

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2015



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

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## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position, thereof, 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.

**O'CONNOR DAVIES, LLP**

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### *Emphasis of Matter*

We draw attention to Note 2,D and Note 3,D in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board Statement Nos. 68 "Accounting and Financial Reporting for Pensions" and 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit 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 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2015 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 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.

*O'Connor Davies, LLP*

O'Connor Davies, LLP  
Harrison, New York  
September 25, 2015



**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**

**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, 2015 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 25, 2015.

**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*.

We noted certain matters that we reported to the management of the School District in a separate letter.

## **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.

A handwritten signature in black ink that reads "O'Connor Davies, LLP". The signature is written in a cursive, flowing style.

**O'Connor Davies, LLP**

Harrison, New York

September 25, 2015



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

## **Management's Discussion and Analysis (MD&A) June 30, 2015**

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### **Introduction**

The discussion and analysis of the Hastings-on-Hudson Union Free School District, New York's ("School District"), financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. 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 2014-2015 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, 2015, the total fund balance of the General Fund was \$10,924,288 a decrease of \$216,053 from previous year's ending fund balance. Of this amount, \$3,706,931 has been assigned for subsequent year's expenditures. The unassigned fund balance is \$1,858,808 which represents approximately 4.0% of the subsequent year's budget and therefore, falls within the 4% statutory limit. This amount is available for spending at the discretion of the School District. The remainder of the fund balance of the General Fund, \$5,358,549 has been restricted for specific purposes.
- On the District-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources by \$10,695,907. The unrestricted portion of Net Position is (\$1,408,546). The School District's total Net Position increased by \$6,823,849 (inclusive of an adjustment to the opening net position of \$3,431,830) for the year ended June 30, 2015. This is inclusive of the recognition of the other post employment benefit ("OPEB") obligations as required under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental etc. GASB Statement No. 45 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, 2015, the School District's OPEB obligations of \$14,554,571 are reflected as a liability on the district-wide financial statements.
- For the year ended June 30, 2015, the School District implemented 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". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be

used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$3,431,830.

- 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 \$11,700,311 versus a balance of \$11,804,549 for the 2013-2014 school year. The amount decreased due to a greater use in appropriating fund balance to fund budgets.
- At the beginning of the fiscal year, the School District had net capital assets of \$9,598,141 at the end of this fiscal year, the net capital assets decreased by \$149,611 to \$9,448,530, mainly as a result of the addition of land and building improvements reduced by the depreciation of capital assets.
- The School Lunch Fund's revenues totaled \$367,268 for the current year which is higher than the prior year due to increase in food sales. The School Lunch Fund's expenditures for the year were \$365,628. The net change in fund balance was \$1,640.
- At the beginning of the fiscal year, the School Lunch Fund had a fund balance of \$68,890. At the end of this fiscal year, the fund balance was increased to \$70,530 representing an increase of \$1,640. The School Lunch Fund provided free breakfast/lunch to 70 students. The School District did not participate in the National School Lunch and Breakfast programs. The School District received \$8,767 of Federal aid for Milk reimbursement.

### **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 exceeded liabilities and deferred inflows of resources by \$10,695,907 at the close of the current fiscal year.

## Net Position

	June 30,	
	2015	2014
Current Assets	\$ 16,146,856	\$ 15,782,791
Net Pension Asset	14,055,624	-
Capital Assets, net	9,448,530	9,598,141
<b>Total Assets</b>	<b>39,651,010</b>	<b>25,380,932</b>
Deferred Outflows of Resources		
Deferred amounts on pensions *	3,705,824	-
Deferred amounts on refunding bonds	186,284	279,425
	3,892,108	279,425
Current Liabilities	4,500,002	4,048,870
Long-term Liabilities	18,693,660	17,739,429
<b>Total Liabilities</b>	<b>23,193,662</b>	<b>21,788,299</b>
Deferred Inflows of Resources		
Deferred amounts on pensions *	9,653,549	-
<b>Net Position</b>		
Net Investment in capital assets	6,222,677	5,427,961
Restricted		
Retirement System Contributions	1,736,011	1,723,787
Capital Projects	154,299	42,156
Future Capital Projects	150,000	1,400,000
Repairs	200,000	
Debt Service	481,283	480,605
Tax Certiorari	2,999,545	3,396,149
School Lunch	70,530	68,890
Special Purposes	90,108	92,734
Unrestricted	(1,408,546)	(8,760,224)
<b>Total Net Position</b>	<b>\$ 10,695,907</b>	<b>\$ 3,872,058</b>

\* 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:

Retirement System	2015	
	Deferred Amounts on Pensions Outflows	Inflows
Employee (ERS)	\$ 318,402	\$ -
Teacher (TRS)	3,387,422	9,653,549
	<u>\$ 3,705,824</u>	<u>\$ 9,653,549</u>

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. There is a negative balance of unrestricted net position, which is \$1,408,546, a result of the recognition of the OPEB liabilities. Overall, net position increased by \$6,823,849 from prior year, primarily from the recording of the net pension asset of TRS.

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, 2015, the School District reported a net pension asset, 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 increased the School District's Net Position by \$6,823,849 during the 2014-2015 fiscal year versus a decrease of \$1,523,947 during the previous fiscal year.

	June 30,	
	2015	2014
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 1,358,251	\$ 1,016,200
Operating Grants and Contributions	942,809	1,122,069
Capital Grants and Contributions	658	575
Total Program Revenues	<u>2,301,718</u>	<u>2,138,844</u>
General Revenues		
Real Property Taxes	31,675,272	31,064,733
Other Tax Items	5,150,316	5,302,037
Non-Property Taxes	432,604	454,631
Unrestricted Use of Money and Property	30,899	32,199
Sale of Property and Compensation for Loss	2,462	4,539
Insurance Recoveries	-	107,984
Unrestricted State Aid	3,857,844	3,841,268
Unrestricted Federal Aid	-	-
Miscellaneous	175,781	240,255
Total General Revenues	<u>41,325,178</u>	<u>41,047,646</u>
Total Revenues	<u>43,626,896</u>	<u>43,186,490</u>
<b>PROGRAM EXPENSES</b>		
General Support	4,636,802	5,868,106
Instruction	33,720,892	37,397,857
Pupil Transportation	1,251,626	1,090,905
Cost of Food Sales	371,669	292,375
Other	113,706	113,530
Interest	140,182	199,482
Total Expenses	<u>40,234,877</u>	<u>44,962,255</u>
Change in Net Position	<u>3,392,019</u>	<u>(1,775,765)</u>
<b>NET POSITION</b>		
Beginning, as reported	3,872,058	5,396,005
Cumulative Effect of Change in Accounting Principle*	3,431,830	-
Prior Period Adjustment	-	251,818
Beginning, as restated	<u>7,303,888</u>	<u>5,647,823</u>
Ending	<u>\$ 10,695,907</u>	<u>\$ 3,872,058</u>

\* See Note 2, D to the Financial Statements for additional information regarding the implementation of GASB Statements No. 68 and No. 71.

Governmental activities increased the School District's net position by \$6,823,849 (inclusive of the cumulative effect of a change in accounting principle) during the current fiscal year. Noteworthy is the impact of the requirements of GASB Statement No. 45 that requires recognition of OPEB expenses and the new provisions of GASB No. 68 that require the recognition of pension expenses.

The major changes are as follows:

#### Revenues

- Real property taxes increased by \$610,539 representing a 1.97% increase. This is the result of increased spending.
- Other tax items (STAR) decreased by \$151,721 due to state reduction in star Calculation.
- Non-Property Taxes (sales taxes) slightly decreased by \$22,027.
- During the 2014-2015 fiscal year, the School District collected borderline property taxes amounting to \$63,154. This amount reflects a slight decrease from the previous year due to fewer students in borderline homes. The School District also collected \$867,739 in day school and special education tuition. The increase in tuition of \$315,743 is primarily due to an increased enrollment in the special education program.
- Earnings on investments was \$30,899. Reflecting a decrease from the prior fiscal year of \$6,514 due to lower interest earnings.
- Unrestricted State Aid to the School District decreased by \$16,576.

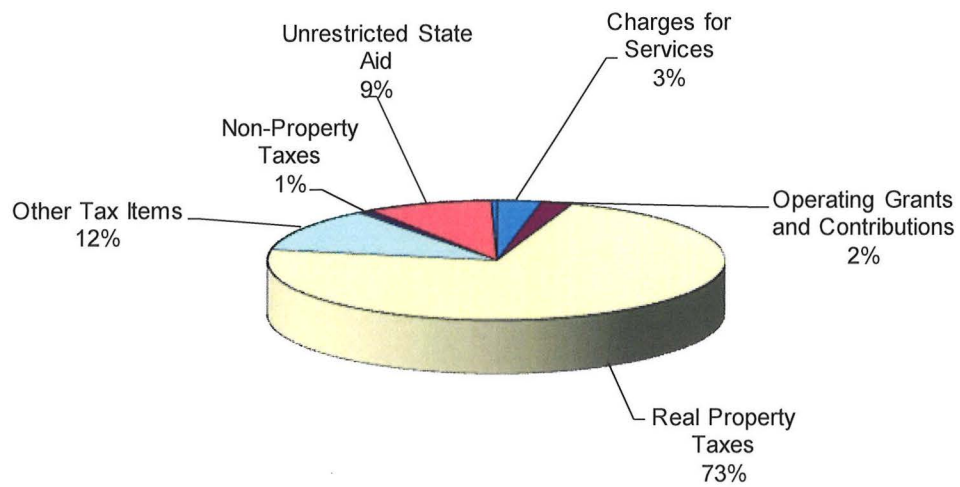
#### Expenses

- Instruction expenses increased by \$213,623, the increase is due to contractual increases.
- Pupil Transportation expenses increased by \$160,650. The increase is due to the need for additional out of district routes.

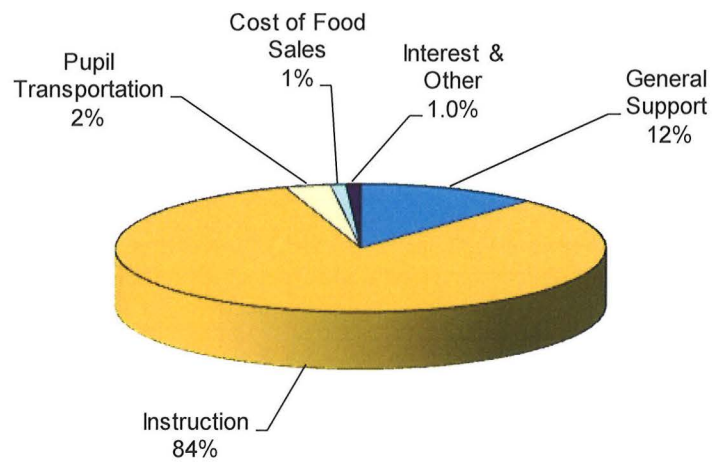
As indicated on the following pie charts, the School District relies upon real property taxes and other tax items (School Tax Relief) as its primary revenue source (85%) and State Aid and Federal Aid as its secondary source of revenue (9%). The School District's instruction costs account for 84% of its expenses.

- Increase in legal spending due to litigation expenses.
- Increase of \$236,007 in Employee Benefits, due to increase rate of contribution to retirement funds for employees
- Decrease in Debt Service due to retirement of Bonds

### Sources of Revenue for Fiscal Year 2015 Governmental Activities



### Expenses for Fiscal Year 2015 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 \$11,700,311. Of this amount, \$5,964,042 constituted Restricted Fund balance. There is \$3,706,931 (\$3,300,000 for subsequent years budget and \$406,931 for encumbrances) in the General Fund and represents the amount estimated for use in the 2015-2016 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 \$10,924,288 of which \$1,858,808, 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 fund balance was a decrease of \$216,053. We anticipate this trend to continue as the District uses the fund balance to pay down tax certioraris in coming years, as well as use to balance school budget.

### General Fund Budgetary Highlights

Actual revenues and other financing sources exceeded the budget by \$332,557. Actual expenditures and other financing uses were \$2,315,416 less than the budget.

### Capital Assets

At June 30, 2015, the School District had \$9,448,530 net of accumulated depreciation invested in capital assets. Since the District completed its capital project and placed it in service, the 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,	
	2015	2014
Land	\$ 115,000	\$ 115,000
Construction-in-progress	390,466	-
Land Improvements	713,865	682,033
Buildings and Improvements	7,862,052	8,458,316
Machinery and Equipment	367,147	342,792
Total Capital Assets, net of accumulated depreciation	<u>\$ 9,448,530</u>	<u>\$ 9,598,141</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, 2015, the School District had \$18,693,660 in general obligation and other long-term debt outstanding, as follows:

	June 30,	
	2015	2014
Bonds Payable	\$ 1,978,555	\$ 2,915,333
Energy Performance Contract Debt Payable	1,433,582	1,534,272
Claims Payable	-	440,200
Compensated Absences	252,795	239,043
Net Pension Obligation	474,157	-
Other Post Employment Benefit Obligations Payable	14,554,571	12,610,581
<b>Total</b>	<b>\$ 18,693,660</b>	<b>\$ 17,739,429</b>

Bonds payable is comprised of \$1,978,555 in capital improvement bonds. During the 2014-2015 fiscal year, the School District amortized \$860,000 in bond principal. The School District is projected to amortize \$900,000 in bond principal during the 2015-2016 school year.

At June 30, 2015, the School District reported a liability of \$474,157 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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 73% of its revenue. Combine the real property taxes with the STAR (School Tax Relief) reimbursement, this number increases to 85%. For four consecutive years, the District experienced a decrease in the tax assessment roll due to the lack of new construction and tax certiorari settlements. During the last five years, the District requested 1.17% on average in tax rate increases, this can be contributed to the above-mentioned reduction in tax assessment roll and enrollment increases. At the same time, the District's share of State Aid did not increase at the same rate as expenditure increases. State Aid has decreased in the last three years as the State has struggled to come out with a balanced budget. The School District does try to maximize revenues from non-property tax and state aid sources (e.g., borderline property taxes, day and special tuition received from out of district students, grants, investment), 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.



## **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 2014 was 1,581 students. Of these 562 were in K-4; 493 in grades 5-8 and 501 students in grades 9-12. The overall enrollment of the District has declined slightly from the recent all time high enrollment of the 2005-06 school year. Over the next five years the District's overall enrolment is expected to remain fairly level, although the enrollment recently has exceeded projections.

### **School District's Changing Enrollment**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-2014	2014-15	2015-2016**
K-4	514	535	561	562	588	580	562	557
5-8	496	512	511	493	474	493	493	500
9-12	551	528	527	515	522	512	501	505
*Sp. Ed.	39	28	28	26	28	17	19	19
Total	1,600	1,603	1627	1602	1620	1610	1581	1587

\*Out of District Special Education placements

\*\*Projected enrollment

## **Retirement Systems**

As a result of the declines in the markets, both the NYSTRS and the NYSERS rates have continued to rise substantially 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 Districts budget in subsequent years at a minimal amount.

## **Summary**

In spite of 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 has positioned the financial and human resources necessary to remain a stable and strong institution ready to serve the Hastings community.

## **Requests for Information**

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

Hastings-on-Hudson Union Free School District  
Attn: Maureen Caraballo  
Treasurer  
27 Farragut Avenue  
Hastings-on-Hudson, New York 10706  
Tel: (914) 478-6210  
Email: caraballom@hastings.k12.ny.us

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**Hastings-on-Hudson Union Free School District, New York**Statement of Net Position  
June 30, 2015

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 14,770,190
Investments	18,984
Receivables	
Accounts	344,083
State and Federal aid	919,840
Due from other governments	90,000
Inventories	3,759
Net pension asset	14,055,624
Capital assets	
Not being depreciated	505,466
Being depreciated, net	8,943,064
Total Assets	39,651,010
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	3,892,108
<b>LIABILITIES</b>	
Accounts payable	293,928
Accrued liabilities	34,891
Due to other governments	334,262
Due to retirement systems	3,720,203
Unearned revenues	63,261
Accrued interest payable	53,457
Non-current liabilities	
Due within one year	1,029,090
Due in more than one year	17,664,570
Total Liabilities	23,193,662
<b>DEFERRED INFLOWS OF RESOURCES</b>	9,653,549
<b>NET POSITION</b>	
Net investment in capital assets	6,222,677
Restricted	
Retirement system contributions	1,736,011
Capital projects	154,299
Future capital projects	150,000
Repair	200,000
Debt service	481,283
Tax certiorari	2,999,545
School lunch	70,530
Special purpose	90,108
Unrestricted	(1,408,546)
Total Net Position	\$ 10,695,907

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, 2015

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	\$ 4,636,802	\$ -	\$ -	\$ -	\$ (4,636,802)
Instruction	33,720,892	999,861	822,851	-	(31,898,180)
Pupil transportation	1,251,626	-	-	-	(1,251,626)
Cost of food sales	371,669	358,390	8,878	-	(4,401)
Other	113,706	-	111,080	-	(2,626)
Interest	140,182	-	-	658	(139,524)
Total Governmental Activities	<u>\$ 40,234,877</u>	<u>\$ 1,358,251</u>	<u>\$ 942,809</u>	<u>\$ 658</u>	<u>(37,933,159)</u>
General revenues					
Real property taxes					31,675,272
Other tax items					
School tax relief reimbursement					5,150,316
Non-property taxes					
Non-property tax distribution from County					432,604
Unrestricted use of money and property					30,899
Sale of property and compensation for loss					2,462
Unrestricted State aid					3,857,844
Miscellaneous					175,781
Total General Revenues					<u>41,325,178</u>
Change in Net Position					<u>3,392,019</u>
Net Position - Beginning, as reported					3,872,058
Cumulative Effect of Change in Accounting Principle					<u>3,431,830</u>
Net Position - Beginning, as restated					<u>7,303,888</u>
Net Position - Ending					<u>\$ 10,695,907</u>

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, 2015

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	General	Capital Projects	Special Aid
<b>ASSETS</b>			
Cash and equivalents	\$ 13,579,849	\$ 573,087	\$ 396,551
Investments	-	-	-
Receivables			
Accounts	322,169	-	16,994
State and Federal aid	746,886	-	172,954
Due from other governments	90,000	-	-
Due from other funds	530,472	-	-
Inventories	-	-	-
Total Assets	<u>\$ 15,269,376</u>	<u>\$ 573,087</u>	<u>\$ 586,499</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 232,241	\$ 10,243	\$ 1,311
Accrued liabilities	34,891	-	-
Due to other funds	-	408,545	567,248
Due to other governments	325,628	-	-
Due to retirement systems	3,720,203	-	-
Unearned revenues	32,125	-	17,940
Total Liabilities	<u>4,345,088</u>	<u>418,788</u>	<u>586,499</u>
Fund balances			
Nonspendable	-	-	-
Restricted	5,358,549	154,299	-
Assigned	3,706,931	-	-
Unassigned	1,858,808	-	-
Total Fund Balances	<u>10,924,288</u>	<u>154,299</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 15,269,376</u>	<u>\$ 573,087</u>	<u>\$ 586,499</u>

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



Non-Major Governmental Funds	Total Governmental Funds
\$ 220,703	\$ 14,770,190
18,984	18,984
4,920	344,083
-	919,840
-	90,000
445,321	975,793
3,759	3,759
<u>\$ 693,687</u>	<u>\$ 17,122,649</u>

\$ 50,133	\$ 293,928
-	34,891
-	975,793
8,634	334,262
-	3,720,203
13,196	63,261
<u>71,963</u>	<u>5,422,338</u>

3,759	3,759
451,194	5,964,042
166,771	3,873,702
-	1,858,808
<u>621,724</u>	<u>11,700,311</u>
<u>\$ 693,687</u>	<u>\$ 17,122,649</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, 2015

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Fund Balances - Total Governmental Funds	\$ 11,700,311
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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.	9,448,530
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Governmental funds do not report the effect of losses on refunding bonds  
and assets or liabilities related to net pension assets (liabilities)  
whereas these amounts are deferred and amortized in the statement  
of activities.

Deferred amounts on refunding bonds	186,284
Deferred amounts on net pension assets (liabilities)	(5,947,725)

(5,761,441)

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not reported in the funds.

Net pension asset	14,055,624
-------------------	------------

Long-term liabilities that are not due and payable in the current  
period are not reported in the funds.

Accrued interest payable	(53,457)
Bonds payable	(1,978,555)
Energy performance contract debt payable	(1,433,582)
Compensated absences	(252,795)
Net pension liability	(474,157)
Other post employment benefit obligations payable	(14,554,571)

(18,747,117)

Net Position of Governmental Activities	\$ 10,695,907
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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 Governmental Funds Year Ended June 30, 2015

	General	Capital Projects	Special Aid
<b>REVENUES</b>			
Real property taxes	\$ 31,675,272	\$ -	\$ -
Other tax items	5,150,316	-	-
Non-property taxes	432,604	-	-
Charges for services	999,861	-	-
Use of money and property	30,899	-	-
Sale of property and compensation for loss	2,462	-	-
State aid	4,015,734	-	144,584
Federal aid	1,540	-	399,858
Food sales	-	-	-
Miscellaneous	175,781	-	118,979
Total Revenues	42,484,469	-	663,421
<b>EXPENDITURES</b>			
Current			
General support	4,203,063	-	-
Instruction	25,019,265	-	698,602
Pupil transportation	1,241,359	-	-
Employee benefits	10,549,974	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	100,690	-	-
Interest	50,790	-	-
Capital outlay	-	437,857	-
Total Expenditures	41,165,141	437,857	698,602
Excess (Deficiency) of Rev- enues Over Expenditures	1,319,328	(437,857)	(35,181)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	550,000	35,181
Transfers out	(1,535,381)	-	-
Total Other Financing Sources (Uses)	(1,535,381)	550,000	35,181
Net Change in Fund Balances	(216,053)	112,143	-
<b>FUND BALANCES</b>			
Beginning of Year	11,140,341	42,156	-
End of Year	\$ 10,924,288	\$ 154,299	\$ -

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

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 31,675,272
-	5,150,316
-	432,604
-	999,861
874	31,773
-	2,462
-	4,160,318
8,767	410,165
358,390	358,390
110,975	405,735
479,006	43,626,896
-	4,203,063
-	25,717,867
-	1,241,359
-	10,549,974
365,628	365,628
113,706	113,706
860,000	960,690
90,200	140,990
-	437,857
1,429,534	43,731,134
(950,528)	(104,238)
950,200	1,535,381
-	(1,535,381)
950,200	-
(328)	(104,238)
622,052	11,804,549
\$ 621,724	\$ 11,700,311

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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, 2015

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

Net Change in Fund Balances - Total Governmental Funds	\$ (104,238)
--	--------------

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. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay expenditures	624,135
Depreciation expense	(773,746)
	<u>(149,611)</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	860,000
Principal paid on energy performance contract debt	100,690
Amortization of premium and loss on refunding bonds	(16,363)
	<u>944,327</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	17,171
Claims payable	440,200
Compensated absences	(13,752)
Pension assets (liabilities)	4,201,912
Other post employment benefit obligations	(1,943,990)
	<u>2,701,541</u>

Change in Net Position of Governmental Activities	<u>\$ 3,392,019</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, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 31,673,896	\$ 31,673,896	\$ 31,675,272	\$ 1,376
Other tax items	5,150,316	5,150,316	5,150,316	-
Non-property taxes	410,000	410,000	432,604	22,604
Charges for services	505,000	505,000	999,861	494,861
Use of money and property	40,000	40,000	30,899	(9,101)
Sale of property and compensation for loss	-	-	2,462	2,462
State aid	4,037,700	4,037,700	4,015,734	(21,966)
Federal aid	50,000	50,000	1,540	(48,460)
Miscellaneous	185,000	185,000	175,781	(9,219)
<b>Total Revenues</b>	<b>42,051,912</b>	<b>42,051,912</b>	<b>42,484,469</b>	<b>432,557</b>
<b>EXPENDITURES</b>				
Current				
General support	3,988,829	4,681,543	4,203,063	478,480
Instruction	26,283,534	26,542,911	25,019,265	1,523,646
Pupil transportation	1,420,667	1,422,667	1,241,359	181,308
Employee benefits	12,033,417	11,079,068	10,549,974	529,094
Debt service				
Principal	100,618	100,690	100,690	-
Interest	50,790	50,790	50,790	-
<b>Total Expenditures</b>	<b>43,877,855</b>	<b>43,877,669</b>	<b>41,165,141</b>	<b>2,712,528</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,825,943)	(1,825,757)	1,319,328	3,145,085
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	(1,045,014)	(1,545,200)	(1,535,381)	9,819
<b>Total Other Financing Sources (Uses)</b>	<b>(945,014)</b>	<b>(1,445,200)</b>	<b>(1,535,381)</b>	<b>(90,181)</b>
<b>Net Change in Fund Balances</b>	<b>(2,770,957)</b>	<b>(3,270,957)</b>	<b>(216,053)</b>	<b>3,054,904</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,770,957	3,270,957	11,140,341	7,869,384
End of Year	\$ -	\$ -	\$ 10,924,288	\$ 10,924,288

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
144,585	144,585	144,584	(1)
548,001	628,001	399,858	(228,143)
118,978	118,978	118,979	1
811,564	891,564	663,421	(228,143)
-	-	-	-
856,564	936,564	698,602	237,962
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
856,564	936,564	698,602	237,962
(45,000)	(45,000)	(35,181)	9,819
45,000	45,000	35,181	(9,819)
-	-	-	-
45,000	45,000	35,181	(9,819)
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

Statement of Assets and Liabilities  
Fiduciary Fund  
June 30, 2015

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 243,178
Accounts receivable	<u>1,079</u>
 Total Assets	 <u><u>\$ 244,257</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 26,371
Deposits	134,282
Student activity funds	<u>83,604</u>
 Total Liabilities	 <u><u>\$ 244,257</u></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, 2015

---

### **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.

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

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.

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 or State funds.

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

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

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when 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. A ninety day availability period is used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. 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**

**Deposits, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

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

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.

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 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



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

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, 2015.

**Investment Pool** - The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7 – like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated PT Asset Management, a wholly owned subsidiary of Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount reported represents the amortized cost of the cooperative shares and is considered to approximate fair value. Additional information concerning the Cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 999 18<sup>th</sup> Street, Suite 1230, Denver, CO 80202.

CLASS is rated AAAM by Standard & Poor's Ratings and is registered with the Securities and Exchange Commission. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

The School District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest or credit risk.

**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 town which is included in the levy is responsible for the billing and collection of the taxes. The town 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, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 is 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 \$32,125 within the General Fund for tuition received in advance, \$17,940 for Federal and State aid received in advance in the Special Aid Fund and \$13,196 for amounts received in advance for lunches in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

The School District reported deferred outflows of resources of \$186,284 for a deferred loss on the refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunded debt.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the School District's pension plans in Note 3,D.

**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 expended 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 of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for retirement system contributions, capital projects, future capital projects, repairs, debt service, tax certiorari, school lunch 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

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

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.

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.

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

**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 September 25, 2015.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the

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

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 General, Special Aid and Debt Service funds.
- g) Budgets for 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**

However, the School District is not limited as to the maximum amount of real property taxes which may be raised on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a School District in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

#### **D. Cumulative Effect of Change in Accounting Principle**

For the year ended June 30, 2015, the School District implemented 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". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$3,431,830.

### **Note 3 - Detailed Notes on All Funds**

#### **A. Due From/To Other Funds**

The composition of interfund balances at June 30, 2015 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 530,472	\$ -
Capital Projects	-	408,545
Special Aid	-	567,248
Non-Major Governmental	445,321	-
	<u>\$ 975,793</u>	<u>\$ 975,793</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, 2015

## 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, 2014	Additions	Balance June 30, 2015
Capital Assets, not being depreciated			
Land	\$ 115,000	\$ -	\$ 115,000
Construction-in-progress	-	390,466	390,466
	<u>\$ 115,000</u>	<u>\$ 390,466</u>	<u>\$ 505,466</u>
Capital Assets, being depreciated			
Land Improvements	\$ 1,395,726	\$ 92,842	\$ 1,488,568
Buildings and Improvements	22,422,159	62,202	22,484,361
Machinery and Equipment	1,087,615	78,625	1,166,240
	<u>24,905,500</u>	<u>233,669</u>	<u>25,139,169</u>
Total Capital Assets, being Depreciated			
Less Accumulated Depreciation for			
Land Improvements	713,693	61,010	774,703
Buildings and Improvements	13,963,844	658,465	14,622,309
Machinery and Equipment	744,822	54,271	799,093
	<u>15,422,359</u>	<u>773,746</u>	<u>16,196,105</u>
Total Accumulated Depreciation			
Total Capital Assets, being depreciated, net	<u>\$ 9,483,141</u>	<u>\$ (540,077)</u>	<u>\$ 8,943,064</u>
Governmental Activities			
Capital Assets, net	<u>\$ 9,598,141</u>	<u>\$ (149,611)</u>	<u>\$ 9,448,530</u>

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

General Support	\$ 38,656
Instruction	729,049
Cost of Food Sales	<u>6,041</u>
Total Depreciation Expense	<u>\$ 773,746</u>

### C. Accrued Liabilities

Accrued liabilities as of June 30, 2015 were as follows:

	General Fund
Payroll and Employee Benefits	<u>\$ 34,891</u>



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

## Notes to Financial Statements (Continued) June 30, 2015

### 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, 2015:

	Balance as Reported July 1, 2014	Cumulative Effect of Change in Accounting Principle	Balance as Restated July 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2015	Due Within One-Year
Bonds Payable	\$ 2,685,000	\$	\$ 2,685,000	\$ -	\$ 860,000	\$ 1,825,000	\$ 900,000
Plus							
Unamortized premium on bonds	230,333		230,333	-	76,778	153,555	-
	2,915,333	-	2,915,333	-	936,778	1,978,555	900,000
Energy Performance Contract Debt Payable	1,534,272	-	1,534,272	-	100,690	1,433,582	104,090
	4,449,605	-	4,449,605	-	1,037,468	3,412,137	1,004,090
Other Non-current Liabilities							
Claims Payable	440,200	-	440,200	-	440,200	-	-
Net Pension Liability	-	418,461	418,461	55,696	-	474,157	-
Compensated Absences	239,043	-	239,043	37,652	23,900	252,795	25,000
Other Post Employment Benefit Obligations Payable	12,610,581	-	12,610,581	3,218,380	1,274,390	14,554,571	-
Total Non-Current Liabilities	13,289,824	418,461	13,708,285	3,311,728	1,738,490	15,281,523	25,000
Total Long-Term Liabilities	\$ 17,739,429	\$ 418,461	\$ 18,157,890	\$ 3,311,728	\$ 2,775,958	\$ 18,693,660	\$ 1,029,090

Each governmental fund's liability for 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.

#### Bonds Payable

Bonds payable at June 30, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2015
Refunding Bond	2012	\$ 4,180,000	July, 2016	3.0 - 4.0 %	\$ 1,825,000

Interest expenditures of \$90,200 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$90,797 was recorded in the district-wide financial statements.

#### Energy Performance Contract Debt Payable

The School District, in August 2012 entered into a \$1,698,397 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fourteen years, with semi-annual installments of \$75,611

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

through August 2026. Payments include interest at 3.3480%. The balance due at June 30, 2015 was \$1,433,582. Interest expenditures of \$50,790 were recorded in the fund financial statements in the General Fund. Interest expense of \$49,385 was recorded in the district-wide financial statements.

#### **Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt as of June 30, 2015, including interest payments of \$378,965 are as follows:

Year Ending June 30,	Bonds		Energy Performance		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	900,000	55,000	104,090	47,132	1,004,090	102,132
2017	925,000	18,500	107,603	43,619	1,032,603	62,119
2018	-	-	111,236	39,985	111,236	39,985
2019	-	-	114,991	36,230	114,991	36,230
2020	-	-	118,873	32,348	118,873	32,348
2021-2025	-	-	657,343	98,762	657,343	98,762
2026-2027	-	-	219,446	7,389	219,446	7,389
	<u>\$ 1,825,000</u>	<u>\$ 73,500</u>	<u>\$ 1,433,582</u>	<u>\$ 305,465</u>	<u>\$ 3,258,582</u>	<u>\$ 378,965</u>

The above general obligation bonds 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.

#### **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.

#### **Other Post Employment Benefit Obligations**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit 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. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The School District's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. GASB Statement 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees'

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The School District is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

The assumed rate increase in postretirement benefits is as follows:

<u>Valuation Year Beginning 10/1</u>	<u>Medical Inflation Rate</u>	<u>Medicare Part B Inflation Rate</u>
2013-2016	5.80%	5.00%
2017-2020	5.70%	5.00%
2021-2024	5.60%	5.00%
2025-2029	5.50%	5.00%
2030-2031	5.40%	5.00%
2032	5.30%	5.00%
2033	5.20%	5.00%
2034-2035	5.10%	5.00%
2036-2038	5.00%	5.00%
2039-2042	4.90%	4.90%
2043-2047	4.80%	4.80%
2048-2054	4.70%	4.70%
2055-2063	4.60%	4.60%
2064-2074	4.50%	4.50%
2075	4.30%	4.30%
2076-2077	4.20%	4.20%
2078-2088	4.10%	4.10%
2089 & thereafter	4.00%	4.00%

The amortization basis is the fixed dollar method with an closed group amortization approach with 24 years remaining in the amortization period. The actuarial assumptions include a 6% rate of return. The unit credit method was used to determine the actuarial value of the assets of the OPEB plan, however, the District currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the unit credit method.

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

The number of participants as of June 30, 2015 was as follows:

Active Employees	257
Retired Employees	<u>138</u>
Total	<u><u>395</u></u>
Amortization Component	
Actuarial Accrued Liability as of July 1, 2014	\$ 37,933,349
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 37,933,349</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (active plan members)	<u><u>\$ 21,799,420</u></u>
UAAL as a Percentage of Covered Payroll	<u><u>174.01%</u></u>
Annual Required Contribution	\$ 3,060,175
Interest on Net OPEB Obligation	630,529
Adjustment on annual required contribution	<u>(472,324)</u>
Annual OPEB Cost	3,218,380
Contributions Made	<u>(1,274,390)</u>
Increase in Net OPEB Obligation	1,943,990
Net OPEB Obligation - beginning of year	<u>12,610,581</u>
Net OPEB Obligation - end of year	<u><u>\$ 14,554,571</u></u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 3,218,380	39.60 %	\$ 14,554,571
2014	3,352,955	35.70	12,610,581
2013	3,144,319	35.66	10,454,662

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

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

**Pension Plans**

*Employees' 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 net assets and record changes in plan 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/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 2, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who 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. Contribution rates for the plan's year ending in 2015 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>	
1 75I	27.7	%
4 A15	20.4	
5 A15	16.7	
6 A15 41J1	11.0	
6 A15 41J2	11.1	

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

At June 30, 2015, the School District reported a liability of \$474,157 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the School District's proportion was .0140356%. For this first year of implementation, the ERS reported no change in the allocation percentage measured as of March 31, 2014.

For the year ended June 30, 2015, the School District recognized pension expense/expenditures of \$430,387 and \$677,217, respectively. The pension expenditure of \$677,217 was charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to the ERS from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 15,178
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	82,355
Changes in proportion and differences between School District contributions and proportionate share of contributions	5,081
School District contributions subsequent to the measurement date	<u>215,788</u>
	<u>\$ 318,402</u>

\$215,788 reported as deferred outflows of resources related to the 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 year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERS will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>		
2016	\$	25,654
2017		25,654
2018		25,654
2019		25,652

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9%, indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation

Annuitant mortality rates are based on the April 1, 2005 – March 31, 2011 ERS's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study of the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income 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 as of March 31, 2015 and 2014 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.5%. 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 ERS's fiduciary net position was projected to be available to make all projected future benefit payments

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

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.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	<u>\$ 3,160,458</u>	<u>\$ 474,157</u>	<u>\$ (1,793,748)</u>

The components of the current year net pension liability of the ERS as of March 31, 2015, were as follows (amounts expressed in thousands):

Total pension liability	\$ 164,591,504,000
ERS fiduciary net position	<u>161,213,259,000</u>
Employers' net pension liability	<u>\$ 3,378,245,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>97.9%</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, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2015 were \$215,788.

#### *Teachers' Retirement System*

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



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

Notes to Financial Statements (Continued)  
June 30, 2015

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. 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 rate for the plan's year ending in 2015 was 17.53%.

At June 30, 2015, the School District reported an asset of \$14,055,624 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2014, the School District's proportion was .126180%, which was an increase of .001379% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense/expenditure of \$(551,784) and \$3,289,522, respectively. The pension expenditure of \$3,289,522 was charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 205,538
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	9,439,879
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	8,132
School District contributions subsequent to the measurement date	3,387,422	-
	<u>\$ 3,387,422</u>	<u>\$ 9,653,549</u>

\$3,387,422 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to 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, 2015

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

Year Ended June 30,	
2015	\$ 2,384,815
2016	2,384,815
2017	2,384,815
2018	2,384,815
2019	24,845
Thereafter	89,444

The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by using an actuarial valuation as of June 30, 2012, with update procedures used to roll forward the total pension liability to June 30, 2013. These actuarial valuations used the following actuarial assumptions:

Inflation	3.0%
Projected salary increases	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience.

Age	Female	Male
25	10.35 %	10.91 %
35	6.26	6.27
45	5.39	5.04
55	4.42	4.01

Projected COLAs	1.625% compounded annually
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2013 and 2012 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2013 and 2012 are summarized in the following table:

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2013	2012	2013	2012
Equities:				
Domestic equities	37 %	37 %	7.3 %	7.0 %
International equities	18	18	8.5	9.1
Real estate	10	10	5.0	4.9
Alternative investments	7	7	11.0	10.2
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	18	18	1.5	2.0
Global fixed income securities	2	2	1.4	1.7
Mortgages	8	8	3.4	4.0
Short-term	-	-	0.8	1.2
Total Fixed Income	28	28		
Total	100 %	100 %		

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2013 and 2012.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS'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.

The following presents the School District's proportionate share of the net pension asset calculated using the discount rate of 8.0%, as well as what the School District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension asset	\$ (303,200)	\$ (14,055,624)	\$ (25,774,600)

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

The components of the collective net pension asset of TRS as of the June 30, 2014 measurement date were as follows:

Total pension liability	\$ 97,015,706,548
TRS fiduciary net position	<u>108,155,083,127</u>
Employers' net pension asset	<u>\$ 11,139,376,579</u>
TRS fiduciary net position as a percentage of total pension liability	<u>111.48%</u>

Employer and employee contributions for the year ended June 30, 2015 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, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 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 to TRS as of June 30, 2015 were \$3,504,415.

## **E. 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>\$ 550,000</u>	<u>\$ 35,181</u>	<u>\$ 950,200</u>	<u>\$ 1,535,381</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.

## **F. 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.

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

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

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

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

*Restricted for 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 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 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 School Lunch* - the component of net position that reports the difference between assets and liabilities in the School Lunch Fund.

*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, 2015

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

### G. Fund Balances

	2015				2014			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Inventories	\$ -	\$ -	\$ 3,759	\$ 3,759	\$ -	\$ -	\$ 201	\$ 201
Restricted								
Tax certiorari	2,999,545	-	-	2,999,545	3,396,149	-	-	3,396,149
Employee benefit accrued liability	252,796	-	-	252,796	229,163	-	-	229,163
Retirement system contributions	1,736,011	-	-	1,736,011	1,723,787	-	-	1,723,787
Debt service	20,197	-	361,086	381,283	20,177	-	310,428	330,605
Repairs	200,000	-	-	200,000	-	-	-	-
Capital projects	-	154,299	-	154,299	-	42,156	-	42,156
Future capital projects	150,000	-	-	150,000	1,400,000	-	-	1,400,000
Special purposes	-	-	90,108	90,108	-	-	92,734	92,734
Total Restricted	5,358,549	154,299	451,194	5,964,042	6,769,276	42,156	403,162	7,214,594
Assigned								
Purchases on order								
General government support	271,376	-	-	271,376	182,311	-	-	182,311
Instruction	135,555	-	-	135,555	138,646	-	-	138,646
	406,931	-	-	406,931	320,957	-	-	320,957
Subsequent year's expenditures	3,300,000	-	100,000	3,400,000	2,450,000	-	150,000	2,600,000
School Lunch Fund	-	-	66,771	66,771	-	-	68,689	68,689
Total Assigned	3,706,931	-	166,771	3,873,702	2,770,957	-	218,689	2,989,646
Unassigned	1,858,808	-	-	1,858,808	1,600,108	-	-	1,600,108
Total Fund Balance	\$ 10,924,288	\$ 154,299	\$ 621,724	\$ 11,700,311	\$ 11,140,341	\$ 42,156	\$ 622,052	\$ 11,804,549

**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.

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, 2015, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

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, 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 the end of June 30, 2015, the School District is involved in a case with five families seeking monetary and declaratory remedies in which the parents have alleged that the District has failed to provide a free and appropriate public education to their children. If the parents are successful, the School District could be obligated for the parents' attorney fees. The total amount of this obligation could be in excess of \$250,000. These cases are presently being defended aggressively.

**B. Contingencies**

The School District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. 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.

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

Required Supplementary Information - Schedule of Funding Progress  
 Other Post Employment Benefits  
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2014	\$ -	\$ 37,933,349	\$ 37,933,349	- %	\$ 21,799,420	174 %
July 1, 2013	-	38,796,350	38,796,350	-	22,053,066	176
July 1, 2012	-	36,365,458	36,365,458	-	21,853,811	166

## 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 Teachers' Retirement System  
Last Ten Fiscal Years (1)

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	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.126180%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (14,055,624)</u>
School District's covered-employee payroll	<u>\$ 19,324,000</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>(72.74)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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*.

## 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)

	2015
Contractually required contribution	\$ 3,387,422
Contributions in relation to the contractually required contribution	<u>(3,387,422)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 19,324,000</u>
Contributions as a percentage of covered-employee payroll	<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)

---

	2015
School District's proportion of the net pension liability (asset)	0.014036%
School District's proportionate share of the net pension liability (asset)	\$ 474,157
School District's covered-employee payroll	\$ 4,018,000
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.80%
Plan fiduciary net position as a percentage of the total pension liability	97.90%

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*.

## 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>2015</u>
Contractually required contribution	\$ 693,093
Contributions in relation to the contractually required contribution	<u>(693,093)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 4,018,000</u>
Contributions as a percentage of covered-employee payroll	<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*.

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

General Fund  
Comparative Balance Sheet  
June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 13,579,849</u>	<u>\$ 13,475,636</u>
Receivables		
Accounts	322,169	353,499
State and Federal aid	746,886	737,476
Due from other governments	90,000	100,000
Due from other funds	<u>530,472</u>	<u>415,497</u>
	<u>1,689,527</u>	<u>1,606,472</u>
Total Assets	<u><u>\$ 15,269,376</u></u>	<u><u>\$ 15,082,108</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 232,241	\$ 230,366
Accrued liabilities	34,891	26,923
Due to other governments	325,628	227,465
Due to retirement systems	3,720,203	3,446,776
Unearned revenues	<u>32,125</u>	<u>10,237</u>
Total Liabilities	<u>4,345,088</u>	<u>3,941,767</u>
Fund balance		
Restricted	5,358,549	6,769,276
Assigned	3,706,931	2,770,957
Unassigned	<u>1,858,808</u>	<u>1,600,108</u>
Total Fund Balance	<u>10,924,288</u>	<u>11,140,341</u>
Total Liabilities and Fund Balance	<u><u>\$ 15,269,376</u></u>	<u><u>\$ 15,082,108</u></u>

**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,

	2015				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Real property taxes	\$ 31,673,896	\$ 31,673,896	\$ 31,675,272	\$	\$ 1,376
Other tax items	5,150,316	5,150,316	5,150,316		-
Non-property taxes	410,000	410,000	432,604		22,604
Charges for services	505,000	505,000	999,861		494,861
Use of money and property	40,000	40,000	30,899		(9,101)
Sale of property and compensation for loss	-	-	2,462		2,462
State aid	4,037,700	4,037,700	4,015,734		(21,966)
Federal aid	50,000	50,000	1,540		(48,460)
Miscellaneous	185,000	185,000	175,781		(9,219)
<b>Total Revenues</b>	<b>42,051,912</b>	<b>42,051,912</b>	<b>42,484,469</b>		<b>432,557</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	57,650	57,650	37,755	-	19,895
Central administration	428,351	433,141	417,460	-	15,681
Finance	554,200	575,369	556,131	1,710	17,528
Staff	193,757	198,906	154,954	427	43,525
Central services	2,384,524	2,865,274	2,489,964	269,239	106,071
Special items	370,347	551,203	546,799	-	4,404
<b>Total General Support</b>	<b>3,988,829</b>	<b>4,681,543</b>	<b>4,203,063</b>	<b>271,376</b>	<b>207,104</b>
Instruction					
Instruction, administration and improvement	1,599,444	1,579,654	1,495,477	384	83,793
Teaching - Regular school	14,383,495	14,698,788	13,947,743	104,462	646,583
Programs for children with handicapping conditions	5,827,593	5,510,940	5,268,004	900	242,036
Occupational education	124,000	124,000	95,090	-	28,910
Teaching - Special schools	60,000	60,000	27,600	-	32,400
Instructional media	1,336,026	1,530,356	1,378,733	11,062	140,561
Pupil services	2,952,976	3,039,173	2,806,618	18,747	213,808
<b>Total Instruction</b>	<b>26,283,534</b>	<b>26,542,911</b>	<b>25,019,265</b>	<b>135,555</b>	<b>1,388,091</b>
Pupil transportation	1,420,667	1,422,667	1,241,359	-	181,308
Employee benefits	12,033,417	11,079,068	10,549,974	-	529,094
Debt service					
Principal	100,618	100,690	100,690	-	-
Interest	50,790	50,790	50,790	-	-
<b>Total Expenditures</b>	<b>43,877,855</b>	<b>43,877,669</b>	<b>41,165,141</b>	<b>406,931</b>	<b>2,305,597</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(1,825,943)</b>	<b>(1,825,757)</b>	<b>1,319,328</b>	<b>(406,931)</b>	<b>2,738,154</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recoveries	-	-	-	-	-
Transfers in	100,000	100,000	-	-	(100,000)
Transfers out	(1,045,014)	(1,545,200)	(1,535,381)	-	9,819
<b>Total Other Financing Uses</b>	<b>(945,014)</b>	<b>(1,445,200)</b>	<b>(1,535,381)</b>	<b>-</b>	<b>(90,181)</b>
<b>Net Change in Fund Balance</b>	<b>(2,770,957)</b>	<b>(3,270,957)</b>	<b>(216,053)</b>	<b>\$ (406,931)</b>	<b>\$ 2,647,973</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,770,957	3,270,957	11,140,341		
End of Year	\$ -	\$ -	\$ 10,924,288		



2014				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 31,074,987	\$ 31,074,987	\$ 31,064,733	\$	\$ (10,254)
5,302,037	5,302,037	5,302,037		-
410,000	410,000	454,631		44,631
507,000	507,000	732,056		225,056
40,000	40,000	37,413		(2,587)
-	-	4,539		4,539
3,926,468	3,926,468	4,135,376		208,908
50,000	50,000	21,679		(28,321)
185,000	185,000	240,255		55,255
<u>41,495,492</u>	<u>41,495,492</u>	<u>41,992,719</u>		<u>497,227</u>
43,350	53,513	53,327	-	186
416,202	420,902	416,918	-	3,984
534,712	546,914	530,491	56	16,367
205,500	224,498	123,420	257	100,821
2,283,239	2,825,585	2,465,791	181,998	177,796
362,000	631,102	623,364	-	7,738
<u>3,845,003</u>	<u>4,702,514</u>	<u>4,213,311</u>	<u>182,311</u>	<u>306,892</u>
1,614,475	1,619,243	1,572,460	1,019	45,764
14,124,416	14,085,386	13,696,885	65,067	323,434
5,849,903	5,511,691	5,129,355	22,599	359,737
110,100	110,100	86,539	-	23,561
70,000	70,000	11,133	-	58,867
1,319,824	1,628,935	1,601,644	-	27,291
2,895,428	2,902,249	2,707,626	49,961	144,662
<u>25,984,146</u>	<u>25,927,604</u>	<u>24,805,642</u>	<u>138,646</u>	<u>983,316</u>
1,425,246	1,362,086	1,080,709	-	281,377
11,442,120	10,704,311	10,313,967	-	390,344
-	97,402	97,402	-	-
-	54,078	54,078	-	-
<u>42,696,515</u>	<u>42,847,995</u>	<u>40,565,109</u>	<u>320,957</u>	<u>1,961,929</u>
<u>(1,201,023)</u>	<u>(1,352,503)</u>	<u>1,427,610</u>	<u>(320,957)</u>	<u>2,459,156</u>
-	-	107,984	-	107,984
150,000	150,000	-	-	(150,000)
(1,587,015)	(1,435,535)	(1,388,934)	-	46,601
<u>(1,437,015)</u>	<u>(1,285,535)</u>	<u>(1,280,950)</u>	<u>-</u>	<u>4,585</u>
(2,638,038)	(2,638,038)	146,660	<u>\$ (320,957)</u>	<u>\$ 2,463,741</u>
<u>2,638,038</u>	<u>2,638,038</u>	<u>10,993,681</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,140,341</u>		

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

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	<u>\$ 31,673,896</u>	<u>\$ 31,673,896</u>	<u>\$ 31,675,272</u>	<u>\$ 1,376</u>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	<u>5,150,316</u>	<u>5,150,316</u>	<u>5,150,316</u>	<u>-</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>410,000</u>	<u>410,000</u>	<u>432,604</u>	<u>22,604</u>
<b>CHARGES FOR SERVICES</b>				
Day school tuition	<u>325,000</u>	<u>325,000</u>	<u>867,739</u>	<u>542,739</u>
Other student fees and charges	<u>119,000</u>	<u>119,000</u>	<u>68,968</u>	<u>(50,032)</u>
Health services for other districts	<u>61,000</u>	<u>61,000</u>	<u>63,154</u>	<u>2,154</u>
	<u>505,000</u>	<u>505,000</u>	<u>999,861</u>	<u>494,861</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	<u>40,000</u>	<u>40,000</u>	<u>30,899</u>	<u>(9,101)</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Other	<u>-</u>	<u>-</u>	<u>2,462</u>	<u>2,462</u>

**STATE AID**

Basic formula	2,192,014	2,192,014	2,028,930	(163,084)
BOCES	625,000	625,000	797,504	172,504
Lottery	1,031,410	1,031,410	1,031,410	-
Textbook aid	126,509	126,509	95,123	(31,386)
Computer software aid	38,997	38,997	38,997	-
Students with disabilities	13,789	13,789	13,789	-
Library aid	9,981	9,981	9,981	-
	<u>4,037,700</u>	<u>4,037,700</u>	<u>4,015,734</u>	<u>(21,966)</u>

**FEDERAL AID**

Medical assistance	<u>50,000</u>	<u>50,000</u>	<u>1,540</u>	<u>(48,460)</u>
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**MISCELLANEOUS**

Refund of BOCES aided services	-	-	90,446	90,446
Refund of prior year's expenditures	-	-	84,909	84,909
Other	<u>185,000</u>	<u>185,000</u>	<u>426</u>	<u>(184,574)</u>
	<u>185,000</u>	<u>185,000</u>	<u>175,781</u>	<u>(9,219)</u>

**TOTAL REVENUES**

42,051,912	42,051,912	42,484,469	432,557
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**OTHER FINANCING SOURCES**

Transfers in				
Debt Service Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>

**TOTAL REVENUES AND OTHER FINANCING SOURCES**

<u>\$ 42,151,912</u>	<u>\$ 42,151,912</u>	<u>\$ 42,484,469</u>	<u>\$ 332,557</u>
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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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 24,350	\$ 24,350	\$ 18,278	\$ -	\$ 6,072
District clerk	33,300	33,300	19,477	-	13,823
Total Board of Education	57,650	57,650	37,755	-	19,895
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	428,351	433,141	417,460	-	15,681
<b>FINANCE</b>					
Business administration	484,700	502,706	491,119	1,710	9,877
Accounting and auditing	63,500	66,663	59,163	-	7,500
Treasurer	6,000	6,000	5,849	-	151
Total Finance	554,200	575,369	556,131	1,710	17,528
<b>STAFF</b>					
Legal	130,000	135,138	109,174	-	25,964
Personnel	8,257	8,268	2,388	427	5,453
Public information and services	55,500	55,500	43,392	-	12,108
Total Staff	193,757	198,906	154,954	427	43,525

**CENTRAL SERVICES**

Operation of plant	2,027,836	2,289,034	2,138,298	78,573	72,163
Maintenance of plant	356,688	576,240	351,666	190,666	33,908
Total Central Services	2,384,524	2,865,274	2,489,964	269,239	106,071

**SPECIAL ITEMS**

Unallocated insurance	165,000	165,000	164,788	-	212
Assessments on school property	53,000	82,182	77,990	-	4,192
Refunds of real property taxes	-	145,449	145,449	-	-
Administrative charge - BOCES	152,347	158,572	158,572	-	-
Total Special Items	370,347	551,203	546,799	-	4,404
Total General Support	3,988,829	4,681,543	4,203,063	271,376	207,104

**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	201,851	186,851	176,399	-	10,452
Supervision - Regular school	1,397,593	1,392,803	1,319,078	384	73,341
Total Instruction, Administration and Improvement	1,599,444	1,579,654	1,495,477	384	83,793

**TEACHING - REGULAR SCHOOL**

14,383,495	14,698,788	13,947,743	104,462	646,583
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**PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS**

Programs for students with disabilities	5,827,593	5,510,940	5,268,004	900	242,036
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**OCCUPATIONAL EDUCATION**

124,000	124,000	95,090	-	28,910
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**TEACHING - SPECIAL SCHOOLS**

60,000	60,000	27,600	-	32,400
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(Continued)

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

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b><i>INSTRUCTIONAL MEDIA</i></b>					
School library and audiovisual	\$ 336,443	\$ 341,044	\$ 309,912	\$ 9,371	\$ 21,761
Computer assisted instruction	999,583	1,189,312	1,068,821	1,691	118,800
Total Instructional Media	1,336,026	1,530,356	1,378,733	11,062	140,561
<b><i>PUPIL SERVICES</i></b>					
Guidance - Regular school	1,000,627	1,002,535	986,491	195	15,849
Health services - Regular school	300,730	298,903	286,328	448	12,127
Psychological services - Regular school	517,313	523,208	508,149	139	14,920
Co-curricular activities - Regular school	407,665	406,985	343,590	16,707	46,688
Interscholastic athletics - Regular school	726,641	807,542	682,060	1,258	124,224
Total Pupil Services	2,952,976	3,039,173	2,806,618	18,747	213,808
Total Instruction	26,283,534	26,542,911	25,019,265	135,555	1,388,091
<b><i>PUPIL TRANSPORTATION</i></b>					
District transportation services	19,667	19,667	19,105	-	562
Contract transportation	1,396,000	1,398,000	1,222,254	-	175,746
Other public transportation	5,000	5,000	-	-	5,000
Total Pupil Transportation	1,420,667	1,422,667	1,241,359	-	181,308

**EMPLOYEE BENEFITS**

State retirement	935,275	822,844	677,217	-	145,627
Teachers' retirement	3,506,664	3,306,664	3,289,522	-	17,142
Social security	1,765,000	1,765,000	1,691,379	-	73,621
Workers' compensation benefits	154,877	154,877	147,774	-	7,103
Life insurance	12,000	12,000	7,855	-	4,145
Unemployment benefits	35,000	34,531	(4,991)	-	39,522
Hospital, medical and dental insurance	5,281,101	4,637,482	4,410,035	-	227,447
Union welfare benefits	343,500	345,670	331,183	-	14,487
	<u>12,033,417</u>	<u>11,079,068</u>	<u>10,549,974</u>	<u>-</u>	<u>529,094</u>
Total Employee Benefits					

**DEBT SERVICE**

Energy performance contract debt					
Principal	100,618	100,690	100,690	-	-
Interest	50,790	50,790	50,790	-	-
	<u>151,408</u>	<u>151,480</u>	<u>151,480</u>	<u>-</u>	<u>-</u>
Total Debt Service					

**TOTAL EXPENDITURES**

<u>43,877,855</u>	<u>43,877,669</u>	<u>41,165,141</u>	<u>406,931</u>	<u>2,305,597</u>
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**OTHER FINANCING USES**

Transfers out					
Special Aid Fund	45,000	45,000	35,181	-	9,819
Debt Service Fund	950,014	950,200	950,200	-	-
Capital Projects Fund	50,000	550,000	550,000	-	-
	<u>1,045,014</u>	<u>1,545,200</u>	<u>1,535,381</u>	<u>-</u>	<u>9,819</u>
TOTAL OTHER FINANCING USES					

**TOTAL EXPENDITURES AND OTHER FINANCING USES**

<u>\$ 44,922,869</u>	<u>\$ 45,422,869</u>	<u>\$ 42,700,522</u>	<u>\$ 406,931</u>	<u>\$ 2,315,416</u>
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**Hastings-on-Hudson Union Free School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 573,087</u>	<u>\$ 450,059</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 10,243	\$ -
Due to other funds	<u>408,545</u>	<u>407,903</u>
Total Liabilities	418,788	407,903
Fund balance		
Restricted	<u>154,299</u>	<u>42,156</u>
Total Liabilities and Fund Balance	<u>\$ 573,087</u>	<u>\$ 450,059</u>



**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>2015</u>	<u>2014</u>
<b>REVENUES</b>	\$ -	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>437,857</u>	<u>98,317</u>
Deficiency of Revenues Over Expenditures	(437,857)	(98,317)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>550,000</u>	<u>50,000</u>
Net Change in Fund Balance	112,143	(48,317)
<b>FUND BALANCE</b>		
Beginning of Year	<u>42,156</u>	<u>90,473</u>
End of Year	<u>\$ 154,299</u>	<u>\$ 42,156</u>

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

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2015

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Project	Authori- zation	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
District-Wide Improvements - 2013/14	\$ 50,000	\$ 38,811	\$ 4,514	\$ 43,325
District-Wide Improvements - 2014/15	50,000	-	46,397	46,397
Capital Improvements - 2014/15	500,000	-	386,946	386,946
Excel	907,969	877,002	-	877,002
Totals	<u>\$ 1,507,969</u>	<u>\$ 915,813</u>	<u>\$ 437,857</u>	<u>\$ 1,353,670</u>

Unexpended Balance	Method of Financing	Fund Balance at June 30, 2015
	Interfund Transfers	
\$ 6,675	\$ 50,000	\$ 6,675
-	50,000	3,603
-	500,000	113,054
30,967	907,969	30,967
<u>\$ 37,642</u>	<u>\$ 1,507,969</u>	<u>\$ 154,299</u>

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

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 396,551	\$ 243,546
Accounts receivable	16,994	15,579
State and Federal aid receivable	<u>172,954</u>	<u>208,148</u>
 Total Assets	 <u><u>\$ 586,499</u></u>	 <u><u>\$ 467,273</u></u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 1,311	\$ 1,310
Due to other funds	567,248	452,274
Unearned revenues	<u>17,940</u>	<u>13,689</u>
 Total Liabilities	 <u><u>\$ 586,499</u></u>	 <u><u>\$ 467,273</u></u>

# 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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 144,585	\$ 144,585	\$ 144,584	\$ (1)
Federal aid	548,001	628,001	399,858	(228,143)
Miscellaneous	118,978	118,978	118,979	1
Total Revenues	811,564	891,564	663,421	(228,143)
<b>EXPENDITURES</b>				
Current				
Instruction	856,564	936,564	698,602	237,962
Deficiency of Revenues Over Expenditures	(45,000)	(45,000)	(35,181)	9,819
<b>OTHER FINANCING SOURCES</b>				
Transfers in	45,000	45,000	35,181	(9,819)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 130,000	\$ 144,469	\$ 133,642	\$ (10,827)
521,223	506,754	355,528	(151,226)
188,433	188,433	158,190	(30,243)
839,656	839,656	647,360	(192,296)
889,656	889,656	680,394	209,262
(50,000)	(50,000)	(33,034)	16,966
50,000	50,000	33,034	(16,966)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2015  
(With Comparative Totals for 2014)

	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Cash and equivalents	\$ 132,990	\$ 87,713	\$ -
Investments	-	-	18,984
Receivables			
Accounts	4,920	-	-
Due from other funds	824	2,395	442,102
	5,744	2,395	442,102
Inventories	3,759	-	-
Total Assets	\$ 142,493	\$ 90,108	\$ 461,086
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Due to other governments	\$ 8,634	\$ -	\$ -
Unearned revenues	13,196	-	-
Total Liabilities	71,963	-	-
Fund balances			
Nonspendable	3,759	-	-
Restricted	-	90,108	361,086
Assigned	66,771	-	100,000
Total Fund Balances	70,530	90,108	461,086
Total Liabilities and Fund Balances	\$ 142,493	\$ 90,108	\$ 461,086



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Total Non-Major Governmental Funds	
2015	2014
<u>\$ 220,703</u>	<u>\$ 172,438</u>
<u>18,984</u>	<u>18,967</u>
4,920	7,242
<u>445,321</u>	<u>444,680</u>
<u>450,241</u>	<u>451,922</u>
<u>3,759</u>	<u>201</u>
<u><u>\$ 693,687</u></u>	<u><u>\$ 643,528</u></u>
<u>\$ 8,634</u>	<u>\$ 8,290</u>
<u>13,196</u>	<u>13,186</u>
<u>71,963</u>	<u>21,476</u>
3,759	201
451,194	403,162
<u>166,771</u>	<u>218,689</u>
<u>621,724</u>	<u>622,052</u>
<u><u>\$ 693,687</u></u>	<u><u>\$ 643,528</u></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, 2015  
(With Comparative Totals for 2014)

---

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ 111	\$ 105	\$ 658
State aid	-	-	-
Federal aid	8,767	-	-
Food sales	358,390	-	-
Miscellaneous	-	110,975	-
	<hr/>	<hr/>	<hr/>
Total Revenues	367,268	111,080	658
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
Cost of food sales	365,628	-	-
Other	-	113,706	-
Debt service			
Principal	-	-	860,000
Interest	-	-	90,200
	<hr/>	<hr/>	<hr/>
Total Expenditures	365,628	113,706	950,200
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	1,640	(2,626)	(949,542)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	950,200
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	1,640	(2,626)	658
<b>FUND BALANCES</b>			
Beginning of Year	68,890	92,734	460,428
	<hr/>	<hr/>	<hr/>
End of Year	\$ 70,530	\$ 90,108	\$ 461,086
	<hr/>	<hr/>	<hr/>

Total Non-Major Governmental Funds	
2015	2014
\$ 874	\$ 827
-	1,930
8,767	34,033
358,390	284,144
110,975	117,493
479,006	438,427
365,628	286,334
113,706	113,530
860,000	1,175,000
90,200	130,900
1,429,534	1,705,764
(950,528)	(1,267,337)
950,200	1,305,900
(328)	38,563
622,052	583,489
\$ 621,724	\$ 622,052

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

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	2015	2014
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 132,990</u>	<u>\$ 82,099</u>
Receivables		
Accounts	4,920	7,242
Due from other funds	<u>824</u>	<u>824</u>
	<u>5,744</u>	<u>8,066</u>
Inventories	<u>3,759</u>	<u>201</u>
Total Assets	<u><u>\$ 142,493</u></u>	<u><u>\$ 90,366</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to other governments	\$ 8,634	\$ 8,290
Unearned revenues	<u>13,196</u>	<u>13,186</u>
Total Liabilities	<u>71,963</u>	<u>21,476</u>
Fund balance		
Nonspendable	3,759	201
Assigned	<u>66,771</u>	<u>68,689</u>
Total Fund Balance	<u>70,530</u>	<u>68,890</u>
Total Liabilities and Fund Balance	<u><u>\$ 142,493</u></u>	<u><u>\$ 90,366</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ 111	\$ 126
State aid	-	1,930
Federal aid	8,767	34,033
Food sales	<u>358,390</u>	<u>284,144</u>
 Total Revenues	 367,268	 320,233
 <b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>365,628</u>	<u>286,334</u>
 Excess (Deficiency) of Revenues Over Expenditures	 1,640	 33,899
 <b>FUND BALANCE</b>		
Beginning of Year	<u>68,890</u>	<u>34,991</u>
 End of Year	 <u><u>\$ 70,530</u></u>	 <u><u>\$ 68,890</u></u>

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

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 87,713	\$ 90,339
Due from other funds	<u>2,395</u>	<u>2,395</u>
Total Assets	<u>\$ 90,108</u>	<u>\$ 92,734</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 90,108</u>	<u>\$ 92,734</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ 105	\$ 146
Miscellaneous	<u>110,975</u>	<u>117,493</u>
Total Revenues	111,080	117,639
<b>EXPENDITURES</b>		
Current		
Other	<u>113,706</u>	<u>113,530</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,626)	4,109
<b>FUND BALANCE</b>		
Beginning of Year	<u>92,734</u>	<u>88,625</u>
End of Year	<u><u>\$ 90,108</u></u>	<u><u>\$ 92,734</u></u>

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

Debt Service Fund  
Comparative Balance Sheet  
June 30,

	2015	2014
<b>ASSETS</b>		
Cash and equivalents	\$ 18,984	\$ 18,967
Due from other funds	442,102	441,461
Total Assets	<u>\$ 461,086</u>	<u>\$ 460,428</u>
<b>FUND BALANCE</b>		
Restricted	\$ 361,086	\$ 310,428
Assigned	100,000	150,000
Total Fund Balance	<u>\$ 461,086</u>	<u>\$ 460,428</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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 658	\$ 658
<b>EXPENDITURES</b>				
Debt service				
Serial bonds				
Principal	860,000	860,000	860,000	-
Interest	90,200	90,200	90,200	-
Total Expenditures	950,200	950,200	950,200	-
Deficiency of Revenues Over Expenditures	(950,200)	(950,200)	(949,542)	658
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	950,200	950,200	950,200	-
Transfers out	(150,000)	(150,000)	-	150,000
Total Other Financing Sources	800,200	800,200	950,200	150,000
Net Change in Fund Balance	(150,000)	(150,000)	658	150,658
<b>FUND BALANCE</b>				
Beginning of Year	150,000	150,000	460,428	310,428
End of Year	\$ -	\$ -	\$ 461,086	\$ 461,086

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 555	\$ 555
1,260,000	1,265,000	1,175,000	90,000
174,775	169,775	130,900	38,875
1,434,775	1,434,775	1,305,900	128,875
(1,434,775)	(1,434,775)	(1,305,345)	129,430
1,434,775	1,434,775	1,305,900	(128,875)
(150,000)	(150,000)	-	150,000
1,284,775	1,284,775	1,305,900	21,125
(150,000)	(150,000)	555	150,555
150,000	150,000	459,873	309,873
\$ -	\$ -	\$ 460,428	\$ 460,428

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

### General Fund

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

Year Ended June 30, 2015

Adopted Budget	\$ 44,601,912
Additions	
Encumbrances	<u>320,957</u>
Original Budget	44,922,869
Budget Amendments	<u>500,000</u>
Final Budget	<u><u>\$ 45,422,869</u></u>

### General Fund

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

2015-16 Expenditure Budget	<u>\$ 46,493,447</u>
----------------------------	----------------------

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

Unrestricted fund balance	\$
Assigned fund balance	3,706,931
Unassigned fund balance	<u>1,858,808</u>

Total Unrestricted Fund Balance	<u>5,565,739</u>
---------------------------------	------------------

#### Less

Appropriated for subsequent year's budget	3,300,000
Encumbrances	<u>406,931</u>

Total Adjustments	<u>3,706,931</u>
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#### General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law

\$ 1,858,808
--------------

Actual Percentage	<u><u>4.00%</u></u>
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**Hastings-on-Hudson Union Free School District, New York**

**Schedule of Net Investment in Capital Assets**

**Year Ended June 30, 2015**

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Capital Assets, net		\$	9,448,530
Less			
Bonds payable	(1,825,000)		
Energy performance contract debt payable	(1,433,582)		
Unamortized portion of premium on bonds	<u>(153,555)</u>		(3,412,137)
Plus			
Unamortized portion of loss on refunding bonds			<u>186,284</u>
Net Investment in Capital Assets		\$	<u><u>6,222,677</u></u>

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

Communication of Internal Control Matters Identified in the Audit to  
Those Charged with Governance and Management

June 30, 2015

**Communication of Internal Control Matters Identified in the Audit to  
Those Charged with Governance and Management**

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

**Auditors' Communication on Internal Control**

In planning and performing our audit of the basic financial statements of the Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

We have included in this letter a Summary of Communication of Matters Identified in the Audit to Those Charges with Governance, as required by generally accepted auditing standards.

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.

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

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

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

This communication and addendum is intended for the information and use of the School District Superintendent, School District Board and management and are 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.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
September 25, 2015

**O'CONNOR DAVIES, LLP**

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

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

### Addendum A

- **Special Purpose Fund**

#### *Inactive Trusts*

The following expendable trust accounts were inactive during the fiscal year except for interest earnings: Burke Estate Trust, Vinod Dabral Trust, Carter P. Smith Award and Thomas J Brown Award.

<u>Trust</u>	<u>Balance</u>	<u>Special Purpose</u>
Burke Trust	\$ 5,404	Restoration for the Burke Estate
Vinod Dabral Trust	233	Soccer clinics team expenditures
Carter P. Smith	3,975	Scholarship award
Thomas J. Brown	411	Scholarship award

#### ***Recommendation***

The purpose and status of these trusts should be reevaluated by Management so as to continue to pursue the purposes for which they were created and appropriately determine their disposition.

- **Agency Fund**

Extraclassrooms 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. We have reviewed, evaluated, and tested the Extraclassroom Activity Funds. The results of our tests disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education:

#### *Extraclassroom Activity Funds*

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

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



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

### Addendum A

- **Agency Fund (Continued)**

#### *Extraclassroom Activity Funds (Continued)*

#### **Recommendation**

Since this extracurricular activity does not qualify under the state guidelines Management should review the activity in the elementary school extraclassroom activity account and determine the appropriate distribution of those funds.

#### *Inactive Clubs*

Certain clubs were financially inactive during the current fiscal year, certain clubs were inactive for the past two fiscal years, and one had an overdrawn balance as follows:

<u>Inactive</u>	<u>Inactive in Excess of Two Years</u>	<u>Balance</u>
<b>High School</b>		
Art Club		\$ 340
Book Club		71
Cancer Awareness	X	2
Debate Club	X	67
Film Club	X	542
Football	X	33
GSA		598
Math Club	X	494
Outing Club	X	5
Political Action Club	X	140
TSP		(141)
Ultimate Frisbee Club	X	282
<b>Middle School</b>		
Grade 6		42
Grade 8		418
Scholarship		7
Sports	X	451

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.

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

### Addendum A

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

*Inactive Clubs* (Continued)

**Recommendation**

A determination of the status of financially inactive clubs should be made to determine the proper disposition of funds.

- **Special Aid Fund**

The School District participates in the State's summer program for handicapped pupils. The State funds eighty percent of this program and the remaining balance is funded by the General Fund. All revenues and expenditures related to this program have been mandated by the State to be accounted for in the Special Aid Fund. Our audit disclosed the following:

*Budgets*

The Special Aid Fund is established to account for special projects or programs supported in whole or in part with Federal, State or local funds. The Title I program budgets reflected in the general ledger did not include the approved project budget. Auditor's adjustments were proposed and recorded by Management to correct the budget.

**Recommendation**

The School District's Management must properly record the grants budgets approved by the Board during the fiscal year. For those prior year projects, which are still active, the budget should represent the original grant less prior year expenditures.

*Amounts Due from State*

The School District had outstanding amounts pertaining to the summer handicapped program due from the State at June 30, 2015 pertaining to the years 2011-2012 (\$30,705) and 2013-14 (\$26,616).

**Recommendation**

Management should continue its efforts to collect the outstanding receivable balances. If it is determined that collectability is not likely, a Board resolution should be obtained to write off these amounts and therefore, the General Fund would need to transfer funds to the Special Aid Fund to fund these receivables.

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

### Addendum A

- **Journal Entry Testing**

A sample of 17 journal entries from a population of 1003 journal entries were selected to be tested. It was determined that Journal entries do not document evidence of being reviewed or authorized by someone other than the individual who initially creates them.

***Recommendation***

Journal entries must have supporting documentation attached and written evidence of being reviewed by someone other than the initial preparer.

- **General Fund**

*Due to Other Governments*

The due to other governments account includes a balance of \$227,465 relating to the prior year which represents an overpayment from New York State to the School District for state aid.

***Recommendation***

Management must continue to pursue communication with the State regarding this outstanding balance. If it is determined that this amount is not due to New York State then the School District, through a Board resolution, should propose to reverse this accrual and therefore recognize the related revenue

*Fund Balance Reserves*

Under provisions contained in Education Law and General Municipal Law, Districts are permitted to set aside reserves of fund balance for specific purposes. These reserves generally are created through Board resolutions by the close of the School District's fiscal year and are funded through Board approved transfers from fund balance.

The School District Management obtained the appropriate Board resolutions to adjust/approve the reserve for employee benefit accrued liability and the reserve for retirement contribution subsequent to June 30<sup>th</sup> fiscal year end.

***Recommendation***

The School District must adhere to the interpretation of the Commissioner of Education and establish a reserve through Board resolution prior to the fiscal year end.

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

### Addendum A

#### **Internal Auditors (ACCUME Partners) ("ACCUME") Comments Pertaining to Internal controls over Facilities Operations (Focus Area) in which O'Connor Davies Concurs with:**

*This section pertains to the intensive review of the School District's Internal controls over Facilities Operations noted in ACCUME's July 30, 2015 internal audit report. It should be noted that their review did not find any instances of theft or fraud.*

*Audit Scope: Accume's responsibility was to assess the adequacy and effectiveness of internal control over Facilities Operations in the School District. Accume reviewed the period from July 1, 2014 through June 30, 2015.*

#### **1. Facilities Operations – Preventative Maintenance and Work Order Status**

**Observation:** *Accume reviewed and tested internal controls over the Work Order System (Maintenance Direct). To do so, Accume randomly selected 30 work orders from the period under review to test. Accume evaluated the completed work orders to ensure that adequate information was captured on the form; the work order was approved; work performed was consistent with the identified problem; and the response time seemed reasonable. Accume noted that there were several instances of less than timely completions but it appeared that this was caused by custodians not closing out the completed orders in a timely manner. Accume's interviews with the HS Principal and the MS Assistant Principal were very complementary of the Facilities' staff responsiveness. Further, Accume found that the Work Order System was utilized to manage Department operations at a basic level. However, many of the Work Order System's additional features have not been activated or used. Internal Audit noted that several of the Work Order Forms were not completed to indicate the time, labor, supplies and equipment costs. Also, there are additional management reports that can be generated from the Work Order System.*

*In addition, ACCUME reviewed the internal controls over the Preventative Maintenance ("PM") System. Basically, the PM System is a manual system based on regular historical activities. Where appropriate, preventive to maintenance tasks are performed by outside contractors due to the requisite skill levels. The School District, recognizing the need for a more complete automated system, has acquired a companion module for the work order system but has not yet implemented the system.*

#### **Recommendation:**

- The School District could better utilize its Work Order System. Specifically, the Work Order System could be used to track all costs (time, labor, and materials) associated with each work order, as well as assign a job priority, to more effectively manage Department operations.
- The Director of Facilities should periodically generate Work Order System reports and distribute them to the Superintendent, Interim Assistant Superintendent for Finance and Building Principals for review.
- The School District should consider implementing its automated Preventative Maintenance System.

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

## Addendum A

### 2. Facilities Operations – Facilities Use

**Observation:** Accume reviewed the internal controls over the School District's Facilities Use process. Accume found the School District has formal procedures in place to process Facilities Use requests. First, the School District established the Board Policy 1500 Public Use of School Facilities that sets forth the policies and procedures governing the use of school space by students, community members, and the greater public. Secondly, there is a Facilities Use Application on the School District's website. The School District utilizes a hybrid manual/automated system to process the requests (external and internal). For internal requests, the Secretary to the Director of Facilities receives the approved request and determines if the facility is available and, if so, reserves the facility through the automated system. If the facility is not available, she will contact the requestor and determine if an additional facility or alternate date is acceptable. For external group's requests, an application received via mail, email or fax.

Accume randomly selected a sample of Facilities Use requests to test to ensure that the requests were processed in accordance with Board policy. Accume found no exceptions.

**Recommendation:**

- The School District has an adequate level of internal control over Facilities Use. In order to facilitate the use of the system and ensure compliance with all aspects of the Policy, the School District should consider publishing more detailed instructions and/or completed examples on its website from the recently adopted Board Policy 1500 details to include the board approved facilities use fee schedule and the policies for damage deposits, custodial fees and insurance coverages.
- The School District should consider providing system access to internal users to view facilities' schedules, thereby facilitating the reservation process for the requestors and the Facilities Secretary.

### 3. Facilities Operations – Bid Process for Facilities Contractor Services

**Observation:** Accume tested the competitive bid process. We reviewed the bid files to ensure they were conducted in compliance with School District Purchasing Policies and General Municipal Law ("GML"). Specifically, Accume reviewed bid files to ensure that bid proposals had an adequate level of detail and specificity; advertisement for bids were formally and legally published; sealed bids were appropriately time stamped, processed and opened; bid analyses and bid award determinations were appropriate and sufficiently documented; and the bid recommendations to award the bids were Board approved. In Accume's review, Accume found no significant deficiencies but did note that the Department had recently disposed of the current year's date and time stamped envelopes.

**Recommendation:**

- The School District should continue to utilize and comply with its established procedures for the competitive bid process and reinstitute the retention of the date and time stamped envelopes received from the responding bidders.

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

## Addendum A

### **Internal Auditors (ACCUME Partners) ("ACCUME") Comments Pertaining to Internal controls over Information Technology (Focus Area) in which O'Connor Davies Concurs with:**

*This section pertains to the intensive review of the School District's Internal controls over Information Technology noted in ACCUME's July 30, 2014 internal audit report which have not been corrected. It should be noted that their review did not find any instances of theft or fraud.*

#### **1. Information Technology Strategy and Planning – Technology Plan**

**Observation:** The School District's Technology Plan in place had covered the period 2010-2013. It was noted that a new Technology Plan, which will cover the period 2014-2017, was in the process of being drafted, but has not yet been completed.

**Recommendation:** To ensure that plans for the enhancement of the technology environment continue to be aligned with the School District's technology goals and objectives, Accume recommends that the Technology Plan be completed and presented to the Board for approval.

#### **2. 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

#### **3. IT Infrastructure and Maintenance – Software Inventory and Licensing Compliance**

**Observation:** The School District's Technology Profile has an Application by Asset report that shows installed applications on each computer. ACCUME noted that the inventory was not current and did not contain a summary description of the software, product codes, number of copies installed and licensing information.

**Recommendation:** The School District should update the software inventory to ensure that all software in use is identified and tracked, and that all licensing agreements are complied with. The inventory should also be reviewed for continued need and include web-based applications that the School District has purchased. Investigate the feasibility of automating the software inventory, compliance and license management process. Compliance through automation can improve efficiency and IT governance by systematically associating software use rights and purchase data to respective software.

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

### Addendum A

#### 4. IT Infrastructure and Maintenance – Technology Profile Update

**Observation:** The School District's Technology Profile provides a comprehensive overview of the School District's infrastructure, hardware, applications, and data protection and backup plan. The School District has undergone significant changes, such as the Novell to Active Directory Migration and Wireless Network Project, which has made the information and diagrams in the profile outdated.

**Recommendation:** To assist with managing and maintaining the network, the School District should update the Technology Profile to reflect the current network infrastructure.

#### 5. Information Security – Security Administration

**Observation:** Although a Network Access Form is in use by the School District to document the creation and approval of user access, this process is not documented for the removal of access.

**Recommendation:** We recommend implementing a formal process to ensure that access to the network and all applications is revoked once a user leaves the School District. The School District should also perform a periodic certification of network and application users to ensure that all are active employees.

#### 6. Information Security – Network Passwords

**Observation:** Network password parameters were established with a minimum password length of 4 characters with no account lockout threshold. Upon discussions with the Network Administrator, the password minimum length was increased to 6 characters and a lockout threshold was established for 5 invalid login attempts.

**Recommendation:** The School District should continue to evaluate password controls and consider implementing other parameters such as password complexity.

#### 7. 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:

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

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

### Addendum A

#### 8. Governance – IT Control Self Assessments

**Observation:** The IT internal control procedures in place should be periodically evaluated through control self-assessments.

**Recommendation:** The School District should document and monitor the control procedures in place over Information Technology to help ensure operational efficiency and effectiveness. The New York State Office of the State Comptroller, Division of Local Government and School Accountability, has issued an Information Technology Governance guide to assist in the oversight of IT controls. ACCUME recommends that the School District use this guide and perform the Security Self-Assessment included in the guide on a periodic basis. The Security Self-Assessment will also assist in documenting the School District's procedures and identify where controls may need strengthening.



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

### Addendum B

- **Governmental Accounting Standards Board (“GASB”) Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”**

In June 2015, GASB issued Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.” This Statement replaces the requirements of GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”. The key difference in the new standard for New York municipalities and school districts (since New York State has not authorized the establishment of an Other Postemployment Benefit (“OPEB”) trust fund) is that these governments must now report the *total OPEB liability* related to their employees. The prior standard allowed for the amortization of prior service cost over a thirty year period.

The statement requires municipalities and school districts to present more extensive note disclosures and required supplementary information (“RSI”) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than that assumed in the financial statements. The new RSI includes a schedule showing the causes of the increase and decreases in the OPEB liability and a schedule comparing a government’s actual OPEB contributions to its contribution requirements.

This new standard parallels the pension standard in GASB Statement No. 68 “Accounting and Financial Reporting for Pensions”. Together, these two new standards provide consistent and comprehensive disclosure for all postemployment benefits. **The provisions of this Statement are effective for fiscal years beginning after June 15, 2017 (i.e., the School District’s financial statements for the year ending June 30, 2018).**

- **GASB Statement No. 77 “Tax Abatement Disclosures”**

In August 2015, GASB issued Statement No. 77 “Tax Abatement Disclosures”. The requirements of this Statement are intended to improve financial reporting by providing users of financial statements essential information and disclosure about the nature and magnitude of tax abatements, making these types of transactions more transparent to financial statement users. As a result, users should be better equipped to understand how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and the impact those abatements have on a government’s financial position and economic condition.

The statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues. The new disclosures about one’s own tax abatement agreements include:

- The purpose of the abatement program
- The tax being abated
- Dollar amount of taxes abated
- Provisions for recapturing abated taxes
- The types of commitments made by tax abatement recipients
- Other commitments made by the entity in tax abatement agreements, such as to build infrastructure assets

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

Addendum B

• **GASB Statement No. 77 “*Tax Abatement Disclosures*”** (Continued)

The new disclosures about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues include:

- The name of the government entering into the abatement agreement
- The tax being abated
- Dollar amount of the reporting government’s taxes abated

**The provisions of this Statement are effective for fiscal years beginning after December 15, 2015 (i.e., the School District’s financial statements for the year ending June 30, 2017).**

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

### **Communication of Matters Identified in the Audit to Those Charged with Governance** (Continued)

#### **Our responsibility under professional standards**

We have audited the financial statements of the Hastings on Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2015, and have issued our report thereon dated September 25, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 6, 2013. The following provides additional required communications related to our audit.

Our responsibility is to form and express an opinion about whether the financial statements, which are the responsibility of management, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Those individuals charged with governance of the School District are responsible for the oversight of the financial reporting process, and our audit does not relieve management and those charged with governance of their respective responsibilities.

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 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 year, 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.

In connection with our audit we performed tests of the School District's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### **Planned scope and timing of the audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Qualitative aspects of significant accounting practices**

##### *Significant accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. There has been no initial selection 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 other than the adoption of the provisions of the Governmental Accounting Standards Board ("GASB") Statement Nos. 68, "Accounting and Financial Reporting for Pensions" and 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" as disclosed in the notes to financial

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

### **Communication of Matters Identified in the Audit to Those Charged with Governance** (Continued)

#### **Qualitative aspects of significant accounting practices** *(Continued)*

statements. No matters have come to our attention that would require us to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant accounting estimates*

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, such as:

- 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, inclusive of actuarially determined 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.

#### *Financial statement disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements relate to:

- Retirement plan information
- Other post employment benefit obligations payable
- Outstanding bonded indebtedness
- Fund balances

The financial statement disclosures are consistent and clear.

#### **Significant difficulties encountered during the audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and corrected 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.

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

### **Communication of Matters Identified in the Audit to Those Charged with Governance** (Continued)

#### **Uncorrected and corrected misstatements** *(Continued)*

We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction.

There are no such financial statement misstatements that remain uncorrected.

In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The adjusting journal entries following this communications letter summarize the material misstatements that were corrected by management.

#### **Disagreements with management**

For purposes of this letter, 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.

#### **Representations requested from management**

We have requested certain written representations from management in a separate letter dated September 25, 2015.

#### **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 consultations with other accountants regarding auditing and accounting matters.

#### **Other matters discussed with management**

We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District and 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.

We have provided our comments regarding deficiencies and other matters noted during our audit in the attached addenda.

#### **Auditor independence**

We affirm that O'Connor Davies, LLP is independent with respect to the School District in accordance with professional standards.

This communication is intended solely for the information and use of the Superintendent, Board, and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

**HASTINGS-ON-HUDSON UNION FREE SCHOOL DISTRICT, NEW YORK**

**Audit Adjustments Recorded by Management**

**June 30, 2015**

Account	Description	Debit	Credit	Positive/ (Negative) Effect on Fund Balance
<b>General Fund -</b>				
To correct the opening fund balance to agree to prior year audited financial				
A 9950.900-00-0002	INTERFUND TRANSFER CAPITAL	500,000.00		(500,000.00)
A909	FUND BALANCE, UNRESERVED		500,000.00	
<b>Total</b>		<b>500,000.00</b>	<b>500,000.00</b>	
To adjust reserve balances to actual per Board resolutions				
A827	RESERVE FOR RETIREMENT SYS CONTRIBUTI	350,000.00		
A864	RES FOR TAX CERTIORARI	400,000.00		
A878	RESERVE FOR CAPITAL PROJECTS	750,000.00		
A827	RESERVE FOR RETIREMENT SYS CONTRIBUTI		300,000.00	
A882	REPAIR RESERVE		200,000.00	
A909	FUND BALANCE, UNRESERVED		1,000,000.00	
<b>Total</b>		<b>1,500,000.00</b>	<b>1,500,000.00</b>	-
To adjust designated for subsequent years budget based on approved 2015-16 adopted budget				
A909	FUND BALANCE, UNRESERVED	1,900,000.00		
A910	APPROPRIATED FUND BALANCE		1,900,000.00	
<b>Total</b>		<b>1,900,000.00</b>	<b>1,900,000.00</b>	-
				(500,000.00)
<b>Special Aid Fund -</b>				
To correct recording of general fund contribution for summer handicapped				
F 3289	OTHER STATE AID (SPECIFY)	20,300.00		
F391	DUE FROM OTHER FUNDS	20,300.00		(20,300.00)
F 5031	INTERFUND TRANSFER FROM GENERAL FUND		20,300.00	
F410	DUE FROM STATE & FEDERAL		20,300.00	20,300.00
<b>Total</b>		<b>40,600.00</b>	<b>40,600.00</b>	
				-

**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, 2015

## **Independent Auditors' Report**

**The Board of Education of the  
Hasting-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 Hasting-on-Hudson Union Free School District, New York, as of and for the year ended June 30, 2015, 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.

**O'CONNOR DAVIES, LLP**

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### **Basis for Qualified Opinion**

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

### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter discussed in the basis for qualified opinion paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hasting-on-Hudson Union Free School District, New York as of June 30, 2015 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.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
September 25, 2015

**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, 2015

	Cash Balances Beginning	Receipts	Disburse- ments	Cash Balances Ending
<b>HIGH SCHOOL</b>				
Academic Challenge	\$ 316	\$ 790	\$ 750	\$ 356
Amnesty Club	572	1,601	1,734	439
Art Club	340	-	-	340
Band	2,253	2,291	-	4,544
Book Club	71	-	-	71
Cancer Awareness	2	-	-	2
Chess Club	206	336	223	319
Chorus	2,480	2,132	850	3,762
Class 2014	1,433	-	1,433	-
Class 2015	5,236	14,094	17,210	2,120
Class 2016	1,277	3,965	1,940	3,302
Class 2017	1,638	211	-	1,849
Class 2018	-	1,087	225	862
Crossing Borders	354	714	751	317
Culinary Club	835	1,414	-	2,249
Debate Club	67	-	-	67
Environment Club	870	86	-	956
Film	542	-	-	542
Football	33	-	-	33
Foreign Language Club	2,225	789	669	2,345
Golf Club	4,314	-	449	3,865
GSA	598	-	-	598
Habitat for Humanity	42	196	-	238
Hudsonettes	2,296	2,235	2,910	1,621
Math Club	494	-	-	494
NAHS	441	160	405	196
Outing Club	5	-	-	5
Peer Leadership	2,145	1,678	1,419	2,404
Photography	392	77	224	245
Political Action Club	140	-	-	140
SADD	710	75	432	353
Student Union	14,992	5,705	6,260	14,437
Sunshine Club	2,282	471	773	1,980
TSP	(141)	-	-	(141)
Ultimate Frisbee	282	-	-	282
Varsity Club	4,969	24,888	27,803	2,054
W.E.S.T.M.U.N.C.	16,807	27,375	29,854	14,328
Yearbook	6,082	6,965	7,281	5,766
Y.E.M.C.	4,849	3,081	1,500	6,430
<b>Total High School</b>	<b>82,449</b>	<b>102,416</b>	<b>105,095</b>	<b>79,770</b>

(Continued)

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

## Extraclassroom Activity Funds

## Statement of Cash Receipts, Cash Disbursements and Cash Balances (Continued)

Year Ended June 30, 2015

	Cash Balances Beginning	Receipts	Disburse- ments	Cash Balances Ending
<b>MIDDLE SCHOOL</b>				
Extracurricular	\$ 227	\$ 90	\$ -	\$ 317
Grade 6	42	-	-	42
Grade 8	418	-	-	418
Scholarship	7	-	-	7
SEC-5/6	25	178	99	104
Sports	451	-	-	451
Yearbook	304	4,081	1,890	2,495
	<u>1,474</u>	<u>4,349</u>	<u>1,989</u>	<u>3,834</u>
Total Middle School				
	<u>\$ 83,923</u>	<u>\$ 106,765</u>	<u>\$ 107,084</u>	<u>\$ 83,604</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, 2015

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### **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. 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. Deposits and Risk Disclosure**

Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Extraclassroom Activity Funds deposits and investment policies follow the Hastings-on-Hudson Union Free School District, New York's policies. 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. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

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 that 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.

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. Governmental Accounting Standards Board ("GASB") Statement No. 40 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, 2015.

The School District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

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