

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

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

WITH INDEPENDENT AUDITORS' REPORT



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

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BENNETT KIELSON STORCH DESANTIS DIVISION



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ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Education of the  
Hastings-on-Hudson Union Free School District, New York:

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 as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Hastings-on-Hudson Union Free School District, New York as of June 30, 2010 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010 on our consideration of the Hastings-on-Hudson Union Free School District, New York's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Bennett Kielson Storch DeSantis Division**

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax [www.odmd.com](http://www.odmd.com)

Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hastings-on-Hudson Union Free School District, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Hastings-on-Hudson Union Free School District, New York. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Hastings-on-Hudson Union Free School District, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

September 24, 2010

**Hastings-on-Hudson Union Free School District, New York**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2010**

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**Introduction**

The discussion and analysis of the Hastings-on-Hudson Union Free School District's, financial performance provides an overview of the School District's financial activities for the year ended June 30, 2010. 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.

This Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, issued June 1999.

**Financial Highlights**

Key financial highlights for fiscal year 2009-2010 are as follows:

- New York State Law limits the unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. As of June 30, 2010, the total fund balance of the General Fund was \$8,493,487 an increase of \$2,758,070 from previous year's ending fund balance. Of this amount, \$2,500,000 has been designated for subsequent year's expenditures. The undesignated fund balance is \$1,609,131 that represents approximately 3.8% of the subsequent year's budget and therefore, falls within the 4% statutory limit. This amount is available for spending at the discretion of the School District. The remainder of the fund balance of the General Fund, \$4,384,356, has been reserved for specific purposes.
- On the District-wide financial statements, the assets of the School District exceeded liabilities by \$6,305,856. The unrestricted portion of net assets is \$(665,107). The School District's total net assets increased by \$1,112,996 for the year ended June 30, 2010. 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, 2010, the School District's OPEB obligations of \$4,283,690 are reflected as a liability on the district-wide financial statements.

- The School District's governmental funds (including General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund) financial statements report a combined ending fund balance of \$9,662,852 versus a balance of \$7,009,276 for the 2008-2009 school year. The reason for this increase was because of a net increase in the fund balance of the General Fund.
- At the beginning of the fiscal year, the School District had net capital assets of \$9,414,626. At the end of this fiscal year, the net capital assets decreased by \$277,117 to \$9,137,509, mainly as a result of the depreciation of capital assets.
- The School Lunch Fund's revenues totaled \$367,179 for the current year which is consistent with last year. The School Lunch Fund's expenditures for the year were \$291,977.
- At the beginning of the fiscal year, the School Lunch Fund had a fund balance of \$123,578. At the end of this fiscal year, the fund balance was increased to \$198,780 representing an increase of \$75,202. The School Lunch Fund provided free breakfast/lunch to 75 students. The School District did participate in the National School Lunch and Breakfast programs. The School District received \$25,895 of Federal and State aid 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) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains 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 assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 each fund, since the School District has elected to report them as major funds.
- 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 assets may serve over time as a useful indicator of the School District's financial position. In the case of the Hastings-on-Hudson Union Free School District, New York, assets exceeded liabilities by \$6,305,856.

#### Net Assets

	June 30,	
	2010	2009
Current Assets	\$ 11,439,851	\$ 9,458,057
Capital Assets, net	9,137,509	9,414,626
Total Assets	20,577,360	18,872,683
Current Liabilities	1,901,235	2,590,736
Long-term Liabilities	12,370,269	11,089,087
Total Liabilities	14,271,504	13,679,823
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,897,509	1,009,626
Restricted for:		
Retirement system contributions	800,000	-
Capital Projects	409,708	561,362
Debt Service	478,049	-
Tax Certiorari	3,084,330	2,459,733
School Lunch	198,780	471,697
Special Purposes	102,587	136,785
Unrestricted	(665,107)	553,657
Total Net Assets	\$ 6,305,856	\$ 5,192,860

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

The largest component of the restricted assets is restricted for tax certiorari. The School District also has a reserve for Tax Certiorari claims. Currently, the School District has a potential exposure of approximately \$7.130 million in tax certiorari claims. The remaining balance of net assets is unrestricted net assets, which totaled \$(665,107).

## Changes in Net Assets

	June 30,	
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,071,823	\$ 1,142,381
Operating Grants and Contributions	946,846	767,490
Capital Grants and Contributions	6,352	12,356
Total Program Revenues	<u>2,025,021</u>	<u>1,922,227</u>
General Revenues:		
Real Property Taxes	29,830,897	28,888,568
Other Tax Items	5,308,898	5,861,527
Non-Property Taxes	373,015	401,171
Unrestricted Use of Money and Property	45,284	207,730
Sale of Property and Compensation for Loss	42,488	37,749
Unrestricted State Aid	3,990,284	4,692,741
Unrestricted Federal Aid	726,442	
Miscellaneous	242,180	135,193
Total General Revenues	<u>40,559,488</u>	<u>40,224,679</u>
Total Revenues	<u>42,584,509</u>	<u>42,146,906</u>
Program Expenses:		
General Support	5,072,241	5,240,621
Instruction	34,378,538	33,285,976
Pupil Transportation	1,268,469	1,544,325
Cost of Food Sales	296,242	357,530
Other	157,134	58,897
Interest	298,889	471,177
Total Expenses	<u>41,471,513</u>	<u>40,958,526</u>
Change in Net Assets	1,112,996	1,188,380
Net Assets - Beginning, as reported	<u>5,192,860</u>	<u>4,004,480</u>
Net Assets - Ending	<u><u>\$ 6,305,856</u></u>	<u><u>\$ 5,192,860</u></u>

Governmental activities increased the School District's net assets by \$1,112,996 during the 2009-10 fiscal year versus an increase of \$1,188,380 during the previous fiscal year, thereby improving the School District's financial condition.

The major changes are as follows:

Revenues:

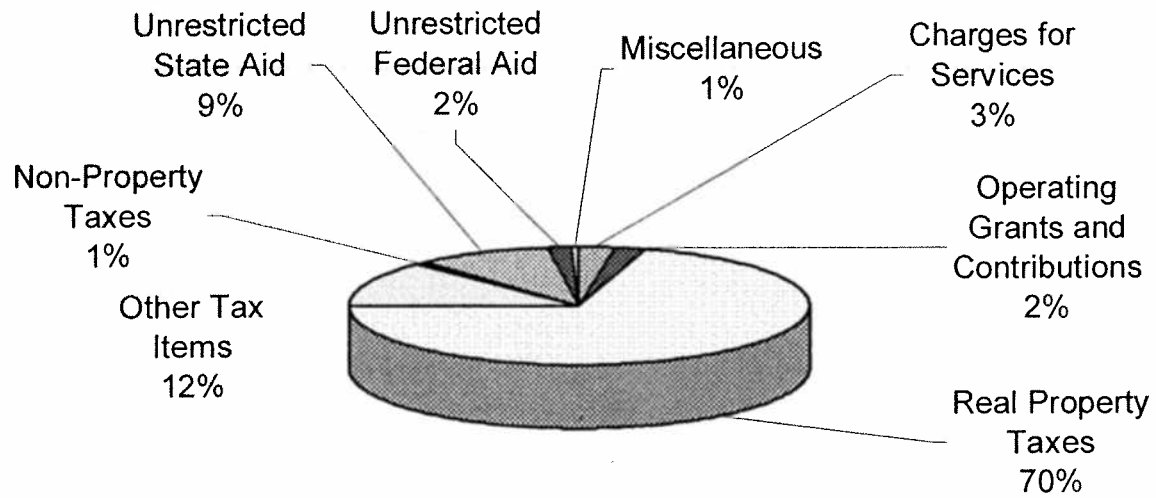
- Real property taxes increased by \$942,329 representing a 3.2% increase. This is the result of a higher tax levy.
- Other tax items (STAR) decreased by \$552,629 representing a 9.43% decrease.
- Non-Property Taxes (sales taxes) decreased by \$28,156.
- During the 2009-2010 fiscal year, the District collected borderline property taxes amounted to \$83,799. The District also collected \$390,821 in day school tuition.
- Interest earned on investments was \$70,077. Reflecting a decrease from the prior fiscal year of approximately \$156,000.
- State Aid to the District decreased by \$713,930. The Federal AARA funds restored \$726,442 of these funds

Expenses:

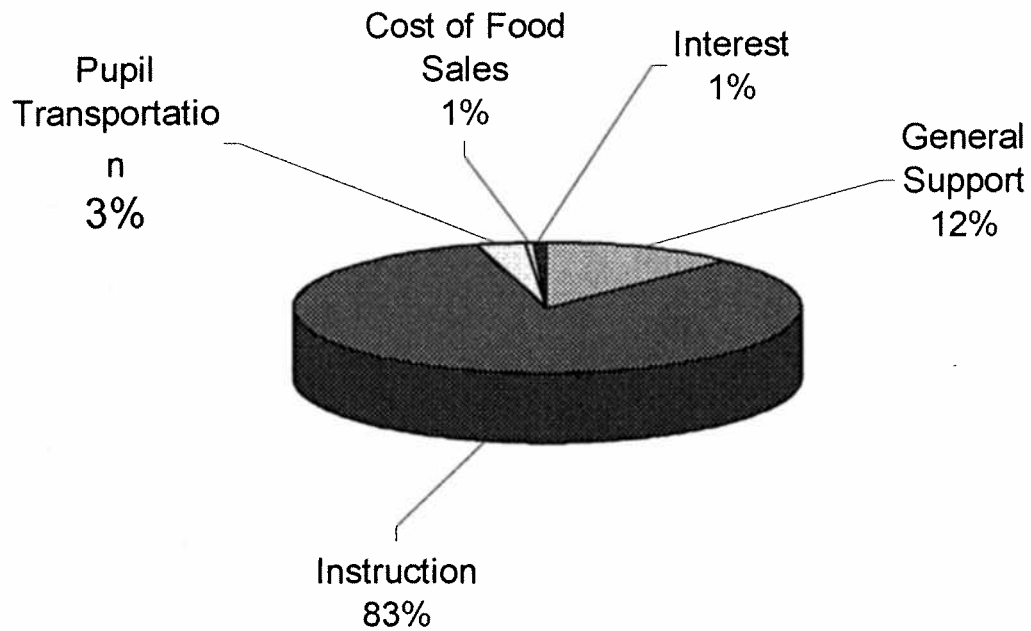
- General Support expenses decreased by \$168,380, representing decreases of 3%.
- Instruction expenses increased by \$1,092,562, representing an increase of 3%. The primary reasons for this increase are the accrual of the OPEB obligation and an increase in contractual obligations.
- Pupil Transportation expenses decreased by \$275,856, representing an decrease of 18%. This was due to the cost of the consolidation of bus runs.

As indicated on the following graphs, the School District relies upon real property taxes and other tax items (School Tax Relief) as its primary revenue source (70%) and State Aid and Federal Aid as its secondary source of revenue (11%). The School District's instruction costs account for 83% of its expenses.

## Sources of Revenue for Fiscal Year 2010 Governmental Activities



## Expenses for Fiscal Year 2010 Governmental Activities



## Financial Analysis of the School District's Funds

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

### *Governmental Funds*

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

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$9,662,852. Of this amount, \$4,109,131 constituted Unreserved General Fund balance, of which \$2,500,000 has been designated for subsequent year's expenditures in the General Fund and represents the amount estimated for use in the 2010-2011 budget. This designation is comprised of \$2,500,000 from the fund balance. Additionally, \$150,000 has been designated for subsequent year's expenditures in the Debt Service Fund and \$400,000 from the tax certiorari fund.

The remainder of fund balance in the amount of \$4,796,752 is *reserved* to indicate that it is not available for new spending because it has already been committed. The reserves include a reserve for encumbrances of \$278,267, a reserve for inventory of \$1,519, a reserve for tax certiorari of \$3,084,330, a reserve for debt service of \$328,049 and a reserve for trusts of \$102,587.

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 \$8,493,487, of which \$1,609,131, or 3.8%, of the ensuing year's budget was unreserved and undesignated. As previously mentioned, New York State Law limits the unreserved 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 unreserved and undesignated fund balance is available for spending at the School District's discretion.

The actual change in fund balance was an increase of \$2,758,070. Additional revenues accounted for \$524,550 of this variance. The balance of the variance was attributable to expenditure savings due to Federal grants.

### **General Fund Budgetary Highlights**

There was no change from the original budget. Actual revenues and other financing sources exceeded the budget by \$524,550. Actual expenditures and other financing uses were \$3,741,365 less than the budget.

### Capital Assets

At June 30, 2010, the School District had \$9,137,509 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,	
	2010	2009
Land	\$ 115,000	\$ 115,000
Construction-in-Progress	23,800	-
Land Improvements	539,958	271,231
Buildings and Improvements	8,306,168	8,845,808
Machinery and Equipment	152,583	182,587
 Total Capital Assets, net of accumulated depreciation	 <u>\$ 9,137,509</u>	 <u>\$ 9,414,626</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, 2010, the School District had \$12,370,269 in general obligation and other long-term debt outstanding, as follows:

	June 30,	
	2010	2009
Bonds Payable	\$ 7,720,000	\$ 8,885,000
Claims Payable	163,856	-
Compensated Absences	202,723	122,787
Other Post Employment Benefit Obligations Payable	<u>4,283,690</u>	<u>2,081,300</u>
 Total	 <u>\$ 12,370,269</u>	 <u>\$ 11,089,087</u>

Bonds payable in the amount of \$7,720,000 is comprised of \$7,380,000 in capital improvement bonds and \$340,000 in tax certiorari bonds. During the 2009-2010 fiscal year, the School District amortized \$1,165,000 in bond principal. The School District is projected to amortize \$1,215,000 in bond principal during the 2010-2011 school year.



More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements (Note 3. H. 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 70% of its revenue. Combine the real property taxes with the STAR (School Tax Relief) reimbursement, this number increases to 82%. 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 8% 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. While State Aid was increasing each year, the percentage of the budget it represents was decreasing. The School District does try to maximize revenues from non-property tax and state aid sources (e.g., borderline property taxes, 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 has experienced steady enrollment increases since the late 80's. Since the fiscal year 1998-99, there has been a decrease in enrollment in the elementary school. The middle school enrollment has been decreasing since 2004-05. However, the high school has been experiencing an increase in enrollment. According to the most recent enrollment projection study prepared by an outside consultant in November 2005, the School District's overall enrollment leveled off during the 2006-07 , 2007-08 and 2009-2010 school years.

Enrollment of special education out-of-district placement has decreased slightly during the 2009-2010 school year. However, tuition and cost of related services for an out-of-district placement is substantially higher than the cost of educating an in-district student. This fact will have a major impact on the future finances of the School District.

### School District's Changing Enrollment

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011
K-4	579	571	553	545	514	521	562
5-8	541	537	518	493	496	515	509
9-12	555	524	562	575	551	522	534
*Sp. Ed.	40	40	37	39	39	28	31
Total	1,715	1,672	1,670	1,652	1,600	1,609	1636

\*Out of District Special Education placements

\*\*Projected enrollment

#### **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

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

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 10,119,129
Investments	21,974
Receivables:	
Accounts	52,855
State and Federal aid	1,154,374
Due from other governments	90,000
Inventories	1,519
Capital assets (net of accumulated depreciation):	
Land	115,000
Construction-in-progress	23,800
Land improvements	539,958
Buildings and improvements	8,306,168
Machinery and equipment	152,583
Total Assets	20,577,360
<b>LIABILITIES</b>	
Accounts payable	140,154
Accrued liabilities	57,768
Unearned revenues	126,957
Due to other governments	6,857
Due to retirement systems	1,445,263
Accrued interest payable	124,236
Non-current Liabilities:	
Due within one year:	
Bonds payable - Judgments and claims	145,000
Bonds payable - Capital construction	1,070,000
Claims payable	163,856
Compensated absences	20,272
Due in more than one year:	
Bonds payable - Judgments and claims	335,000
Bonds payable - Capital construction	6,170,000
Compensated absences	182,451
Other post employment benefit obligations payable	4,283,690
Total Liabilities	14,271,504
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,897,509
Restricted for:	
Retirement system contributions	800,000
Capital projects	409,708
Debt service	478,049
Tax certiorari	3,084,330
School Lunch	198,780
Special purposes	102,587
Unrestricted	(665,107)
Total Net Assets	\$ 6,305,856

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

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2010

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General support	\$ 5,072,241	\$ 213,294	\$ 24,597	\$ -	\$ (4,834,350)
Instruction	34,378,538	520,646	709,784	-	(33,148,108)
Pupil transportation	1,268,469	-	-	-	(1,268,469)
Cost of food sales	296,242	337,883	26,164	-	67,805
Other	157,134	-	186,301	-	29,167
Interest	298,889	-	-	6,352	(292,537)
Total Governmental Activities	<u>\$ 41,471,513</u>	<u>\$ 1,071,823</u>	<u>\$ 946,846</u>	<u>\$ 6,352</u>	<u>(39,446,492)</u>
General Revenues:					
Real property taxes					29,830,897
Other tax items -					
School tax relief reimbursement					5,308,898
Non-property taxes -					
Non-property tax distribution from County					373,015
Unrestricted use of money and property					45,284
Sale of property and compensation for loss					42,488
Unrestricted State aid					3,990,284
Unrestricted Federal aid					726,442
Miscellaneous					242,180
Total General Revenues					<u>40,559,488</u>
Change in Net Assets					1,112,996
Net Assets - Beginning of Year					<u>5,192,860</u>
Net Assets - Ending					<u>\$ 6,305,856</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, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Equivalents	\$ 8,965,298	\$ 813,842	\$ 339,989	\$ 10,119,129
Investments	3,317	-	18,657	21,974
Receivables:				
Accounts	51,016	-	1,839	52,855
State and Federal aid	788,699	-	365,675	1,154,374
Due from other governments	90,000	-	-	90,000
Due from other funds	240,631	-	444,029	684,660
Inventories	-	-	1,519	1,519
Total Assets	<u>\$ 10,138,961</u>	<u>\$ 813,842</u>	<u>\$ 1,171,708</u>	<u>\$ 12,124,511</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 137,980	\$ -	\$ 2,174	\$ 140,154
Accrued liabilities	57,768	-	-	57,768
Deferred revenues	4,463	-	122,494	126,957
Due to other funds	-	404,134	280,526	684,660
Due to other governments	-	-	6,857	6,857
Due to retirement systems	1,445,263	-	-	1,445,263
Total Liabilities	<u>1,645,474</u>	<u>404,134</u>	<u>412,051</u>	<u>2,461,659</u>
Fund Balances:				
Reserved for encumbrances	278,267	-	-	278,267
Reserved for employee benefit accrued liability	202,000	-	-	202,000
Reserved for retirement system contributions	800,000	-	-	800,000
Reserved for debt service	19,759	-	308,290	328,049
Reserved for tax certiorari	3,084,330	-	-	3,084,330
Reserved for inventories	-	-	1,519	1,519
Reserved for trusts	-	-	102,587	102,587
Unreserved, reported in:				
General Fund	4,109,131	-	-	4,109,131
Special Revenue Funds	-	-	197,261	197,261
Debt Service Fund	-	-	150,000	150,000
Capital Projects Fund	-	409,708	-	409,708
Total Fund Balances	<u>8,493,487</u>	<u>409,708</u>	<u>759,657</u>	<u>9,662,852</u>
Total Liabilities and Fund Balances	<u>\$ 10,138,961</u>	<u>\$ 813,842</u>	<u>\$ 1,171,708</u>	<u>\$ 12,124,511</u>

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

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
 THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS  
 JUNE 30, 2010

Fund Balances - Total Governmental Funds	<u>\$ 9,662,852</u>
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Amounts Reported for Governmental Activities in the Statement of Net  
 Assets are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>9,137,509</u>
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Long-term liabilities that are not due and payable in the current  
 period are not reported in the funds.

Accrued interest payable	(124,236)
Bonds payable	(7,720,000)
Claims payable	(163,856)
Compensated absences	(202,723)
Other post employment benefit obligations payable	<u>(4,283,690)</u>

	<u>(12,494,505)</u>
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Net Assets of Governmental Activities	<u><u>\$ 6,305,856</u></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  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real property taxes	\$ 29,830,897	\$ -	\$ -	\$ 29,830,897
Other tax items	5,308,898	-	-	5,308,898
Non-property taxes	373,015	-	-	373,015
Charges for services	520,646	-	-	520,646
Use of money and property	283,371	-	6,738	290,109
Sale of property and compensation for loss	42,488	-	-	42,488
State aid	4,116,046	-	258,352	4,374,398
Federal aid	759,936	-	318,071	1,078,007
Food sales	-	-	337,883	337,883
Miscellaneous	239,048	-	189,120	428,168
Total Revenues	41,474,345	-	1,110,164	42,584,509
<b>EXPENDITURES</b>				
Current:				
General support	4,175,239	-	-	4,175,239
Instruction	24,280,721	-	614,528	24,895,249
Pupil transportation	1,266,376	-	-	1,266,376
Employee benefits	7,438,348	-	-	7,438,348
Cost of food sales	-	-	291,977	291,977
Other	-	-	220,499	220,499
Debt service:				
Principal	-	-	1,165,000	1,165,000
Interest	6,085	-	310,523	316,608
Capital outlay	-	161,637	-	161,637
Total Expenditures	37,166,769	161,637	2,602,527	39,930,933
Excess (Deficiency) of Revenues Over Expenditures	4,307,576	(161,637)	(1,492,363)	2,653,576
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	40,017	50,000	1,539,523	1,629,540
Transfers out	(1,589,523)	(40,017)	-	(1,629,540)
Total Other Financing Sources (Uses)	(1,549,506)	9,983	1,539,523	-
Net Change in Fund Balances	2,758,070	(151,654)	47,160	2,653,576
Fund Balances - Beginning of Year	5,735,417	561,362	712,497	7,009,276
Fund Balances - End of Year	\$ 8,493,487	\$ 409,708	\$ 759,657	\$ 9,662,852

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

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, 2010

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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	\$ 2,653,576
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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 outlays in the current period.

Capital outlay expenditures	367,542
Depreciation expense	<u>(629,750)</u>
	<u>(262,208)</u>

Loss on disposal of capital assets	<u>(14,909)</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	<u>1,165,000</u>
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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	17,719
Claims	(163,856)
Compensated absences	(79,936)
Other post employment benefit obligations	<u>(2,202,390)</u>
	<u>(2,428,463)</u>

Change in Net Assets of Governmental Activities	<u>\$ 1,112,996</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  
BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 29,830,897	\$ 29,830,897	\$ 29,830,897	\$ -
Other tax items	5,308,898	5,308,898	5,308,898	-
Non-property taxes	300,000	300,000	373,015	73,015
Charges for services	350,000	350,000	520,646	170,646
Use of money and property	380,000	380,000	283,371	(96,629)
Sale of property and compensation for loss	-	-	42,488	42,488
State aid	4,600,000	3,873,558	4,116,046	242,488
Federal aid	40,000	766,442	759,936	(6,506)
Miscellaneous	140,000	140,000	239,048	99,048
Total Revenues	40,949,795	40,949,795	41,474,345	524,550
<b>EXPENDITURES</b>				
Current:				
General support	4,100,799	5,177,997	4,175,239	1,002,758
Instruction	25,816,402	26,112,584	24,280,721	1,831,863
Pupil transportation	1,632,200	1,632,200	1,266,376	365,824
Employee benefits	9,317,000	8,096,159	7,438,348	657,811
Debt service - Interest	160,000	7,461	6,085	1,376
Total Expenditures	41,026,401	41,026,401	37,166,769	3,859,632
Excess (Deficiency) of Revenues Over Expenditures	(76,606)	(76,606)	4,307,576	4,384,182
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	275,000	275,000	40,017	(234,983)
Transfers out	(1,749,523)	(1,749,523)	(1,589,523)	160,000
Total Other Financing Uses	(1,474,523)	(1,474,523)	(1,549,506)	(74,983)
Net Change in Fund Balance	(1,551,129)	(1,551,129)	2,758,070	4,309,199
Fund Balance - Beginning of Year	1,551,129	1,551,129	5,735,417	4,184,288
Fund Balance - End of Year	\$ -	\$ -	\$ 8,493,487	\$ 8,493,487

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

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2010

	<u>Agency</u>
<b>ASSETS</b>	
Cash and Equivalents	\$ 182,868
Accounts Receivable	<u>1,080</u>
Total Assets	<u><u>\$ 183,948</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 29,771
Deposits	47,308
Student Activity Funds	<u>106,869</u>
Total Liabilities	<u><u>\$ 183,948</u></u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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**Note 1 - Summary of Significant Accounting Policies**

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

The 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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010

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**Note 1 - Summary of Significant Accounting Policies (Continued)****B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Assets 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.

The Statement of Net Assets 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, liabilities, 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 page 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.

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

General Fund - The General Fund constitutes the primary operating fund of the School District in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund - The Capital Projects Fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The special revenue funds of the School District are as follows:

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

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 provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

- b. Fiduciary Funds (Not Included in District-wide 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 reports.

## NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2010

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

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 and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities and Net Assets 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.

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

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 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, 2010.

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

**Investment Pool** - The School District participates in a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. 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 the Cooperative Liquid Assets Securities System (CLASS), which may be obtained from MBIA Municipal Investors Service Corp., 113 King Street, Armonk, NY 10504.

CLASS is rated AAA/V1+ by Fitch 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.

**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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010

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

**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, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventories** - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or in the case 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 are equally offset by a reservation of 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>
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/Deferred 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.

Deferred revenues in 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 deferred revenues of \$4,463 within the General Fund for tuition received in advance, \$113,817 for Federal aid received in advance in the Special Aid Fund and \$8,677 for



NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010

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

monies received in advance for school lunch in the school lunch fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**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 Assets. Bond premiums and discounts, as well as issuance costs, 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 amortized over the term of the related debt.

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 Assets 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 Assets** - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their 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 assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for capital projects, school lunch, tax certiorari, debt service and special purposes. The balance is classified as unrestricted.

**Fund Balances - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, inventories, tax certiorari, debt service and trusts represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

**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 and Capital Projects funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010

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

**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 and liabilities 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 24, 2010.

**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 voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget.
- f) Formal budgetary integration is employed during the year as a management control device for General, Special Aid and Debt Service funds.

## NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2010

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

- 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. Property Tax Limitation**

The School District is not limited as to the maximum amount of real property taxes, which may be raised within the School District.

**C. Limitation on Unreserved Fund Balance**

The School District is limited to the amount of unreserved fund balance that can be retained. New York State law limits the unreserved fund balance to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

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

The composition of interfund balances at June 30, 2010 is as follows:

Fund	Due From	Due To
General	\$ 240,631	\$ -
Capital	-	404,134
Non-Major Governmental	444,029	280,526
	<u>\$ 684,660</u>	<u>\$ 684,660</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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010**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, 2009	Additions	Deductions	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	\$ 115,000			\$ 115,000
Construction in progress	-	23,800	-	23,800
	<u>\$ 115,000</u>	<u>\$ 23,800</u>	<u>\$ -</u>	<u>\$ 138,800</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 797,034	\$ 331,113	\$ 57,711	\$ 1,070,436
Buildings and Improvements	19,842,439	3,284	-	19,845,723
Machinery and Equipment	728,065	9,345	-	737,410
Total Capital Assets, being Depreciated	<u>21,367,538</u>	<u>343,742</u>	<u>57,711</u>	<u>21,653,569</u>
Less accumulated depreciation for:				
Land Improvements	525,803	62,386	57,711	530,478
Buildings and Improvements	10,996,631	542,924	-	11,539,555
Machinery and Equipment	545,478	39,349	-	584,827
Total Accumulated Depreciation	<u>12,067,912</u>	<u>644,659</u>	<u>57,711</u>	<u>12,654,860</u>
Total Capital Assets, being depreciated, net	<u>\$ 9,299,626</u>	<u>\$ (300,917)</u>	<u>\$ -</u>	<u>\$ 8,998,709</u>
Governmental Activities Capital Assets, net	<u>\$ 9,414,626</u>	<u>\$ (277,117)</u>	<u>\$ -</u>	<u>\$ 9,137,509</u>

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

General Government Support	\$ 9,123
Instruction	616,362
Cost of Food Sales	<u>4,265</u>
Total Depreciation Expense	<u>\$ 629,750</u>

**C. Pension Plans**

The Hastings-on-Hudson Union Free School District, New York participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees

## NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2010

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

are governed by Education Law and the New York State Retirement and Social Security Law. The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12224 and the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

**Funding Policy** - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year's ending in 2010 are as follows::

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	15.3%	1-4	6.19%
3 A14	11.4		
4 A15	11.4		

Contributions made or accrued to the Systems for the current and two preceding years were as follows:

	ERS	TRS
2010	\$ 303,887	\$ 1,104,090
2009	283,688	1,348,404
2008	305,099	1,432,371

The ERS and TRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current year ERS and TRS contribution was charged to the General Fund.

**D. Accrued Liabilities**

Accrued liabilities as of June 30, 2009 were as follows:

	General Fund
Payroll and Employee Benefits	\$ 57,768

NOTES TO FINANCIAL STATEMENTS (Continued)  
 JUNE 30, 2010

**Note 3 - Detailed Notes on All Funds (Continued)****E. Short-Term Non-Capital Borrowings**

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

	Balance July 1, 2009	New Issues	Redemptions	Balance June 30, 2010
Tax Anticipation Note	\$ -	\$ 4,500,000	\$ 4,500,000	\$ -

The tax anticipation note of \$4,500,000 was issued in July 2009 and redeemed on October 9, 2009, with interest at 1.0%. Interest expenditures/expenses of \$6,085 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

**F. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2010:

	Balance July 1, 2009	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2010	Due Within One-Year
Bonds Payable	\$ 8,885,000	\$ -	\$ 1,165,000	\$ 7,720,000	\$ 1,215,000
Other Non-current Liabilities -					
Claims Payable	-	163,856	-	163,856	163,856
Compensated Absences	122,787	92,215	12,279	202,723	20,272
Other Post Employment Benefit Obligations Payable	2,081,300	3,467,440	1,265,050	4,283,690	-
Total Non-Current Liabilities	2,204,087	3,723,511	1,277,329	4,650,269	184,128
Total Long-Term Liabilities	\$ 11,089,087	\$ 3,723,511	\$ 2,442,329	\$ 12,370,269	\$ 1,399,128

Each governmental fund's liability for compensated absences is liquidated by the respective fund. The School District's indebtedness for bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 JUNE 30, 2010

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

Bonds payable at June 30, 2010 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2010
School District Renovations	1995	\$ 3,972,000	July 2013	5.20 - 5.40 %	\$ 1,260,000
Tax Certiorari Refunds	1996	550,000	June 2011	5.30 - 5.60	55,000
Tax Certiorari Refunds	1997	1,050,000	December 2012	4.70 - 4.90	285,000
School District Renovations	2003	9,925,000	July 2016	3.00 - 3.50	6,120,000
					<u>\$ 7,720,000</u>

Interest expenditures of \$310,523 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$292,804 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt as of June 30, 2010, including interest payments of \$919,272 are as follows:

Year Ending June 30,	Principal	Interest
2011	\$ 1,215,000	\$ 264,406
2012	1,210,000	216,034
2013	1,265,000	168,542
2014	1,215,000	120,793
2015	905,000	82,122
2016-2017	<u>1,910,000</u>	<u>67,375</u>
	<u>\$ 7,720,000</u>	<u>\$ 919,272</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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010

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

**Compensated Absences**

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

**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' 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.



NOTES TO FINANCIAL STATEMENTS (Continued)  
 JUNE 30, 2010

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

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>
2008	8.70%	3.75%
2009	8.20%	5.00%
2010	6.50%	5.00%
2011-2012	5.90%	5.00%
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 28 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.

The number of participants as of June 30, 2010 was as follows:

Active Employees	257
Retired Employees	<u>184</u>
Total	<u><u>441</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010**Note 3 - Detailed Notes on All Funds (Continued)**

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2009	\$ 38,791,016
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 38,791,016</u>
Funded ratio	0.00%
Covered payroll (active plan members)	<u>\$ 21,046,873</u>
UAAL as a percentage of covered payroll	<u>184.31%</u>
Annual Required Contribution	\$ 3,441,816
Interest on Net OPEB Obligation	104,065
Adjustment on annual required contribution	<u>(78,441)</u>
Annual OPEB Cost	3,467,440
Contributions Made	<u>(1,265,050)</u>
Increase in Net OPEB Obligation	2,202,390
Net OPEB Obligation - beginning of year	<u>2,081,300</u>
Net OPEB Obligation - end of year	<u>\$ 4,283,690</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
2010	\$ 3,467,440	23.54 %	\$ 4,283,690
2009	3,267,900	36.31	2,081,300

**G. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 JUNE 30, 2010

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

<u>Transfers Out:</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Special Aid</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
General	<u>\$ 40,017</u>	<u>\$ 64,000</u>	<u>\$ 1,475,523</u>	<u>\$ 50,000</u>	<u>\$ 1,629,540</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.

**H. Net Assets**

The components of net assets are detailed below:

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

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

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

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

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

*Restricted for Special Purposes* - the component of net assets 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 net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2010

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

**I. Fund Balances**

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below. The unreserved components of fund balance are also detailed below.

**Reserved**

Encumbrances outstanding have been reserved as it is 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.

The Reserve for Employee Benefit Accrued Liability has been established in accordance with the General Municipal Law of the State of New York. The reserve is provided for the payment of the value of accumulated or accrued vacation or other leave due to an employee upon termination of employment and/or separation from service as required by collective bargaining agreements.

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

The Reserve for Trusts has been established to set aside funds in accordance with the terms of the grants.

**Unreserved - Designated for Subsequent Year's Expenditures**

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. The School District's designations are detailed below.

Designated for Subsequent Year's Expenditures - At June 30, 2010, the Board of Education has designated that \$2,500,000 of the fund balance of the General Fund and \$150,000 of the fund balance of the Debt Service Fund be appropriated for the ensuing year's budget.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

The School District is involved in a lawsuit arising from the normal conduct of its affairs. The School District has asserted substantial and adequate defenses to all claims. Legal counsel believes there is a low likelihood of an unfavorable outcome. In such an instance, should the School District suffer an unfavorable outcome, the potential exposure would fall under the coverage of the policy provided by New York State Insurance Reciprocal (NYSIR). Accordingly, no amounts were accrued in these financial statements for the fiscal year ended June 30, 2010.

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

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.

**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 will 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.

**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.

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

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

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

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

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, 2009	\$ -	\$ 38,791,016	\$ 38,791,016	- %	\$ 21,046,873	184 %
July 1, 2008	-	36,196,900	36,196,900	-	21,475,929	169

Note - The District implemented the provisions of Governmental Accounting Standards Board Statement No. 45 in fiscal year ended June 30, 2009.

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

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 8,964,998	\$ 7,035,821
Petty cash	300	300
	<u>8,965,298</u>	<u>7,036,121</u>
Investments	<u>3,317</u>	<u>3,310</u>
Receivables:		
Accounts	51,016	122,860
State and Federal aid	788,699	395,249
Due from other governments	90,000	92,275
Due from other funds	<u>240,631</u>	<u>426,026</u>
	<u>1,170,346</u>	<u>1,036,410</u>
Total Assets	<u>\$ 10,138,961</u>	<u>\$ 8,075,841</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 137,980	\$ 197,659
Accrued liabilities	57,768	495,073
Deferred revenues	4,463	4,463
Due to retirement systems	<u>1,445,263</u>	<u>1,643,229</u>
Total Liabilities	<u>1,645,474</u>	<u>2,340,424</u>
Fund Balance:		
Reserved for encumbrances	278,267	151,129
Reserved for debt service	19,759	19,563
Reserved for tax certiorari	3,084,330	2,459,733
Reserved for retirement system contributions	800,000	-
Reserved for employee benefit accrued liability	<u>202,000</u>	<u>-</u>
Unreserved:		
Designated for subsequent year's expenditures	2,500,000	1,400,000
Undesignated	<u>1,609,131</u>	<u>1,704,992</u>
Total Fund Balance	<u>8,493,487</u>	<u>5,735,417</u>
Total Liabilities and Fund Balance	<u>\$ 10,138,961</u>	<u>\$ 8,075,841</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, 2010 AND 2009

	2010				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
Revenues:					
Real property taxes	\$ 29,830,897	\$ 29,830,897	\$ 29,830,897	\$	\$ -
Other tax items	5,308,898	5,308,898	5,308,898		-
Non-property taxes	300,000	300,000	373,015		73,015
Charges for services	350,000	350,000	520,646		170,646
Use of money and property	380,000	380,000	283,371		(96,629)
Sale of property and compensation for loss	-	-	42,488		42,488
State aid	4,600,000	3,873,558	4,116,046		242,488
Federal aid	40,000	766,442	759,936		(6,506)
Miscellaneous	140,000	140,000	239,048		99,048
Total Revenues	40,949,795	40,949,795	41,474,345		524,550
Expenditures:					
Current:					
General support:					
Board of education	38,800	42,080	30,786	3	11,291
Central administration	393,710	396,481	334,660	200	61,621
Finance	551,412	550,303	504,024	-	46,279
Staff	326,865	360,646	241,243	7,734	111,669
Central services	2,423,662	2,455,508	2,128,696	77,926	248,886
Special items	366,350	1,372,979	935,830	-	437,149
Total General Support	4,100,799	5,177,997	4,175,239	85,863	916,895
Instruction:					
Instruction, administration and improvement	1,452,210	1,478,048	1,402,189	213	75,646
Teaching - Regular school	14,014,668	14,415,492	13,849,799	38,135	527,558
Programs for children with handicapping conditions	6,352,833	6,026,135	5,207,911	84,932	733,292
Occupational education	130,000	130,000	83,051	-	46,949
Instructional media	1,297,878	1,436,390	1,347,621	22,578	66,191
Pupil services	2,568,813	2,626,519	2,390,150	20,263	216,106
Total Instruction	25,816,402	26,112,584	24,280,721	166,121	1,665,742
Pupil transportation	1,632,200	1,632,200	1,266,376	26,283	339,541
Employee benefits	9,317,000	8,096,159	7,438,348	-	657,811
Debt service - Interest	160,000	7,461	6,085	-	1,376
Total Expenditures	41,026,401	41,026,401	37,166,769	278,267	3,581,365
Excess (Deficiency) of Revenues Over Expenditures	(76,606)	(76,606)	4,307,576	(278,267)	4,105,915
Other Financing Sources (Uses):					
Transfers in	275,000	275,000	40,017	-	(234,983)
Transfers out	(1,749,523)	(1,749,523)	(1,589,523)	-	160,000
Total Other Financing Uses	(1,474,523)	(1,474,523)	(1,549,506)	-	(74,983)
Net Change in Fund Balance	(1,551,129)	(1,551,129)	2,758,070	\$ (278,267)	\$ 4,030,932
Fund Balance - Beginning of Year	1,551,129	1,551,129	5,735,417		
Fund Balance - End of Year	\$ -	\$ -	\$ 8,493,487		

2009

Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 28,890,993	\$ 28,890,993	\$ 28,888,568	\$	\$ (2,425)
5,861,527	5,861,527	5,861,527		-
300,000	300,000	401,171		101,171
300,000	300,000	569,523		269,523
365,000	365,000	439,746		74,746
-	-	37,749		37,749
4,533,902	4,533,902	4,829,976		296,074
40,000	40,000	41,875		1,875
142,000	142,000	135,193		(6,807)
40,433,422	40,433,422	41,205,328		771,906
37,514	45,536	40,680	-	4,856
354,456	363,032	342,174	-	20,858
561,892	537,192	481,732	18,412	37,048
316,083	343,012	257,315	10,023	75,674
2,396,496	2,430,953	2,179,511	36,563	214,879
397,321	1,343,945	1,737,612	-	(393,667)
4,063,762	5,063,670	5,039,024	64,998	(40,352)
1,432,601	1,453,274	1,365,670	43	87,561
13,765,662	13,894,484	13,396,129	27,937	470,418
6,346,332	6,189,270	5,443,115	28,846	717,309
133,030	53,555	44,422	-	9,133
1,343,774	1,401,630	1,326,346	21,952	53,332
2,485,761	2,599,521	2,327,974	7,353	264,194
25,507,160	25,591,734	23,903,656	86,131	1,601,947
1,596,625	1,708,875	1,544,325	-	164,550
8,640,895	8,217,662	7,531,903	-	685,759
160,000	160,000	132,375	-	27,625
39,968,442	40,741,941	38,151,283	151,129	2,439,529
464,980	(308,519)	3,054,045	(151,129)	3,211,435
400,000	400,000	-	-	(400,000)
(1,827,002)	(1,838,768)	(1,818,179)	-	20,589
(1,427,002)	(1,438,768)	(1,818,179)	-	(379,411)
(962,022)	(1,747,287)	1,235,866	\$ (151,129)	\$ 2,832,024
962,022	1,747,287	4,499,551		
\$ -	\$ -	\$ 5,735,417		

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 29,830,897	\$ 29,830,897	\$ 29,830,897	\$ -
OTHER TAX ITEMS				
School tax relief reimbursement	5,308,898	5,308,898	5,308,898	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	300,000	300,000	373,015	73,015
CHARGES FOR SERVICES				
Day school tuition	265,000	265,000	390,821	125,821
Other student fees and charges	25,000	25,000	46,026	21,026
Health services for other districts	60,000	60,000	83,799	23,799
USE OF MONEY AND PROPERTY	350,000	350,000	520,646	170,646
Earnings on investments	180,000	180,000	70,077	(109,923)
Rental of real property	200,000	200,000	213,294	13,294
	380,000	380,000	283,371	(96,629)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	37,116	37,116
Other sales	-	-	5,372	5,372
	-	-	42,488	42,488

# STATE AID

Basic formula	3,982,000	3,255,558	2,578,723	(676,835)
BOCES	500,000	500,000	593,732	93,732
Lottery	-	-	817,829	817,829
Textbooks	118,000	118,000	95,472	(22,528)
Computer software	-	-	11,308	11,308
Library aid	-	-	9,950	9,950
Other	-	-	9,032	9,032

# FEDERAL AID

	4,600,000	3,873,558	4,116,046	242,488
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# State fiscal stabilization fund - ARRA Medical assistance

	-	726,442	726,442	-
	40,000	40,000	33,494	(6,506)

# MISCELLANEOUS

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

	-	-	156,748	156,748
	-	-	81,478	81,478
	140,000	140,000	822	(139,178)

# TOTAL REVENUES

	140,000	140,000	239,048	99,048
	40,949,795	40,949,795	41,474,345	524,550

# OTHER FINANCING SOURCES

# Transfers in:

# Capital Projects Fund Debt Service Fund

	-	-	40,017	40,017
	275,000	275,000	-	(275,000)

# TOTAL OTHER FINANCING SOURCES

	275,000	275,000	40,017	(234,983)
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# TOTAL REVENUES AND OTHER FINANCING SOURCES

	\$ 41,224,795	\$ 41,224,795	\$ 41,514,362	\$ 289,567
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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, 2010

	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	\$ 19,800	\$ 20,580	\$ 15,816	3	\$ 4,761
District clerk	19,000	21,500	14,970	-	6,530
Total Board of Education	38,800	42,080	30,786	3	11,291
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	393,710	396,481	334,660	200	61,621
<b>FINANCE</b>					
Business administration	478,195	476,186	461,084	-	15,102
Accounting and auditing	68,217	69,117	37,940	-	31,177
Treasurer	5,000	5,000	5,000	-	-
Total Finance	551,412	550,303	504,024	-	46,279
<b>STAFF</b>					
Legal	234,741	252,152	174,297	-	77,855
Personnel	35,282	40,282	14,868	7,734	17,680
Public information and services	56,842	68,212	52,078	-	16,134
Total Staff	326,865	360,646	241,243	7,734	111,669

## CENTRAL SERVICES

Operation of plant	2,057,008	2,004,367	1,751,154	46,868	206,345
Maintenance of plant	366,654	451,141	377,542	31,058	42,541
Total Central Services	2,423,662	2,455,508	2,128,696	77,926	248,886

## SPECIAL ITEMS

Unallocated insurance	175,000	175,000	159,350	-	15,650
Assessments on school property	46,350	50,444	50,444	-	-
Refunds of real property taxes	-	902,918	505,879	-	397,039
Administrative charge - BOCES	145,000	149,617	149,617	-	-
Metropolitan commuter transportation mobility tax	-	95,000	70,540	-	24,460
Total Special Items	366,350	1,372,979	935,830	-	437,149
Total General Support	4,100,799	5,177,997	4,175,239	85,863	916,895

## INSTRUCTION

### INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

Curriculum development and supervision	186,921	212,115	198,214	77	13,824
Supervision - Regular school	1,265,289	1,265,933	1,203,975	136	61,822

Total Instruction, Administration  
and Improvement

	1,452,210	1,478,048	1,402,189	213	75,646
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### TEACHING - REGULAR SCHOOL

	14,014,668	14,415,492	13,849,799	38,135	527,558
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### PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS

Programs for students with disabilities	6,352,833	6,026,135	5,207,911	84,932	733,292
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### OCCUPATIONAL EDUCATION

	130,000	130,000	83,051	-	46,949
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HASTINGS-ON-HUDSON UNION FREE SCHOOL DISTRICT, NEW YORK

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual Computer assisted instruction	\$ 341,245 956,633	\$ 335,427 1,100,963	\$ 307,896 1,039,725	\$ 3,937 18,641	\$ 23,594 42,597
Total Instructional Media	1,297,878	1,436,390	1,347,621	22,578	66,191
<b>PUPIL SERVICES</b>					
Guidance - Regular school	887,387	903,670	859,199	298	44,173
Health services - Regular school	277,290	278,290	264,317	2,753	11,220
Psychological services - Regular school	475,719	496,664	492,907	619	3,138
Co-curricular activities - Regular school	402,171	403,873	282,110	-	121,763
Interscholastic athletics - Regular school	526,246	544,022	491,617	16,593	35,812
Total Pupil Services	2,568,813	2,626,519	2,390,150	20,263	216,106
Total Instruction	25,816,402	26,112,584	24,280,721	166,121	1,665,742
<b>PUPIL TRANSPORTATION</b>					
District transportation services	18,000	18,000	4,939	-	13,061
Contract transportation	1,609,400	1,609,400	1,261,437	26,283	321,680
Public transportation	4,800	4,800	-	-	4,800
Total Pupil Transportation	1,632,200	1,632,200	1,266,376	26,283	339,541



**EMPLOYEE BENEFITS**

State retirement	410,000	400,137	303,887	-	96,250
Teachers' retirement	1,867,800	1,312,607	1,104,090	-	208,517
Social security	1,756,000	1,752,800	1,575,381	-	177,419
Workers' compensation	126,000	126,000	125,109	-	891
Life insurance	10,000	12,100	5,082	-	7,018
Unemployment insurance	20,000	80,000	49,368	-	30,632
Hospital, medical and dental insurance	4,816,400	4,083,962	3,953,028	-	130,934
Union welfare benefits	310,800	328,553	322,403	-	6,150
Total Employee Benefits	9,317,000	8,096,159	7,438,348	-	657,811

**DEBT SERVICE**

Interest -					
Tax anticipation note	160,000	7,461	6,085	-	1,376
TOTAL EXPENDITURES	41,026,401	41,026,401	37,166,769	278,267	3,581,365

**OTHER FINANCING USES**

Transfers out:					
Special Aid Fund	64,000	64,000	64,000	-	-
Debt Service Fund	1,635,523	1,635,523	1,475,523	-	160,000
Capital Projects Fund	50,000	50,000	50,000	-	-
TOTAL OTHER FINANCING USES	1,749,523	1,749,523	1,589,523	-	160,000

**TOTAL EXPENDITURES AND OTHER FINANCING USES**

\$	42,775,924	\$	42,775,924	\$	38,756,292	\$	278,267	\$	3,741,365
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HASTINGS-ON-HUDSON UNION FREE SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash - Demand deposits	\$ 813,842	\$ 961,495
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 2,227
Due to other funds	404,134	397,906
Total Liabilities	404,134	400,133
Fund Balance -		
Unreserved and undesignated	409,708	561,362
Total Liabilities and Fund Balance	\$ 813,842	\$ 961,495

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, 2010 AND 2009

	2010	2009
Revenues	\$ -	\$ -
Expenditures - Capital outlay	161,637	285,958
Deficiency of Revenues Over Expenditures	(161,637)	(285,958)
Other Financing Sources (Uses):		
Transfers in	50,000	95,800
Transfers out	(40,017)	-
Total Other Financing Sources	9,983	95,800
Net Change in Fund Balance	(151,654)	(190,158)
Fund Balance - Beginning of Year	561,362	751,520
Fund Balance - End of Year	\$ 409,708	\$ 561,362

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

CAPITAL PROJECTS FUND  
 PROJECT - LENGTH SCHEDULE  
 INCEPTION OF PROJECT THROUGH JUNE 30, 2010

Project	Authori- zation	Expenditures and Transfers To Date			Unexpended Balance
		Prior Years	Current Year	Totals	
District-Wide Improvements - 2001/02	\$ 10,539,888	\$ 10,501,448	\$ 38,440	\$ 10,539,888	\$ -
District-Wide Improvements - 2002/03	43,000	42,945	55	43,000	-
District-Wide Improvements - 2003/04	29,000	28,962	38	29,000	-
District-Wide Improvements - 2004/05	39,700	39,413	287	39,700	-
District-Wide Improvements - 2005/06	47,000	46,744	256	47,000	-
District-Wide Improvements - 2006/07	10,000	9,970	30	10,000	-
District-Wide Improvements - 2007/08	81,400	80,489	911	81,400	-
District-Wide Improvements - 2008/09	95,800	86,008	6,200	92,208	3,592
District-Wide Improvements - 2009/10	50,000	-	47,145	47,145	-
Excel	907,969	396,416	108,292	504,708	403,261
Totals	<u>\$ 11,843,757</u>	<u>\$ 11,232,395</u>	<u>\$ 201,654</u>	<u>\$ 11,434,049</u>	<u>\$ 406,853</u>

Proceeds of Obligations	Methods of Financing			Fund Balance at June 30, 2010
	State Aid	Interfund Transfers	Totals	
\$ 9,925,000	\$ 89,888	\$ 525,000	\$ 10,539,888	\$ -
-	-	43,000	43,000	-
-	-	29,000	29,000	-
-	-	39,700	39,700	-
-	-	47,000	47,000	-
-	-	10,000	10,000	-
-	-	81,400	81,400	-
-	-	95,800	95,800	3,592
-	-	50,000	50,000	2,855
-	-	907,969	907,969	403,261
<u>\$ 9,925,000</u>	<u>\$ 89,888</u>	<u>\$ 1,828,869</u>	<u>\$ 11,843,757</u>	<u>\$ 409,708</u>

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

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010  
(With Comparative Totals for 2009)

	Special Aid	School Lunch	Special Purpose	Debt Service
<u>ASSETS</u>				
Cash - Demand deposits	\$ 32,709	\$ 208,265	\$ 99,015	\$ -
Investments	-	-	-	18,657
Receivables:				
Accounts	-	1,839	-	-
State and Federal aid	362,944	2,731	-	-
Due from other funds	-	824	3,572	439,633
	362,944	5,394	3,572	439,633
Inventories	-	1,519	-	-
Total Assets	\$ 395,653	\$ 215,178	\$ 102,587	\$ 458,290
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,310	\$ 864	\$ -	\$ -
Deferred revenues	113,817	8,677	-	-
Due to other funds	280,526	-	-	-
Due to other governments	-	6,857	-	-
Total Liabilities	395,653	16,398	-	-
Fund Balances:				
Reserved for debt service	-	-	-	308,290
Reserved for inventories	-	1,519	-	-
Reserved for trusts	-	-	102,587	-
Unreserved:				
Designated for subsequent year's expenditures	-	-	-	150,000
Undesignated	-	197,261	-	-
Total Fund Balances	-	198,780	102,587	458,290
Total Liabilities and Fund Balances	\$ 395,653	\$ 215,178	\$ 102,587	\$ 458,290

Total Non-Major Governmental Funds	
2010	2009
\$ 339,989	\$ 339,834
18,657	18,730
1,839	3,349
365,675	481,818
444,029	437,800
811,543	922,967
1,519	3,016
\$ 1,171,708	\$ 1,284,547
\$ 2,174	\$ 72,124
122,494	28,975
280,526	465,920
6,857	5,031
412,051	572,050
308,290	177,134
1,519	3,016
102,587	136,785
150,000	275,000
197,261	120,562
759,657	712,497
\$ 1,171,708	\$ 1,284,547

## 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, 2010  
(With Comparative Totals for 2009)

	Special Aid	School Lunch	Special Purpose	Debt Service
Revenues:				
Use of money and property	\$ -	\$ 269	\$ 313	\$ 6,156
State aid	256,553	1,799	-	-
Federal aid	293,975	24,096	-	-
Food sales	-	337,883	-	-
Miscellaneous	-	3,132	185,988	-
Total Revenues	550,528	367,179	186,301	6,156
Expenditures:				
Current:				
Instruction	614,528	-	-	-
Cost of food sales	-	291,977	-	-
Other	-	-	220,499	-
Debt service:				
Principal	-	-	-	1,165,000
Interest	-	-	-	310,523
Total Expenditures	614,528	291,977	220,499	1,475,523
Excess (Deficiency) of Revenues Over Expenditures	(64,000)	75,202	(34,198)	(1,469,367)
Other Financing Sources - Transfers in	64,000	-	-	1,475,523
Net Change in Fund Balances	-	75,202	(34,198)	6,156
Fund Balances - Beginning of Year	-	123,578	136,785	452,134
Fund Balances - End of Year	\$ -	\$ 198,780	\$ 102,587	\$ 458,290



Total Non-Major Governmental Funds	
2010	2009
\$ 6,738	\$ 12,938
258,352	171,656
318,071	328,248
337,883	357,551
189,120	71,184
<u>1,110,164</u>	<u>941,577</u>
614,528	512,048
291,977	353,265
220,499	58,897
1,165,000	1,320,000
310,523	361,201
<u>2,602,527</u>	<u>2,605,411</u>
(1,492,363)	(1,663,834)
<u>1,539,523</u>	<u>1,722,379</u>
47,160	58,545
<u>712,497</u>	<u>653,952</u>
<u>\$ 759,657</u>	<u>\$ 712,497</u>

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

SPECIAL AID FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash - Demand deposits	\$ 32,709	\$ 1,142
State and Federal Aid Receivable	362,944	475,267
Total Assets	<u>\$ 395,653</u>	<u>\$ 476,409</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,310	\$ 1,309
Deferred Revenues	113,817	9,180
Due to Other Funds	280,526	465,920
Total Liabilities	<u>\$ 395,653</u>	<u>\$ 476,409</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, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State aid	\$ 261,173	\$ 256,553	\$ 256,553	\$ -
Federal aid	561,988	566,608	293,975	(272,633)
Total Revenues	823,161	823,161	550,528	(272,633)
Expenditure -				
Current -				
Instruction	887,161	887,161	614,528	272,633
Deficiency of Revenues Over Expenditures	(64,000)	(64,000)	(64,000)	-
Other Financing Sources -				
Transfers in	64,000	64,000	64,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 155,886	\$ 164,709	\$ 164,709	\$ -
468,374	459,551	306,162	(153,389)
624,260	624,260	470,871	(153,389)
674,260	686,026	512,048	173,978
(50,000)	(61,766)	(41,177)	20,589
50,000	61,766	41,177	(20,589)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

SCHOOL LUNCH FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash - Demand deposits	\$ 208,265	\$ 205,479
Receivables:		
Accounts	1,839	3,349
State and Federal aid	2,731	6,551
Due from other funds	824	824
	<u>5,394</u>	<u>10,724</u>
Inventories	<u>1,519</u>	<u>3,016</u>
Total Assets	<u>\$ 215,178</u>	<u>\$ 219,219</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 864	\$ 70,815
Deferred revenues	8,677	19,795
Due to other governments	<u>6,857</u>	<u>5,031</u>
Total Liabilities	<u>16,398</u>	<u>95,641</u>
Fund Balance:		
Reserved for inventories	1,519	3,016
Unreserved and undesignated	<u>197,261</u>	<u>120,562</u>
Total Fund Balance	<u>198,780</u>	<u>123,578</u>
Total Liabilities and Fund Balance	<u>\$ 215,178</u>	<u>\$ 219,219</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, 2010 AND 2009

	2010	2009
Revenues:		
Use of money and property	\$ 269	\$ 430
State aid	1,799	6,947
Federal aid	24,096	22,086
Food sales	337,883	357,551
Miscellaneous	3,132	2,013
Total Revenues	367,179	389,027
Expenditures -		
Current - Cost of food sales	291,977	353,265
Excess (Deficiency) of Revenues Over Expenditures	75,202	35,762
Fund Balance - Beginning of Year	123,578	87,816
Fund Balance - End of Year	\$ 198,780	\$ 123,578

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

SPECIAL PURPOSE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 99,015	\$ 133,213
Due from Other Funds	<u>3,572</u>	<u>3,572</u>
Total Assets	<u>\$ 102,587</u>	<u>\$ 136,785</u>
<u>FUND BALANCE</u>		
Reserved for Trusts	<u>\$ 102,587</u>	<u>\$ 136,785</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, 2010 AND 2009

	2010	2009
Revenues:		
Use of money and property	\$ 313	\$ 346
Miscellaneous	185,988	69,171
Total Revenues	186,301	69,517
Expenditures - Current - Other	220,499	58,897
Excess (Deficiency) of Revenues Over Expenditures	(34,198)	10,620
Fund Balance - Beginning of Year	136,785	126,165
Fund Balance - End of Year	\$ 102,587	\$ 136,785

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

DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash - Demand deposits	\$ 18,657	\$ 18,730
Due from Other Funds	<u>439,633</u>	<u>433,404</u>
Total Assets	<u>\$ 458,290</u>	<u>\$ 452,134</u>
<u>FUND BALANCE</u>		
Reserved for Debt Service	\$ 308,290	\$ 177,134
Unreserved - Designated for subsequent year's expenditures	<u>150,000</u>	<u>275,000</u>
Total Fund Balance	<u>\$ 458,290</u>	<u>\$ 452,134</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, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Use of money and property	\$ -	\$ -	\$ 6,156	\$ 6,156
Expenditures -				
Debt service -				
Serial bonds:				
Principal	1,295,000	1,295,000	1,165,000	130,000
Interest	340,523	340,523	310,523	30,000
Total Expenditures	1,635,523	1,635,523	1,475,523	160,000
Deficiency of Revenues Over Expenditures	(1,635,523)	(1,635,523)	(1,469,367)	166,156
Other Financing Sources (Uses):				
Transfers in	1,635,523	1,635,523	1,475,523	(160,000)
Transfers out	(275,000)	(275,000)	-	275,000
Total Other Financing Sources	1,360,523	1,360,523	1,475,523	115,000
Net Change in Fund Balance	(275,000)	(275,000)	6,156	281,156
Fund Balance - Beginning of Year	275,000	275,000	452,134	177,134
Fund Balance - End of Year	\$ -	\$ -	\$ 458,290	\$ 458,290

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 12,162	\$ 12,162
1,320,000	1,320,000	1,320,000	-
361,201	361,201	361,201	-
1,681,201	1,681,201	1,681,201	-
(1,681,201)	(1,681,201)	(1,669,039)	12,162
1,681,201 (400,000)	1,681,201 (400,000)	1,681,202 -	1 400,000
1,281,201	1,281,201	1,681,202	400,001
(400,000)	(400,000)	12,163	412,163
400,000	400,000	439,971	39,971
\$ -	\$ -	\$ 452,134	\$ 452,134

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

GENERAL FUND

ANALYSIS OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
YEAR ENDED JUNE 30, 2010

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Adopted Budget	\$ 42,624,795
Additions - Encumbrances	<u>151,129</u>
Original/Final Budget	<u>\$ 42,775,924</u>

GENERAL FUND

ANALYSIS OF USE OF FUND BALANCE

AS OF THE BEGINNING OF THE YEAR ENDED JUNE 30, 2010

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Unreserved Fund Balance - Beginning of Year	\$ 3,104,992
Less - Appropriated Fund Balance Used for Levy of Taxes	<u>1,400,000</u>
Undesignated Fund Balance	<u>\$ 1,704,992</u>

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

GENERAL FUND

SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED

TO ST-3 DATA

YEAR ENDED JUNE 30, 2010

	<u>Account Code</u>	<u>Amount Per ST-3</u>	<u>Audited Amount</u>
<b>REVENUES</b>			
Real Property Taxes	A -1001	\$ 29,830,897	\$ 29,830,897
Non-Property Taxes	AT-1199	373,016 (1)	373,015
State Aid	AT-3999	4,116,048 (1)	4,116,046
Federal Aid	AT-4999	759,936	759,936
Total Revenues and Other Financing Sources	AT-5999	41,514,362	41,514,362
<b>EXPENDITURES</b>			
General Support	AT-1999	4,175,241 (1)	4,175,239
Pupil Transportation	AT-5599	1,266,377 (1)	1,266,376
Debt Service - Principal	AT-9798.6		-
Debt Service - Interest	AT-9798.7	6,085	6,085
Total Expenditures and Other Financing Uses	AT-9999	\$ 38,756,291 (1) \$	38,756,292

(1) Rounding difference

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

SCHEDULE OF INVESTED IN  
CAPITAL ASSETS, NET OF RELATED DEBT  
YEAR ENDED JUNE 30, 2010

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Capital Assets, net	\$ 9,137,509
Less - Bonds payable - Capital construction	<u>(7,240,000)</u>
Invested in Capital Assets, net of Related Debt	<u>\$ 1,897,509</u>





O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

**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***

To the Board of Education of the  
Hastings-on-Hudson Union Free School District, New York:

We have audited the 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 as of and for the year ended June 30, 2010, and have issued our report thereon dated September 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hastings-on-Hudson Union Free School District, New York's internal control over financial reporting as a basis for designing our auditing procedures 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 Hastings-on-Hudson Union Free School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hastings-on-Hudson Union Free School District's internal control over financial reporting.

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 Hastings-on-Hudson Union Free School District, New York's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hastings-on-Hudson Union Free School District, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 Hastings-on-Hudson Union Free School District, New York in a separate letter dated September 24, 2010.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**  
September 24, 2010



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Hastings-on-Hudson Union Free School District, New York

***Compliance***

We have audited the compliance of Hastings-on-Hudson Union Free School District, New York with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hastings-on-Hudson Union Free School District, New York's major federal programs for the year ended June 30, 2010. Hastings-on-Hudson Union Free School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hastings-on-Hudson Union Free School District, New York's management. Our responsibility is to express an opinion on Hastings-on-Hudson Union Free School District, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hastings-on-Hudson Union Free School District, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Hastings-on-Hudson Union Free School District, New York's compliance with those requirements.

In our opinion, Hastings-on-Hudson Union Free School District, New York complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**Bennett Kielson Storch DeSantis Division**

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax [www.odmd.com](http://www.odmd.com)

### Internal Control Over Compliance

The management of Hastings-on-Hudson Union Free School District, New York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hastings-on-Hudson Union Free School District, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hastings-on-Hudson Union Free School District, New York's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

September 24, 2010

## HASTINGS-ON-HUDSON UNION FREE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>				
<b>Indirect Programs - Passed through New York State</b>				
<b>Department of Education:</b>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	4,401		\$ 4,401
National School Lunch Program (NSLP) - Commodities	10.555	15,561		15,561
Special Milk Program for Children	10.556	4,134		<u>4,134</u>
Total U.S. Department of Agriculture				<u>24,096</u>
<b><u>U.S. Department of Education</u></b>				
<b>Indirect Programs - Passed through New York State</b>				
<b>Department of Education:</b>				
<i>Special Education Cluster (IDEA):</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	256,165		256,165
Special Education - Preschool Grants (IDEA Preschool)	84.173	11,720		11,720
Special Education - Grants to States (IDEA, Part B), Recovery Act (ARRA)	84.391		23,167	<u>23,167</u>
				<u>291,052</u>
Improving Teacher Quality State Grants	84.367	2,923		2,923
<b>State Fiscal Stabilization Fund:</b>				
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund) (ARRA)	84.394		726,442	<u>726,442</u>
Total U.S. Department of Education				<u>1,020,417</u>
Total		<u>\$ 294,904</u>	<u>\$ 749,609</u>	<u>\$ 1,044,513</u>

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

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**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal award programs for the year ended June 30, 2010. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The School District's fund financial statements are presented using the modified accrual basis of accounting.

SCHEDULE OF FINDING AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2010

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Section I - Summary of Auditor's Results**Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting {*unqualified*  
*qualified, adverse, or disclaimer*}:

Internal control over financial reporting:

- Material weakness(es) identified ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance  
for major programs {*unqualified, qualified,*  
*adverse, or disclaimer*}:

Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of Circular A-133?☐ yes ☒ no

Identification of major programs:

Identification of major programs

CFDA Number(s)Name of Federal Program or Cluster

84.027

84.173

84.391

84.394

*Special Education Cluster (IDEA):*

Special Education - Grants to States (IDEA, Part B)

Special Education - Preschool Grants (IDEA, Preschool)

Special Education - Grants to States (IDEA, Part B),

Recovery Act - ARRA

State Fiscal Stabilization Fund - Education State

Grants, Recovery Act - (ARRA)

Dollar threshold used to distinguish  
between Type A and Type B programs\$300,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

SCHEDULE OF FINDING AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None





