	57,785	382,460
6,827,823	7,305,332	6,846,410	36,008	422,914
90,000	90,000	58,586	-	31,414
1,739,277	1,877,775	1,582,121	19,999	275,655
3,331,705	3,374,633	3,184,613	52,372	137,648
<u>30,131,784</u>	<u>29,863,380</u>	<u>28,379,658</u>	<u>166,219</u>	<u>1,317,503</u>
1,562,664	1,554,024	1,356,833	8,809	188,382
11,437,113	11,009,978	10,507,482	11,503	490,993
97,402	111,236	111,236	-	-
54,078	40,244	39,986	-	258
<u>47,786,910</u>	<u>48,573,749</u>	<u>45,628,908</u>	<u>625,550</u>	<u>2,319,291</u>
<u>(2,547,596)</u>	<u>(3,334,435)</u>	<u>80,876</u>	<u>(625,550)</u>	<u>2,789,761</u>
-	-	275,000	-	275,000
(1,002,191)	(1,002,191)	(980,109)	-	22,082
(1,002,191)	(1,002,191)	(705,109)	-	297,082
(3,549,787)	(4,336,626)	(624,233)	<u>\$ (625,550)</u>	<u>\$ 3,086,843</u>
<u>3,549,787</u>	<u>4,336,626</u>	<u>10,003,572</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,379,339</u>		

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

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 37,248,132</u>	<u>\$ 37,248,132</u>	<u>\$ 37,233,822</u>	<u>\$ (14,310)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>3,602,219</u>	<u>3,602,219</u>	<u>3,602,219</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>442,000</u>	<u>442,000</u>	<u>497,050</u>	<u>55,050</u>
CHARGES FOR SERVICES				
Day school tuition	230,000	230,000	440,220	210,220
Other student fees and charges	65,000	65,000	166,759	101,759
Health services for other districts	<u>65,000</u>	<u>65,000</u>	<u>70,845</u>	<u>5,845</u>
	<u>360,000</u>	<u>360,000</u>	<u>677,824</u>	<u>317,824</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	<u>20,000</u>	<u>20,000</u>	<u>195,563</u>	<u>175,563</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Other	<u>-</u>	<u>-</u>	<u>3,561</u>	<u>3,561</u>
STATE AID				
Basic formula	3,393,000	3,393,000	3,549,800	156,800
BOCES	861,235	861,235	983,798	122,563
Lottery	1,100,000	1,100,000	995,722	(104,278)
Textbook aid	98,000	98,000	97,744	(256)
Computer software aid	35,000	35,000	39,078	4,078
Library aid	<u>9,000</u>	<u>9,000</u>	<u>10,287</u>	<u>1,287</u>
	<u>5,496,235</u>	<u>5,496,235</u>	<u>5,676,429</u>	<u>180,194</u>

MISCELLANEOUS

Refund of BOCES aided services
Refund of prior year's expenditures
Other

75,000	75,000	132,875	57,875
50,000	50,000	116,311	66,311
25,000	25,000	-	(25,000)
150,000	150,000	249,186	99,186
\$ 47,318,586	\$ 47,318,586	\$ 48,135,654	\$ 817,068

TOTAL REVENUES

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, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 31,869	\$ 34,548	\$ 29,830	\$ -	\$ 4,718
District clerk	46,500	42,171	40,638	-	1,533
Total Board of Education	78,369	76,719	70,468	-	6,251
CENTRAL ADMINISTRATION					
Chief school administrator	432,000	477,242	466,591	-	10,651
FINANCE					
Business administration	582,500	606,422	599,666	-	6,756
Accounting and auditing	71,500	74,025	44,050	29,875	100
Treasurer	6,500	6,776	6,776	-	-
Total Finance	660,500	687,223	650,492	29,875	6,856
STAFF					
Legal	125,000	244,521	227,460	-	17,061
Personnel	15,000	38,597	38,089	-	508
Public information and services	50,500	52,185	49,189	-	2,996
Total Staff	190,500	335,303	314,738	-	20,565

CENTRAL SERVICES

Operation of plant	2,691,262	3,177,482	2,826,024	274,747	76,711
Maintenance of plant	388,939	644,549	473,825	158,131	12,593

Total Central Services	3,080,201	3,822,031	3,299,849	432,878	89,304
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SPECIAL ITEMS

Unallocated insurance	179,000	183,570	183,570	-	-
Assessments on school property	85,000	82,475	62,976	-	19,499
Refunds of real property taxes	-	97,041	97,041	-	-
Administrative charge - BOCES	202,000	215,511	215,511	-	-

Total Special Items	466,000	578,597	559,098	-	19,499
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Total General Support	4,907,570	5,977,115	5,361,236	462,753	153,126
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	222,500	112,000	45,848	-	66,152
Supervision - Regular school	1,420,755	1,415,774	1,387,409	646	27,719

Total Instruction, Administration and Improvement	1,643,255	1,527,774	1,433,257	646	93,871
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TEACHING - REGULAR SCHOOL	16,647,141	16,358,397	16,030,191	6,233	321,973
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PROGRAMS FOR STUDENTS WITH DISABILITIES	7,878,629	7,698,573	7,191,614	8,866	498,093
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OCCUPATIONAL EDUCATION	80,000	33,849	19,734	-	14,115
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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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbr- ances</u>	<u>Variance with Final Budget Positive (Negative)</u>
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 362,371	\$ 375,871	\$ 349,291	\$ 6,874	\$ 19,706
Computer assisted instruction	<u>1,238,118</u>	<u>1,444,540</u>	<u>1,292,287</u>	<u>65,142</u>	<u>87,111</u>
Total Instructional Media	<u>1,600,489</u>	<u>1,820,411</u>	<u>1,641,578</u>	<u>72,016</u>	<u>106,817</u>
<i>PUPIL SERVICES</i>					
Guidance - Regular school	1,264,500	1,270,000	1,124,036	1,332	144,632
Health services - Regular school	380,500	369,065	339,423	245	29,397
Psychological services - Regular school	615,668	615,764	583,238	229	32,297
Co-curricular activities - Regular school	426,952	460,648	438,882	4,000	17,766
Interscholastic athletics - Regular school	<u>897,277</u>	<u>895,887</u>	<u>830,105</u>	<u>32,329</u>	<u>33,453</u>
Total Pupil Services	<u>3,584,897</u>	<u>3,611,364</u>	<u>3,315,684</u>	<u>38,135</u>	<u>257,545</u>
Total Instruction	<u>31,434,411</u>	<u>31,050,368</u>	<u>29,632,058</u>	<u>125,896</u>	<u>1,292,414</u>
<i>PUPIL TRANSPORTATION</i>					
District transportation services	21,000	48,698	48,698	-	-
Contract transportation	<u>1,780,044</u>	<u>1,530,095</u>	<u>1,363,720</u>	<u>-</u>	<u>166,375</u>
Total Pupil Transportation	<u>1,801,044</u>	<u>1,578,793</u>	<u>1,412,418</u>	<u>-</u>	<u>166,375</u>

EMPLOYEE BENEFITS

State retirement	625,000	627,392	627,392	-	-
Teachers' retirement	2,651,440	2,543,440	2,338,374	-	205,066
Social security	2,100,000	2,078,000	1,993,062	-	84,938
Workers' compensation benefits	196,503	196,503	179,797	-	16,706
Life insurance	10,000	10,000	9,395	-	605
Unemployment benefits	20,000	20,000	-	-	20,000
Hospital, medical and dental insurance	6,072,750	5,842,402	5,627,077	-	215,325
Union welfare benefits	393,500	385,246	385,246	-	-
	<u>12,069,193</u>	<u>11,702,983</u>	<u>11,160,343</u>	<u>-</u>	<u>542,640</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Energy performance contract debt	97,402	114,991	114,991	-	-
Interest					
Energy performance contract debt	54,078	36,489	36,231	-	258
	<u>151,480</u>	<u>151,480</u>	<u>151,222</u>	<u>-</u>	<u>258</u>
Total Debt Service					

TOTAL EXPENDITURES

<u>50,363,698</u>	<u>50,460,739</u>	<u>47,717,277</u>	<u>588,649</u>	<u>2,154,813</u>
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	35,000	35,000	33,103	-	1,897
Debt Service Fund	645,438	645,438	645,438	-	-
Capital Projects Fund	100,000	100,000	100,000	-	-
	<u>780,438</u>	<u>780,438</u>	<u>778,541</u>	<u>-</u>	<u>1,897</u>
TOTAL OTHER FINANCING USES					

TOTAL EXPENDITURES AND OTHER FINANCING USES

<u>\$ 51,144,136</u>	<u>\$ 51,241,177</u>	<u>\$ 48,495,818</u>	<u>\$ 588,649</u>	<u>\$ 2,156,710</u>
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See independent auditors' report.

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

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ 519,012	\$ 490,797
State and Federal aid receivable	<u>-</u>	<u>22,540</u>
Total Assets	<u><u>\$ 519,012</u></u>	<u><u>\$ 513,337</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 315,509	\$ 314,697
Fund balance		
Restricted	<u>203,503</u>	<u>198,640</u>
Total Liabilities and Fund Balance	<u><u>\$ 519,012</u></u>	<u><u>\$ 513,337</u></u>

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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>2019</u>	<u>2018</u>
REVENUES		
State Aid	\$ -	\$ 36,340
EXPENDITURES		
Capital outlay	<u>95,137</u>	<u>920,333</u>
Deficiency of Revenues Over Expenditures	(95,137)	(883,993)
OTHER FINANCING SOURCES		
Transfers in	<u>100,000</u>	<u>300,000</u>
Net Change in Fund Balance	4,863	(583,993)
FUND BALANCE		
Beginning of Year	<u>198,640</u>	<u>782,633</u>
End of Year	<u><u>\$ 203,503</u></u>	<u><u>\$ 198,640</u></u>

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

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2019

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	-	450,000
Capital Improvements Gym Floor - 2015/16	300,000	277,629	-	277,629
Capital Improvements - 2017/18	300,000	296,286	3,714	300,000
Capital Improvements - 2018/19	100,000	-	91,423	91,423
Smart Schools Bond Act	382,694	382,694	-	382,694
Excel	907,969	877,002	-	877,002
Totals	<u>\$ 10,691,364</u>	<u>\$ 10,392,724</u>	<u>\$ 95,137</u>	<u>\$ 10,487,861</u>

Unexpended Balance	Method of Financing				Fund Balance at June 30, 2019
	Proceeds of Obligations	State Aid	Interfund Transfers	Revenues	
\$ 41,588	\$ 8,150,701	\$ -	\$ -	\$ 8,150,701	\$ 41,588
100,000	-	-	550,000	550,000	100,000
22,371	-	-	300,000	300,000	22,371
7,662	-	-	300,000	300,000	-
7,662	-	-	100,000	100,000	8,577
-	-	382,694	-	382,694	-
30,967	-	-	907,969	907,969	30,967
<u>\$ 210,250</u>	<u>\$ 8,150,701</u>	<u>\$ 382,694</u>	<u>\$ 2,157,969</u>	<u>\$ 10,691,364</u>	<u>\$ 203,503</u>

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

Special Aid Fund Comparative Balance Sheet June 30,

	2019	2018
ASSETS		
Cash and equivalents	\$ 133,100	\$ 45,880
Receivables		
Accounts	25	-
State and Federal aid	75,058	163,407
	75,083	163,407
Total Assets	\$ 208,183	\$ 209,287
LIABILITIES		
Accounts payable	\$ -	\$ 189
Due to other funds	208,183	204,125
Unearned revenues	-	4,973
Total Liabilities	\$ 208,183	\$ 209,287

Hastings-on-Hudson Union Free School District, New York**Special Aid Fund****Comparative Schedule of Revenues, Expenditures and****Changes in Fund Balance - Budget and Actual****Years Ended June 30,**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 183,339	\$ 185,236	\$ 185,236	\$ -
Federal aid	680,104	678,207	547,930	(130,277)
Total Revenues	863,443	863,443	733,166	(130,277)
EXPENDITURES				
Current				
Instruction	898,443	898,443	766,269	132,174
Deficiency of Revenues Over Expenditures	(35,000)	(35,000)	(33,103)	1,897
OTHER FINANCING SOURCES				
Transfers in	35,000	35,000	33,103	(1,897)
Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 137,217	\$ 137,217	\$ 137,217	\$ -
375,800	375,800	316,444	(59,356)
513,017	513,017	453,661	(59,356)
558,017	558,017	476,579	81,438
(45,000)	(45,000)	(22,918)	22,082
45,000	45,000	22,918	(22,082)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 150,669	\$ 186,158	\$ 19,142
Receivables			
Accounts	10,843	-	-
Due from other funds	824	2,395	348,366
	11,667	2,395	348,366
Inventories	3,449	-	-
Total Assets	<u>\$ 165,785</u>	<u>\$ 188,553</u>	<u>\$ 367,508</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 95,697	\$ -	\$ -
Due to other governments	9,652	-	-
Unearned revenues	23,432	-	-
Total Liabilities	<u>128,781</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	3,449	-	-
Restricted	-	188,553	367,508
Assigned	33,555	-	-
Total Fund Balances	<u>37,004</u>	<u>188,553</u>	<u>367,508</u>
Total Liabilities and Fund Balances	<u>\$ 165,785</u>	<u>\$ 188,553</u>	<u>\$ 367,508</u>

See independent auditors report.

Total Non-Major Governmental Funds	
2019	2018
<u>\$ 355,969</u>	<u>\$ 290,093</u>
10,843	10,075
<u>351,585</u>	<u>348,378</u>
<u>362,428</u>	<u>358,453</u>
<u>3,449</u>	<u>1,422</u>
<u>\$ 721,846</u>	<u>\$ 649,968</u>
\$ 95,697	\$ 68,414
9,652	9,430
<u>23,432</u>	<u>21,312</u>
<u>128,781</u>	<u>99,156</u>
3,449	1,422
556,061	487,865
<u>33,555</u>	<u>61,525</u>
<u>593,065</u>	<u>550,812</u>
<u>\$ 721,846</u>	<u>\$ 649,968</u>

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, 2019
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Debt Service
REVENUES			
Use of money and property	\$ 200	\$ 334	\$ 908
Federal aid	5,339	-	-
Food sales	546,748	-	-
Miscellaneous	-	152,052	-
Total Revenues	552,287	152,386	908
EXPENDITURES			
Current			
Cost of food sales	578,230	-	-
Other	-	85,098	-
Debt service			
Principal	-	-	495,000
Interest	-	-	150,438
Total Expenditures	578,230	85,098	645,438
Excess (Deficiency) of Revenues Over Expenditures	(25,943)	67,288	(644,530)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	645,438
Transfers out	-	-	-
Total Other Financing Sources	-	-	645,438
Net Change in Fund Balances	(25,943)	67,288	908
FUND BALANCES			
Beginning of Year	62,947	121,265	366,600
End of Year	\$ 37,004	\$ 188,553	\$ 367,508

See independent auditors' report.

Total Non-Major Governmental Funds	
2019	2018
\$ 1,442	\$ 1,485
5,339	5,136
546,748	504,470
152,052	138,238
705,581	649,329
578,230	497,531
85,098	116,107
495,000	420,701
150,438	236,490
1,308,766	1,270,829
(603,185)	(621,500)
645,438	657,191
-	(275,000)
645,438	382,191
42,253	(239,309)
550,812	790,121
\$ 593,065	\$ 550,812

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

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	<u>\$ 150,669</u>	<u>\$ 149,782</u>
Receivables		
Accounts	10,843	10,075
Due from other funds	<u>824</u>	<u>824</u>
	<u>11,667</u>	<u>10,899</u>
Inventories	<u>3,449</u>	<u>1,422</u>
Total Assets	<u><u>\$ 165,785</u></u>	<u><u>\$ 162,103</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 95,697	\$ 68,414
Due to other governments	9,652	9,430
Unearned revenues	<u>23,432</u>	<u>21,312</u>
Total Liabilities	<u>128,781</u>	<u>99,156</u>
Fund balance		
Nonspendable	3,449	1,422
Assigned	<u>33,555</u>	<u>61,525</u>
Total Fund Balance	<u>37,004</u>	<u>62,947</u>
Total Liabilities and Fund Balance	<u><u>\$ 165,785</u></u>	<u><u>\$ 162,103</u></u>

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>2019</u>	<u>2018</u>
REVENUES		
Use of money and property	\$ 200	\$ 149
Federal aid	5,339	5,136
Food sales	546,748	504,470
Miscellaneous	-	4,809
	<u>552,287</u>	<u>514,564</u>
Total Revenues	552,287	514,564
EXPENDITURES		
Current		
Cost of food sales	<u>578,230</u>	<u>497,531</u>
Excess (Deficiency) of Revenues Over Expenditures	(25,943)	17,033
FUND BALANCE		
Beginning of Year	<u>62,947</u>	<u>45,914</u>
End of Year	<u>\$ 37,004</u>	<u>\$ 62,947</u>

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

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ 186,158	\$ 121,265
Due from other funds	<u>2,395</u>	<u>-</u>
 Total Assets	 <u>\$ 188,553</u>	 <u>\$ 121,265</u>
 FUND BALANCE		
Restricted	<u>\$ 188,553</u>	<u>\$ 121,265</u>

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>2019</u>	<u>2018</u>
REVENUES		
Use of money and property	\$ 334	\$ 176
Miscellaneous	<u>152,052</u>	<u>133,429</u>
Total Revenues	152,386	133,605
EXPENDITURES		
Current		
Other	<u>85,098</u>	<u>116,107</u>
Excess of Revenues Over Expenditures	67,288	17,498
FUND BALANCE		
Beginning of Year	<u>121,265</u>	<u>103,767</u>
End of Year	<u><u>\$ 188,553</u></u>	<u><u>\$ 121,265</u></u>

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

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ 19,142	\$ 19,046
Due from other funds	<u>348,366</u>	<u>347,554</u>
 Total Assets	 <u>\$ 367,508</u>	 <u>\$ 366,600</u>
 FUND BALANCE		
Restricted	<u>\$ 367,508</u>	<u>\$ 366,600</u>

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,**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ -	\$ -	\$ 908	\$ 908
EXPENDITURES				
Debt service				
Serial bonds				
Principal	495,000	495,000	495,000	-
Interest	150,438	150,438	150,438	-
Total Expenditures	645,438	645,438	645,438	-
Deficiency of Revenues Over Expenditures	(645,438)	(645,438)	(644,530)	908
OTHER FINANCING SOURCES (USES)				
Transfers in	645,438	645,438	645,438	-
Transfers out	-	-	-	-
Total Other Financing Sources	645,438	645,438	645,438	-
Net Change in Fund Balance	-	-	908	908
FUND BALANCE				
Beginning of Year	-	-	366,600	366,600
End of Year	\$ -	\$ -	\$ 367,508	\$ 367,508

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 1,160	\$ 1,160
420,701	420,701	420,701	-
236,490	236,490	236,490	-
657,191	657,191	657,191	-
(657,191)	(657,191)	(656,031)	1,160
657,191	657,191	657,191	-
-	(275,000)	(275,000)	-
657,191	382,191	382,191	-
-	(275,000)	(273,840)	1,160
-	275,000	640,440	365,440
\$ -	\$ -	\$ 366,600	\$ 366,600

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

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2019

Adopted Budget	\$ 50,518,586
Additions	
Encumbrances	<u>625,550</u>
Original Budget	51,144,136
Budget Amendments	<u>97,041</u>
Final Budget	<u><u>\$ 51,241,177</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2019-20 Expenditure Budget	\$ 51,283,825
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 2,288,649
Unassigned fund balance	<u>2,051,332</u>
Total Unrestricted Fund Balance	<u>4,339,981</u>
Less	
Appropriated for subsequent year's budget	1,700,000
Encumbrances	<u>588,649</u>
Total Adjustments	<u>2,288,649</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,051,332</u></u>
Actual Percentage	<u><u>4.00%</u></u>

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

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2019

Capital Assets, net		\$ 16,605,644
Less		
Bonds payable	(7,235,000)	
Energy performance contract debt payable	(996,555)	
Unamortized portion of premium on bonds	<u>(152,634)</u>	(8,384,189)
Plus		
Unexpended bond proceeds		<u>41,588</u>
Net Investment in Capital Assets		<u>\$ 8,263,043</u>

**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, 2019

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, 2019, 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, 2019 and for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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

Restriction on Use

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

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
October 2, 2019

Hastings-on-Hudson Union Free School District, New York**Extracurricular Activity Funds****Statement of Cash Receipts, Cash Disbursements and Cash Balances****Year Ended June 30, 2019**

	<u>Cash Balances Beginning</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Cash Balances Ending</u>
HIGH SCHOOL				
Academic Challenge	\$ 315	\$ 2,022	\$ 2,042	\$ 295
Amnesty Club	454	187	151	490
Art Club	281	-	-	281
Band	1,201	1,500	572	2,129
Chess Club	304	-	26	278
Chorus	3,592	2,170	3,719	2,043
Class 2018	934	-	934	-
Class 2019	6,207	16,722	22,548	381
Class 2020	2,385	3,274	1,617	4,042
Class 2021	1,943	-	-	1,943
Class 2022	-	981	-	981
Crossing Borders	50	-	44	6
Culinary Club	3,034	61	-	3,095
Culture Shock	2,785	3,845	6,530	100
Debate Club	138	-	-	138
Environment Club	761	-	33	728
Foreign Language Club	2,246	698	567	2,377
Garden Club	250	181	108	323
Golf Club	2,929	-	472	2,457
Gay Straight Alliance	836	-	662	174
Habitat for Humanity	551	-	-	551
Hudsonettes	623	268	432	459
Math Club	248	41	113	176
National Art Honor Society	217	906	1,095	28
National Honor Society	-	32	-	32
Peer Leadership	1,627	3,230	1,075	3,782
Photography	266	44	207	103
Students Against Drunk Driving	274	408	169	513
Student Union	10,089	73	2,550	7,612
Sunshine Club	395	1,120	806	709
Varsity Club	3,509	8,454	6,867	5,096
W.E.S.T.M.U.N.C.	3,640	3,490	6,140	990
Women's Health	-	433	-	433
Yearbook	13,431	4,897	7,001	11,327
Y.E.M.C.	4,238	-	500	3,738
Total High School	<u>69,753</u>	<u>55,037</u>	<u>66,980</u>	<u>57,810</u>

(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, 2019**

	<u>Cash Balances Beginning</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Cash Balances Ending</u>
MIDDLE SCHOOL				
Extracurricular	\$ 828	\$ -	\$ -	\$ 828
Grade 8	760	8,335	6,123	2,972
Gay Straight Alliance Club	403	-	-	403
Scholarship	22	13	-	35
SEC-5/6	105	264	278	91
Yearbook	<u>8,947</u>	<u>3,216</u>	<u>1,802</u>	<u>10,361</u>
 Total Middle School	<u>11,065</u>	<u>11,828</u>	<u>8,203</u>	<u>14,690</u>
 Total All Schools	<u>\$ 80,818</u>	<u>\$ 66,865</u>	<u>\$ 75,183</u>	<u>\$ 72,500</u>

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

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

Extraclassroom Activity Funds
Note to Financial Statement
June 30, 2019

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 market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

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

Extraclassroom Activity Funds

Note to Financial Statement (Concluded)

June 30, 2019

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, 2019.

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.
