

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

Report to Those Charged with Governance

June 30, 2023



**KNOW
GREATER
VALUE**

Prepared by

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Partner
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October 6, 2023

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

We have audited the financial statements of the Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2023 and have issued our report thereon dated October 6, 2023.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the School District and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of Those Charged with Governance and management of the School District, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

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Status of the Audit

Audit of Financial Statements

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

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	<p>We have communicated such information in our engagement letter to you dated May 25, 2023. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining <i>reasonable assurance</i> that the financial statements are <i>free of material misstatements</i>, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	<p>Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>
Required supplementary information accompanying the financial statements	<p>We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.</p>

Required Item	Comments
Other information in documents containing audited financial statements	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
Our responsibilities under the Yellow Book	In connection with our audit we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Our responsibilities under Uniform Guidance (Federal Single Audit)	In accordance with Uniform Guidance, we examined, on a test basis, evidence about the Entity's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the Entity's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on the Entity's compliance with those requirements.
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the Entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>

Required Item	Comments
Qualitative aspects of accounting practices - Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 96, "Subscription-Based Information Technology Arrangements". The District evaluated the impact of the statement and determined the amounts were not material to the financial statements.</p> <p>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>
Qualitative aspects of accounting practices – Significant Unusual Transactions	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>
Qualitative aspects of accounting practices - Accounting Estimates and Management's Judgment	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:</p> <ul style="list-style-type: none"> • Actuarial assumptions related to the Other Postemployment Benefit Liability ("OPEB") • Actuarial assumptions and proportionate share calculations related to pension liabilities • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities

Required Item	Comments
Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i>	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Other postemployment benefit liabilities payable • Pension plan information • Outstanding bonded indebtedness • Fund balances <p>The financial statement disclosures are neutral, consistent and clear.</p>
Going concern	<p>The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.</p> <p>We concur with management's assessment that the Entity will continue as a going concern for one year from the balance sheet date.</p>

Required Item	Comments
Significant risks	<p>Significant risks are defined as risks that require special audit consideration without regard to identified internal controls related to those risks. In most audits, one or more significant risks normally arise. We have identified the following significant risks in connection with our audit.</p> <p>Management override of internal controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is, nevertheless, present in all entities. Our audit procedures did not identify any management override of internal controls.</p> <p>Improper revenue recognition due to fraud</p> <p>Auditing standards require the auditor to ordinarily presume that improper revenue recognition is a fraud risk on all audit engagements unless the auditor can conclude that the risk is not applicable to the entity.</p> <p>The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.</p> <p>Our audit procedures did not identify any improper revenue recognition due to fraud.</p>
Difficulties encountered in performing the audit	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit (including passed adjustments and omitted financial statement disclosures), other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p> <p>In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.</p>

Required Item	Comments
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter (see Appendix 1).
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the School District in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control over Financial Reporting

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

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

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

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

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

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

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

PKF O'Connor Davies, LLP
Harrison, New York
October 6, 2023

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

Addendum A Other Matters

- **School Lunch Fund**

Deferred Revenue

During the audit, we noted inactive students on the deferred revenue detail with remaining balances amounting to \$12,089.

Recommendation

We recommend the District establish a system that will trace and remit to parents/guardians any balances that remain for students who no longer attend the school.

- **Segregation of Duties**

During the audit, it was noted that the Payroll Clerk has access to add and delete employees in the payroll system.

Recommendation

To establish strong controls users should have limited access only to areas in which they would need to perform their job responsibilities. We recommend that these duties be updated accordingly.

- **Payroll Terminations**

For 1 of 5 employees tested during our terminations test we noted a lump sum payout which included two additional vacation days that was not reflected on their time sheet.

Recommendation

We recommend that steps be taken to correct this error and in the future someone other than the preparer is reviewing and approving the calculation for all lump sum payouts. This review should be evidenced by written approval.

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

Addendum A Other Matters

- **Special Purpose**

Inactive Trusts

The following accounts were inactive during the fiscal year except for interest earnings: Meyers Fund Principal, T&E Combo Interest, Burke Estate Principal, Burke Estate Interest, T&E Int Vinod Dabral, Barton Fund Interest, Steinway Piano Restoration, Lucy M. Wester Memorial Scholarship, Plocharski Scholarship and Brian Foster Memorial Scholarship, for a total balance of \$9,148.

Recommendation

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

- **Extraclassroom**

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

Inactive Clubs

There were six inactive clubs during the current year with accumulated balances of \$5,604. The clubs are Affinity Club, Art Club, Crossing Borders, Varsity Club, Gender Sexuality Alliance Club and Student Activity Club – 5/6.

Recommendation

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

On the Horizon

GASB Statement No. 101 – *Compensated Absences*

Under this Statement, the liabilities for compensated absences is required to be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The Statement establishes guidance for measuring the liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. Measurement for the liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made.

The Statement does allow recognition of certain types of compensated absences until the leave commences, including parental, military and jury duty leave.

Further, the Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability, as long as it is identified as a net change. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after December 15, 2023 (i.e., the School District's financial statements for the year ended June 30, 2025).**

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Appendix 1

Management Representation Letter



Hastings-on-Hudson Public Schools

Office of the Superintendent

27 Farragut Avenue, Hastings-on-Hudson, New York 10706

tel: (914) 478-6205 fax: (914) 478-6209

www.hohschools.org



William S. McKersie, Ph.D.

Superintendent of Schools

mckersiew@hohschools.org

October 6, 2023

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

This representation letter is provided in connection with your audit of the financial statements of the Hastings-on-Hudson Union Free School District, New York ("School District") ("School District"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

This representation letter is also provided in connection with your audit of the financial statements of the Extraclassroom Activity Funds of the School District, which comprise the statement of cash receipts, cash disbursements and cash balances as of June 30, 2023 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the basis of accounting prescribed by the New York State Department of Education.

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

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

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter dated May 25, 2023 for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary

government required by generally accepted accounting principles to be included in the financial reporting entity. The combining and individual fund financial statements have been prepared and presented in conformity with the accounting principles used to prepare the basic financial statements.

- b) The preparation and fair presentation of the financial statements of the School District's Extraclassroom Activity Funds in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than US GAAP.
 - c) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
 - d) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.
- 3) In regard to the financial statement preparation non-attest services performed by you, we have:
- a) Assumed all management responsibilities.
 - b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the result of the services.
- 4) We are further responsible for reviewing, accepting and processing the standard, adjusting, or correcting journal entries that you proposed during the course of your engagement. We confirm that we designated a suitably qualified individual who understands the nature and impact of the proposed entries to the financial statements, and we accept responsibility for the proposed entries that we authorized and processed.
- 5) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with US GAAP, and we believe the combining and individual fund financial statements and schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

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

- 7) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 8) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
 - a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the School District is contingently liable, if any.
 - c) The effects of all known actual or possible litigation, claims and assessments.
- 9) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 10) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the School District's accounts. We are in agreement with those adjustments.

Information Provided

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

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

Hosting Services

- 17) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.
- 18) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

- 19) We have process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with the preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. We also understand that as part of your audit, you prepared various adjusting journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.
- 27) The School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 28) The School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASB Statement No. 84.
- 32) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- 33) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments and land are properly valued.
- 36) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
- 40) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
- 46) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 47) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 48) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 50) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 51) The School District has agreements that meet the definition of subscriptions contained in GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". However, the total value of the subscription agreements for the year ended June 30, 2023 was deemed immaterial, therefore, the related amounts and disclosures have been excluded from these financial statements.
- 52) With respect to federal award programs:
- 1) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - 2) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - 3) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- 4) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- 5) We are responsible for establishing, designing, implementing and maintaining, and have established, designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- 6) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- 7) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- 8) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* (including its Addendum), relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- 9) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- 10) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- 11) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- 12) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- 13) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- 14) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- 15) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- 16) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- 17) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- 18) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- 19) We have charged costs to federal awards in accordance with applicable cost principles.
- 20) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have

provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- 21) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- 22) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Signature:

A handwritten signature in blue ink, appearing to read 'W. McKersie', written over a horizontal line.

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

Title:

Signature:

A handwritten signature in blue ink, appearing to read 'Maureen Caraballo', written over a horizontal line.

Maureen Caraballo
Business Official

Title:

Appendix 2

About PKF O'Connor Davies, LLP



Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,500 professionals and 18 offices in the U.S. Our team of top-notch professional delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Top Tax Firm"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"Best Places to Work in Westchester"
914INC., 2023

Ranked 10 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2024

Ranked #1 in Three Diversity Categories
Vault, 2024

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Accounting Firm in Westchester"
914INC., 2022

"Best Places to Work in New Jersey"
NJBIZ, 2022

KNOW GREATER VALUE®

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

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



ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting



ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights



FAMILY OFFICE SERVICES

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



INTERNATIONAL SERVICES

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



INVESTMENT BANKING SERVICES

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- Exit Readiness and Transaction Planning
- Sell-Side Advisory



TAX COMPLIANCE AND PLANNING SERVICES

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

"PKF O'Connor Davies" is the brand name under which PKF O'Connor Davies LLP and PKF O'Connor Davies Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. PKF O'Connor Davies LLP is a licensed CPA firm that provides attest services and PKF O'Connor Davies Advisory LLC and its subsidiary entities provide tax and advisory services. PKF O'Connor Davies is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.



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

Financial Statements and
Supplementary Information

Year Ended June 30, 2023

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

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

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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 ("School District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 6, 2023

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

Management's Discussion and Analysis (MD&A) June 30, 2023

Introduction

Our discussion and analysis of the Hastings-on-Hudson Union Free School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. To enhance your understanding of the School District's financial performance, it should be read in conjunction with the basic financial statements that immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2022-2023 are as follows:

- At the close of the current fiscal year, the School District's governmental funds financial statement shows a combined ending fund balance of \$12,626,598, exclusive of a Capital Projects Fund of \$1,024,991, a decrease of \$106,884 from the prior year.
- The general fund balance at June 30, 2023 is \$11,858,385, an increase of \$289,764 from the prior year. New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, this amount for the General Fund was \$2,304,386 or 4.00%. This is within the 4% statutory limit. The increase in fund balance was mostly driven on increased revenues such as an increase in our share of the Westchester County sales tax, a significant increase in interest earnings as well as an increase in expense driven state aid. The balance of the variance was due to higher than anticipated tuition revenues for parentally placed and public-school placed students within the District. On the expenditure side of the budget, the changes from adopted to adjusted budget were mostly in the areas of Special Education and employee salary and benefits. Savings were driven by changes in staffing and special education placements.
- During the 2018-2019 fiscal year, the School District received voter authorization to issue bonds for \$18,383,614. The School District issued a bond (inclusive of premiums) for \$18,383,614, with the first payment due in fiscal year 2022-23. The work related to this bond has been completed.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by \$(68,226,642). This represented a decrease of \$4,633,522 from the year ended June 30, 2022.
- The School District is committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the School District has recognized substantial liabilities in the district-wide financial statements for these benefits. As of June 30, 2023, the School District had liabilities of \$79,127,652 for other postemployment benefits recorded in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB").

Overview of the Financial Statements

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

District-Wide Financial Statements

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

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

Fund Financial Statements

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

- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.
- The *Fiduciary Funds* are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, the School District had no such activity to report in this fund category.

Notes to Financial Statements

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

Other Information

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

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Hastings-on-Hudson Union Free School District, New York at the close of the current fiscal year, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$68,226,642.

	June 30,	
	2023	2022
Current Assets	\$ 19,047,722	\$ 19,533,923
Net Pension Assets	-	24,621,950
Capital Assets, net	32,014,318	31,787,467
Total Assets	51,062,040	75,943,340
Deferred Outflows of Resources	38,030,119	41,706,772
Current Liabilities	5,675,906	4,968,735
Long-term Liabilities	109,134,071	107,506,976
Total Liabilities	114,809,977	112,475,711
Deferred Inflows of Resources	42,508,824	68,767,491
Net Position		
Net Investment in Capital Assets	9,173,650	8,581,227
Restricted		
Capital Projects	1,679,781	1,361,552
Debt Service	401,514	851,401
Tax Certiorari	1,935,130	1,832,033
Liability Claims	1,528,764	1,431,205
Unemployment	130,472	150,203
ERS retirement system contributions	2,237,041	2,334,387
TRS retirement system contributions	853,640	652,473
Special Purposes	227,541	229,212
Unrestricted	(86,394,175)	(81,016,783)
Total Net Position	\$ (68,226,642)	\$ (63,593,090)

Current assets decreased by \$486,201 from the prior year. Cash and equivalents and investments decreased by \$275,116 primarily due to the capital expenditures of the bond proceeds due to the projects coming to completion.

Long-term liabilities, which consist of general obligation bonds, energy performance contract debt, net pension and OPEB liabilities, increased by \$1,627,095 from the previous year. The OPEB liability decreased by \$2,508,411 primarily due to an increase in the discount rate. The net pension liabilities to ERS and TRS are now net pension liabilities due to investment losses for the TRS for its fiscal year ending June 30, 2022 and investment losses for ERS for its fiscal year ending March 31, 2023.

A large component of the School District's net position (\$9,173,650) reflects its investment in capital assets, net of accumulated depreciation and less any related debt that is still outstanding that was used to acquire those assets. The School District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above, inclusive of net investment in capital assets of \$9,173,650, constitute \$18,167,533 of net position and \$8,993,883 are comprised of amounts restricted for specific purposes, i.e., payments of tax certiorari claims, capital projects, debt service, retirement contributions, etc. There is a negative balance of unrestricted net position of \$86,394,175 primarily a result of the recognition of the OPEB liabilities. Overall, net position decreased by \$4,633,552.

Changes in Net Position

	June 30,	
	2023	2022
REVENUES		
Program Revenues		
Charges for Services	\$ 1,718,569	\$ 1,606,570
Operating Grants and Contributions	1,407,008	1,826,988
Capital Grants and Contributions	46,267	866
Total Program Revenues	3,171,844	3,434,424
General Revenues		
Real Property Taxes	43,407,822	42,382,786
Other Tax Items	2,009,680	2,179,224
Non-Property Taxes	955,464	909,526
Unrestricted Use of Money and Property	346,677	24,829
Sale of Property and Compensation for Loss	15,997	1,510
Unrestricted State Aid	6,695,170	5,773,863
Miscellaneous	233,725	266,527
Total General Revenues	53,664,535	51,538,265
Total Revenues	56,836,379	54,972,689
EXPENSES		
General Support	8,663,715	7,005,978
Instruction	49,593,995	45,827,635
Pupil Transportation	1,583,553	1,540,739
Cost of Food Sales	802,922	574,847
Other	186,483	145,268
Interest	639,263	508,241
Total Expenses	61,469,931	55,602,708
Change in Net Position	(4,633,552)	(630,019)
NET POSITION		
Beginning	(63,593,090)	(62,963,071)
Ending	\$ (68,226,642)	\$ (63,593,090)

The following are the major changes in Net Position:

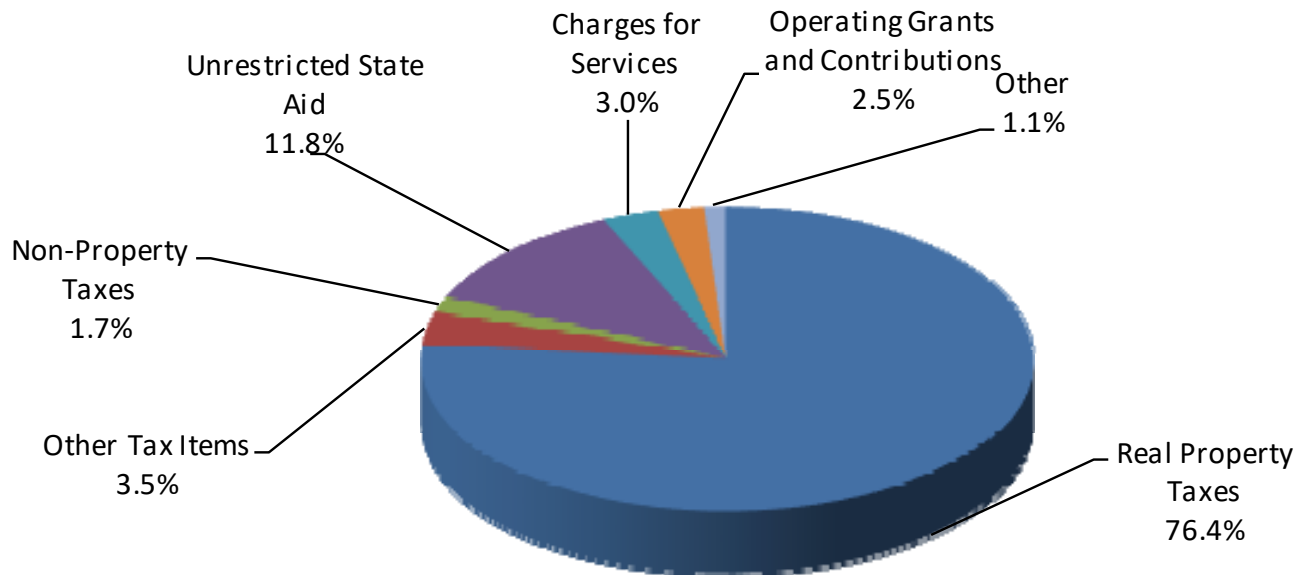
Revenues:

- Real property taxes increased by \$1,025,036 or 2.4%. The current property tax increase is attributed to projected increased expenses related to instruction, employee benefits and transportation. It is also a result of the continuing decrease in STAR (see below). The School District relies upon real property taxes as its primary source of revenue.
- Other tax items include revenues received for the School Tax Relief Reimbursement Program ("STAR"). The STAR Program provides tax relief to homeowners by decreasing the assessments taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result in changes to the NYS law, this revenue decreased by \$169,544 during the 2022-2023 fiscal year and has decreased by \$1,914,051, almost 46.8%, in the past five years shifting this burden from the state to the taxpayers. New homeowners will now receive their STAR reimbursement as a refund directly.
- The receipt of sales tax revenue increased by \$45,938 or 5% due to an increase in Westchester County's sales tax rate and internet collections. The county has enjoyed larger than anticipated sales tax collections the last few years. This increase in revenues has been helpful to local schools as they have continued to increase each year.
- Revenue from rental of facilities increased from the prior year. During the height of the pandemic, the Board of Education waived rental fees. The fees were reinstated during the 2021-22 school year.
- Interest income increased by \$321,844 as a result of increasing interest rates. The interest rates began to rebound towards the end of the 21-22 fiscal year and have continued to increase in the 22-23 fiscal year. We anticipate having a significant increase in this revenue.
- Overall, General Support expenses increased over the prior year. The increase was due to increases in salaries, increased insurance premiums and legal spending.
- Instructional program expenses increased by \$3,766,360 or 8.2%, over the prior year. The increase in the overall net position on the entity wide financial statements is being driven by the increase in the post-retirement obligations. On the fund level there was an increase in the overall instructional expenses from the previous year. There was an increase of \$856,009 in instructional expenses not including the employee benefits for instructional staff.
- Pupil transportation expenditures increased by \$42,814 over the 21-22 school year. This increase over the prior year is due to transportation is due to contractual increase of bussing contracts.

The following graphs depict where the School District revenues were derived and how monies were spent. As you can see, the School District relies upon real property taxes for 76.4% of its revenue, while the School District's largest expense, instructional costs, accounts for 80.7% of total expenses.

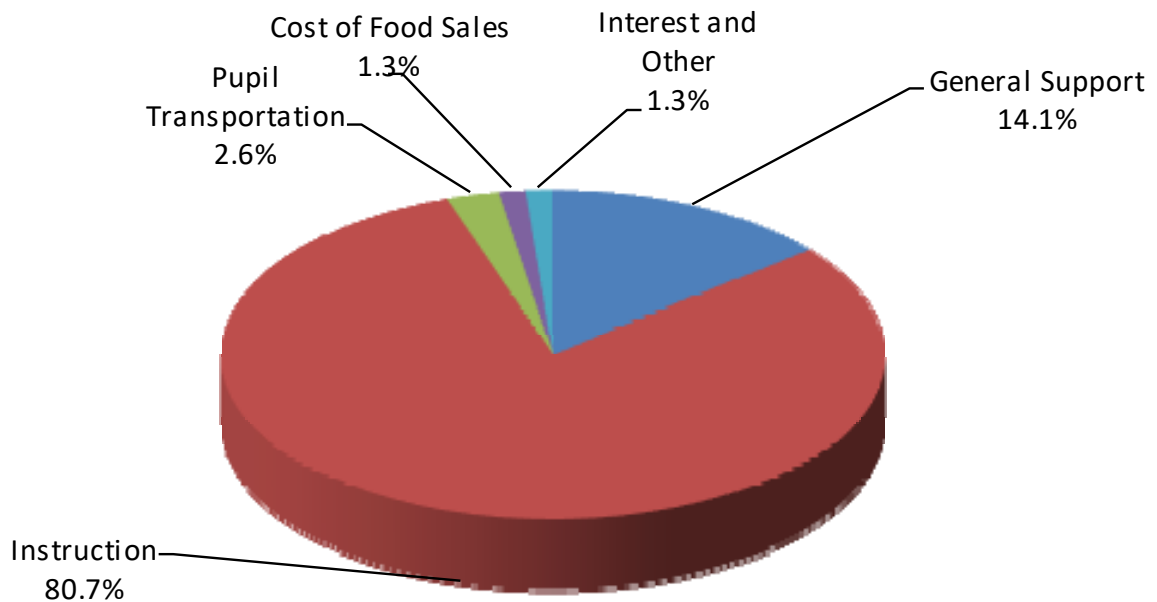
Sources of Revenue for Fiscal Year 2023

Governmental Activities



Expenses for Fiscal Year 2023

Governmental Activities



Financial Analysis of the School District's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$13,651,589, a decrease of \$1,209,919 from the prior year. This decrease is a result of capital projects being completed.

Nonspendable:		
	Inventories	<u>\$ 7,121</u>
Restricted:		
	Employment Benefit Accrued Liability	533,522
	Liability Claims	1,528,764
	Unemployment Benefits	130,472
	Tax Certiorari	1,935,130
	TRS Retirement Contributions	853,640
	ERS Retirement Contributions	2,237,041
	Future Capital Projects	2,673,805
	Debt Service	401,514
	Special Purposes	<u>227,541</u>
Total Restricted		<u>10,521,429</u>
Assigned:		
Purchases On Order:		
	General Government Support	135,879
	Instruction	160,365
	Pupil Transportation	<u>15,000</u>
		311,244
Subsequent Year's Expenditures		354,843
School Lunch Fund		<u>152,564</u>
Total Assigned		<u>818,651</u>
Unassigned - General Fund		<u>2,304,388</u>
Total Fund Balances		<u><u>\$ 13,651,589</u></u>

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 \$11,858,385. This represents an increase of

\$289,764 from the prior year. This is a result of an increase in state aid, sales tax and interest income. The surplus was allocated to various restricted components of fund balance, where appropriate, and the balance is in the unassigned fund balance. The amount of the unassigned fund balance is \$2,304,388 or 4.0% of the ensuing year's budget. This is at the 4% allowed by NYS Law.

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

General Fund Budgetary Highlights – 2022-23

The original, voter approved adopted budget of \$55,293,555 was increased by \$351,617 as a result of the rollover of prior year encumbrances for a total original budget of \$55,645,172. The budget was further revised during the 2022-2023 fiscal year by a total of \$538,344 from the appropriation of fund balance from the Reserve for Unemployment and Liability Reserve. As a result, the final budget totaled \$56,183,516.

Revenue Highlights include:

- Increase in taxes due to increased tax levy and decrease in STAR.
- Decrease in STAR reimbursement revenue due to changes in NYS Law.
- State aid exceeded the budgeted amount by \$440,745.
- The District received over \$500k in pandemic grants that helped offset expenditures.
- Increase in sales tax revenue due to increase in Westchester County sales tax rate and internet collections.
- Significant increase in interest income.

Expenditure Highlights include:

- An increase in Central Services costs because of increased gas and electricity usage and rates, an unanticipated drainage repair on Reynolds field due to covert damage.
- Increase in pupil transportation as due to increase contractual amount.
- Increase Teachers Retirement System expenses.
- Increase in Teaching and Special education expenses.
- Increase in cost of salaries and health benefit costs.
- First full payment of bond principal and interest for 2018 bond.

For the Future

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

Enrollment:

As the chart below shows, from 2011-2012 to 2023-2024, with the exception of 2012-2013 and 2018-2019, as well as 2020-2021 (due to the pandemic), there has been an increase in enrollment in all of the School District's facilities. While the increases have been small on an annual basis, the cumulative effect has required increased staffing at various levels in different years. Enrollment for the 2023-2024 school year is projected to be 1,642 students.

School District's Changing Enrollment

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24**
K-5	562	588	580	562	570	572	597	637	620	540	558	568	566
6-8	493	474	493	493	510	523	524	532	510	506	513	527	544
9-12	515	522	512	501	512	490	517	515	522	527	534	522	517
Sp. Ed.*	26	28	17	19	19	18	19	19	18	15	14	13	15
Total	1,602	1,620	1,610	1,581	1,619	1,609	1,668	1,712	1,674	1,588	1,619	1,630	1,642

*Out of School District Special Education Placements

**Projected Enrollment

Budget:

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

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

Capital Assets

As of June 30, 2023, the School District had \$32,014,318, net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, as well as machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

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

Class	June 30,	
	2023	2022
Land	\$ 115,000	\$ 115,000
Construction-in-Progress	-	127,499
Buildings and Improvements	31,246,750	30,830,479
Machinery and Equipment	652,568	714,489
Total Capital Assets, net of Accumulated depreciation	<u>\$ 32,014,318</u>	<u>\$ 31,787,467</u>

Long-Term Debt

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

	June 30,	
	2023	2022
Bonds Payable, net	\$ 23,338,256	\$ 24,672,325
Energy Performance Contract	496,436	627,760
Compensated Absences	533,523	570,828
Net Pension Liability	5,638,204	-
Other Post Employment Benefit Liability	79,127,652	81,636,063
Total	<u>\$ 109,134,071</u>	<u>\$ 107,506,976</u>

During the 2021-2022 fiscal year, the School District issued a bond for the bond authorized by the voters on February 28, 2019. The School District recorded its net pension liability to ERS and TRS as required by the provisions of GASB Statement No. 68 (reflected as a net pension asset as of June 30, 2022). The School District's other postemployment benefit liability was recorded in accordance with the provisions of GASB Statement No. 75. As noted earlier, the sharp decrease was due to an increase in the discount rate compared to the previous year. This liability will continue to grow as at this time the School District is permitted by New York State only to fund its pay-as-you-go obligations for health insurance.

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

Requests for Information

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

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

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

Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 17,104,252
Receivables	
Accounts	101,976
State and Federal aid	1,644,373
Due from other governments	190,000
Inventories	7,121
Capital assets	
Not being depreciated	115,000
Being depreciated, net	31,899,318
Total Assets	51,062,040
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	15,940,034
OPEB related	22,090,085
Total Deferred Outflows of Resources	38,030,119
LIABILITIES	
Accounts payable	1,347,144
Accrued liabilities	658,142
Due to other governments	8,716
Due to retirement systems	3,066,170
Deposits	119,381
Employee payroll deductions	115,058
Unearned revenues	81,522
Accrued interest payable	279,773
Non-current liabilities	
Due within one year	1,548,758
Due in more than one year	107,585,313
Total Liabilities	114,809,977
DEFERRED INFLOWS OF RESOURCES	
Pension related	1,595,304
OPEB related	40,913,520
Total Deferred Inflows of Resources	42,508,824
NET POSITION	
Net investment in capital assets	9,173,650
Restricted	
Tax certiorari	1,935,130
Liability claims	1,528,764
Unemployment benefits	130,472
ERS retirement system contributions	2,237,041
TRS retirement system contributions	853,640
Debt service	401,514
Capital projects	30,967
Future capital projects	1,648,814
Special purpose	227,541
Unrestricted	(86,394,175)
Total Net Position	\$ (68,226,642)

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

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

Statement of Activities Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 8,663,715	\$ -	\$ -	\$ -	\$ (8,663,715)
Instruction	49,593,995	876,412	1,215,501	36,191	(47,465,891)
Pupil transportation	1,583,553	-	-	-	(1,583,553)
Cost of food sales	802,922	842,157	6,695	-	45,930
Other	186,483	-	184,812	-	(1,671)
Interest	639,263	-	-	10,076	(629,187)
Total Governmental Activities	<u>\$ 61,469,931</u>	<u>\$ 1,718,569</u>	<u>\$ 1,407,008</u>	<u>\$ 46,267</u>	<u>(58,298,087)</u>
General revenues					
Real property taxes					43,407,822
Other tax items					
Payments in lieu of taxes					6,936
School tax relief reimbursement					2,002,744
Non-property taxes					
Non-property tax distribution from County					955,464
Unrestricted use of money and property					346,677
Sale of property and compensation for loss					15,997
Unrestricted State aid					6,695,170
Miscellaneous					233,725
Total General Revenues					<u>53,664,535</u>
Change in Net Position					(4,633,552)
Net Position - Beginning					<u>(63,593,090)</u>
Net Position - Ending					<u>\$ (68,226,642)</u>

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

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

Balance Sheet
Governmental Funds
June 30, 2023

	General	Capital Projects	Special Aid
ASSETS			
Cash and equivalents	\$ 15,190,398	\$ 1,294,745	\$ 158,825
Receivables			
Accounts	60,695	22,887	-
State and Federal aid	907,940	36,191	700,242
Due from other governments	190,000	-	-
Due from other funds	806,802	-	-
Inventories	-	-	-
Total Assets	<u>\$ 17,155,835</u>	<u>\$ 1,353,823</u>	<u>\$ 859,067</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,323,268	\$ 95	\$ -
Accrued liabilities	657,094	-	1,048
Due to other funds	-	328,737	840,483
Due to other governments	-	-	-
Due to retirement systems	3,066,170	-	-
Employee payroll deductions	115,058	-	-
Deposits payable	119,381	-	-
Unearned revenues	16,479	-	17,536
Total Liabilities	<u>5,297,450</u>	<u>328,832</u>	<u>859,067</u>
Fund balances			
Nonspendable	-	-	-
Restricted	8,887,910	1,024,991	-
Assigned	666,087	-	-
Unassigned	2,304,388	-	-
Total Fund Balances	<u>11,858,385</u>	<u>1,024,991</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 17,155,835</u>	<u>\$ 1,353,823</u>	<u>\$ 859,067</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 460,284	\$ 17,104,252
18,394	101,976
-	1,644,373
-	190,000
362,418	1,169,220
7,121	7,121
<u>\$ 848,217</u>	<u>\$ 20,216,942</u>

\$ 23,781	\$ 1,347,144
-	658,142
-	1,169,220
8,716	8,716
-	3,066,170
-	115,058
-	119,381
47,507	81,522
<u>80,004</u>	<u>6,565,353</u>

7,121	7,121
608,528	10,521,429
152,564	818,651
-	2,304,388
<u>768,213</u>	<u>13,651,589</u>
<u>\$ 848,217</u>	<u>\$ 20,216,942</u>

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

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2023

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

Fund Balances - Total Governmental Funds	\$ 13,651,589
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	115,000
Capital assets - depreciable	55,948,194
Accumulated depreciation	<u>(24,048,876)</u>
	<u>32,014,318</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	15,940,034
Deferred outflows - OPEB related	22,090,085
Deferred inflows - pension related	(1,595,304)
Deferred inflows - OPEB related	<u>(40,913,520)</u>
	<u>(4,478,705)</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(279,773)
General obligation bonds payable	(21,100,000)
Energy performance contract debt payable	(496,436)
Net pension liability - ERS	(3,091,541)
Net pension liability - TRS	(2,546,663)
Compensated absences	(533,523)
Total OPEB liability	<u>(79,127,652)</u>
	<u>(107,175,588)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issues, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on general obligation bonds	<u>(2,238,256)</u>
Net Position of Governmental Activities	<u><u>\$ (68,226,642)</u></u>

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

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	\$ 43,407,822	\$ -	\$ -
Other tax items	2,009,680	-	-
Non-property taxes	955,464	-	-
Charges for services	876,412	-	-
Use of money and property	346,677	-	-
Sale of property and compensation for loss	15,997	-	-
State aid	6,843,891	36,191	258,101
Federal aid	28,866	-	779,813
Food sales	-	-	-
Miscellaneous	233,725	-	-
Total Revenues	54,718,534	36,191	1,037,914
EXPENDITURES			
Current			
General support	5,947,368	-	5,290
Instruction	33,049,149	-	1,077,490
Pupil transportation	1,484,705	-	-
Employee benefits	12,171,479	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	131,324	-	-
Interest	19,897	-	-
Capital outlay	-	1,209,226	-
Total Expenditures	52,803,922	1,209,226	1,082,780
Excess (Deficiency) of Rev- enues Over Expenditures	1,914,612	(1,173,035)	(44,866)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	70,000	44,866
Transfers out	(1,624,848)	-	-
Total Other Financing Sources (Uses)	(1,624,848)	70,000	44,866
Net Change in Fund Balances	289,764	(1,103,035)	-
FUND BALANCES			
Beginning of Year	11,568,621	2,128,026	-
End of Year	\$ 11,858,385	\$ 1,024,991	\$ -

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

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 43,407,822
-	2,009,680
-	955,464
-	876,412
12,952	359,629
-	15,997
-	7,138,183
5,205	813,884
842,157	842,157
183,426	417,151
1,043,740	56,836,379
-	5,952,658
-	34,126,639
-	1,484,705
-	12,171,479
793,905	793,905
186,483	186,483
1,170,000	1,301,324
799,982	819,879
-	1,209,226
2,950,370	58,046,298
(1,906,630)	(1,209,919)
1,509,982	1,624,848
-	(1,624,848)
1,509,982	-
(396,648)	(1,209,919)
1,164,861	14,861,508
\$ 768,213	\$ 13,651,589

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, 2023

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,209,919)</u>
--	-----------------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	1,657,947
Depreciation expense	<u>(1,431,096)</u>
	<u>226,851</u>

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.

Principal paid on general obligation bonds	1,170,000
Principal paid on energy performance contract debt	131,324
Amortization of premium on bonds	<u>164,069</u>
	<u>1,465,393</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	16,547
Compensated absences	37,305
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,258,553)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(3,911,176)</u>
	<u>(5,115,877)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (4,633,552)</u></u>
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The notes to financial statements are an integral part of this statement.

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

Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 43,407,822	\$ 43,407,822	\$ 43,407,822	\$ -
Other tax items	2,002,744	2,002,744	2,009,680	6,936
Non-property taxes	755,000	755,000	955,464	200,464
Charges for services	790,000	790,000	876,412	86,412
Use of money and property	30,000	30,000	346,677	316,677
Sale of property and compensation for loss	-	-	15,997	15,997
State aid	6,403,146	6,403,146	6,843,891	440,745
Federal aid	-	13,344	28,866	15,522
Miscellaneous	100,000	100,000	233,725	133,725
Total Revenues	53,488,712	53,502,056	54,718,534	1,216,478
EXPENDITURES				
Current				
General support	5,132,213	6,224,152	5,947,368	276,784
Instruction	34,119,171	34,211,209	33,049,149	1,162,060
Pupil transportation	1,499,505	1,550,542	1,484,705	65,837
Employee benefits	13,103,079	12,403,609	12,171,479	232,130
Debt service				
Principal	131,324	131,324	131,324	-
Interest	19,898	19,898	19,897	1
Total Expenditures	54,005,190	54,540,734	52,803,922	1,736,812
Excess (Deficiency) of Revenues Over Expenditures	(516,478)	(1,038,678)	1,914,612	2,953,290
OTHER FINANCING (USES)				
Transfers out	(1,639,982)	(1,642,782)	(1,624,848)	17,934
Total Other Financing Uses	(1,639,982)	(1,642,782)	(1,624,848)	17,934
Net Change in Fund Balances	(2,156,460)	(2,681,460)	289,764	2,971,224
FUND BALANCES				
Beginning of Year	2,156,460	2,681,460	11,568,621	8,887,161
End of Year	\$ -	\$ -	\$ 11,858,385	\$ 11,858,385

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

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Note 1 - Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

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

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for

Note 1 - Summary of Significant Accounting Policies (Continued)

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

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

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when

Note 1 - Summary of Significant Accounting Policies (Continued)

they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

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

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

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

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

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

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

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventory - Inventory in the School Lunch Fund consists of surplus food at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

<u>Class</u>	<u>Life in Years</u>
Land Improvements	20-30
Buildings and Improvements	20-50
Machinery and Equipment	5-20

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$16,479 within the General Fund for tuition and retiree health insurance billings received in advance, \$17,536 within the Special Aid Fund for State and Federal aid received in advance, and \$47,507 for amounts received in advance for the lunch program in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 6, 2023.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Debt Service or Special Purpose funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

D. New Accounting Pronouncement

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements (SBITA's)", established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the School District's fiscal year ended June 30, 2023. The School District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2023 is as follows:

Fund	Due From	Due To
General	\$ 806,802	\$ -
Capital Projects	-	328,737
Special Aid	-	840,483
Non-Major Governmental	362,418	-
	<u>\$ 1,169,220</u>	<u>\$ 1,169,220</u>

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

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

Notes to Financial Statements (Continued)
 June 30, 2023

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, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Construction-in-progress	127,499	-	127,499	-
	<u>\$ 242,499</u>	<u>\$ -</u>	<u>\$ 127,499</u>	<u>\$ 115,000</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 7,904,240	\$ 482,169	\$ -	\$ 8,386,409
Buildings and Improvements	44,794,099	1,271,374	-	46,065,473
Machinery and Equipment	1,516,588	31,903	52,179	1,496,312
Total Capital Assets, being Depreciated	<u>54,214,927</u>	<u>1,785,446</u>	<u>52,179</u>	<u>55,948,194</u>
Less Accumulated Depreciation for:				
Land Improvements	2,381,749	390,832	-	2,772,581
Buildings and Improvements	19,486,111	946,440	-	20,432,551
Machinery and Equipment	802,099	93,824	52,179	843,744
Total Accumulated Depreciation	<u>22,669,959</u>	<u>1,431,096</u>	<u>52,179</u>	<u>24,048,876</u>
Total Capital Assets, being depreciated, net	<u>\$ 31,544,968</u>	<u>\$ 354,350</u>	<u>\$ -</u>	<u>\$ 31,899,318</u>
Governmental Activities Capital Assets, net	<u>\$ 31,787,467</u>	<u>\$ 354,350</u>	<u>\$ 127,499</u>	<u>\$ 32,014,318</u>

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

General Support	\$ 1,020,032
Instruction	402,047
Cost of Food Sales	<u>9,017</u>
Total Depreciation Expense	<u>\$ 1,431,096</u>

C. Accrued Liabilities

Accrued liabilities as of June 30, 2023 were as follows:

	General Fund	Special Aid Fund	Total
Payroll and Employee Benefits	<u>\$ 657,094</u>	<u>\$ 1,048</u>	<u>\$ 658,142</u>

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable	\$ 22,270,000	\$ -	\$ 1,170,000	\$ 21,100,000	\$ 1,360,000
Plus					
Unamortized premium on bonds	2,402,325	-	164,069	2,238,256	-
	24,672,325	-	1,334,069	23,338,256	1,360,000
Energy Performance Contract Debt Payable	627,760	-	131,324	496,436	135,758
	25,300,085	-	1,465,393	23,834,692	1,495,758
Other Non-current Liabilities:					
Net Pension Liability - ERS	-	3,091,541	-	3,091,541	-
Net Pension Liability - TRS	-	2,546,663	-	2,546,663	-
Compensated Absences	570,828	19,695	57,000	533,523	53,000
Other Postemployment Benefit Liability	81,636,063	8,556,021	11,064,432	79,127,652	-
Total Non-Current Liabilities	82,206,891	14,213,920	11,121,432	85,299,379	53,000
Total Long-Term Liabilities	\$ 107,506,976	\$ 14,213,920	\$ 12,586,825	\$ 109,134,071	\$ 1,548,758

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

General Obligation Bonds Payable

General Obligation Bonds payable at June 30, 2023 is comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
School Construction	2016	\$ 8,150,701	July, 2031	2.0 - 2.125 %	\$ 5,185,000
School Construction	2022	16,560,000	March, 2037	3.0 - 5.0	15,915,000
					<u>\$ 21,100,000</u>

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

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$799,982 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$621,198 was recorded in the district-wide financial statements.

Energy Performance Contract Debt Payable

The School District, in August 2012 entered into a \$1,698,397 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fourteen years, with semi-annual installments of \$75,611 through August 2026. Payments include interest at 3.348%. The balance due at June 30, 2023 was \$496,436. Interest expenditures of \$19,897 were recorded in the fund financial statements in the General Fund. Interest expense of \$18,065 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2023, including interest payments of \$5,474,332 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,360,000	\$ 761,038	\$ 135,758	\$ 15,464	\$ 1,495,758	\$ 776,502
2025	1,410,000	708,838	140,341	10,881	1,550,341	719,719
2026	1,465,000	654,438	145,079	6,143	1,610,079	660,581
2027	1,520,000	597,588	75,258	1,245	1,595,258	598,833
2028	1,585,000	538,238	-	-	1,585,000	538,238
2029-2033	8,230,000	1,745,708	-	-	8,230,000	1,745,708
2034-2037	5,530,000	434,751	-	-	5,530,000	434,751
	<u>\$ 21,100,000</u>	<u>\$ 5,440,599</u>	<u>\$ 496,436</u>	<u>\$ 33,733</u>	<u>\$ 21,596,436</u>	<u>\$ 5,474,332</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.

Legal Debt Margin

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

Compensated Absences

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

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

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

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

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

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2023 are as follows:

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

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15 41J	13.10 %
	5 A15 41J	11.20
	6 A15 41J1	8.30
TRS	1-6	10.29 %

At June 30, 2023, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 3,091,541	\$ 2,546,663
School Districts' proportion of the net pension liability	0.0144168 %	0.132715 %
Change in proportion since the prior measurement date	(0.0001942) %	(0.002477) %

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2023, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$4,331,816 (\$1,168,698 for ERS and \$3,163,118 for TRS). Pension expenditures for ERS of \$608,244 and \$10,477 were charged to the General and Special Aid Funds. Pension expenditures for TRS of \$2,436,301 and \$18,241 were reported in the fund financial statements and were charged to the General and Special Aid Fund.

At June 30, 2023, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>TRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 329,273	\$ 86,822	\$ 2,668,581	\$ 51,031
Changes of assumptions	1,501,452	16,594	4,940,096	1,025,868
Net difference between projected and actual earnings on pension plan investments	-	18,163	3,290,531	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	272,946	87,873	168,345	308,953
School District contributions subsequent to the measurement date	224,732	-	2,544,078	-
	<u>\$ 2,328,403</u>	<u>\$ 209,452</u>	<u>\$ 13,611,631</u>	<u>\$ 1,385,852</u>

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,997,854	\$ 137,853
Changes of assumptions	6,441,548	1,042,462
Net difference between projected and actual earnings on pension plan investments	3,290,531	18,163
Changes in proportion and differences between School District contributions and proportionate share of contributions	441,291	396,826
School District contributions subsequent to the measurement date	2,768,810	-
	<u>\$ 15,940,034</u>	<u>\$ 1,595,304</u>

\$224,732 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$2,544,078 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2023	\$ -	\$ 1,826,384
2024	466,909	929,849
2025	(119,108)	(446,575)
2026	688,705	6,463,524
2027	857,713	855,789
Thereafter	-	52,730
	<u>\$ 1,894,219</u>	<u>\$ 9,681,701</u>

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

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	1.3%

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

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

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

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

Asset Type	ERS March 31, 2023		TRS June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %	33 %	6.5 %
International Equity	15	6.85	16	7.2
Private Equity	10	7.50	8	9.9
Real Estate	9	4.60	11	6.2
Domestic Fixed Income Securities	-	-	16	1.1
Global Bonds	-	-	2	0.6
High Yield Bonds	-	-	1	3.3
Global Equities	-	-	4	6.9
Private Debt	-	-	2	5.3
Real Estate Debt	-	-	6	2.4
Opportunistic/ARS Portfolio	3	5.38	-	-
Credit	4	5.43	-	-
Real Assets	3	5.84	-	-
Fixed Income	23	1.50	-	-
Cash	1	-	1	(0.3)
	<u>100 %</u>		<u>100 %</u>	

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 7,470,929</u>	<u>\$ 3,091,541</u>	<u>\$ (567,947)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 23,481,431</u>	<u>\$ 2,546,663</u>	<u>\$ (15,059,339)</u>

The components of the collective net pension asset as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 232,627,259,000	\$ 133,883,473,797
Fiduciary net position	<u>211,183,223,000</u>	<u>131,964,582,107</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 1,918,891,690</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>98.57%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 based on

Note 3 - Detailed Notes on All Funds (Continued)

paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2023 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2023 were \$224,732 to ERS and \$2,841,438 to TRS, inclusive of \$297,360 of employee contributions.

Voluntary Defined Contribution Plan

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

Other Postemployment Benefit Liability ("OPEB")

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

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	161
Active employees	<u>279</u>
	<u><u>440</u></u>

The School District's total OPEB liability of \$79,127,652 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Inflation	2.70%
Salary increases	Varied by years of service and retirement system, ranging from 15%-60%
Discount rate	4.13%
Healthcare cost trend rates	
Medical	6.5% for 2024, decreasing to an ultimate rate of 4.14% by 2076
Medicare Part B	6.31% for 2024, decreasing to an ultimate rate of 4.14% by 2076

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

Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021.

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 81,636,063
Service cost	3,894,658
Interest	2,996,616
Changes of benefit terms	-
Differences between expected and actual experience	1,664,747
Changes in assumptions or other inputs	(9,287,865)
Benefit payments	<u>(1,776,567)</u>
Total OPEB Liability - End of Year	<u><u>\$ 79,127,652</u></u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	<u>\$ 93,815,746</u>	<u>\$ 79,127,652</u>	<u>\$ 67,480,984</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5% decreasing to 3.14%) or 1 percentage point higher (7.5% decreasing to 5.14%) than the current healthcare cost trend rates:

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (5.5% decreasing to 3.14%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.14%)	1% Increase (7.5% decreasing to 5.14%)
Total OPEB Liability	<u>\$ 65,275,619</u>	<u>\$ 79,127,652</u>	<u>\$ 97,357,501</u>

For the year ended June 30, 2023, the School District recognized OPEB expense of \$5,687,743 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 18,742,475	\$ 31,488,636
Differences between expected and actual experience	<u>3,347,610</u>	<u>9,424,884</u>
	<u>\$ 22,090,085</u>	<u>\$ 40,913,520</u>

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

Year Ended June 30,	
2024	\$ (1,203,531)
2025	(1,203,531)
2026	(1,203,531)
2027	(904,706)
2028	(5,644,721)
Thereafter	<u>(8,663,415)</u>
	<u>\$ (18,823,435)</u>

E. Revenues and Expenditures**Interfund Transfers**

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

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Special Aid Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	<u>\$ 70,000</u>	<u>\$ 44,866</u>	<u>\$ 1,509,982</u>	<u>\$ 1,624,848</u>

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due, 2) move amounts earmarked in the operating funds to fulfill commitments for the Special Aid Fund and 3) move funds from the operating funds to the Capital Projects Fund to fund capital projects.

F. Net Position

The components of net position are detailed below:

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

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

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

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

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

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

Restricted for Special Purposes - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

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

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

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2023				2022			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Inventories	\$ -	\$ -	\$ 7,121	\$ 7,121	\$ -	\$ -	\$ 4,061	\$ 4,061
Restricted								
Tax certiorari	1,835,130	-	-	1,835,130	1,732,033	-	-	1,732,033
Tax certiorari - for subsequent year's expenditures	100,000	-	-	100,000	100,000	-	-	100,000
Employee benefit accrued liability	533,522	-	-	533,522	570,827	-	-	570,827
Liability Claims	1,528,764	-	-	1,528,764	1,431,205	-	-	1,431,205
Unemployment Benefits	130,472	-	-	130,472	150,203	-	-	150,203
ERS retirement system contributions	1,587,041	-	-	1,587,041	1,484,387	-	-	1,484,387
ERS retirement system contributions - for subsequent year's expenditures	650,000	-	-	650,000	850,000	-	-	850,000
TRS retirement system contributions	853,640	-	-	853,640	652,473	-	-	652,473
Debt service	20,527	-	380,987	401,514	20,490	-	830,911	851,401
Future capital projects	1,648,814	-	-	1,648,814	1,327,371	-	-	1,327,371
Capital projects	-	1,024,991	-	1,024,991	-	2,128,026	-	2,128,026
Special purposes - extraclassroom activities	-	-	55,477	55,477	-	-	62,643	62,643
Special purposes - other	-	-	172,064	172,064	-	-	166,569	166,569
Total Restricted	8,887,910	1,024,991	608,528	10,521,429	8,318,989	2,128,026	1,060,123	11,507,138
Assigned								
Purchases on order								
General government support	135,879	-	-	135,879	89,857	-	-	89,857
Instruction	160,365	-	-	160,365	261,760	-	-	261,760
Pupil Transportation	15,000	-	-	15,000	-	-	-	-
	311,244	-	-	311,244	351,617	-	-	351,617
Subsequent year's expenditures	354,843	-	-	354,843	854,843	-	-	854,843
School Lunch Fund	-	-	152,564	152,564	-	-	100,677	100,677
Total Assigned	666,087	-	152,564	818,651	1,206,460	-	100,677	1,307,137
Unassigned	2,304,388	-	-	2,304,388	2,043,172	-	-	2,043,172
Total Fund Balance	\$ 11,858,385	\$ 1,024,991	\$ 768,213	\$ 13,651,589	\$ 11,568,621	\$ 2,128,026	\$ 1,164,861	\$ 14,861,508

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Subsequent year's expenditures represent that at June 30, 2023, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Additional payments resulting from adverse decisions will be funded in the year the payment is made.

At June 30, 2023, the School District is involved in cases with the parents of students in which the parents are seeking tuition reimbursement for their unilateral placement of the student at the various schools. These cases are presently being defended. If the parents are successful, the School District could be obligated for the parents' attorney fees and tuition. No amounts have been accrued in these financial statements for this purpose as the ultimate outcome of these cases is presently undeterminable.

B. Contingencies

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

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

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

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

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

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

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

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 3,894,658	\$ 5,887,447	\$ 6,113,474	\$ 4,109,006	\$ 1,967,225	\$ 2,046,669
Interest	2,996,616	2,326,199	2,539,471	3,045,589	2,399,060	2,156,899
Changes of benefit terms	-	-	(119,330)	-	-	-
Differences between expected and actual experience	1,664,747	(4,068,122)	(7,604,852)	(3,015,515)	4,202,630	-
Changes of assumptions or other inputs	(9,287,865)	(23,482,569)	(6,287,357)	23,612,074	15,606,987	(3,045,590)
Benefit payments	<u>(1,776,567)</u>	<u>(1,658,825)</u>	<u>(1,599,655)</u>	<u>(1,627,744)</u>	<u>(1,452,456)</u>	<u>(1,326,449)</u>
Net Change in Total OPEB Liability	(2,508,411)	(20,995,870)	(6,958,249)	26,123,410	22,723,446	(168,471)
Total OPEB Liability – Beginning of Year	81,636,063	102,631,933	109,590,182	83,466,772	60,743,326	60,911,797 (3)
Total OPEB Liability – End of Year	<u>\$ 79,127,652</u>	<u>\$ 81,636,063</u>	<u>\$ 102,631,933</u>	<u>\$ 109,590,182</u>	<u>\$ 83,466,772</u>	<u>\$ 60,743,326</u>
School District's covered employee payroll	<u>\$ 25,926,280</u>	<u>\$ 24,942,780</u>	<u>\$ 24,874,335</u>	<u>\$ 25,957,919</u>	<u>\$ 23,640,143</u>	<u>\$ 23,937,435</u>
Total OPEB liability as a percentage of covered - employee payroll	<u>305%</u>	<u>327%</u>	<u>413%</u>	<u>422%</u>	<u>353%</u>	<u>254%</u>
*Discount Rate	<u>4.13%</u>	<u>3.54%</u>	<u>2.16%</u>	<u>2.21%</u>	<u>3.51%</u>	<u>3.87%</u>

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

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

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

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

	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.132715%	0.135192%	0.136613%	0.131508%	0.129438%	0.126703%	0.125303%	0.125888%	0.126180%
School District's proportionate share of the net pension liability (asset)	\$ 2,546,663	\$ (23,427,562)	\$ 3,774,984	\$ (3,416,594)	\$ (2,340,574)	\$ (963,071)	\$ 1,342,046	\$ (13,075,778)	\$ (14,055,624)
School District's covered payroll	\$ 24,407,579	\$ 23,725,236	\$ 23,790,158	\$ 22,710,088	\$ 21,686,282	\$ 20,650,000	\$ 19,978,000	\$ 19,324,000	\$ 19,034,000
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.43%	(98.75)%	15.87%	(15.04)%	(10.79)%	(4.66)%	6.72%	(67.67)%	(73.84)%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,544,078	\$ 2,391,943	\$ 2,261,015	\$ 2,107,808	\$ 2,411,811	\$ 2,125,256	\$ 2,420,168	\$ 2,649,067	\$ 3,387,422
Contributions in relation to the contractually required contribution	(2,544,078)	(2,391,943)	(2,261,015)	(2,107,808)	(2,411,811)	(2,125,256)	(2,420,168)	(2,649,067)	(3,387,422)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 24,723,790	\$ 24,407,579	\$ 23,725,236	\$ 23,790,158	\$ 22,710,088	\$ 21,686,282	\$ 20,650,000	\$ 19,978,000	\$ 19,324,000
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

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

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

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

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

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

	2023 (3)	2022 (4)	2021 (4)	2020 (3)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability (asset)	<u>0.0144168%</u>	<u>0.0146110%</u>	<u>0.0137620%</u>	<u>0.0155258%</u>	<u>0.0150164%</u>	<u>0.013976%</u>	<u>0.014336%</u>	<u>0.014238%</u>	<u>0.014036%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 3,091,541</u>	<u>\$ (1,194,388)</u>	<u>\$ 13,703</u>	<u>\$ 4,111,309</u>	<u>\$ 1,063,960</u>	<u>\$ 451,063</u>	<u>\$ 1,347,035</u>	<u>\$ 2,285,168</u>	<u>\$ 474,157</u>
School District's covered payroll	<u>\$ 5,069,702</u>	<u>\$ 4,933,258</u>	<u>\$ 4,863,968</u>	<u>\$ 4,823,120</u>	<u>\$ 4,407,649</u>	<u>\$ 4,025,661</u>	<u>\$ 4,015,853</u>	<u>\$ 3,805,000</u>	<u>\$ 4,018,000</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>60.98%</u>	<u>(24.21)%</u>	<u>0.28%</u>	<u>85.24%</u>	<u>24.14%</u>	<u>11.20%</u>	<u>33.54%</u>	<u>60.06%</u>	<u>11.80%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.78%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 568,945</u>	<u>\$ 785,346</u>	<u>\$ 698,064</u>	<u>\$ 661,169</u>	<u>\$ 631,914</u>	<u>\$ 593,212</u>	<u>\$ 595,517</u>	<u>\$ 634,470</u>	<u>\$ 693,093</u>
Contributions in relation to the contractually required contribution	<u>(568,945)</u>	<u>(785,346)</u>	<u>(698,064)</u>	<u>(661,169)</u>	<u>(631,914)</u>	<u>(593,212)</u>	<u>(595,517)</u>	<u>(634,470)</u>	<u>(693,093)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 5,063,317</u>	<u>\$ 5,009,776</u>	<u>\$ 4,885,764</u>	<u>\$ 4,774,706</u>	<u>\$ 4,757,500</u>	<u>\$ 4,438,062</u>	<u>\$ 4,092,000</u>	<u>\$ 4,056,000</u>	<u>\$ 4,018,000</u>
Contributions as a percentage of covered payroll	<u>11.24%</u>	<u>15.68%</u>	<u>14.29%</u>	<u>13.85%</u>	<u>13.28%</u>	<u>13.37%</u>	<u>14.55%</u>	<u>15.64%</u>	<u>17.25%</u>

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

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

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

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 43,407,822	\$ 43,407,822	\$ 43,407,822	\$	\$ -
Other tax items	2,002,744	2,002,744	2,009,680		6,936
Non-property taxes	755,000	755,000	955,464		200,464
Charges for services	790,000	790,000	876,412		86,412
Use of money and property	30,000	30,000	346,677		316,677
Sale of property and compensation for loss	-	-	15,997		15,997
State aid	6,403,146	6,403,146	6,843,891		440,745
Federal aid	-	13,344	28,866		15,522
Miscellaneous	100,000	100,000	233,725		133,725
Total Revenues	53,488,712	53,502,056	54,718,534		1,216,478
EXPENDITURES					
Current					
General support					
Board of education	66,100	72,082	69,895	130	2,057
Central administration	402,500	434,826	434,713	-	113
Finance	690,223	705,121	689,439	7,876	7,806
Staff	379,500	419,608	418,333	-	1,275
Central services	3,026,072	4,005,047	3,752,097	127,873	125,077
Special items	567,818	587,468	582,891	-	4,577
Total General Support	5,132,213	6,224,152	5,947,368	135,879	140,905
Instruction					
Instruction, administration and improvement	1,796,180	1,823,273	1,744,017	1,779	77,477
Teaching - Regular school	17,253,272	17,020,381	16,739,352	37,931	243,098
Programs for students with disabilities	9,000,248	8,967,248	8,564,743	66,919	335,586
Occupational education	40,000	40,000	34,796	-	5,204
Instructional media	1,794,082	2,102,024	2,016,685	10,800	74,539
Pupil services	4,235,389	4,258,283	3,949,556	42,936	265,791
Total Instruction	34,119,171	34,211,209	33,049,149	160,365	1,001,695
Pupil transportation	1,499,505	1,550,542	1,484,705	15,000	50,837
Employee benefits	13,103,079	12,403,609	12,171,479	-	232,130
Debt service					
Principal	131,324	131,324	131,324	-	-
Interest	19,898	19,898	19,897	-	1
Total Expenditures	54,005,190	54,540,734	52,803,922	311,244	1,425,568
Excess (Deficiency) of Revenues Over Expenditures	(516,478)	(1,038,678)	1,914,612	(311,244)	2,642,046
OTHER FINANCING USES					
Transfers out	(1,639,982)	(1,642,782)	(1,624,848)	-	17,934
Net Change in Fund Balance	(2,156,460)	(2,681,460)	289,764	\$ (311,244)	\$ 2,659,980
FUND BALANCE					
Beginning of Year	2,156,460	2,681,460	11,568,621		
End of Year	\$ -	\$ -	\$ 11,858,385		

See independent auditors' report.

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

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 43,407,822	\$ 43,407,822	\$ 43,407,822	\$ -
OTHER TAX ITEMS				
Payments in lieu of taxes	-	-	6,936	6,936
School tax relief reimbursement	2,002,744	2,002,744	2,002,744	-
	2,002,744	2,002,744	2,009,680	6,936
NON-PROPERTY TAXES				
Non-property tax distribution from County	755,000	755,000	955,464	200,464
CHARGES FOR SERVICES				
Day school tuition	430,000	430,000	532,307	102,307
Other student fees and charges	140,000	140,000	171,645	31,645
Health services for other districts	220,000	220,000	172,460	(47,540)
	790,000	790,000	876,412	86,412
USE OF MONEY AND PROPERTY				
Earnings on investments	30,000	30,000	346,677	316,677
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	14,764	14,764
Other	-	-	1,233	1,233
	-	-	15,997	15,997
STATE AID				
Basic formula	3,939,128	3,939,128	4,063,871	124,743
BOCES	950,000	950,000	1,171,466	221,466
Lottery	1,384,018	1,384,018	1,459,833	75,815
Textbook aid	89,700	89,700	98,152	8,452
Computer software aid	32,500	32,500	40,107	7,607
Library aid	7,800	7,800	10,462	2,662
	6,403,146	6,403,146	6,843,891	440,745

FEDERAL AID

Elementary and Secondary School Emergency

Relief Fund (CARES)

Federal Emergency Management Agency

-	13,344	13,344	-
-	-	15,522	15,522
-	13,344	28,866	15,522

MISCELLANEOUS

Refund of BOCES aided services

Refund of prior year's expenditures

Other

75,000	75,000	125,032	50,032
25,000	25,000	106,999	81,999
-	-	1,694	1,694
100,000	100,000	233,725	133,725
\$ 53,488,712	\$ 53,502,056	\$ 54,718,534	\$ 1,216,478

TOTAL REVENUES

See independent auditors' report.

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

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with Final Budget</u>
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 33,700	\$ 36,691	\$ 34,904	\$ 130	\$ 1,657
District clerk	<u>32,400</u>	<u>35,391</u>	<u>34,991</u>	<u>-</u>	<u>400</u>
Total Board of Education	<u>66,100</u>	<u>72,082</u>	<u>69,895</u>	<u>130</u>	<u>2,057</u>
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	<u>402,500</u>	<u>434,826</u>	<u>434,713</u>	<u>-</u>	<u>113</u>
<i>FINANCE</i>					
Business administration	607,994	622,746	607,989	7,876	6,881
Accounting and auditing	74,750	74,750	73,825	-	925
Treasurer	<u>7,479</u>	<u>7,625</u>	<u>7,625</u>	<u>-</u>	<u>-</u>
Total Finance	<u>690,223</u>	<u>705,121</u>	<u>689,439</u>	<u>7,876</u>	<u>7,806</u>
<i>STAFF</i>					
Legal	145,000	161,721	160,771	-	950
Personnel	126,000	142,387	142,064	-	323
Public information and services	<u>108,500</u>	<u>115,500</u>	<u>115,498</u>	<u>-</u>	<u>2</u>
Total Staff	<u>379,500</u>	<u>419,608</u>	<u>418,333</u>	<u>-</u>	<u>1,275</u>

CENTRAL SERVICES

Operation of plant	2,680,283	3,486,509	3,270,149	92,443	123,917
Maintenance of plant	345,789	518,538	481,948	35,430	1,160

Total Central Services	3,026,072	4,005,047	3,752,097	127,873	125,077
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SPECIAL ITEMS

Unallocated insurance	215,000	229,906	229,906	-	-
Assessments on school property	66,700	71,444	66,867	-	4,577
Administrative charge - BOCES	286,118	286,118	286,118	-	-

Total Special Items	567,818	587,468	582,891	-	4,577
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Total General Support	5,132,213	6,224,152	5,947,368	135,879	140,905
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	268,514	272,897	238,110	94	34,693
Supervision - Regular school	1,527,666	1,550,376	1,505,907	1,685	42,784

Total Instruction, Administration and Improvement	1,796,180	1,823,273	1,744,017	1,779	77,477
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TEACHING - REGULAR SCHOOL	17,253,272	17,020,381	16,739,352	37,931	243,098
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PROGRAMS FOR STUDENTS WITH DISABILITIES	9,000,248	8,967,248	8,564,743	66,919	335,586
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OCCUPATIONAL EDUCATION	40,000	40,000	34,796	-	5,204
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(Continued)

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

General Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 393,926	\$ 454,900	\$ 390,553	\$ 8,749	\$ 55,598
Computer assisted instruction	1,400,156	1,647,124	1,626,132	2,051	18,941
Total Instructional Media	1,794,082	2,102,024	2,016,685	10,800	74,539
<i>PUPIL SERVICES</i>					
Guidance - Regular school	1,290,320	1,262,921	1,214,138	180	48,603
Health services - Regular school	495,672	546,940	519,652	2,104	25,184
Psychological services - Regular school	718,987	717,921	677,978	1,332	38,611
Co-curricular activities - Regular school	510,046	495,809	465,561	756	29,492
Interscholastic athletics - Regular school	917,565	928,408	793,812	38,464	96,132
	302,799	306,284	278,415	100	27,769
Total Pupil Services	4,235,389	4,258,283	3,949,556	42,936	265,791
Total Instruction	34,119,171	34,211,209	33,049,149	160,365	1,001,695
<i>PUPIL TRANSPORTATION</i>					
District transportation services	54,655	55,109	50,891	-	4,218
Contract transportation	1,444,850	1,495,433	1,433,814	15,000	46,619
Total Pupil Transportation	1,499,505	1,550,542	1,484,705	15,000	50,837

EMPLOYEE BENEFITS

State retirement	765,240	610,238	608,244	-	1,994
Teachers' retirement	2,753,380	2,523,644	2,436,301	-	87,343
Social security	2,245,779	2,230,779	2,180,332	-	50,447
Workers' compensation benefits	195,000	195,000	184,956	-	10,044
Life insurance	16,500	16,500	13,355	-	3,145
Unemployment benefits	-	21,424	18,347	-	3,077
Hospital, medical and dental insurance	6,643,270	6,295,654	6,228,344	-	67,310
Union welfare benefits	483,910	510,370	501,600	-	8,770

Total Employee Benefits	13,103,079	12,403,609	12,171,479	-	232,130
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DEBT SERVICE

Principal					
Energy performance contract debt	131,324	131,324	131,324	-	-
Interest					
Energy performance contract debt	19,898	19,898	19,897	-	1

Total Debt Service	151,222	151,222	151,221	-	1
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TOTAL EXPENDITURES	54,005,190	54,540,734	52,803,922	311,244	1,425,568
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	60,000	62,800	44,866	-	17,934
Debt Service Fund	1,509,982	1,509,982	1,509,982	-	-
Capital Projects Fund	70,000	70,000	70,000	-	-

TOTAL OTHER FINANCING USES	1,639,982	1,642,782	1,624,848	-	17,934
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TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 55,645,172	\$ 56,183,516	\$ 54,428,770	\$ 311,244	\$ 1,443,502
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See independent auditors' report.

Hastings-on-Hudson Union Free School District, New YorkCapital Projects Fund
Project-Length Schedule

Inception of Project Through June 30, 2023

Project	Authori- zation	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
District-Wide Improvements - 2015/16	\$ 8,150,701	\$ 8,109,113	\$ -	\$ 8,109,113
Capital Improvements - 2021/22	100,000	96,786	3,214	100,000
Capital Improvements - 2022/23	70,000	-	70,000	70,000
District-Wide Improvements - 2019/20	19,103,614	17,051,357	1,099,821	18,151,178
Smart School Bond Act	36,191	-	36,191	36,191
Excel	<u>907,969</u>	<u>877,002</u>	<u>-</u>	<u>877,002</u>
Totals	<u>\$ 28,368,475</u>	<u>\$ 26,134,258</u>	<u>\$ 1,209,226</u>	<u>\$ 27,343,484</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance at June 30, 2023
	Proceeds of Obligations	State Aid	Interfund Transfers	Total	
\$ 41,588	\$ 8,150,701	\$ -	\$ -	\$ 8,150,701	\$ 41,588
-	-	-	100,000	100,000	-
-	-	-	70,000	70,000	-
952,436	18,383,614	-	720,000	19,103,614	952,436
-	-	36,191	-	36,191	-
30,967	-	-	907,969	907,969	30,967
<u>\$ 1,024,991</u>	<u>\$ 26,534,315</u>	<u>\$ 36,191</u>	<u>\$ 1,797,969</u>	<u>\$ 28,368,475</u>	<u>\$ 1,024,991</u>

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

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	\$ 189,569	\$ 251,322	\$ 19,393	\$ 460,284
Receivables				
Accounts	18,394	-	-	18,394
Due from other funds	824	-	361,594	362,418
	19,218	-	361,594	380,812
Inventories	7,121	-	-	7,121
Total Assets	<u>\$ 215,908</u>	<u>\$ 251,322</u>	<u>\$ 380,987</u>	<u>\$ 848,217</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 23,781	\$ -	\$ 23,781
Due to other governments	8,716	-	-	8,716
Unearned revenues	47,507	-	-	47,507
Total Liabilities	56,223	23,781	-	80,004
Fund balances				
Nonspendable	7,121	-	-	7,121
Restricted	-	227,541	380,987	608,528
Assigned	152,564	-	-	152,564
Total Fund Balances	159,685	227,541	380,987	768,213
Total Liabilities and Fund Balances	<u>\$ 215,908</u>	<u>\$ 251,322</u>	<u>\$ 380,987</u>	<u>\$ 848,217</u>

See independent auditors report.

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, 2023

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	\$ 1,490	\$ 1,386	\$ 10,076	\$ 12,952
Federal aid	5,205	-	-	5,205
Food sales	842,157	-	-	842,157
Miscellaneous	-	183,426	-	183,426
Total Revenues	848,852	184,812	10,076	1,043,740
EXPENDITURES				
Current				
Cost of food sales	793,905	-	-	793,905
Other	-	186,483	-	186,483
Debt service				
Principal	-	-	1,170,000	1,170,000
Interest	-	-	799,982	799,982
Total Expenditures	793,905	186,483	1,969,982	2,950,370
Excess (Deficiency) of Revenues Over Expenditures	54,947	(1,671)	(1,959,906)	(1,906,630)
OTHER FINANCING SOURCES				
Transfers in	-	-	1,509,982	1,509,982
Net Change in Fund Balances	54,947	(1,671)	(449,924)	(396,648)
FUND BALANCES				
Beginning of Year	104,738	229,212	830,911	1,164,861
End of Year	<u>\$ 159,685</u>	<u>\$ 227,541</u>	<u>\$ 380,987</u>	<u>\$ 768,213</u>

See independent auditors' report.

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

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2023

Adopted Budget	\$ 55,293,555
Additions	
Encumbrances	<u>351,617</u>
Original Budget	55,645,172
Budget Amendments	<u>538,344</u>
Final Budget	<u><u>\$ 56,183,516</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2023-24 Expenditure Budget	<u>\$ 57,609,700</u>
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General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law

Unrestricted fund balance	
Assigned fund balance	\$ 666,087
Unassigned fund balance	<u>2,304,388</u>
Total Unrestricted Fund Balance	<u>2,970,475</u>

Less

Appropriated for subsequent year's budget	354,843
Encumbrances	<u>311,244</u>
Total Adjustments	<u>666,087</u>

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

\$ 2,304,388

Actual Percentage	<u><u>4.00%</u></u>
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See independent auditors' report.

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

Schedule of Net Investment in Capital Assets Year Ended June 30, 2023

Capital Assets, net		\$ 32,014,318
Less		
Bonds payable	\$ (21,100,000)	
Energy performance contract debt payable	(496,436)	
Unamortized portion of premium on bonds	<u>(2,238,256)</u>	(23,834,692)
Plus		
Unexpended bond proceeds		<u>994,024</u>
Net Investment in Capital Assets		<u><u>\$ 9,173,650</u></u>

See independent auditors' report.

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 6, 2023

**Report on Compliance For Each Major Federal Program and Report
on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hastings-on-Hudson Union Free School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 6, 2023

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
Special Milk Program for Children	10.556	N/A	\$ -	\$ 5,205
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-1055	-	280,829
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-1055	-	11,151
Special Education -Grants to States (IDEA, Part B) - ARP Supplemental 611	84.027X	5532-22-1005	-	65,486
Special Education -Preschool Grants (IDEA Preschool) - ARP Supplemental 619	84.173X	5533-22-1055	-	4,805
Subtotal Special Education Cluster			-	362,271
Title I Grants to Local Educational Agencies	84.010	0021-22-3650	-	1,218
Title I Grants to Local Educational Agencies	84.010	0021-23-3650	-	15,126
			-	16,344
Supporting Effective Instruction State Grant	84.367	0147-23-3650	-	19,106
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	5880-21-3650	-	32,390
Governor's Emergency Education Relief (GEER) Fund Elementary and Secondary School	84.425C	5896-21-3650	-	12,092
Emergency Relief (ESSER) Fund (CARES) Elementary and Secondary School	84.425D	5890-21-3650	-	13,344
Emergency Relief (ESSER) Fund (CRRSA)	84.425D	5891-21-3650	-	337,610
			-	395,436
Total U.S. Department of Education			-	793,157
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed through New York State Division of Homeland Security and Emergency Services				
Emergency Management Performance Grants	97.042	N/A	-	15,522
Total Expenditures of Federal Awards			\$ -	\$ 813,884

N/A - Information not available

The accompanying notes are an integral part of this schedule.

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

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Hastings-on-Hudson Union Free School District, New York ("School District") under programs of the federal government for the year ended June 30, 2023. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on
whether the financial statements audited were
prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Type of auditors' report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

____ Yes X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.425U

American Rescue Plan Elementary and Secondary
School Emergency Relief (ARP ESSER) Fund

84.425C

Governor's Emergency Education Relief (GEER) Fund

84.425D

Elementary and Secondary School Emergency
Relief (ESSER) Fund (CRRSA)

84.425D

Elementary and Secondary School Emergency
Relief (ESSER) Fund (CARES)

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

____ Yes X No

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

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2023

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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

Summary Schedule of Prior Audit Findings
June 30, 2023

None

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

Extraclassroom Activity Funds

Statement of Cash Receipts, Cash Disbursements
and Cash Balances

Year Ended June 30, 2023

Independent Auditors' Report

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

Report on the Audit of the Financial Statement

Qualified Opinion

We have audited the statement of cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York, as of and for the year ended June 30, 2023, and the related note to the financial statement.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York as of June 30, 2023, and for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Hastings-on-Hudson Union Free School District, New York, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statement

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

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hastings-on-Hudson Union Free School District, New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 6, 2023

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

Extraclassroom Activity Funds

Statement of Cash Receipts, Cash Disbursements and Cash Balances

Year Ended June 30, 2023

	Cash Balances Beginning	Receipts	Disburse- ments	Cash Balances Ending
HIGH SCHOOL				
Academic Challenge	\$ 1,418	\$ 1,628	\$ 2,799	\$ 247
Affinity Club	121	-	-	121
Amnesty Club	573	1,573	1,548	598
Art Club	308	-	-	308
Band	197	40,032	40,154	75
Chess Club	274	15	-	289
Chorus	1,247	598	440	1,405
Class of 2022	2,010	-	2,010	-
Class of 2023	4,129	18,043	20,493	1,679
Class of 2024	1,615	4,622	5,462	775
Class of 2025	444	739	-	1,183
Class of 2026	-	1,264	-	1,264
Crossing Borders	6	-	-	6
Culinary Club	3,095	179	-	3,274
Environment Club	1,144	-	165	979
Feminism Club	1,004	30	464	570
Foreign Language Club	882	-	-	882
Garden Club	159	285	158	286
Gender Sexuality Alliance	664	342	70	936
Golf Club	1,305	-	362	943
Hudsonettes	440	28	-	468
National Art Honor Society	288	62	215	135
National Honor Society	-	194	78	116
Peer Leadership	1,584	-	1,409	175
Photography	136	81	-	217
Students Against Drunk Driving	141	279	-	420
Student Union	7,668	4,592	5,331	6,929
Sunshine Club	449	700	745	404
Varsity Club	4,715	-	-	4,715
Westchester Model United	655	250	580	325
Women's Health	-	179	-	179
Yearbook	7,984	4,326	6,943	5,367
Young Entrepreneurial Media Club	2,488	-	350	2,138
Total High School	47,143	80,041	89,776	37,408

(Continued)

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

Extraclassroom Activity Funds

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

Year Ended June 30, 2023

	Cash Balances Beginning	Receipts	Disburse- ments	Cash Balances Ending
MIDDLE SCHOOL				
Extracurricular	\$ 828	\$ 175	\$ -	\$ 1,003
Gender Sexuality Alliance Club	403	-	-	403
Grade 8	1,528	680	595	1,613
Scholarship	49	83	-	132
Student Activity Club-5/6	51	-	-	51
Yearbook	12,641	4,009	1,783	14,867
Total Middle School	15,500	4,947	2,378	18,069
Total All Schools	<u>\$ 62,643</u>	<u>\$ 84,988</u>	<u>\$ 92,154</u>	<u>\$ 55,477</u>

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

Note 1 - Summary of Significant Accounting Policies

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

A. Basis of Accounting

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

B. Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2023.

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

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