

**HYDE PARK CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2020**

HYDE PARK CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Hyde Park Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hyde Park Central School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hyde Park Central School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 - A12, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hyde Park Central School District's basic financial statements. The supplemental schedules on pages D1 - D3 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page F3 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These supplemental schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and 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 13, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY
October 13, 2020

Hyde Park Central School District

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

Introduction

The following is a discussion and analysis of Hyde Park Central School District's (District) financial performance for the fiscal year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- In December 2018, the Dutchess County voters approved a \$36.8 million capital project for Dutchess BOCES. The project includes renovations and an addition to their CTE building located on Salt Point Turnpike in Poughkeepsie. Hyde Park Central School District's share is \$3,208,960 and is due over three years. The first payment of \$392,400 was due and paid on 7/15/2019 from fund balance. The second payment of \$1,569,600 was paid on 7/15/2020 and the remainder of \$1,246,960 is due 7/15/2021. The school district plans to issue a 15-year bond to cover the amount of the second and third payments, which is a total of \$2,816,560
- As part of the school reopening plan, and to help mitigate the spread of COVID-19 in schools, the Hyde Park Central School District is spending additional monies that were not included in the original budget. It is expected that the school district will spend more than \$1M during 2020-2021 on the following types of expenditures:
 - personal, protective equipment and supplies such as disposable face masks, N-95 masks, face shields, disposable gloves, gowns, and eye goggles.
 - additional custodial supplies such as hand sanitizer, surface cleansers and sanitizers
 - extra air filters for the ventilation systems (for more frequent replacements)
 - equipment such as air purifiers and electrostatic sprayers (for sanitizing hard surfaces).
 - additional staff necessary to help mitigate the spread of the virus and to meet the goals of the district's reopening plan includes 20 part-time custodial workers, 6 licensed practical nurses and approximately 8 additional school monitors.
- Due to the economic impact of the pandemic, the 2020-21 Enacted New York State budget granted the Division of Budget the authority to reduce aid to localities to ensure a balanced state budget. As a result, the state is temporarily withholding aid that was payable to school districts on June 30, 2020. Aids that were expected to be received by Hyde Park CSD in August and September 2020 but have not been received yet amount to a total of \$558,616 and include:

Excess Cost Aid	\$248,543
BOCES Aid	236,934
Universal Pre-K Aid	73,139
Total	\$558,616

Overview of the Financial Statements

This annual report consists of three parts: Management Discussion and Analysis (MD&A), the basic financial statements and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short term and long term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

The governmental fund statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statement and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District wide and Fund Financial Statements

Fund Financial Statements

	<u>District-wide</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of revenues, Expenditures and Changes in Fund Equity	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short term and long term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term liabilities included	All assets and liabilities both short term and long term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements:

The district wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two district wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition for the school buildings and other facilities. It is important to note the recent increase in tax certiorari claims.

In the district wide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long term focus of the district wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those whom the assets belong. The District excludes these activities from the district wide financial statements because it cannot use these assets to finance its operations.

District-Wide Financial Analysis

The District's net position at June 30, 2020 is \$(129,392,521). This is an \$18,932,072 increase from the prior year's net position of \$(148,324,593). The following table provides a summary of the District's net position:

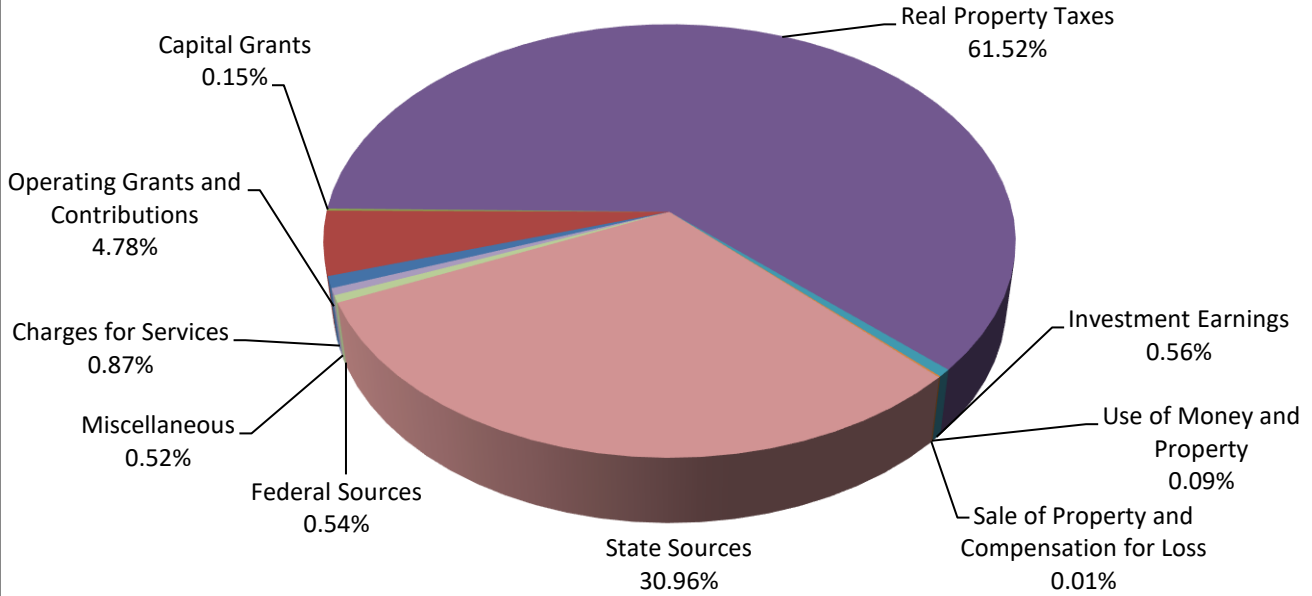
	June 30,	
	2020	2019
Current Assets	\$ 36,301,702	\$ 35,295,667
Capital Assets, net	69,536,476	67,991,230
Net Pension Asset	5,070,340	3,555,560
Deferred Outflows of Resources	64,346,322	52,699,669
Total Assets and Deferred Outflows	175,254,840	159,542,126
Current Liabilities	9,626,194	7,794,429
Long-term Liabilities	258,712,322	271,121,724
Net Pension Liability	9,028,855	2,381,389
Deferred Inflows of Resources	27,279,990	26,569,177
Total Liabilities and Deferred Outflows	304,647,361	307,866,719
Net Position		
Net investment in capital assets	56,805,964	53,158,558
Restricted	18,004,834	19,341,803
Unrestricted	(204,203,319)	(220,824,954)
Total Net Position	\$ (129,392,521)	\$ (148,324,593)

Changes in Net Position

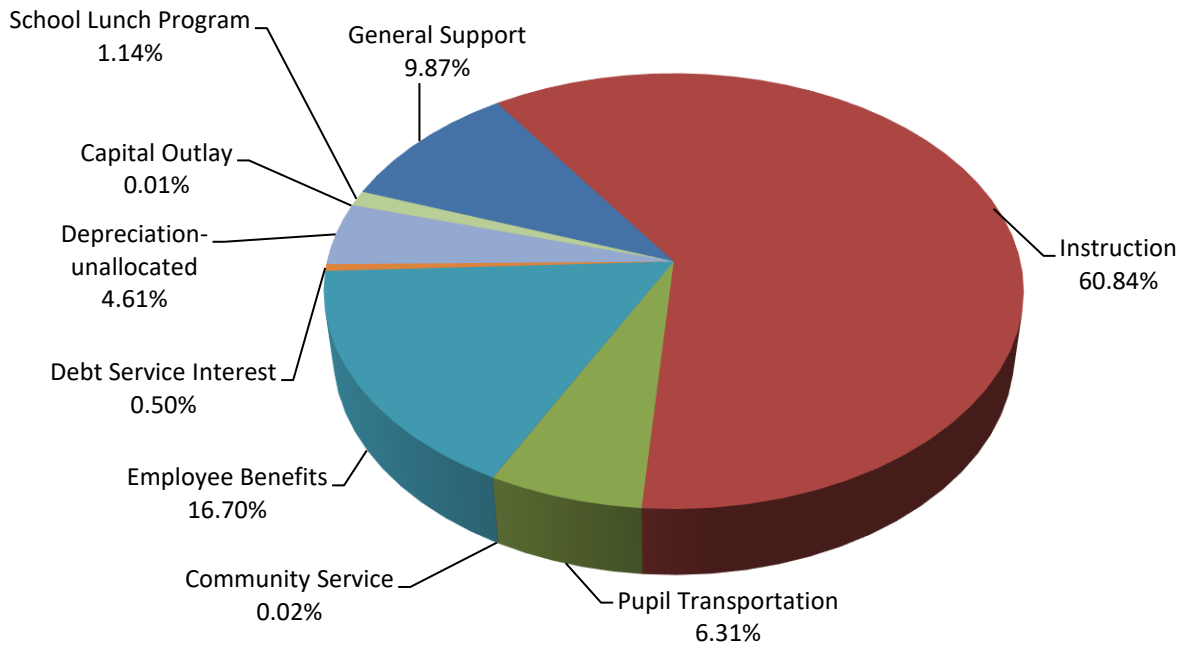
The following table and supporting graphs provide a summary of revenues, expenses and changes in net position for the year ended June 30, 2020.

	June 30,	
	2020	2019
Revenues:		
<u>Program Revenues:</u>		
Charges for Services	\$ 880,004	\$ 1,390,124
Operating Grants and Contributions	4,814,559	5,059,101
Capital Grants	151,172	-
Total Program Revenues	5,845,735	6,449,225
<u>General Revenues:</u>		
Real Property Taxes	61,941,471	60,188,425
Investment Earnings	568,374	691,516
Use of Money and Property	90,336	413,835
Sale of Property and Compensation for Loss	1,272	73,803
State Sources	31,181,371	31,717,965
Federal Sources	541,614	543,268
Miscellaneous	520,027	998,183
Total General Revenues	94,844,465	94,626,995
Total Revenues	100,690,200	101,076,220
<u>Program Expenses:</u>		
General Support	8,065,789	7,278,100
Instruction	49,755,347	49,626,713
Pupil Transportation	5,155,037	5,628,389
Community Service	12,765	19,115
Employee Benefits	13,657,238	38,072,525
Debt Service Interest	410,880	522,997
Depreciation- unallocated	3,765,768	3,905,604
Capital Outlay	5,029	-
School Lunch Program	930,275	1,055,805
Total Expenses	81,758,128	106,109,248
Change in Net Position	18,932,072	(5,033,028)
Net Position - Beginning	(148,324,593)	(142,387,050)
Prior Period Adjustment- Correction of Error	-	(904,515)
Net Position – Ending	\$ (129,392,521)	\$ (148,324,593)

Sources of Revenue for Fiscal Year 2020 Governmental Activities



Expenses for Fiscal Year 2020 Governmental Activities



The following information is provided to disclose the net cost of governmental activities:

	Total Cost of Services 2019-2020	Net Cost of Services 2019-2020	Total Cost of Services 2018-2019	Net Cost of Services 2018-2019
General Support	\$ 8,065,789	\$ 8,065,789	\$ 7,278,100	\$ 7,278,100
Instruction	49,755,347	45,326,124	49,626,713	44,783,026
Pupil Transportation	5,155,037	5,155,037	5,628,389	5,628,389
Community Service	12,765	12,765	19,115	19,115
Employee Benefits	13,657,238	13,657,238	38,072,525	38,072,525
Debt Service Interest	410,880	410,880	522,997	522,997
Depreciation- unallocated	3,765,768	3,765,768	3,905,604	3,905,604
Capital Outlay	5,029	(146,143)	-	-
School Lunch Program	930,275	(335,065)	1,055,805	(549,733)
	<u>\$ 81,758,128</u>	<u>\$ 75,912,393</u>	<u>\$ 106,109,248</u>	<u>\$ 99,660,023</u>

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Fund.

The total fund balances allocated between reserved and unreserved fund balance for each of these funds is as follows:

June 30, 2020				
	Non-Spendable	Restricted	Assigned	Unassigned
General	\$ 1,780,873	\$ 13,892,375	\$ 2,400,229	\$ 3,585,934
Capital	-	-	319,128	-
School Lunch	88,269	-	56,415	-
Debt Service	-	4,111,282	-	-
Special Revenue	-	1,177	-	-
Special Aid	-	-	-	-

June 30, 2019				
	Non-Spendable	Restricted	Assigned	Unassigned
General	\$ 1,753,282	\$ 12,200,098	\$ 3,475,780	\$ 3,890,759
Capital	-	2,544,114	-	(1,444,502)
School Lunch	53,608	-	362,610	-
Debt Service	-	4,597,571	-	-
Special Revenue	-	20	-	-
Special Aid	41,203	-	-	(41,203)

General Fund

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The original budget for the General Fund was revised by \$197,283 during the year. The supplemental appropriations consist of transfers from reserves to cover tax certiorari claims (\$65,329), a transfer from the food service fund to cover the cost of the shared Food Service Director (\$62,405), additional state aid (\$50,000), carry over encumbrances from the prior year (\$10,665), athletic event ticket sales (\$5,730), and donations (\$3,154).

In the General Fund for the year ended June 30, 2020, actual revenues were \$339,492 more than actual expenditures. Significant revenue sources include Real Property Taxes, STAR Reimbursement and Other Tax Items (\$61,941,471), Charges to Other School Districts (\$588,191), and State Aid (\$30,695,896). Actual expenditures and encumbrances were \$3,612,218 less than the revised budget. For fiscal year 2020-2021, the District has appropriated \$2,271,665 of fund balance to reduce the tax levy.

The total fund balance in the general fund increased by \$339,492 during the 2019-2020 school year. At June 30, 2020, unassigned fund balance amounts to \$3,585,934 and total restricted fund balance is \$13,892,375. Significant changes in restricted fund balances between the 2018-2019 school year and 2019-2020 school year includes increases to the tax certiorari reserves (\$671,500) and the retirement contribution reserve funds (\$1,069,000).

Other Fund Highlights

The School Lunch Fund ended the year with a fund balance of \$144,684 which is a decrease of \$271,534, 64.9% from the prior year. The main factor for the significant decrease in the school lunch fund is the school building closure due to the pandemic from March 16, 2020 through the end of the school year. Even though the school district was able to claim aid for meals distributed to students that qualified, participation fell drastically and so did state and federal reimbursement aid. During the school closure between March 16, 2020 and June 26, 2020, the school district served approximately 350 meals per day. If schools had been open for in-person instruction, approximately 2,000 meals per day would have been served.

In 2016-2017, the school district stopped its practice of providing alternate meals to students with negative account balances and the general fund covers the cost so no student carries lunch debt year-to-year. Before the change in practice, student debt amounted to less than \$500 per year on average. After the change, student meal debt rose to \$2,798 by the end of 2016-2017. Student debt at 6/30/2018 was \$10,123 and \$25,560 at 6/30/2019, and \$23,872 at 6/30/2020.

The Capital Projects Fund ended the year with fund balance of \$319,128. This is a decrease from the prior year of \$780,484 and is due to the continued use of the \$4,000,000 transfer from the capital reserve in 2018-2019. The funds are being used for the expenses associated with the \$26.2 million science labs/HVAC project that was approved by voters in May 2018.

The Debt Service Fund ended the year with a fund balance of \$4,111,282. In 2019-2020, \$610,000 from the Debt Serve fund was used to offset some debt service payments. The debt service plan calls for the use of and additional \$660,000 from this fund in 2020-2021. The use of the debt service fund will cause the fund balance amount to decrease over the next year.

Capital Assets

The District’s investment in capital assets, net of accumulated depreciation as of June 30, 2020 was \$69,536,476. The District underwent a complete capital asset valuation during 2018-2019. The next valuation will be scheduled in 2023-2024. The District recognized \$4,405,239 in construction in progress work as capital assets as of June 30, 2020.

Class	June 30,	
	2020	2019
Land	\$ 1,166,185	\$ 1,166,185
Construction-in-Progress	4,531,193	1,469,822
Land Improvements	2,923,726	3,219,502
Buildings and Improvements	53,262,562	54,406,356
Machinery and Equipment	7,652,810	7,729,365
Total Capital Assets, net of accumulated depreciation	<u>\$ 69,536,476</u>	<u>\$ 67,991,230</u>

Long Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$12,500,000. This amount is backed by the full faith and credit of the Hyde Park Central School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Serial Bond	\$15,225,000	\$ -	\$2,725,000	\$12,500,000

Factors Bearing on the Future of the School District

At the time these financial statements were prepared and audited, the School District was aware of the following existing conditions that could significantly affect its financial health in the future:

- The long-term effects of the pandemic are yet unknown.
 - The greatest concern facing the district over the next several years is the potential decline in state aid. The 2020-21 Enacted New York State budget granted the Division of Budget the authority to reduce aid to localities to ensure a balanced budget. As previously discussed, the state has withheld \$558,616 in various aids that were payable to Hyde Park Central School District on June 30, 2020. It is unknown if and when those aids would be paid by New York State. Additionally, the state legislature could make mid-year, permanent cuts to state aid, potentially up to 20% of expected aid amounts, during the 2020-2021 school year. A 20% aid reduction to Hyde Park Central School District would require substantial cuts to the school district’s operating budget.

- The school district's fund balance and reserve balances are expected to decrease rapidly over the next couple of school years as the district will need to access reserve funds to cover losses in state aid and additional expenses that are necessary to mitigate the spread of the COVID-19 in district schools.
- Health insurance, retirement costs, and other postemployment costs will continue to increase and could potentially affect the School District's financial health.
- The now permanent property tax cap continues to put pressure on school districts to keep tax levy increases at modest levels.

Bond Ratings

Moody's Investor Services ("Moody's") has assigned a rating of Aa3 to outstanding uninsured bonds of the District, for which the District has continued to maintain. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the notes or the availability of a secondary market for the notes. The District recently underwent a credit rating analysis from Standard and Poor's and received a rating of AA-.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Hyde Park Central School District
Attn: Linda Steinberg, Assistant Superintendent for Finance & Operations
P.O. Box 2033
Hyde Park, New York 12538-8033
(845) 229-4009 x 7

**HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

Current Assets	
Cash - Unrestricted	\$ 8,529,177
Cash - Restricted	12,940,962
Investments in Securities - Unrestricted	173,734
Investments in Securities - Restricted	6,262,096
Accounts Receivable	25,090
Due From Fiduciary Funds	340,537
State and Federal Aid Receivable	4,905,773
Due From Other Governments	1,255,191
Inventories	88,269
Prepaid Expenditures	1,780,873
Capital Assets, net	69,536,476
Net Pension Asset, Proportionate Share	5,070,340
Total Assets	110,908,518
Deferred Outflows of Resources	
Loss on Refunding	181,833
Pensions	22,716,430
Other Post Employment Benefits	41,448,059
Total Deferred Outflows of Resources	64,346,322
Total Assets and Deferred Outflows of Resources	\$ 175,254,840

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 2,625,554
Accrued Liabilities	82,699
Retainage Payable	125,954
Due to Other Governments	305,869
Bond Interest Accrued	15,352
Due to Teachers' Retirement System	3,165,898
Due to Employees' Retirement System	444,749
Refundable Advances	32,519
Bond Anticipation Notes	2,827,600
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	2,460,000
Long-Term Liabilities - Due and Payable After One Year	
Bonds	10,040,000
Unamortized Bond Premium	412,345
Compensated Absences	2,436,573
Other Post Employment Benefits Payable	243,363,404
Net Pension Liability, Proportionate Share	9,028,855
Total Liabilities	277,367,371
Deferred Inflows of Resources	
Deferred Receipts of Health Insurance	95,657
Pensions	6,971,611
Other Post Employment Benefits	20,212,722
Total Deferred Inflows of Resources	27,279,990

NET POSITION

Net Investment in Capital Assets	56,805,964
Restricted	18,004,834
Unrestricted	(204,203,319)
Total Net Position	(129,392,521)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 175,254,840

See accompanying notes to financial statements.

B1.

**HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

		Program Revenues				
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Capital Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	
FUNCTIONS AND PROGRAMS						
General Support	\$ 8,065,789	\$ -	\$ -	\$ -	\$ (8,065,789)	
Instruction	49,755,347	588,191	3,841,032	-	(45,326,124)	
Pupil transportation	5,155,037	-	-	-	(5,155,037)	
Community Service	12,765	-	-	-	(12,765)	
Employee benefits	13,657,238	-	-	-	(13,657,238)	
Debt service - interest	410,880	-	-	-	(410,880)	
Depreciation - unallocated	3,765,768	-	-	-	(3,765,768)	
Capital Outlay	5,029	-	-	151,172	146,143	
School lunch program	930,275	291,813	973,527	-	335,065	
	<u>\$ 81,758,128</u>	<u>\$ 880,004</u>	<u>\$ 4,814,559</u>	<u>\$ 151,172</u>	<u>(75,912,393)</u>	
Total Functions and Programs	<u>\$ 81,758,128</u>	<u>\$ 880,004</u>	<u>\$ 4,814,559</u>	<u>\$ 151,172</u>	<u>(75,912,393)</u>	
GENERAL REVENUES						
Real property taxes					61,941,471	
Investment earnings					568,374	
Use of money and property					90,336	
Sale of property and compensation for loss					1,272	
State sources					31,181,371	
Federal sources					541,614	
Miscellaneous					520,027	
					<u>94,844,465</u>	
Total General Revenues					<u>94,844,465</u>	
Change in Net Position					18,932,072	
Total Net Position - Beginning of Year					<u>(148,324,593)</u>	
Total Net Position - End of Year					<u>\$ (129,392,521)</u>	

See accompanying notes to financial statements.

**HYDE PARK CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets							
Cash - Unrestricted	\$ 7,042,610	\$ 705	\$ 181,353	\$ -	\$ 1,304,509	\$ -	\$ 8,529,177
Cash - Restricted	7,630,279	-	-	1,177	1,258,000	4,051,506	12,940,962
Investments in Securities - Unrestricted	173,734	-	-	-	-	-	173,734
Investments in Securities - Restricted	6,262,096	-	-	-	-	-	6,262,096
State and Federal Receivable	2,516,381	2,200,583	37,637	-	151,172	-	4,905,773
Due From Other Governments	1,255,191	-	-	-	-	-	1,255,191
Due From Other Funds	2,664,126	291,850	-	-	-	62,353	3,018,329
Accounts Receivable	17,325	-	7,765	-	-	-	25,090
Inventories	-	-	88,269	-	-	-	88,269
Prepaid Expenditures	1,780,873	-	-	-	-	-	1,780,873
Total Assets	\$ 29,342,615	\$ 2,493,138	\$ 315,024	\$ 1,177	\$ 2,713,681	\$ 4,113,859	\$ 38,979,494
Liabilities							
Accounts Payable	\$ 1,236,245	\$ 295,400	\$ -	\$ -	\$ 1,093,909	\$ -	\$ 2,625,554
Accrued Liabilities	68,152	677	13,870	-	-	-	82,699
Due to Other Funds	311,559	2,197,061	123,951	-	42,644	2,577	2,677,792
Due to Other Governments	305,869	-	-	-	-	-	305,869
Due to Teachers' Retirement System	3,165,898	-	-	-	-	-	3,165,898
Due to Employees' Retirement System	444,749	-	-	-	-	-	444,749
Refundable Advances	-	-	32,519	-	-	-	32,519
Bond Anticipation Notes	1,569,600	-	-	-	1,258,000	-	2,827,600
Total Liabilities	7,102,072	2,493,138	170,340	-	2,394,553	2,577	12,162,680
Deferred Inflows of Resources	581,132	-	-	-	-	-	581,132
Fund Equity (Deficiency)							
Fund Equity (Deficiency):							
Non-spendable	1,780,873	-	88,269	-	-	-	1,869,142
Restricted	13,892,375	-	-	1,177	-	4,111,282	18,004,834
Assigned	2,400,229	-	56,415	-	319,128	-	2,775,772
Unassigned	3,585,934	-	-	-	-	-	3,585,934
Total Fund Equity (Deficiency)	21,659,411	-	144,684	1,177	319,128	4,111,282	26,235,682
Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)	\$ 29,342,615	\$ 2,493,138	\$ 315,024	\$ 1,177	\$ 2,713,681	\$ 4,113,859	\$ 38,979,494

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ 26,235,682
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	69,536,476
Accrued interest expense is reported under the accrual basis	(15,352)
Receivables expected to be collected after the 60 day availability period are reported as deferred inflows in the governmental funds but as revenue in the entity-wide statements	485,475
Net pension asset	5,070,340
Net pension liability	(9,028,855)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	15,744,819
Net Deferred (inflows)/outflows related to other post employment benefits	21,235,337
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(258,656,443)
Net Position of Governmental Activities	\$ (129,392,521)

**HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues							
Real Property Taxes and Tax Items	\$ 61,941,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,941,471
Charges for Services	588,191	-	-	-	-	-	588,191
Use of Money and Property	581,759	-	-	-	-	76,835	658,594
Sale of Property and Compensation for Loss	1,272	-	-	-	-	-	1,272
Miscellaneous	467,269	-	45,451	7,423	-	-	520,143
State Sources	30,695,896	1,794,037	36,214	-	151,172	-	32,677,319
Federal Sources	541,614	2,046,995	937,313	-	-	-	3,525,922
Sales	-	-	291,813	-	-	-	291,813
Total Revenues	<u>94,817,472</u>	<u>3,841,032</u>	<u>1,310,791</u>	<u>7,423</u>	<u>151,172</u>	<u>76,835</u>	<u>100,204,725</u>
Expenditures							
General Support	8,581,764	-	619,393	-	-	-	9,201,157
Instruction	45,990,047	4,209,465	-	-	-	-	50,199,512
Pupil Transportation	5,092,153	102,970	-	-	747,009	-	5,942,132
Community Services	12,765	-	-	-	-	-	12,765
Employee Benefits	28,448,535	-	309,358	-	-	-	28,757,893
Debt Service - Principal	-	-	-	-	-	4,050,000	4,050,000
Debt Service - Interest	-	-	-	-	-	500,830	500,830
Cost of Sales	-	-	620,240	-	-	-	620,240
Capital Outlay	-	-	-	6,266	3,436,588	-	3,442,854
Total Expenditures	<u>88,125,264</u>	<u>4,312,435</u>	<u>1,548,991</u>	<u>6,266</u>	<u>4,183,597</u>	<u>4,550,830</u>	<u>102,727,383</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,692,208</u>	<u>(471,403)</u>	<u>(238,200)</u>	<u>1,157</u>	<u>(4,032,425)</u>	<u>(4,473,995)</u>	<u>(2,522,658)</u>
Other Sources And (Uses)							
Interfund Transfers, net	(6,352,716)	471,403	(33,334)	-	1,926,941	3,987,706	-
BANs Redeemed From Appropriations	-	-	-	-	1,325,000	-	1,325,000
Total Other Sources (Uses)	<u>(6,352,716)</u>	<u>471,403</u>	<u>(33,334)</u>	<u>-</u>	<u>3,251,941</u>	<u>3,987,706</u>	<u>1,325,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>339,492</u>	<u>-</u>	<u>(271,534)</u>	<u>1,157</u>	<u>(780,484)</u>	<u>(486,289)</u>	<u>(1,197,658)</u>
Fund Equity, Beginning of Year	<u>21,319,919</u>	<u>-</u>	<u>416,218</u>	<u>20</u>	<u>1,099,612</u>	<u>4,597,571</u>	<u>27,433,340</u>
Fund Equity, End of Year	<u>\$ 21,659,411</u>	<u>\$ -</u>	<u>\$ 144,684</u>	<u>\$ 1,177</u>	<u>\$ 319,128</u>	<u>\$ 4,111,282</u>	<u>\$ 26,235,682</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Net changes in fund equity - total governmental funds	\$	(1,197,658)
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(3,765,768)
	Capital outlays (excluding retainage)	5,188,257
		1,422,489
<p>The net book value, cost less accumulated depreciation, of capital assets disposed of are removed from the statement of net position. Any gain or loss resulting is recorded in the statement of activities.</p>		
		(3,197)
<p>Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2019/20 results in less expense.</p>		
		3,676
<p>Proceeds of serial bond principal and premiums on a BAN is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.</p>		
		-
<p>Bond anticipation notes redeemed from appropriations is revenue in governmental funds, but not in the statement of activities.</p>		
		(1,325,000)
<p>Repayments of short-term and long-term debt are recorded as expenditures in the governmental funds but are recorded as payments of liabilities in the statement of net position.</p>		
		4,050,000
<p>Excess cost aid and BOCES aid expected to be received after the availability period are reported as deferred inflows in the governmental funds. However, in the statement of activities these amounts are recognized as revenue when awarded</p>		
		485,475
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
	Other Post Employment Benefits	20,770,330
	Compensated Absences	62,494
	Adjustments for net pension liability - ERS	(1,737,447)
	Adjustments for net pension asset - TRS	(3,685,364)
<p>Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities.</p>		
		86,274
Change in net position - governmental activities	\$	18,932,072

See accompanying notes to financial statements.

B5.

**HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020**

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	\$ 387,952	\$ -
Cash - restricted	134,139	28,394
Total Assets	\$ 522,091	\$ 28,394
LIABILITIES		
Extraclassroom activity balances	\$ 134,139	\$ -
Due to other funds	340,537	-
Other liabilities	47,415	-
Total Liabilities	\$ 522,091	\$ -
NET POSITION		
Reserved for scholarships		\$ 28,394

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 3,075
Investment earnings	17
Total Additions	3,092
DEDUCTIONS	
Scholarships and awards	4,925
Change in Net Position	(1,833)
Net Position - Beginning of year	30,227
Net Position - End of year	\$ 28,394

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Hyde Park Central School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Hyde Park Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District's reporting entity within its Fiduciary funds:

The Extraclassroom Activity Fund

The extraclassroom activity funds of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 11 Boice Road, Hyde Park, New York 12538.

B. Joint Venture

The Hyde Park Central School District is a component district of the Dutchess County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

A BOCES' budget is comprised of separate budgets for administrative, programs, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2020, the District was billed \$7,982,944 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$2,008,308. Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund Financial Statements

I. Governmental Funds

The following are the District governmental funds:

General Fund

This is the District's principal operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds

These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund

Used to account for transactions in the District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund

Used to account for donations and other revenues that are restricted and committed to expenditures for specified purposes. These funds are restricted by the donor for athletic equipment.

Capital Projects Fund

This fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fiduciary Funds

There are two classes of fiduciary funds:

Private Purpose Trust Funds

These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency Funds

These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholdings.

D. Basis of Accounting/Measurement Focus

General Information

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 or economic resources. 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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the fiscal year, except for real property taxes, which are considered to be available if collected within sixty days of the fiscal year end.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post-employment benefits, pensions, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other sources.

E. Refundable Advances

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenues are recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, 2019 and became a lien on August 22, 2019. Taxes are collected during the period mid-September to mid-October.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the Town Treasurers of Poughkeepsie and Hyde Park in which the District is located. The taxes for the Towns of Pleasant Valley, Clinton, and Rhinebeck, which are also included in the levy, are collected by the District. The County guarantees the full payment of the District warrant and assumes responsibility for uncollected taxes.

G. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues:	
Gifts and Donations	\$ 8,635
Bullet Aid	50,000
Interfund	62,405
Additional Program Revenue	<u>250</u>
Total From Additional Revenue	121,290
From Appropriated Revenues	
Tax Certiorari Reserves	<u>65,328</u>
Total Supplemental Appropriations	<u>\$ 186,618</u>

- e. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- f. Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

II. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund equity and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District investment policies are governed by New York State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value.

J. Accounts Receivable and Due from Other Governments

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. In the school lunch fund, \$7,765 is a recoupment of 2019-2020 expenditures that are expected to be fully collected by June 30, 2022.

K. Inventories and Prepaid Items

Inventories of food and supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Inventories and Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund equity in the amount of these non-liquid asset (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 4.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M. Short Term Debt

The District may issue revenue anticipation notes (RANs) or tax anticipation notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability in the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

District-wide statements:

In the District-wide statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted - reports net position when constraints placed on the assets or deferred outflows are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund statements:

In the governmental funds statements there are five classifications of fund equity:

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$88,269, as well as prepaid expenditures recorded in the General Fund of \$1,780,873.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund equity:

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Capital Reserve

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Tax Certiorari Reserve

According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Debt Service

Used to account for the unspent proceeds of debt restricted for debt service.

Retirement Contribution

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserve funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payments into the sub-fund up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §3651. The portion of the reserve set aside for the Employee's Retirement System is \$4,433,475 and for the Teacher's Retirement System is \$909,585.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to the tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Repair Reserve

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 2,398,655
Retirement Contribution	5,343,060
Unemployment Insurance	109,272
Tax Certiorari	2,654,177
Capital Reserve	3,279,874
Repair Reserve	107,337
Special Revenue Fund	1,177
Debt Service Fund	<u>4,111,282</u>
Total Restricted Funds	<u>\$ 18,004,834</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2020.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund equity in the General Fund. Encumbrances reported in the General Fund amounted to \$128,564. Appropriated fund equity in the General Fund is \$2,271,665. The remaining fund equities in the other funds is also reported as assigned.

Reserve for Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances

General Fund	
General support	\$ 68,345
Instruction	42,314
Pupil transportation	<u>17,905</u>
	<u>\$ 128,564</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District did not exceed the 4% limit at June 30, 2020.

Net Position/Fund Equity

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Equity

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity (to the extent appropriated), committed fund equity, assigned fund equity and unassigned fund equity at the end of the fiscal year. For all funds, nonspendable fund equity is determined first and then restricted fund equity for specific purposes are determined. Any remaining fund equity amounts for funds other than the General Fund are classified as either assigned or restricted fund equity. In the General Fund, committed fund equity is determined next then assigned. Assignments of fund equity cannot cause a negative unassigned fund equity.

O. Post Employment Benefits

In addition to providing the retirement benefits described in Note 4.B.I, the District provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post employment benefits is shared between the District and the retired employee. See note 6.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair value at the time received.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life In Years
Land	\$ 5,000	N/A	N/A
Buildings and improvements	5,000	SL	20-50
Machinery and equipment	5,000	SL	5-20

Q. Payables, Accrued Liabilities, and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due and payable after one year in the Statement of Net Position.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post employment benefits, potential contingent liabilities, actuarial calculation of net pensions asset/liability, deferred inflows/outflows, and useful lives of long-term assets.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. *Vested Employee Benefits*

District employees are granted vacation in varying amounts, based principally on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-wide financial statements at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

T. *Deferred Outflows and Inflows of Resources*

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to the OPEB reporting in the District-wide Statement of Net Position. The represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and it's proportion share of total contributions to the pension systems not included in pension expense.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

T. Deferred Outflows and Inflows of Resources

The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to the OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. See Note 4.B III as well.

U. Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB:

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2020.

GASB has issued Statement 88, *Certain Disclosures Related to Debt*, Including Direct Borrowing and Direct Placements, effective for the year ending June 30, 2020.

GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective for the year ending June 30, 2020.

V. Future Changes in Accounting Standards

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2021.

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective dates vary based on specific paragraphs of the statement from the year ending June 30, 2021, 2022 and 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

V. Future Changes in Accounting Standards

GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total fund equity of governmental fund vs. net position of governmental activities:

Total fund equity of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

Statement of Revenues, Expenditures, and Changes in Fund equity vs. Statement of Activities:

Differences between the governmental funds statement of revenues, expenditures, and changes in fund equity and the statement of activities and changes in net position fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities and changes in net position reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used in the statement of activities and changes in net position.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported in the statement of activities and changes in net position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities and changes in net position.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities and changes in net position as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Unassigned Fund Balance

The District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, by \$298,373.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, overall the objective of which is to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Assistant Superintendent of Finance of Operations of the District.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the District to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and the United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Investments

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$6,435,830 in these investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments:

Total investments of the cooperative as of September 30, 2019, based on audited numbers, are \$127,150,319, which consists of \$10,368,326 in collateralized bank deposits, \$50,591,000 in repurchase agreements and \$66,190,993 in U.S. Treasury Securities. They also maintain fixed rate funds of \$876,350,359 which are purchased in the participants name.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instructions could result in a different fair value measurement at the reporting date.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Investments

	<u>Investments in Securities at Fair Value</u>	<u>Level 1</u>	<u>Valuation Inputs Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 6,435,830	\$ -	\$ 6,435,830	
Total	<u>\$ -</u>	<u>\$ 6,435,830</u>	<u>\$ -</u>	<u>\$ 6,435,830</u>	

The above amounts represent the fair value of the investment pool shares the District invested in. For the year ended June 30, 2020, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

Restricted Cash and Investments

Restricted cash and investments represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and investments at year-end consists of the following:

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Restricted Cash and Investments

<u>Fund</u>	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 109,272	Unemployment Insurance Reserve
	4,433,475	Retirement Contributions Reserve - ERS and TRS
	2,398,655	Employee Benefit Accrued Liability Reserve
	909,585	Teacher's Retirement Reserve
	3,279,874	Capital Reserve
	107,337	Repair Reserve
	<u>2,654,177</u>	Tax Certiorari Reserve
Total General Fund	<u>\$ 13,892,375</u>	
Capital Projects Fund	<u>\$ 1,258,000</u>	Restricted for capital projects
Debt Service Fund	<u>\$ 4,051,506</u>	Debt
Miscellaneous Special Revenue Fund	<u>\$ 1,177</u>	High School Weight Room
Trust and Agency	\$ 134,139	Extraclassroom Activity Funds
Private Purpose Trust Fund	<u>28,394</u>	Scholarships and Memorials
Total Fiduciary	<u>\$ 162,533</u>	

II. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transactions and balances at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,664,126	\$ 311,559	\$ 711,717	\$ 7,064,433
Special Aid Fund	291,850	2,197,061	471,403	-
School Lunch Fund	-	123,951	50,000	83,334
Debt Service Fund	62,353	2,577	4,597,706	610,000
Capital Projects Fund	<u>-</u>	<u>42,644</u>	<u>1,992,200</u>	<u>65,259</u>
Total Governmental Activities	3,018,329	2,677,792	7,823,026	7,823,026
Fiduciary Fund	<u>-</u>	<u>340,537</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,018,329</u>	<u>\$ 3,018,329</u>	<u>\$ 7,823,026</u>	<u>\$ 7,823,026</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 are as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	\$ 1,469,822	\$ 4,256,924	\$ 1,195,553	\$ 4,531,193
Land	<u>1,166,185</u>	<u>-</u>	<u>-</u>	<u>1,166,185</u>
Total Non-depreciable Capital Assets	<u>2,636,007</u>	<u>4,256,924</u>	<u>1,195,553</u>	<u>5,697,378</u>
Capital assets that are depreciated:				
Land Improvements	5,232,682	-	-	5,232,682
Buildings and improvements	77,208,064	578,096	-	77,786,160
Machinery and equipment	<u>18,315,590</u>	<u>1,674,744</u>	<u>955,477</u>	<u>19,034,857</u>
Total Depreciable Capital Assets	<u>100,756,336</u>	<u>2,252,840</u>	<u>955,477</u>	<u>102,053,699</u>
Less accumulated depreciation:				
Land Improvements	2,013,180	295,776	-	2,308,956
Buildings and improvements	22,801,708	1,721,890	-	24,523,598
Machinery and equipment	<u>10,586,225</u>	<u>1,748,102</u>	<u>952,280</u>	<u>11,382,047</u>
Total Accumulated Depreciation	<u>35,401,113</u>	<u>3,765,768</u>	<u>952,280</u>	<u>38,214,601</u>
Total Depreciable Cost, Net	<u>\$ 67,991,230</u>	<u>\$ 2,743,996</u>	<u>\$ 1,198,750</u>	<u>\$ 69,536,476</u>

B. Liabilities

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The system is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, 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 New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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 System, 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at www.osc.state.ny.us/retire/publications/index.php.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2019-20	\$ 1,492,658	\$ 3,165,898
2018-19	1,444,729	3,692,553
2017-18	1,470,045	3,370,492

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of April 1, 2019 for ERS and June 30, 2018 for TRS. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2019	June 30, 2018
Net pension asset/(liability)	\$(9,028,855)	\$5,070,340
District's portion of the Plan's total net pension asset/(liability)	0.0341%	0.1952%

Pension Expense (Credit)

For the year ended June 30, 2020, the District recognized its proportionate share of pension expense of \$3,065,130 for ERS and \$6,264,665 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 531,385	\$ 3,436,040	\$ -	\$ 377,040
Changes of assumptions	181,798	9,578,550	156,980	2,335,522
Net difference between projected and actual earnings on pension plan investments	4,628,630	-	-	4,066,151
Changes in proportion and differences between contributions and proportionate share of contributions	408,892	541,097	24,467	11,451
Contributions subsequent to the measurement date	<u>444,749</u>	<u>2,965,289</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,195,454</u>	<u>\$ 16,520,976</u>	<u>\$ 181,447</u>	<u>\$ 6,790,164</u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2021 for ERS and June 30, 2020 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Deferred Outflows and Inflows of Resources Related to Pensions

Year ended:	<u>ERS</u>	<u>TRS</u>
2020	\$ -	\$ 2,403,769
2021	1,007,980	255,429
2022	1,419,155	2,395,455
2023	1,756,261	1,613,263
2024	1,385,862	243,808
Thereafter	-	(146,201)

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest Rate	6.8%	7.10%
Salary Scale	4.2%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.20%
Projected Cost of Living Adjustments	1.3% annually	1.3% annually

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

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.

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 returns net of investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
	<u>2020</u>	<u>2020</u>
Asset Class:		
Domestic equities	36%	4.05%
International equities	14	6.15
Private equity	10	6.75
Real estate	10	4.59
Absolute return strategies (1)	2	3.25
Opportunistic portfolio	3	4.65
Real assets	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation-Indexed bonds	<u>4</u>	0.50
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2020.

(1) Excludes equity-oriented and long-term only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equity	33%	6.3%
International equity	16	7.8
Global equity	4	7.2
Real estate equity	11	4.6
Private equity	8	9.9
Domestic fixed income	16	1.3
Global bonds	2	0.9
High-yield bonds	1	3.6
Private debt	1	6.5
Real estate debt	7	2.9
Cash equivalents	<u>1</u>	0.3
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.2% for 2019.

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 6.8% for ERS and 7.10% 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. Based upon the 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 asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (5.8% for ERS and 6.10% for TRS) or one percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Sensitivity of the proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

ERS	1% Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$(16,570,498)	\$ (9,028,855)	\$ 2,082,970
TRS	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$(22,886,985)	\$ 5,070,340	\$ 28,523,380

Changes in assumptions

Changes in assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective pension expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$3,229,935 for ERS and \$6,380,224 for TRS.

Payables to the pension plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$444,749.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$3,165,898.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Other benefits

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Transactions in short-term debt are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
General Fund				
BAN Maturing 6/21/2021 at 0.79%	\$ -	\$ 1,569,600	\$ -	\$ 1,569,600
Capital Fund				
BAN Maturing 6/21/2021 at 0.79%	220,000	-	220,000	-
BAN Maturing 6/21/2021 at 0.79%	505,000	-	265,000	240,000
BAN Maturing 6/21/2021 at 0.79%	430,000	-	325,000	105,000
BAN Maturing 6/21/2021 at 0.79%	680,000	-	515,000	165,000
BAN Maturing 6/21/2021 at 0.79%	<u>-</u>	<u>748,000</u>	<u>-</u>	<u>748,000</u>
	<u>\$ 1,835,000</u>	<u>\$ 2,317,600</u>	<u>\$ 1,325,000</u>	<u>\$ 2,827,600</u>

Interest on short-term debt for the year was composed of:

Interest paid	<u>\$ 44,162</u>
Total Expense	<u>\$ 44,162</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

2. Long-Term Debt

a. Serial Bonds

The District borrows money in order to acquire or construct buildings and make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt for the year was composed of:

Interest paid	\$	456,668
Less interest accrued in the prior year		(19,028)
Plus current year accrued interest		15,352
Less amortization of deferred amounts on refunding, deferred expenses and bond premium		<u>(86,274)</u>
Total Expense		<u>\$ 366,718</u>

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts 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. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Other Post Employment Benefits - Represents the net liability for other post employment benefits calculated in accordance with GASB 75 (See Note 6).

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

3. Changes

The changes in the District's indebtedness during the year ended June 30, 2020, are summarized as follows:

<u>Fund/Type</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Government activities:				
Construction bonds	\$ 15,225,000	\$ -	\$ 2,725,000	\$ 12,500,000
Plus - Bond premium:	589,180	-	176,835	412,345
Less - Unamortized loss on refunding*	<u>(272,394)</u>	<u>-</u>	<u>(90,561)</u>	<u>(181,833)</u>
Total	<u>\$ 15,541,786</u>	<u>\$ -</u>	<u>\$ 2,811,274</u>	<u>\$ 12,730,512</u>
Other Post Employment Benefits	\$ 252,808,477	\$ -	\$ 9,445,073	\$ 243,363,404
Compensated Absences	<u>2,499,067</u>	<u>-</u>	<u>62,494</u>	<u>2,436,573</u>
Total	<u>\$ 255,307,544</u>	<u>\$ -</u>	<u>\$ 9,507,567</u>	<u>\$ 245,799,977</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

* This item is recorded as a deferred outflow on the statement of net position.

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Serial Bonds				
Construction Bond - 2014 Refunding	2014	2022	2.00 - 5.00%	\$ 1,840,000
Construction Bond	2015	2029	2.00 - 2.50%	5,055,000
Construction Bond	2017	2032	2.00 - 3.00%	1,115,000
Construction Bond - 2017 Refunding	2017	2027	3.00 - 4.00%	<u>4,490,000</u>
				<u>\$ 12,500,000</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$6,850,000 of bonds outstanding are considered defeased.

In addition to the outstanding debt listed above, as of June 30, 2020 the District had authorized, but unissued bonds in an amount not to exceed \$22,224,708 for construction.

The following is a summary of maturing debt service requirements for bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2021	\$ 2,460,000	\$ 368,442	\$ 146,702	\$ 2,975,144
2022	2,345,000	290,892	104,947	2,740,839
2023	1,395,000	226,602	65,988	1,687,590
2024	1,435,000	183,792	48,748	1,667,540
2025	1,410,000	139,308	30,833	1,580,141
2026-2032	<u>3,455,000</u>	<u>240,375</u>	<u>15,127</u>	<u>3,710,502</u>
Total	<u>\$ 12,500,000</u>	<u>\$ 1,449,411</u>	<u>\$ 412,345</u>	<u>\$ 14,361,756</u>

5. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2020 the District has exhausted 5.39% of its constitutional debt limit.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

III. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds, if any, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. This includes amounts received from retirees in advance of payment of insurance premiums. The District has established a ninety day availability period.

5. COMMITMENTS AND CONTINGENCIES

A. Litigation

The District has been named as defendant in various actions. A review of these actions by District management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

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

B. Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

C. Risk Financing and Related Insurance

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The 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

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

5. COMMITMENTS AND CONTINGENCIES

C. Risk Financing and Related Insurance

General Information

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 minimal capital contribution.

The District purchases various insurance coverages from the Company to reduce its exposure to loss. The District maintains a general liability insurance policy with coverage up to \$1 million and an excess catastrophe liability policy with coverage up to \$10 million. The District maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District and neighboring school districts in Dutchess County participate in the Dutchess Education Health Insurance Consortium, a public entity risk pool operated for the benefit of individual governmental units located within the County. The District pays an annual premium to the Plan for its coverage. The Plan is considered a self-sustaining risk pool that will provide coverage for its members and the District has essentially transferred all related risk to the Plan.

The District participates in a claims-servicing public entity risk pool, Dutchess County Schools Cooperative Self-Insurance Plan for Workers’ Compensation (Cooperative) to insure workers’ compensation claims. The Cooperative was formed under NYS General Municipal Law on July 1, 1991. The Cooperative is governed by an agreement administered by a Board of Directors, consisting of one Director for each member. As of June 30, 2020 there were 13 members in the Cooperative. Workers’ Compensation benefits are provided by the Cooperative and administered under a contract with Wright Risk Management, the third party claims administrator for the Cooperative.

The purpose of the Cooperative is to provide efficiency and economy through centralized administration and accounting for self-insured workers compensation coverage to members. Revenues are predominately from premiums and members continue to be individually liable for the ultimate Workers’ Compensation risk for employees and third parties. The Cooperative purchases an excess-loss insurance policy on an annual basis in order to limit its exposure for claims paid for workers’ compensation and employer’s liability within any one fiscal year. The excess loss insurance includes \$500,000 specific retention per occurrence with a maximum benefit of \$3,000,000.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Plan Description

The District administers a defined benefit OPEB plan and provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides for Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) age 55 with 5 years of service and 3) enrolled in District provided health care at time of retirement. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis.

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund Other Post Employment Benefit (OPEB), other than "pay as you go". The cost of providing this benefit for 419 retirees was approximately \$6,800,000.

Benefits Provided

The District provides for continuation of medical and prescription drug benefits for certain retirees and their survivors, and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	452
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>528</u>
Total Plan Members	<u>980</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Funding Policy

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability at June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Varied by years of service and retirement system between 3% and 8% for ERS employees and between 2.9% and 10% for TRS employees
Discount Rate	3.51% (Bond Buyer General Obligation 20-year municipal bond index)
Healthcare cost trend rates	
Pre-Medicare	5.4% for 2019 decreasing to an ultimate rate of 3.84% by 2075.
Medicare	6.49% for 2019 decreasing to an ultimate rate of 3.84% by 2075.

Mortality rates were based on RP-2018 total Dataset mortality table, projected fully generationally using MP-2018.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit and 60% of active employees are assumed to elect family coverage at retirement with male spouses assumed to be 3 years older than female spouses. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Net OPEB Liability [a] - [b]
Balances at June 30, 2019	<u>\$ 252,808,477</u>	<u>\$ -</u>	<u>\$ 252,808,477</u>
Changes for the year:			
Service cost	10,726,206	-	10,726,206
Interest	10,050,164	-	10,050,164
Changes in benefit terms	(35,132,928)	-	(35,132,928)
Difference between expected and actual experience	(3,956,674)	-	(3,956,674)
Contributions - employer	-	7,754,639	(7,754,639)
Net investment income	-	-	-
 Changes of assumptions or other inputs	 16,622,798	 -	 16,622,798
Benefit payments	(7,754,639)	(7,754,639)	-
Administrative expense	-	-	-
Net changes	<u>(9,445,073)</u>	<u>-</u>	<u>(9,445,073)</u>
 Balances at June 30, 2020	 <u><u>\$ 243,363,404</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 243,363,404</u></u>

Changes of assumptions and other inputs including a change in the discount rate from 3.87% in 2019 to a 3.51% in 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	\$288,665,720	\$243,363,404	\$207,702,458

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (4.40% Decreasing to <u>2.84%</u>)	Healthcare Cost Trend Rate (5.40% Decreasing to <u>3.84%</u>)	1% Increase (6.40% Decreasing to <u>4.84%</u>)
Total OPEB Liability	\$201,953,633	\$243,363,404	\$297,651,835

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$(12,396,207). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,152,689	\$ -
Amounts recognized in OPEB expense	-	-
Changes of assumptions or other inputs	27,467,283	(20,212,722)
Contributions subsequent to the measurement period	<u>6,828,087</u>	<u>-</u>
Total	<u>\$ 41,448,059</u>	<u>\$ (20,212,722)</u>

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

<u>Year Ending June 30,</u>	
2020	\$ 1,960,351
2021	1,960,351
2022	1,960,351
2023	2,261,645
2023	6,264,552
Thereafter	-

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

7. TAX ABATEMENTS

The County of Dutchess enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District did not have any significant abatements during June 30, 2020. The District received Payments in Lieu of Taxes (PILOT) payments totaling \$62,563.

8. CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education. In August 2020 the Governor signed legislation that provides financial flexibility to school districts as a result of the pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.

9. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 13, 2020, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2020, have been incorporated into the accompanying statements.

**HYDE PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
Revenues				
Local Sources				
Real Property Taxes	\$ 61,912,540	\$ 61,912,540	\$ 55,511,072	\$ (6,401,468)
Real Property Tax Items	50,015	50,015	6,430,399	6,380,384
Charges for Services	912,000	917,730	588,191	(329,539)
Use of Money and Property	571,000	571,000	581,759	10,759
Sale of Property and Compensation for Loss	-	-	1,272	1,272
Miscellaneous	349,000	352,155	467,269	115,114
Total Local Sources	63,794,555	63,803,440	63,579,962	(223,478)
State Sources	30,458,526	30,508,526	30,695,896	187,370
Federal Sources	405,000	405,000	541,614	136,614
Other Sources				
Interfund Transfers	610,000	672,405	711,717	39,312
Total Revenue and Other Sources	95,268,081	95,389,371	95,529,189	\$ 139,818
Appropriated Fund Balance				
Prior Year Encumbrances	10,665	10,665	-	
Appropriated Reserves	-	65,328	-	
Appropriated Fund Balance	3,465,115	3,465,115	-	
Total Appropriated Fund Balance	3,475,780	3,541,108	-	
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 98,743,861	\$ 98,930,479	\$ 95,529,189	

**HYDE PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
Expenditures					
General Support					
Board of Education	\$ 125,163	\$ 183,879	\$ 166,553	\$ -	\$ 17,326
Central Administration	310,667	320,426	314,751	-	5,675
Finance	902,680	926,308	850,306	2,316	73,686
Staff	523,264	557,236	519,421	42	37,773
Central Services	5,808,151	5,928,659	5,389,536	65,987	473,136
Special Items	1,275,134	1,353,174	1,341,197	-	11,977
Total General Support	<u>8,945,059</u>	<u>9,269,682</u>	<u>8,581,764</u>	<u>68,345</u>	<u>619,573</u>
Instruction					
Instruction, Administration and Improvement	4,083,269	3,734,533	3,569,601	-	164,932
Teaching - Regular School	22,313,222	21,780,529	21,131,143	25,225	624,161
Programs for Students with Disabilities	12,450,667	13,057,828	12,778,745	-	279,083
Occupational Education	2,359,093	2,579,324	2,396,149	7,674	175,501
Teaching - Special Schools	19,313	18,938	18,750	-	188
Instructional Media	2,631,741	2,756,186	2,726,627	6,059	23,500
Pupil Services	3,456,293	3,514,884	3,369,032	3,356	142,496
Total Instruction	<u>47,313,598</u>	<u>47,442,222</u>	<u>45,990,047</u>	<u>42,314</u>	<u>1,409,861</u>
Pupil Transportation	5,807,627	5,750,241	5,092,153	17,905	640,183
Community Services	37,000	37,000	12,765	-	24,235
Employee Benefits	<u>29,819,682</u>	<u>29,610,439</u>	<u>28,448,535</u>	<u>-</u>	<u>1,161,904</u>
Total other	<u>35,664,309</u>	<u>35,397,680</u>	<u>33,553,453</u>	<u>17,905</u>	<u>1,826,322</u>
Total Expenditures	91,922,966	92,109,584	88,125,264	128,564	3,855,756
Other Uses					
Interfund Transfer	<u>6,820,895</u>	<u>6,820,895</u>	<u>7,064,433</u>	<u>-</u>	<u>(243,538)</u>
Total Expenditures and Other Uses	<u>\$ 98,743,861</u>	<u>\$ 98,930,479</u>	<u>95,189,697</u>	<u>\$ 128,564</u>	<u>\$ 3,612,218</u>
Net Change in Fund Equity			\$ 339,492		
Fund equity - beginning			<u>21,319,919</u>		
Fund equity - ending			<u>\$ 21,659,411</u>		

**HYDE PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

	Fiscal Year Ending *		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Measurement date	6/30/2019	6/30/2018	6/30/2017
Service cost	\$ 10,726,206	\$ 9,106,643	\$ 8,791,893
Interest	10,050,164	7,844,662	6,797,704
Changes in benefit terms	(35,132,928)	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	(3,956,674)	10,013,765	-
Changes in assumptions and other inputs	16,622,798	19,060,931	(29,828,085)
Benefit payments	<u>(7,754,639)</u>	<u>(6,414,649)</u>	<u>(4,544,910)</u>
Net Change in Total OPEB Liability	(9,445,073)	39,611,352	(18,783,398)
Total OPEB Liability - beginning	<u>252,808,477</u>	<u>213,197,125</u>	<u>231,980,523</u>
Total OPEB Liability - ending	<u>\$ 243,363,404</u>	<u>\$ 252,808,477</u>	<u>\$ 213,197,125</u>
Covered-employee payroll	42,408,570	33,053,941	38,913,738
Total OPEB Liability as a percentage of covered-employee payroll	573.85%	764.84%	547.87%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of the measurement date.

**HYDE PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2020**

	ERS Pension Plan Last 10 Fiscal Years					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0341%	0.0336%	0.0324%	0.0330%	0.0345%	0.03560%
Proportionate share of the net pension liability (asset)	\$ 9,028,855	\$ 2,831,389	\$ 1,047,931	\$ 3,104,786	\$ 5,537,096	\$ 1,203,305
Covered-employee payroll	\$ 10,802,302	\$ 10,371,906	\$ 10,005,536	\$ 9,737,000	\$ 9,358,000	\$ 9,371,000
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	84%	27%	10%	32%	59%	13%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	98.24%	98.24%	94.70%	90.70%	97.90%
	TRS Pension Plan Last 10 Fiscal Years					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.1952%	0.1966%	0.2008%	0.2034%	0.2058%	0.2094%
Proportionate share of the net pension liability (asset)	\$ (5,070,340)	\$ (3,555,560)	\$ (1,526,161)	\$ 2,178,568	\$ (21,380,595)	\$ (23,330,906)
Covered-employee payroll	\$ 33,468,268	\$ 32,977,249	\$ 32,415,782	\$ 32,282,000	\$ 31,922,000	\$ 31,170,000
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-15%	-11%	-5%	7%	-67%	-75%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**HYDE PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,505,060	\$ 1,478,404	\$ 1,479,875	\$ 1,459,315	\$ 1,660,999	\$ 1,807,149
Contributions in relation to the contractually required contribution	<u>(1,505,060)</u>	<u>(1,478,404)</u>	<u>(1,479,875)</u>	<u>(1,459,315)</u>	<u>(1,660,999)</u>	<u>(1,807,149)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,802,302	\$ 10,371,906	\$ 10,005,536	\$ 9,737,000	\$ 9,358,000	\$ 9,371,000
Contributions as a percentage of covered-employee payroll	13.93%	14.25%	14.79%	14.99%	17.75%	19.28%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,459,553	\$ 3,138,799	\$ 3,729,036	\$ 4,162,004	\$ 5,420,365	\$ 5,027,480
Contributions in relation to the contractually required contribution	<u>(3,459,553)</u>	<u>(3,138,799)</u>	<u>(3,729,036)</u>	<u>(4,162,004)</u>	<u>(5,420,365)</u>	<u>(5,027,480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 33,468,268	\$ 32,977,249	\$ 32,415,782	\$ 32,282,000	\$ 31,922,000	\$ 31,170,000
Contributions as a percentage of covered-employee payroll	10.34%	9.52%	11.50%	12.89%	16.98%	16.13%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$	98,733,196
Add: Prior year's encumbrances		10,665
Original Budget		98,743,861
Additions:		
Budget Amendments		186,618
Final Budget	\$	98,930,479

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 [subsequent year's] voter-approved expenditure budget	\$	101,635,452
Maximum allowed (4% of 2020-21 [subsequent year's] budget)		4,065,418

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

Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		2,400,229
Unassigned Fund Balance		3,585,934
Total Unrestricted Fund Balance		5,986,163

Less:		
Appropriated Fund Balance		2,271,665
Encumbrances included in Committed and Assigned Fund Balance		128,564
Total Adjustments		2,400,229

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	3,585,934
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Actual percentage		3.53%
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* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Project	Project Number	Authori- zation	Expenditures and Transfers to Date			Unexpended Balance	Methods of Financing			Transfer to Debt Service Fund	Fund Balance (Deficit) at June 30, 2020	
			Prior Years	Current Year	Totals		Proceeds of Obligations	State Aid	Interfund Transfers			Totals
Buses 2014-2015	N/A	\$ 901,820	\$ 854,942	\$ 46,876	\$ 901,818	\$ 2	\$ 901,818	\$ -	\$ -	\$ 901,818	\$ -	\$ -
Buses 2015-2016	N/A	855,838	848,634	-	848,634	7,204	848,634	-	-	848,634	-	-
Buses 2016-2017	N/A	1,005,219	996,217	-	996,217	9,002	756,217	-	-	756,217	-	(240,000)
Buses 2017-2018	N/A	982,226	967,226	-	967,226	15,000	865,000	-	-	865,000	-	(102,226)
Buses 2018-2019	N/A	742,904	726,126	-	726,126	16,778	515,000	-	50,018	565,018	-	(161,108)
Buses 2019-2020	N/A	753,540	-	747,009	747,009	6,531	-	-	-	-	-	(747,009)
FDR Lobby Bathrooms (Women's)	0002-026	100,000	81,617	18,382	99,999	1	-	-	100,000	100,000	-	1
FDR Lobby Bathrooms (Mens's)		100,000	-	-	-	100,000	-	-	100,000	100,000	-	100,000
NPE Well Project	7019-001	250,000	13,936	236,064	250,000	-	-	-	250,000	250,000	-	-
HMS Bathroom Project	N/A	100,000	-	100,000	100,000	-	-	-	100,000	100,000	-	-
Smart Schools Bond Act	N/A	2,176,655	1,935,181	151,172	2,086,353	90,302	-	2,068,862	-	2,068,862	-	(17,491)
FDR Tech Project	0002-028	1,015,512	-	14,000	14,000	1,001,512	-	-	1,015,512	1,015,512	-	1,001,512
NPE HVAC (part of \$26.2M project)	013-023	3,773,026	235,411	2,649,365	2,884,776	888,250	-	-	1,876,688	1,876,688	-	(1,008,088)
HMS Science Labs/HVAC (part of \$26.2M project)	001-029	5,199,679	368,141	285,988	654,129	4,545,550	-	-	1,000,000	1,000,000	-	345,871
FDR Science Labs/HVAC (part of \$26.2M project)	002-027	17,252,003	852,334	-	852,334	16,399,669	-	-	2,000,000	2,000,000	-	1,147,666
Totals		\$ 35,208,422	\$ 7,879,765	\$ 4,248,856	\$ 12,128,621	\$ 23,079,801	\$ 3,886,669	\$ 2,068,862	\$ 6,492,218	\$ 12,447,749	\$ -	\$ 319,128

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020**

Capital Assets, Net		\$	69,536,476
Add:			
Restricted Cash	\$	1,258,000	
Unamortized deferred loss		<u>181,833</u>	
			1,439,833
Deduct:			
Bond anticipation notes payable	\$	(1,258,000)	
Short-term portion of bonds payable		(2,460,000)	
Long-term portion of bonds payable		(10,040,000)	
Unamortized bond premium		<u>(412,345)</u>	
			<u>(14,170,345)</u>
Net Investment in Capital Assets		\$	<u><u>56,805,964</u></u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the President and Members
of the Board of Education of
Hyde Park Central School District

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 and each major fund of the Hyde Park Central School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY
October 13, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and Members
of the Board of Education of
Hyde Park Central School District

Report on Compliance for Each Major Federal Program

We have audited the Hyde Park Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hyde Park Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Hyde Park Central School District complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of the Hyde Park Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Marvin and Company, P.C.

Latham, NY

October 13, 2020

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Cluster Title/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Pass- Through To Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education</u>				
Direct Award				
Impact Aid	84.041	Not Applicable	\$ -	\$ <u>380,444</u>
Total Direct Award				<u>380,444</u>
Indirect Awards - Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-20-0173	-	1,169,132
Special Education Preschool Grants	84.173	0033-20-0173	-	<u>64,809</u>
Total Special Education Cluster				<u>1,233,941</u>
Title I Grants to Local Educational Agencies- A&D	84.010	0021-19-0650	-	86,626
Title I Grants to Local Educational Agencies- A&D	84.010	0021-20-0650	-	567,093
English Language Grants	84.365	0293-19-0650	-	709
English Language Grants	84.365	0293-20-0650	-	8,619
Improving Teacher Quality State Grants	84.367	0147-19-0650	-	58,148
Improving Teacher Quality State Grants	84.367	0147-20-0650	-	64,203
Title IV	84.424	0204-20-0650	-	<u>27,656</u>
Total Indirect Awards - Passed Through New York State Education Department:				<u>2,046,995</u>
Total U.S. Department of Education				<u>2,427,439</u>
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable	-	515,441
School Breakfast Program	10.553	Not Applicable	-	151,602
Summer Food Service Program	10.559	Not Applicable	-	9,762
COVID-19 Summer Food Service Program	10.559	Not Applicable	-	146,183
Food Distribution	10.555	Not Applicable	-	<u>114,325</u>
Total Child Nutrition Cluster				<u>937,313</u>
Total U.S. Department of Agriculture				<u>937,313</u>
Total Expenditures of Federal Awards				<u>\$ 3,364,752</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Hyde Park Central School District (the District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the 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). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Hyde Park Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the District received food commodities totaling \$114,325.

5. INDIRECT COST RATE

The Hyde Park Central School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(ies) identified? ___yes Xnone reported

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(ies) identified? Xyes ___none reported

Type of auditor's report issued on compliance for major programs Unmodified

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

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

Child Nutrition Cluster
10.553, 10.555 and 10.559

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Xyes ___no

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

None

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

2020-001 Child Nutrition – Procurement, Suspension and Debarment

Information on Federal Program: Child Nutrition Cluster (National School Lunch Programs, School Breakfast Program and Summer Food Service Program CFDA No. 10.553, CFDA No. 10.555 and CFDA No. 10.559 passed through the New York State Education Department)

Statement of Criteria: 2 CFR Section 200.213 stipulates that no awards, subawards, or contracts be awarded to parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Statement of Condition: During our testing, we noted that the District is not documenting the verification of the eligibility of vendors to participate in Federal assistance programs.

Statement of Cause: The District did not maintain documentation as to the consideration and review of a vendor's eligibility to participate in Federal assistance programs.

Statement of Effect: The District is not in compliance with 2 CFR Section 200.213. The District is not performing required procedures, as a result vendors that are not eligible for participation in Federal assistance programs or activities could be paid with federal dollars or the District could be overpaying for goods and services.

Questioned Cost: None.

Perspective Information: As part of testing compliance over procurement, a selection of three vendors charged to the major program was selected for testing of compliance. For each vendor three vendors were selected for review spanning the fiscal year. Of the District's vendors charged to this specific major program, none were suspended or debarred from participation in Federal assistance programs or activities based on additional procedures performed during the audit.

Repeat Finding: No

Recommendation: We recommend that the District review the requirements of 2 CFR Sections 200.213 and ensure that a review of the eligibility of potential vendors to participate in Federal assistance programs or activities is performed prior to disbursing funds to the vendor.

Views of the Responsible Officials and Planned Corrective Actions: The District's procurement policy states that the District will abide with the requirements of 2 CFR Section 200.213. Linda Steinberg, Assistant Superintendent for Finance and Operations will put a process in place by August 31, 2020 requiring adherence to that policy which includes reviewing the eligibility of potential vendors to participate in Federal assistance programs or activities before awarding bids, RFPs or disbursing funds to the vendor.

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SUMMARY OF PRIOR AUDIT FINDINGS

None