

**HYDE PARK CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2019**

# HYDE PARK CENTRAL SCHOOL DISTRICT

## TABLE OF CONTENTS

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1 - 3
<b><u>SECTION A - MANAGEMENT'S DISCUSSION AND ANALYSIS</u></b>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	A1 - A10
<b><u>SECTION B - BASIC FINANCIAL STATEMENTS</u></b>	
<b><u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u></b>	
STATEMENT OF NET POSITION	B1
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION	B2
<b><u>FUND FINANCIAL STATEMENTS</u></b>	
BALANCE SHEET - GOVERNMENTAL FUNDS	B3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS	B4
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	B5
<b><u>FIDUCIARY FUND FINANCIAL STATEMENTS</u></b>	
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	B6
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	B6
NOTES TO FINANCIAL STATEMENTS	B7 - B46
<b><u>SECTION C - REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	C1 - C2
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY	C3
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)	C4
SCHEDULES OF DISTRICT CONTRIBUTIONS	C5

# HYDE PARK CENTRAL SCHOOL DISTRICT

## TABLE OF CONTENTS

	PAGE
<b><u>SECTION D - SUPPLEMENTAL SCHEDULES</u></b>	
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET	D1
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	D1
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND	D2
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS	D3
<b><u>SECTION E - COMPLIANCE REPORT</u></b>	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	E1 - E2
<b><u>SINGLE AUDIT SECTION</u></b>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	F1 - F2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	F3
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	F4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	F5
SUMMARY OF PRIOR AUDIT FINDINGS	F5

## 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, 2019, 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, 2019, 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.

### **Correction of an Error**

As discussed in Note 8 to the financial statements, the District discovered an error in the calculation of depreciation and capital asset additions, for the year ended June 30, 2018, which was corrected during the year ended June 30, 2019. Our opinion is not modified with respect to that matter.

### **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 - A10, 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 11, 2019, 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 11, 2019

# Hyde Park Central School District

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

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### 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, 2019. 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 payment due in 2020 is \$1,569,600 and in 2021 is \$1,246,960.
- During 2018/2019, the school district received \$1,201,703 in additional state aid. The payment is due to state aid adjustments from prior years. In 2011, the school district claimed additional building aid for the 2009-10 school year, in the amount of \$32,363 and claimed excess cost aid for the 2003-04 school year in the amount of \$1,169,340. These funds increased the overall year-end fund balance and will be used towards the 2020 BOCES capital project payment.
- The 2019/2020 budget includes a security project in the amount of \$240,000. The purpose of the project is to make the exterior and interior doors of our school buildings more secure. It is anticipated that under the NY SAFE Act, the school district will receive about \$155,000 in state aid for this project.

### 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><b>District-wide</b></u>	<u><b>Governmental Funds</b></u>	<u><b>Fiduciary Funds</b></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, 2019 is \$(148,324,593). This is a \$5,937,543 decrease from last year's net position of \$(142,387,050). The following table provides a summary of the District's net position:

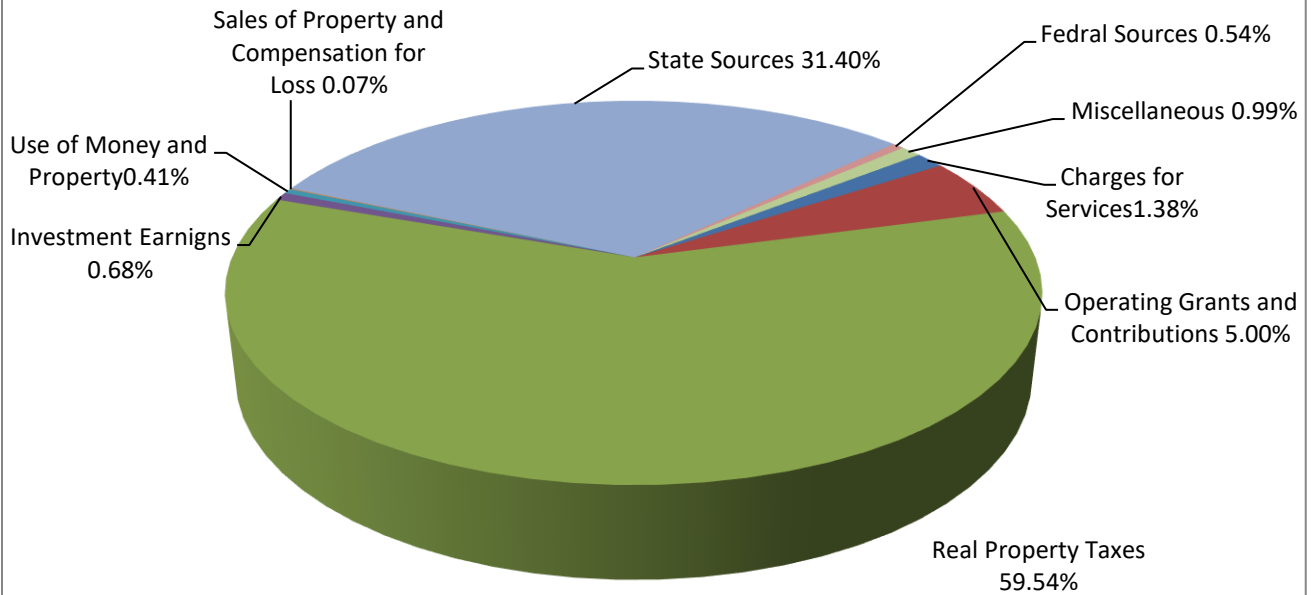
	June 30,	
	2019	2018
Current Assets	\$ 35,295,667	\$ 33,111,169
Capital Assets, net	67,991,230	69,584,683
Net Pension Asset	3,555,560	1,526,161
Deferred Outflows of Resources	52,699,669	30,246,456
Total Assets and Deferred Outflows	159,542,126	134,468,469
Current Liabilities	7,794,429	7,875,049
Long-term Liabilities	271,121,724	234,707,963
Net Pension Liability	2,381,389	1,047,931
Deferred Inflows of Resources	26,569,177	33,224,576
Total Liabilities and Deferred Outflows	307,866,719	276,855,519
Net Position		
Net investment in capital assets	53,158,558	48,732,867
Restricted	19,341,803	19,170,653
Unrestricted	(220,824,954)	(210,290,570)
Total Net Position	\$ (148,324,593)	\$ (142,387,050)

## Changes in Net Position

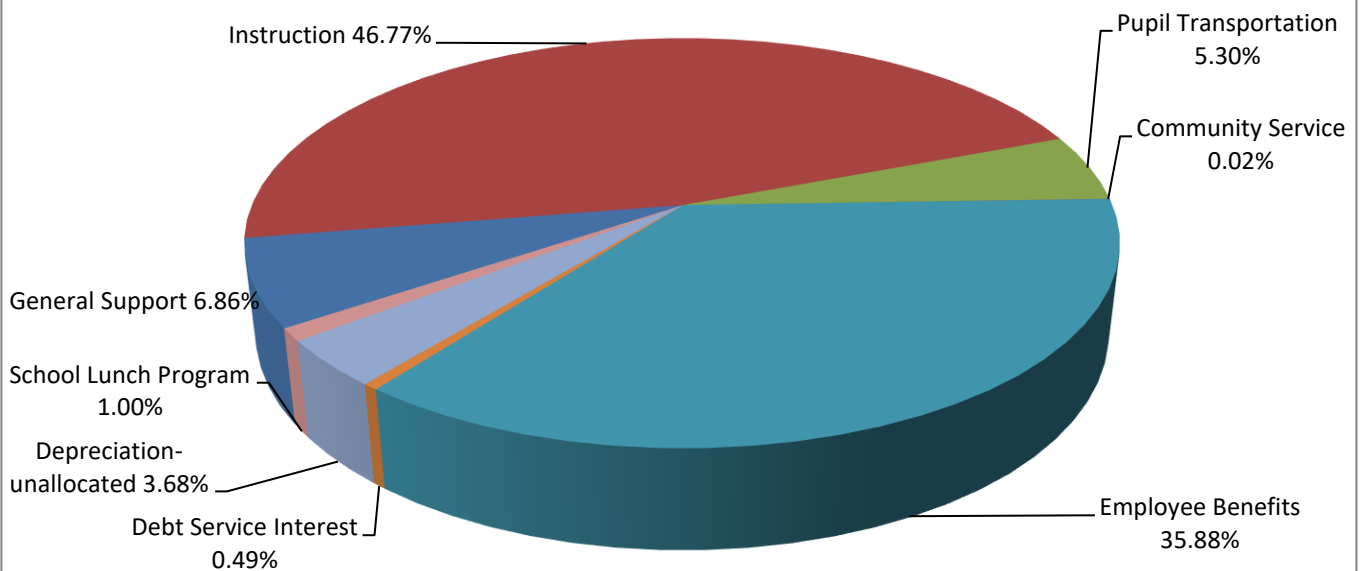
The following table and supporting graphs provide a summary of revenues, expenses and changes in net position for the year ended June 30, 2019.

	June 30,	
	2019	2018
<b>Revenues:</b>		
<u>Program Revenues:</u>		
Charges for Services	\$ 1,390,124	\$ 1,539,920
Operating Grants and Contributions	5,059,101	4,763,568
<b>Total Program Revenues</b>	<b>6,449,225</b>	<b>6,303,488</b>
<u>General Revenues:</u>		
Real Property Taxes	60,188,425	58,655,599
Investment Earnings	691,516	399,354
Use of Money and Property	413,835	241,796
Sale of Property and Compensation for Loss	73,803	5,372
State Sources	31,717,965	31,415,375
Federal Sources	543,268	394,522
Miscellaneous	998,183	651,088
<b>Total General Revenues</b>	<b>94,626,995</b>	<b>91,763,106</b>
<b>Total Revenues</b>	<b>101,076,220</b>	<b>98,066,594</b>
<u>Program Expenses:</u>		
General Support	7,278,100	7,374,983
Instruction	49,626,713	48,041,149
Pupil Transportation	5,628,389	5,389,070
Community Service	19,115	28,645
Employee Benefits	38,072,525	27,533,031
Debt Service Interest	522,997	640,571
Depreciation- unallocated	3,905,604	2,850,012
School Lunch Program	1,055,805	1,621,471
<b>Total Expenses</b>	<b>106,109,248</b>	<b>93,478,932</b>
Change in Net Position	(5,033,028)	4,587,662
Net Position - Beginning	(142,387,050)	(13,546,923)
Prior Period Adjustment- Correction of Error	(904,515)	-
Cumulative Effect of Change in Accounting Principle	-	(133,427,789)
<b>Net Position – Ending</b>	<b>\$ (148,324,593)</b>	<b>\$ (142,387,050)</b>

## Sources of Revenues for Fiscal Year 2019 Governmental Activities



## Expenses for Fiscal Year 2019 Governmental Activities



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

	Total Cost of Services 2018-2019	Net Cost of Services 2018-2019	Total Cost of Services 2017-2018	Net Cost of Services 2017-2018
General Support	\$ 7,278,100	\$ 7,278,100	\$ 7,374,983	\$ 7,374,983
Instruction	49,626,713	44,783,026	48,041,149	43,248,529
Pupil Transportation	5,628,389	5,628,389	5,389,070	5,389,070
Community Service	19,115	19,115	28,645	28,645
Employee Benefits	38,072,525	38,072,525	27,533,031	27,533,031
Debt Service Interest	522,997	522,997	640,571	640,571
Depreciation- unallocated Capital Outlay	3,905,604 -	3,905,604 -	2,850,012 -	2,850,012 -
School Lunch Program	1,055,805	(549,733)	1,621,471	110,603
	<u>\$ 106,109,248</u>	<u>\$ 99,660,023</u>	<u>\$ 93,478,932</u>	<u>\$ 87,175,444</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, 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)
	June 30, 2018			
	Non-Spendable	Restricted	Assigned	Unassigned
General	\$ 1,705,266	\$ 14,689,405	\$ 2,125,944	\$ 3,655,723
Capital	-	-	-	(1,843,644)
School Lunch	54,549	-	285,931	-
Debt Service	-	4,481,248	-	-

### **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 \$4,292,564 during the year. The supplemental appropriations consist largely of a \$4,000,000 transfer from the Capital Reserve to the Capital Projects Fund. This transfer was approved by the voters in May 2018 as part of the funding of the \$26.2 million capital project for science labs at Haviland Middle School, FD Roosevelt High School and heating and ventilation work at both of those schools and North Park Elementary School. Other budget increases are payments from tax certiorari reserves, unbudgeted revenues, rollover encumbrances from the prior year, and donations received for specific expenditures.

In the General Fund for the year ended June 30, 2019, actual revenues were \$856,419 less than actual expenditures. Significant revenue sources include Real Property Taxes, STAR Reimbursement and Other Tax Items (\$60,188,426), Charges to Other School Districts (\$893,199), and State Aid (\$31,717,966). Actual expenditures and encumbrances were \$3,449,600 less than the revised budget.

For fiscal year 2019-2020, the District has appropriated \$3,465,115 of fund balance to reduce the tax levy.

The total fund balance in the general fund decreased by \$856,419 during 2019. At June 30, 2019, unassigned fund balance amounts to \$3,890,759 and total restricted fund balance is \$12,200,098. Significant changes in restricted fund balances between 2017-2018 and 2018-2019 includes a \$4,000,000 decrease in capital reserves to partially fund the \$26.2 million capital project. The capital project and use of capital reserve were approved by the voters in May 2018. Other restricted fund balance changes consist of the establishment and funding of the Teachers' Retirement Reserve in the amount of \$400,000, increase in tax certiorari reserve of \$523,376, and an increase in the Employees' Accrued Benefits Liability Reserve in the amount of \$382,539.

**Other Fund Highlights**

The School Lunch Fund ended the year with a fund balance of \$416,218 which is an increase of \$75,738 from the prior year. 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.

The Capital Projects Fund ended the year with fund balance of \$1,099,612. This is an increase from the prior year of \$2,943,256 and is due to the transfer of \$4,000,000 from the capital reserve. 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 \$4,597,571. In 2019-2020, \$610,000 of this fund will be used to offset some of the debt service payments. The debt service plan calls for the use of \$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 two years.

**Capital Assets**

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2019 was \$67,991,230. The District underwent a complete capital asset valuation during 2018-2019. The next valuation will be scheduled in 2023-2024. The District recognized \$1,469,822 in construction in progress work as capital assets as of June 30, 2019.

Class	June 30,	
	2019	2018
Land	\$ 1,166,185	\$ 1,166,185
Construction-in-Progress	1,469,822	1,062,695
Land Improvements	3,219,502	3,436,803
Buildings and Improvements	54,406,356	54,928,303
Machinery and Equipment	7,729,365	8,990,697
Total Capital Assets, net of accumulated depreciation	<u>\$ 67,991,230</u>	<u>\$ 69,584,683</u>

## Long Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$15,225,000. 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	\$18,150,000	\$ -	\$2,925,000	\$15,225,000

### 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:

- Health insurance, retirement costs, and other postemployment costs will continue to increase and could potentially affect the School District's financial health.
- The property tax cap continues to put pressure on school districts to keep tax levy increases at modest levels.
- Declining enrollment may result in changes to financial planning and future budgets. A top priority of the School District is to maintain and enhance educational programs while controlling budget growth.

### 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, School Business Administrator  
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, 2019**

**ASSETS**

Current Assets	
Cash - Unrestricted	\$ 5,709,870
Cash - Restricted	13,130,699
Investments in Securities - Unrestricted	171,937
Investments in Securities - Restricted	6,171,989
Accounts Receivable	26,188
Due From Fiduciary Funds	331,095
State and Federal Aid Receivable	6,198,882
Due From Other Governments	1,706,914
Inventories	53,608
Prepaid Expenditures	1,794,485
Capital Assets, net	67,991,230
Net Pension Asset, Proportionate Share	3,555,560
Total Assets	<u>106,842,457</u>
Deferred Outflows of Resources	
Loss on Refunding	272,394
Pensions	21,297,504
Other Post Employment Benefits	31,129,771
Total Deferred Outflows of Resources	<u>52,699,669</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 159,542,126</u>

**LIABILITIES**

Current Liabilities	
Accounts Payable	\$ 1,390,328
Accrued Liabilities	136,840
Due to Other Governments	234,354
Bond Interest Accrued	19,028
Due to Teachers' Retirement System	3,692,553
Due to Employees' Retirement System	457,322
Refundable Advances	29,004
Bond Anticipation Notes	1,835,000
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	2,725,000
Long-Term Liabilities - Due and Payable After One Year	
Bonds	12,500,000
Unamortized Bond Premium	589,180
Compensated Absences	2,499,067
Other Post Employment Benefits Payable	252,808,477
Net Pension Liability, Proportionate Share	2,381,389
Total Liabilities	<u>281,297,542</u>
Deferred Inflows of Resources	
Deferred Receipts of Health Insurance	86,926
Pensions	5,262,560
Other Post Employment Benefits	21,219,691
Total Deferred Inflows of Resources	<u>26,569,177</u>

**NET POSITION**

Net Investment in Capital Assets	53,158,558
Restricted	19,341,803
Unrestricted	(220,824,954)
Total Net Position	<u>(148,324,593)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 159,542,126</u>

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, 2019**

		<u>Program Revenues</u>		<b>Net (Expense)</b>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<b>Revenue and</b>
		<u>Services</u>	<u>Grants</u>	<b>Changes in</b>
				<b><u>Net Position</u></b>
<b>FUNCTIONS AND PROGRAMS</b>				
General Support	\$ 7,278,100	\$ -	\$ -	\$ (7,278,100)
Instruction	49,626,713	921,388	3,922,299	(44,783,026)
Pupil transportation	5,628,389	-	-	(5,628,389)
Community Service	19,115	-	-	(19,115)
Employee benefits	38,072,525	-	-	(38,072,525)
Debt service - interest	522,997	-	-	(522,997)
Depreciation - unallocated	3,905,604	-	-	(3,905,604)
School lunch program	<u>1,055,805</u>	<u>468,736</u>	<u>1,136,802</u>	<u>549,733</u>
 Total Functions and Programs	 \$ <u>106,109,248</u>	 \$ <u>1,390,124</u>	 \$ <u>5,059,101</u>	 <u>(99,660,023)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				60,188,425
Investment earnings				691,516
Use of money and property				413,835
Sale of property and compensation for loss				73,803
State sources				31,717,965
Federal sources				543,268
Miscellaneous				<u>998,183</u>
 Total General Revenues				 <u>94,626,995</u>
 Change in Net Position				 (5,033,028)
 Total Net Position - Beginning of Year, as Previously Reported				 (142,387,050)
 Prior Period Adjustment - Correction of an Error				 <u>(904,515)</u>
 Total Net Position - Beginning of Year				 <u>(143,291,565)</u>
 Total Net Position - End of Year				 \$ <u>(148,324,593)</u>

See accompanying notes to financial statements.

**HYDE PARK CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>							
Cash - Unrestricted	\$ 4,761,499	\$ 430,181	\$ 132,087	\$ -	\$ 386,103	\$ -	\$ 5,709,870
Cash - Restricted	6,028,109	-	-	7,443	2,544,114	4,551,033	13,130,699
Investments in Securities - Unrestricted	171,937	-	-	-	-	-	171,937
Investments in Securities - Restricted	6,171,989	-	-	-	-	-	6,171,989
State and Federal Receivable	1,898,851	2,315,574	84,258	-	1,900,199	-	6,198,882
Due From Other Governments	1,706,914	-	-	-	-	-	1,706,914
Due From Other Funds	4,615,990	-	194,911	-	-	49,115	4,860,016
Accounts Receivable	9,563	-	16,625	-	-	-	26,188
Inventories	-	-	53,608	-	-	-	53,608
Prepaid Expenditures	1,753,282	41,203	-	-	-	-	1,794,485
<b>Total Assets</b>	<b>\$ 27,118,134</b>	<b>\$ 2,786,958</b>	<b>\$ 481,489</b>	<b>\$ 7,443</b>	<b>\$ 4,830,416</b>	<b>\$ 4,600,148</b>	<b>\$ 39,824,588</b>
<b>Liabilities</b>							
Accounts Payable	\$ 1,006,976	\$ 319,997	\$ 32,023	\$ -	\$ 31,332	\$ -	\$ 1,390,328
Accrued Liabilities	125,304	-	11,536	-	-	-	136,840
Due to Other Funds	194,911	2,466,961	-	-	1,864,472	2,577	4,528,921
Due to Other Governments	234,223	-	131	-	-	-	234,354
Due to Teachers' Retirement System	3,692,553	-	-	-	-	-	3,692,553
Due to Employees' Retirement System	457,322	-	-	-	-	-	457,322
Refundable Advances	-	-	21,581	7,423	-	-	29,004
Bond Anticipation Notes	-	-	-	-	1,835,000	-	1,835,000
<b>Total Liabilities</b>	<b>5,711,289</b>	<b>2,786,958</b>	<b>65,271</b>	<b>7,423</b>	<b>3,730,804</b>	<b>2,577</b>	<b>12,304,322</b>
Deferred Inflows of Resources	86,926	-	-	-	-	-	86,926
<b>Fund Equity (Deficiency)</b>							
Fund Equity (Deficiency):							
Non-spendable	1,753,282	41,203	53,608	-	-	-	1,848,093
Restricted	12,200,098	-	-	20	2,544,114	4,597,571	19,341,803
Assigned	3,475,780	-	362,610	-	-	-	3,838,390
Unassigned	3,890,759	(41,203)	-	-	(1,444,502)	-	2,405,054
<b>Total Fund Equity (Deficiency)</b>	<b>21,319,919</b>	<b>-</b>	<b>416,218</b>	<b>20</b>	<b>1,099,612</b>	<b>4,597,571</b>	<b>27,433,340</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)</b>	<b>\$ 27,118,134</b>	<b>\$ 2,786,958</b>	<b>\$ 481,489</b>	<b>\$ 7,443</b>	<b>\$ 4,830,416</b>	<b>\$ 4,600,148</b>	<b>\$ 39,824,588</b>

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

Fund equity of the governmental funds	\$ 27,433,340
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	67,991,230
Accrued interest expense is reported under the accrual basis	(19,028)
Net pension asset	3,555,560
Net pension liability	(2,381,389)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	16,034,944
Net Deferred (inflows)/outflows related to other post employment benefits	9,910,080
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(270,849,330)
<b>Net Position of Governmental Activities</b>	<b>\$ (148,324,593)</b>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<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>
<b>Revenues</b>							
Real Property Taxes and Tax Items	\$ 60,188,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,188,425
Charges for Services	921,388	-	-	-	-	-	921,388
Use of Money and Property	995,620	-	-	-	-	109,697	1,105,317
Sale of Property and Compensation for Loss	73,803	-	-	-	-	-	73,803
Miscellaneous	636,349	-	100,515	254,727	-	-	991,591
State Sources	31,717,965	2,061,505	34,813	-	-	-	33,814,283
Federal Sources	543,268	1,860,794	1,101,989	-	-	-	3,506,051
Sales	-	-	468,736	-	-	-	468,736
<b>Total Revenues</b>	<u>95,076,818</u>	<u>3,922,299</u>	<u>1,706,053</u>	<u>254,727</u>	<u>-</u>	<u>109,697</u>	<u>101,069,594</u>
<b>Expenditures</b>							
General Support	7,271,166	-	612,775	-	-	-	7,883,941
Instruction	46,279,851	3,998,704	-	-	-	-	50,278,555
Pupil Transportation	5,513,945	116,624	-	-	726,126	-	6,356,695
Community Services	19,115	-	-	-	-	-	19,115
Employee Benefits	27,820,902	-	300,535	-	-	-	28,121,437
Debt Service - Principal	-	-	-	-	-	4,150,000	4,150,000
Debt Service - Interest	-	-	-	-	-	625,542	625,542
Cost of Sales	-	-	743,565	-	-	-	743,565
Capital Outlay	-	-	-	254,707	1,588,745	-	1,843,452
<b>Total Expenditures</b>	<u>86,904,979</u>	<u>4,115,328</u>	<u>1,656,875</u>	<u>254,707</u>	<u>2,314,871</u>	<u>4,775,542</u>	<u>100,022,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,171,839</u>	<u>(193,029)</u>	<u>49,178</u>	<u>20</u>	<u>(2,314,871)</u>	<u>(4,665,845)</u>	<u>1,047,292</u>
<b>Other Sources And (Uses)</b>							
Interfund Transfers, net	(9,028,258)	193,029	26,560	-	4,033,127	4,775,542	-
Premium on Issuance	-	-	-	-	-	6,626	6,626
BANs Redeemed From Appropriations	-	-	-	-	1,225,000	-	1,225,000
<b>Total Other Sources (Uses)</b>	<u>(9,028,258)</u>	<u>193,029</u>	<u>26,560</u>	<u>-</u>	<u>5,258,127</u>	<u>4,782,168</u>	<u>1,231,626</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>(856,419)</u>	<u>-</u>	<u>75,738</u>	<u>20</u>	<u>2,943,256</u>	<u>116,323</u>	<u>2,278,918</u>
Fund Equity, Beginning of Year	22,176,338	-	340,480	-	(1,843,644)	4,481,248	25,154,422
<b>Fund Equity, End of Year</b>	<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>

**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, 2019**

Net changes in fund equity - total governmental funds	\$	2,278,918
<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 \$	(3,905,604)
	Capital outlays	<u>3,223,602</u>
		(682,002)
<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>		
		(6,936)
<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 2018/19 results in less expense.</p>		
		6,547
<p>Bond anticipation notes redeemed from appropriations is revenue in governmental funds, but not in the statement of activities.</p>		
		(1,225,000)
<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>		
		4,150,000
<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	(10,075,537)
	Compensated Absences	66,477
	Adjustments for net pension liability - ERS	(234,222)
	Adjustments for net pension asset - TRS	592,729
<p>Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities.</p>		
		<u>95,998</u>
Change in net position - governmental activities	\$	<u><u>(5,033,028)</u></u>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019**

	<b>Agency</b>	<b>Private Purpose Trusts</b>
<b>ASSETS</b>		
Cash - unrestricted	\$ 366,695	\$ -
Cash - restricted	142,259	30,227
Total Assets	\$ 508,954	\$ 30,227
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ 142,259	\$ -
Due to other funds	331,095	-
Other liabilities	35,600	-
Total Liabilities	\$ 508,954	\$ -
<b>NET POSITION</b>		
Reserved for scholarships		\$ 30,227

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Private Purpose Trusts</b>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 5,623
Total Additions	5,652
<b>DEDUCTIONS</b>	
Scholarships and awards	6,295
Change in Net Position	(643)
Net Position - Beginning of year	30,870
Net Position - End of year	\$ 30,227

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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, 2019**

**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, 2019, the District was billed \$7,112,662 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,973,481. 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, 2019**

**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, 2019**

**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, 2019**

**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, and became a lien on August 23, 2018. 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, 2019**

**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	\$ 29,952
Cleaning and Remediation	80,920
Insurance Recovery	50,018
Repairs	50,000
Additional Program Revenue	<u>20,132</u>
Total From Additional Revenue	231,022
From Appropriated Revenues	
Capital Reserves	4,000,000
Tax Certiorari Reserves	<u>61,542</u>
Total Supplemental Appropriations	<u>\$ 4,292,564</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, 2019**

**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***

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.

***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, 2019**

**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, 2019**

**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 \$53,608, as well as prepaid expenditures recorded in the General Fund of \$1,753,282 and Special Aid Fund of \$41,203.

**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, 2019**

**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 \$3,873,346 and for the Teacher's Retirement System is \$400,000.

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, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Fund Equity - Reservations and Designations***

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 2,498,404
Retirement Contribution	4,273,346
Unemployment Insurance	107,684
Tax Certiorari	1,982,677
Capital Reserve	3,232,210
Repair Reserve	105,777
Capital Projects Fund Capital Reserve	2,544,114
Special Revenue Fund	20
Debt Service Fund	<u>4,597,571</u>
Total Restricted Funds	<u>\$ 19,341,803</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, 2019.

**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 \$10,665. Appropriated fund equity in the General Fund is \$3,465,115. 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	\$ 121
Instruction	<u>10,544</u>
	<u>\$ 10,665</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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 this limit at June 30, 2019.

**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, 2019**

**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:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life In Years</b>
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, 2019**

**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 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, 2019**

**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, 2019, 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, 2019.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2019.

***V. Future Changes in Accounting Standards***

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2020.

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, 2021.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2020.

GASB has issued Statement 91, *Conduit Debt Obligations*, 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.

**HYDE PARK CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

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.

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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**

***Deficit Fund Equity***

There was a deficit unassigned fund equity in the capital projects fund of \$1,444,502. This deficit is caused by restricted fund equity, and will be removed when the restrictions are satisfied.

**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, 2019 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 Business Administrator of the District.

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.

**HYDE PARK CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash

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:

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;



**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash

Investments

- 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, 2019, the District held \$6,343,926 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, 2018, based on audited numbers, are \$86,412,981, which consists of \$10,302,292 in collateralized bank deposits, \$39,164,000 in repurchase agreements and \$36,946,689 in U.S. Treasury Securities. They also maintain fixed rate funds of \$811,450,418 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.

<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	\$ -	\$ 6,343,926	\$ -	\$ 6,343,926
Total	<u>\$ -</u>	<u>\$ 6,343,926</u>	<u>\$ -</u>	<u>\$ 6,343,926</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

I. Cash

Investments

The above amounts represent the fair value of the investment pool shares the District invested in. For the year ended June 30, 2019, 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 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:

I. Cash and Investments

<u>Fund</u>	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 107,684	Unemployment Insurance Reserve
	3,873,346	Retirement Contributions Reserve
	2,498,404	Employee Benefit Accrued Liability Reserve
	400,000	Teacher's Retirement Reserve
	3,232,210	Capital Reserve
	105,777	Repair Reserve
	<u>1,982,677</u>	Tax Certiorari Reserve
Total General Fund	<u>\$ 12,200,098</u>	
Debt Service Fund	<u>\$ 4,551,033</u>	Debt
Capital Fund	<u>\$ 2,544,114</u>	Capital Projects
Miscellaneous Special Revenue Fund	<u>\$ 7,443</u>	High School Weight Room
Trust and Agency	\$ 142,259	Extraclassroom Activity Funds
Private Purpose Trust Fund	<u>30,227</u>	Scholarships and Memorials
Total Fiduciary	<u>\$ 172,486</u>	

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

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, 2019 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 4,615,990	\$ 194,911	\$ 17,491	\$ 9,045,749
Special Aid Fund	-	2,466,961	193,029	-
School Lunch Fund	194,911	-	26,560	-
Debt Service Fund	49,115	2,577	4,775,542	-
Capital Projects Fund	<u>-</u>	<u>1,864,472</u>	<u>4,050,618</u>	<u>17,491</u>
Total Governmental Activities	4,860,016	4,528,921	9,063,240	9,063,240
Fiduciary Fund	<u>-</u>	<u>331,095</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 4,860,016</u>	<u>\$ 4,860,016</u>	<u>\$ 9,063,240</u>	<u>\$ 9,063,240</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**4. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

III. Capital Assets

Capital asset balances and activity for the year ended June 30, 2019 are as follows:

	<b>Restated Balance <u>July 1</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance <u>June 30</u></b>
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	\$ 1,062,695	\$ 2,569,882	\$ 2,162,755	\$ 1,469,822
Land	<u>1,166,185</u>	<u>-</u>	<u>-</u>	<u>1,166,185</u>
Total Non-depreciable Capital Assets	<u>2,228,880</u>	<u>2,569,882</u>	<u>2,162,755</u>	<u>2,636,007</u>
Capital assets that are depreciated:				
Land Improvements	5,156,121	76,561	-	5,232,682
Buildings and improvements	76,025,777	1,182,287	-	77,208,064
Machinery and equipment	<u>17,701,494</u>	<u>1,557,627</u>	<u>943,531</u>	<u>18,315,590</u>
Total Depreciable Capital Assets	<u>98,883,392</u>	<u>2,816,475</u>	<u>943,531</u>	<u>100,756,336</u>
Less accumulated depreciation:				
Land Improvements	1,719,318	293,862	-	2,013,180
Buildings and improvements	21,097,474	1,704,234	-	22,801,708
Machinery and equipment	<u>9,615,312</u>	<u>1,907,508</u>	<u>936,595</u>	<u>10,586,225</u>
Total Accumulated Depreciation	<u>32,432,104</u>	<u>3,905,604</u>	<u>936,595</u>	<u>35,401,113</u>
Total Depreciable Cost, Net	<u>\$ 68,680,168</u>	<u>\$ 1,480,753</u>	<u>\$ 2,169,691</u>	<u>\$ 67,991,230</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, 2019**

**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](http://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](http://www.osc.state.ny.us/retire/publications/index.php).

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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>
2018-19	\$ 1,444,729	\$ 3,692,553
2017-18	1,470,045	3,370,492
2016-17	1,524,719	3,783,514

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

*Pension Liabilities*

At June 30, 2019, 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, 2019 for ERS and June 30, 2018 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. 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, 2019**

**4. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

I. Pension Plans

*Pension Liabilities*

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2018	June 30, 2017
Net pension asset/(liability)	\$(2,381,389)	\$3,555,560
District's portion of the Plan's total net pension asset/(liability)	0.0336%	0.1966%

*Pension Expense (Credit)*

For the year ended June 30, 2019, the District recognized its proportionate share of pension expense of \$1,559,728 for ERS and \$2,755,968 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2019, 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	\$ 468,945	\$ 2,657,041	\$ 159,858	\$ 481,294
Changes of assumptions	598,584	12,660,706	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	611,196	3,946,942
Changes in proportion and differences between contributions and proportionate share of contributions	398,830	553,893	48,639	14,631
Contributions subsequent to the measurement date	<u>457,322</u>	<u>3,502,183</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,923,681</u>	<u>\$ 19,373,823</u>	<u>\$ 819,693</u>	<u>\$ 4,442,867</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, 2020 for ERS and June 30, 2019 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, 2019**

**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>
2019	\$ -	\$ 3,661,004
2020	618,014	2,516,799
2021	(371,088)	352,325
2022	33,956	2,508,422
2023	365,784	1,720,485
Thereafter	-	669,738

*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, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest Rate	7.0%	7.25%
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%	2.25%
Projected Cost of Living Adjustments	1.3% annually	1.5% 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 Society of Actuaries Scale MP-2014. 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-2014.

For ERS, the actuarial assumptions used in the April 1, 2018 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, 2017 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, 2019**

**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 are summarized below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equities	36%	4.55%
International equities	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies (1)	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	<u>4</u>	1.25
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2019.

(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, 2019**

**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>2018</u>	<u>2018</u>
Asset Class:		
Domestic equities	33%	5.8%
International equities	16	7.3
Global equities	4	6.7
Real estate	11	4.9
Private equities	8	8.9
Domestic fixed income securities	16	1.3
Global fixed income securities	2	0.9
Private debt	1	6.8
Real estate debt	7	2.8
High-yield fixed income securities	1	3.5
Short-term	<u>1</u>	0.3
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2018.

*Discount rate*

The discount rate used to calculate the total pension asset/(liability) was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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 7% for ERS and 7.25% 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 (6% for ERS and 6.25% for TRS) or one percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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*

<b>ERS</b>	<b>1% Decrease <u>(6%)</u></b>	<b>Current Assumption <u>(7%)</u></b>	<b>1% Increase <u>(8%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$(10,411,812)	\$ (2,381,389)	\$ 4,364,736
<b>TRS</b>	<b>1% Decrease <u>(6.25%)</u></b>	<b>Current Assumption <u>(7.25%)</u></b>	<b>1% Increase <u>(8.25%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$(24,427,275)	\$ 3,555,560	\$ 26,997,398

*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, 2019 is \$1,697,595 for ERS and \$2,856,605 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 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$457,322.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the 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, 2019 amounted to \$3,692,553.

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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:

	<b><u>Beginning Balance</u></b>	<b><u>Issued</u></b>	<b><u>Redeemed</u></b>	<b><u>Ending Balance</u></b>
BAN Maturing 6/21/2020 at 2.00%	\$ 225,000	\$ -	\$ 225,000	\$ -
BAN Maturing 6/21/2020 at 2.00%	435,000	-	215,000	220,000
BAN Maturing 6/21/2020 at 2.00%	750,000	-	245,000	505,000
BAN Maturing 6/21/2020 at 2.00%	970,000	-	540,000	430,000
BAN Maturing 6/21/2020 at 2.00%	<u>-</u>	<u>680,000</u>	<u>-</u>	<u>680,000</u>
	<b><u>\$ 2,380,000</u></b>	<b><u>\$ 680,000</u></b>	<b><u>\$ 1,225,000</u></b>	<b><u>\$ 1,835,000</u></b>

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

Interest paid	<u>\$ 76,925</u>
Total Expense	<u>\$ 76,925</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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	\$	548,618
Less interest accrued in the prior year		(25,576)
Plus current year accrued interest		19,028
Less amortization of deferred amounts on refunding, deferred expenses and bond premium		<u>(95,998)</u>
Total Expense		<u>\$ 446,072</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, 2019**

**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, 2019, are summarized as follows:

<u>Fund/Type</u>	<u>Restated Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Government activities:				
Construction bonds	\$ 18,150,000	\$ -	\$ 2,925,000	\$ 15,225,000
Plus - Bond premium:	795,294	-	206,114	589,180
Less - Unamortized loss on refunding*	<u>(382,510)</u>	<u>-</u>	<u>(110,116)</u>	<u>(272,394)</u>
Total	<u>\$ 18,562,784</u>	<u>\$ -</u>	<u>\$ 3,020,998</u>	<u>\$ 15,541,786</u>
Other Post Employment Benefits	\$ 213,197,125	\$29,457,116	\$ 3,824,670	\$ 246,478,911
Compensated Absences	<u>2,565,544</u>	<u>-</u>	<u>66,477</u>	<u>2,499,067</u>
Total	<u>\$ 215,762,669</u>	<u>\$ -</u>	<u>\$ 3,891,147</u>	<u>\$ 248,977,978</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, 2019</u>
Serial Bonds				
Construction Bond	2010	2020	3.00 - 3.075%	\$ 495,000
Construction Bond - 2014 Refunding	2014	2022	2.00 - 5.00%	2,805,000
Construction Bond	2015	2029	2.00 - 2.50%	5,580,000
Construction Bond	2017	2032	2.00 - 3.00%	1,505,000
Construction Bond - 2017 Refunding	2017	2027	3.00 - 4.00%	<u>4,840,000</u>
				<u>\$ 15,225,000</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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. \$8,040,000 of bonds outstanding are considered defeased.

In addition to the outstanding debt listed above, as of June 30, 2019 the District had authorized, but unissued bonds in an amount not to exceed \$753,540 for busses and \$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>
2020	\$ 2,725,000	\$ 456,667	\$ 176,835	\$ 3,358,502
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
2025-2033	<u>4,865,000</u>	<u>379,682</u>	<u>45,960</u>	<u>5,290,642</u>
Total	<u>\$ 15,225,000</u>	<u>\$ 1,906,077</u>	<u>\$ 589,180</u>	<u>\$ 17,720,257</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, 2019 the District has exhausted 6.09% of its constitutional debt limit.

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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, 2019**

**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, 2019 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, 2019**

**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 452 retirees was approximately \$6,200,000.

***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, 2019, the following employees were covered by the benefit terms:

***Funding Policy***

*Benefits Provided*

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, 2019**

**6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

***Funding Policy***

*Net OPEB Liability*

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

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2019 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	3.87% (Bond Buyer General Obligation 20-year municipal bond index)
Healthcare cost trend rates	
Pre-Medicare	5.5% for 2018 decreasing to an ultimate rate of 3.84% by 2075.
Medicare	1.12% for 2018 increasing to an ultimate rate of 3.84% by 2075.
Excise Tax Limits	3% for 2022-2023; 2.5% for 2024 and subsequent years

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, 2019**

**6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

***Changes in the Net OPEB Liability***

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

	<b>Total OPEB Liability [a]</b>	<b>Plan Fiduciary Net Position [b]</b>	<b>Net OPEB Liability [a] - [b]</b>
<b>Balances at June 30, 2018</b>	\$213,197,125	\$ -	\$213,197,125
Changes for the year:			
Service cost	9,106,643	-	9,106,643
Interest	7,844,662	-	7,844,662
Difference between expected and actual experience	10,013,765	-	10,013,765
Contributions - employer	-	6,414,649	(6,414,649)
Net investment income	-	-	-
Changes of assumptions or other inputs	19,060,931	-	19,060,931
Benefit payments	(6,414,649)	(6,414,649)	-
Administrative expense	-	-	-
Net changes	<u>39,611,352</u>	<u>-</u>	<u>39,611,352</u>
<b>Balances, June 30, 2019</b>	<u>\$252,808,477</u>	<u>\$ -</u>	<u>\$252,808,477</u>

Changes of assumptions and other inputs including a change in the discount rate from 3.58% in 2018 to a 3.87% in 2019.

***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 (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	<b>1% Decrease (2.87%)</b>	<b>Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Total OPEB Liability	\$301,674,376	\$252,808,477	\$214,506,927

**HYDE PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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 (4.5% decreasing to 2.84%) or 1 percentage point higher (6.5% decreasing to 4.84%) than the current healthcare cost trend rate:

	<b>1% Decrease (4.50% Decreasing to <u>2.84%</u>)</b>	<b>Healthcare Cost Trend Rate (5.50% Decreasing to <u>3.84%</u>)</b>	<b>1% Increase (6.50% Decreasing to <u>4.84%</u>)</b>
Total OPEB Liability	\$210,659,491	\$252,808,477	\$307,997,312

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$16,800,636. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 8,583,227	\$ -
Amounts recognized in OPEB expense	16,337,941	-
Changes of assumptions	-	(21,219,691)
Contributions subsequent to the measurement period	<u>6,208,603</u>	<u>-</u>
Total	<u>\$ 31,129,771</u>	<u>\$ (21,219,691)</u>

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

<b><u>Year Ending June 30,</u></b>	
2020	\$(150,669)
2021	(150,669)
2022	(150,669)
2023	(150,669)
2023	150,625
Thereafter	4,153,528

**HYDE PARK CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019.

**8. CORRECTION OF AN ERROR**

During the year ended June 30, 2019, the District obtained a full valuation report for fixed assets and depreciation prepared by a third part appraisal company. Upon reviewing and reconciling that report to District records it was determined that, due to a clerical error, net property, plant and equipment at June 30, 2018 was \$904,515 overstated. Specifically machinery and equipment was understated by \$98,961 and accumulated depreciation also for machinery and equipment was understated by \$733,476. The opening balances on the Statement of Net Position and in Note 4.A.III have been adjusted to reflect the correction of this error.

**9. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 11, 2019, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2019, 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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 60,166,084	\$ 60,166,084	\$ 53,138,522	\$ (7,027,562)
Real Property Tax Items	45,200	45,200	7,049,903	7,004,703
Charges for Services	812,000	818,949	921,388	102,439
Use of Money and Property	525,000	545,132	995,620	450,488
Sale of Property and Compensation for Loss	-	68,189	73,803	5,614
Miscellaneous	330,000	372,228	636,349	264,121
Total Local Sources	61,878,284	62,015,782	62,815,585	799,803
State Sources	30,719,201	30,772,334	31,717,965	945,631
Federal Sources	395,000	435,391	543,268	107,877
<b>Other Sources</b>				
Interfund Transfers	-	-	17,491	17,491
Total Revenue and Other Sources	92,992,485	93,223,507	95,094,309	\$ 1,870,802
<b>Appropriated Fund Balance</b>				
Prior Year Encumbrances	30,789	30,789	-	
Appropriated Reserves	-	4,061,542	-	
Appropriated Fund Balance	2,095,155	2,095,155	-	
Total Appropriated Fund Balance	2,125,944	6,187,486	-	
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 95,118,429	\$ 99,410,993	\$ 95,094,309	

**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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
<b>Expenditures</b>					
General Support					
Board of Education	\$ 90,516	\$ 100,466	\$ 88,053	\$ -	\$ 12,413
Central Administration	352,353	350,119	342,521	-	7,598
Finance	787,032	717,523	694,956	-	22,567
Staff	478,552	466,838	403,078	-	63,760
Central Services	5,072,863	5,185,271	4,907,793	121	277,357
Special Items	803,259	864,801	834,765	-	30,036
Total General Support	<u>7,584,575</u>	<u>7,685,018</u>	<u>7,271,166</u>	<u>121</u>	<u>413,731</u>
Instruction					
Instruction, Administration and Improvement	3,702,851	3,607,807	3,543,042	-	64,765
Teaching - Regular School	21,905,508	22,119,467	21,927,853	-	191,614
Programs for Students with Disabilities	12,941,103	12,733,113	12,245,738	-	487,375
Occupational Education	2,334,694	2,362,194	2,327,189	-	35,005
Teaching - Special Schools	18,000	18,000	18,000	-	-
Instructional Media	2,645,904	2,864,180	2,779,700	5,965	78,515
Pupil Services	3,481,255	3,507,783	3,438,329	4,579	64,875
Total Instruction	<u>47,029,315</u>	<u>47,212,544</u>	<u>46,279,851</u>	<u>10,544</u>	<u>922,149</u>
Pupil Transportation	5,655,901	5,709,448	5,513,945	-	195,503
Community Services	37,000	37,000	19,115	-	17,885
Employee Benefits	<u>29,751,715</u>	<u>29,657,042</u>	<u>27,820,902</u>	<u>-</u>	<u>1,836,140</u>
Total other	<u>35,444,616</u>	<u>35,403,490</u>	<u>33,353,962</u>	<u>-</u>	<u>2,049,528</u>
Total Expenditures	90,058,506	90,301,052	86,904,979	10,665	3,385,408
<b>Other Uses</b>					
Interfund Transfer	<u>5,059,923</u>	<u>9,109,941</u>	<u>9,045,749</u>	<u>-</u>	<u>64,192</u>
Total Expenditures and Other Uses	<u>\$ 95,118,429</u>	<u>\$ 99,410,993</u>	<u>95,950,728</u>	<u>\$ 10,665</u>	<u>\$ 3,449,600</u>
<b>Net Change in Fund Equity</b>			\$ (856,419)		
Fund equity - beginning			<u>22,176,338</u>		
Fund equity - ending			<u>\$ 21,319,919</u>		



**HYDE PARK CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019**

	Fiscal Year Ending *	
	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Measurement date	6/30/2018	6/30/2017
Service cost	\$ 9,106,643	\$ 8,791,893
Interest	7,844,662	6,797,704
Changes in benefit terms	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	10,013,765	-
Changes in assumptions and other inputs	19,060,931	(29,828,085)
Benefit payments	<u>(6,414,649)</u>	<u>(4,544,910)</u>
Net Change in Total OPEB Liability	39,611,352	(18,783,398)
Total OPEB Liability - beginning	<u>213,197,125</u>	<u>231,980,523</u>
Total OPEB Liability - ending	<u>\$ 252,808,477</u>	<u>\$ 213,197,125</u>
Covered-employee payroll	33,053,941	38,913,738
Total OPEB Liability as a percentage of covered-employee payroll	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, 2019**

	ERS Pension Plan Last 10 Fiscal Years				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0336%	0.0324%	0.0330%	0.0345%	0.3560%
Proportionate share of the net pension liability (asset)	\$ 2,831,389	\$ 1,047,931	\$ 3,104,786	\$ 5,537,096	\$ 1,203,305
Covered-employee payroll	\$ 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	27%	10%	32%	59%	13%
Plan fiduciary net position as a percentage of the total pension liability		98.24%	94.70%	90.70%	97.90%
	TRS Pension Plan Last 10 Fiscal Years				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.1966%	0.2008%	0.2034%	0.2058%	0.2094%
Proportionate share of the net pension liability (asset)	\$ (3,555,560)	\$ (1,526,161)	\$ 2,178,568	\$ (21,380,595)	\$ (23,330,906)
Covered-employee payroll	\$ 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	-11%	-5%	7%	-67%	-75%
Plan fiduciary net position as a percentage of the total pension liability	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, 2019**

ERS Pension Plan  
Last 10 Fiscal Years

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

TRS Pension Plan  
Last 10 Fiscal Years

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

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, 2019**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$	95,087,640
Add: Prior year's encumbrances		30,789
Original Budget		95,118,429
Additions:		
Budget Amendments		4,292,564
Final Budget	\$	99,410,993

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2019-20 [subsequent year's] voter-approved expenditure budget	\$	98,733,196
Maximum allowed (4% of 2019-20 [subsequent year's] budget)		3,949,328

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

Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		3,475,780
Unassigned Fund Balance		3,890,759
Total Unrestricted Fund Balance		7,366,539

Less:		
Appropriated Fund Balance		3,465,115
Encumbrances included in Committed and Assigned Fund Balance		10,665
Total Adjustments		3,475,780

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	3,890,759
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Actual percentage		3.94%
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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, 2019**

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, 2019	
			Prior Years	Current Year	Totals		Proceeds of Obligations	State Aid	Interfund Transfers			Totals
Buses 2012-2013	N/A	\$ 520,220	\$ 507,821	\$ -	\$ 507,821	\$ 12,399	\$ 507,221	\$ -	\$ 600	\$ 507,821	\$ -	\$ -
Buses 2014-2015	N/A	901,820	854,942	-	854,942	46,878	901,817	-	-	901,817	-	46,875
Buses 2015-2016	N/A	855,838	848,634	-	848,634	7,204	628,635	-	-	628,635	-	(219,999)
Buses 2016-2017	N/A	1,005,219	996,217	-	996,217	9,002	491,217	-	-	491,217	-	(505,000)
Buses 2017-2018	N/A	982,226	967,226	-	967,226	15,000	540,000	-	-	540,000	-	(427,226)
Buses 2018-2019	N/A	742,904	-	726,126	726,126	16,778	-	-	50,018	50,018	-	(676,108)
Heating Controls Project (HCP)	N/A	1,100,000	899,521	200,479	1,100,000	-	-	-	1,100,000	1,100,000	-	-
FDR Lobby Bathrooms	0002-026	100,000	81,617	-	81,617	18,383	-	-	100,000	100,000	-	18,383
NPE Well Project	7019-001	250,000	13,936	-	13,936	236,064	-	-	250,000	250,000	-	236,064
HMS Bathroom Project	N/A	100,000	-	-	-	100,000	-	-	100,000	100,000	-	100,000
Smart Schools Bond Act	N/A	1,950,640	1,917,690	-	1,917,690	32,950	-	1,900,199	-	1,900,199	-	(17,491)
NPE HVAC (part of \$26.2M project)	013-023	2,873,026	61,920	173,491	235,411	2,637,615	-	-	1,000,000	1,000,000	-	764,589
HMS Science Labs/HVAC (part of \$26.2M project)	001-029	5,199,679	2,850	365,291	368,141	4,831,538	-	-	1,000,000	1,000,000	-	631,859
FDR Science Labs/HVAC (part of \$26.2M project)	002-027	18,152,003	2,850	849,484	852,334	17,299,669	-	-	2,000,000	2,000,000	-	1,147,666
<b>Totals</b>		<b>\$ 34,733,575</b>	<b>\$ 7,155,224</b>	<b>\$ 2,314,871</b>	<b>\$ 9,470,095</b>	<b>\$ 25,263,480</b>	<b>\$ 3,068,890</b>	<b>\$ 1,900,199</b>	<b>\$ 5,600,618</b>	<b>\$ 10,569,707</b>	<b>\$ -</b>	<b>\$ 1,099,612</b>

**HYDE PARK CENTRAL SCHOOL DISTRICT  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2019**

<b>Capital Assets, Net</b>		\$	67,991,230
<b>Add:</b>			
Restricted Cash	\$	2,544,114	
Unamortized deferred loss		<u>272,394</u>	
			2,816,508
<b>Deduct:</b>			
Bond anticipation notes payable	\$	(1,835,000)	
Short-term portion of bonds payable		(2,725,000)	
Long-term portion of bonds payable		(12,500,000)	
Unamortized bond premium		<u>(589,180)</u>	
			<u>(17,649,180)</u>
<b>Net Investment in Capital Assets</b>		\$	<u><u>53,158,558</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, 2019, 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 11, 2019.

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 11, 2019



## **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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2019.

## 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 11, 2019

**HYDE PARK CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<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>
<b><u>U.S. Department of Education</u></b>				
Direct Award				
Impact Aid	84.041	Not Applicable	\$ -	\$ <u>354,135</u>
Total Direct Award				<u>354,135</u>
Indirect Awards - Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-19-0173	-	998,469
Special Education Preschool Grants	84.173	0033-19-0173	-	<u>52,666</u>
Total Special Education Cluster				<u>1,051,135</u>
Title I Grants to Local Educational Agencies- A&D	84.010	0021-18-0650	-	95,242
Title I Grants to Local Educational Agencies- A&D	84.010	0021-19-0650	-	600,309
English Language Grants	84.365	0293-18-0650	-	788
English Language Grants	84.365	0293-19-0650	-	15,898
Improving Teacher Quality State Grants	84.367	0147-18-0650	-	13,744
Improving Teacher Quality State Grants	84.367	0147-19-0650	-	49,549
Title IV	84.424	0204-19-0650	-	<u>34,129</u>
Total Indirect Awards - Passed Through New York State Education Department:				<u>1,860,794</u>
Total U.S. Department of Education				<u>2,214,929</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable	-	758,834
School Breakfast Program	10.553	Not Applicable	-	221,480
Food Distribution	10.555	Not Applicable	-	<u>121,675</u>
Total Child Nutrition Cluster				<u>1,101,989</u>
Total U.S. Department of Agriculture				<u>1,101,989</u>
Total Expenditures of Federal Awards				<u>\$ 3,316,918</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**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, 2019, the District received food commodities totaling \$121,675.

**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, 2019**

**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? \_\_\_yes    Xnone 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)? \_\_\_yes    Xno

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 and 84.173	IDEA Special Education Cluster

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

**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):*

None

**SUMMARY OF PRIOR AUDIT FINDINGS**

2018-001      Title I - Payroll Certifications

Status:      The District completed payroll certifications in a timely manner during 2018/2019, therefore the comment was not repeated.