

**HYDE PARK CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2018**

HYDE PARK CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
<u>SECTION A - MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	A1 - A10
<u>SECTION B - BASIC FINANCIAL STATEMENTS</u>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
STATEMENT OF NET POSITION	B1
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION	B2
<u>FUND FINANCIAL STATEMENTS</u>	
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
<u>FIDUCIARY FUND FINANCIAL STATEMENTS</u>	
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	B6
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	B6
NOTES TO FINANCIAL STATEMENTS	B7 - B44
<u>SECTION C - REQUIRED SUPPLEMENTARY INFORMATION</u>	
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
<u>SECTION D - SUPPLEMENTAL SCHEDULES</u>	
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
<u>SECTION E - COMPLIANCE REPORT</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 <i>GOVERNMENT AUDITING STANDARDS</i>	E1 - E2
<u>SINGLE AUDIT SECTION</u>	
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	F6

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, the District changed its method of accounting for *Postemployment Benefits Other than Pensions* in 2017/2018 as required by the provisions of GASB Statement Number 75. 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 10, 2018, 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 10, 2018

Hyde Park Central School District

Management's Discussion and Analysis (MD&A) June 30, 201800

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, 2018. 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

- For the school year ended June 30, 2018, the District changed its method of accounting for Postemployment Benefits Other than Pensions as required by the provisions of the Governmental Accounting Standards Board (GASB) Statement Number 75. The implementation of GASB 75 is a change in accounting principle and resulted in a restatement of the net position at the beginning of the year. Beginning of year net position was restated to \$(146,974,712) from \$(13,546,923).
- In May 2018, the voters approved a \$26,224,708 capital project for high school and middle school science lab renovations, and upgrades to the heating and ventilation systems at FD Roosevelt High School, Haviland Middle School and North Park Elementary School. Based on the District's current building aid ratio, it is expected that state aid will amount to \$16,233,094 and the local share will be \$9,991,614. The voters also approved the use of \$4,000,000 from a capital reserve for this project and the remainder will be financed through the issuance of bonds.

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 statements and provide more detailed data. The statements are followed by a section of required supplementary

information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

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

Fund Financial Statements

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

Notes to the Financial Statements:

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition for the school buildings and other facilities. It is important to note the recent increase in tax certiorari claims.

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

District-Wide Financial Analysis

The District's net position at June 30, 2018 is \$(142,387,050). This is a \$128,840,127 decrease from last year's net position of \$(13,546,923). The following table provides a summary of the District's net position:

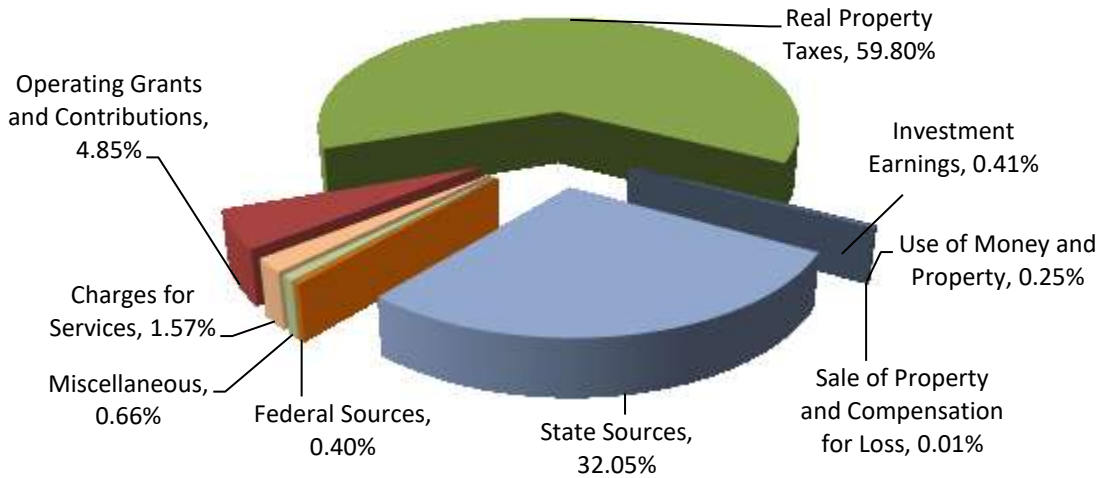
	June 30,	
	2018	2017
Current Assets	\$ 33,111,169	\$ 33,325,257
Capital Assets, net	69,584,683	68,098,872
Net Pension Asset	1,526,161	-
Deferred Outflows of Resources	30,246,456	24,055,654
Total Assets	134,468,469	125,479,783
Current Liabilities	7,875,049	9,419,358
Long-term Liabilities	234,707,963	122,978,980
Net Pension Liability	1,047,931	5,283,354
Deferred Inflows of Resources	33,224,576	1,345,014
Total Liabilities	276,855,519	139,026,706
Net Position		
Net investment in capital assets	48,641,899	44,682,947
Restricted	19,170,653	19,089,042
Unrestricted	(210,199,602)	(77,318,912)
Total Net Position	\$ (142,387,050)	\$ (13,546,923)

Changes in Net Position

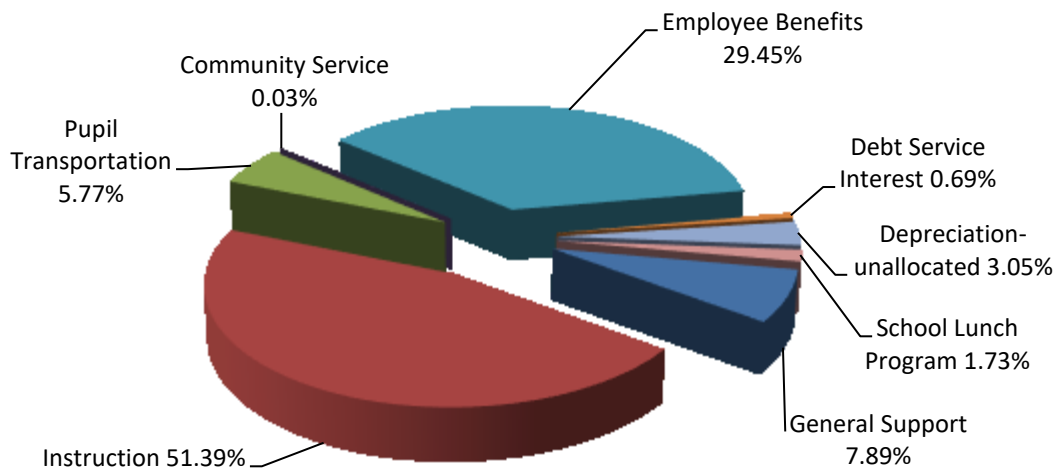
The following table and supporting graphs provide a summary of revenues, expenses and changes in net position for the year ended June 30, 2018.

	June 30,	
	2018	2017
Revenues:		
<u>Program Revenues:</u>		
Charges for Services	\$ 1,539,920	\$ 1,229,422
Operating Grants and Contributions	4,763,568	4,722,130
Capital Grants and Contributions	-	-
Total Program Revenues	6,303,488	5,951,552
<u>General Revenues:</u>		
Real Property Taxes	58,655,599	57,916,361
Investment Earnings	399,354	172,210
Use of Money and Property	241,796	118,047
Sale of Property and Compensation for Loss	5,372	81,357
State Sources	31,415,375	28,017,366
Federal Sources	394,522	405,453
Miscellaneous	651,088	742,937
Total General Revenues	91,763,106	87,453,731
Total Revenues	98,066,594	93,405,283
<u>Program Expenses:</u>		
General Support	7,374,983	7,358,881
Instruction	48,041,149	46,746,454
Pupil Transportation	5,389,070	5,326,456
Community Service	28,645	7,580
Employee Benefits	27,533,031	36,542,997
Debt Service Interest	640,571	688,670
Depreciation- unallocated	2,850,012	3,308,173
Capital Outlay	-	-
School Lunch Program	1,621,471	1,636,907
Other	-	-
Total Expenses	93,478,932	101,616,118
Change in Net Position	4,587,662	(8,210,835)
Net Position - Beginning	(13,546,923)	(5,336,088)
Cumulative Effect of Change in Accounting Principle	(133,427,789)	-
Net Position – Ending	\$ (142,387,050)	\$ (13,546,923)

Sources of Revenue for Fiscal Year 2018 Governmental Activities



Expenses for Fiscal Year 2018 Governmental Activities



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

	Total Cost of Services 2017-2018	Net Cost of Services 2017-2018	Total Cost of Services 2016-2017	Net Cost of Services 2016-2017
General Support	\$ 7,374,983	\$ 7,374,983	\$ 7,358,881	\$ 7,358,881
Instruction	48,041,149	43,248,529	46,746,454	42,339,033
Pupil Transportation	5,389,070	5,389,070	5,326,456	5,326,456
Community Service	28,645	28,645	7,580	7,580
Employee Benefits	27,533,031	27,533,031	36,542,997	36,542,997
Debt Service Interest	640,571	640,571	688,670	688,670
Depreciation- unallocated	2,850,012	2,850,012	3,308,173	3,308,173
Capital Outlay	-	-	-	-
School Lunch Program	1,621,471	110,603	1,636,907	92,776
	<u>\$ 93,478,932</u>	<u>\$ 87,175,444</u>	<u>\$ 101,616,118</u>	<u>\$ 95,664,566</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, 2018				
		Non-Spendable	Restricted	Assigned	Committed	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	-		-

		June 30, 2017				
		Non-Spendable	Restricted	Assigned	Committed	Unassigned
General		\$ 1,622,154	\$ 14,674,381	\$ 1,561,310	\$ -	\$ 2,081,474
Capital		-	-	-	-	(863,074)
School Lunch		34,274	-	335,106	-	-
Debt Service		-	4,414,661	-		-

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 \$446,712 during the year. The supplemental appropriations principally consisted of increases for payments from tax certiorari reserves, rollover encumbrances from the prior year, and donations received for specific expenditures.

In the General Fund for the year ended June 30, 2018, actual revenues were \$2,237,019 more than actual expenditures. Significant revenue sources include Real Property Taxes, STAR Reimbursement and Other Tax Items (\$58,655,599), Charges to Other School Districts (\$1,099,871), and State Aid (\$29,497,685). Actual expenditures and encumbrances were \$3,628,377 less than the revised budget.

For fiscal year 2018-2019, the District has appropriated \$2,095,155 of fund balance to reduce the tax levy.

The total fund balance in the general fund increased by \$2,237,021 during 2017-2018. The District has taken several measures in recent years to reduce the amount of excess funds left over at the end of the year. The voters approved a \$2,000,000 capital reserve in 2015-2016 and another \$5,000,000 capital reserve in 2017-2018. As a result, unassigned fund balance decreased \$4,755,567 since 2015-2016 while total restricted fund balances increased \$5,364,058. At June 30, 2018, unassigned fund balance amounts to \$3,655,723 and total restricted fund balance is \$14,689,405.

Other Fund Highlights

The School Lunch Fund ended the year with a fund balance of \$390,480 which is a decrease of \$28,900 from the prior year. In 2017-2018, the school district stopped its long standing practice of automatically transferring funds to subsidize the school lunch fund. The new practice is to transfer funds only when necessary to eliminate student meal debt or to maintain a positive fund balance.

The Capital Projects Fund ended the year with a negative fund balance of \$1,843,644. Fund balance will increase as bond anticipation notes for prior year bus purchases are paid.

The Debt Service Fund ended the year with a fund balance of \$4,481,248.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2018 was \$69,584,683. The District underwent a complete capital asset valuation during 2013-2014. The next valuation will be scheduled in 2018-2019. The District recognized \$1,062,695 in construction in progress work as capital assets as of June 30, 2018.

Class	June 30,	
	2018	2017
Land	\$ 1,166,185	\$ 1,166,185
Construction-in-Progress	1,062,695	129,990
Land Improvements	3,436,803	3,728,751
Buildings and Improvements	54,928,303	56,630,503
Machinery and Equipment	8,990,697	6,443,443
Total Capital Assets, net of accumulated depreciation	<u>\$ 69,584,683</u>	<u>\$ 68,098,872</u>

Long Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding, inclusive of the unamortized loss on refunding and bond premium, of \$18,562,784. 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	\$21,475,000	\$5,070,000	\$8,395,000	\$18,150,000

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, Business Manager
P.O. Box 2033
Hyde Park, New York 12538-8033

**HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Current Assets	
Cash - Unrestricted	\$ 3,165,787
Cash - Restricted	19,152,478
Accounts Receivable	83,696
Due From Fiduciary Funds	155,606
State and Federal Aid Receivable	6,753,797
Due From Other Governments	2,039,990
Inventories	54,549
Prepaid Expenditures	1,705,266
Capital Assets, net	69,584,683
Net Pension Asset, Proportionate Share	1,526,161
Total Assets	<u>104,222,013</u>
Deferred Outflows of Resources	
Loss on Refunding	382,510
Pensions	23,965,793
Other Post Employment Benefits	5,898,153
Total Deferred Outflows of Resources	<u>30,246,456</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 134,468,469</u>

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 1,309,952
Accrued Liabilities	77,108
Due to Other Governments	217,389
Bond Interest Accrued	25,575
Due to Teachers' Retirement System	3,370,492
Due to Employees' Retirement System	472,353
Refundable Advances	22,180
Bond Anticipation Notes	2,380,000
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	2,925,000
Long-Term Liabilities - Due and Payable After One Year	
Bonds	15,225,000
Unamortized Bond Premium	795,294
Compensated Absences	2,565,544
Other Post Employment Benefits Payable	213,197,125
Net Pension Liability, Proportionate Share	1,047,931
Total Liabilities	<u>243,630,943</u>
Deferred Inflows of Resources	
Deferred Receipts of Health Insurance	107,273
Pensions	7,593,415
Other Post Employment Benefits	25,523,888
Total Deferred Inflows of Resources	<u>33,224,576</u>

NET POSITION

Net Investment in Capital Assets	48,641,899
Restricted	19,170,653
Unrestricted	<u>(210,199,602)</u>
Total Net Position	<u>(142,387,050)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 134,468,469</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, 2018**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS AND PROGRAMS				
General Support	\$ 7,374,983	\$ -	\$ -	\$ (7,374,983)
Instruction	48,041,149	1,099,871	3,692,749	(43,248,529)
Pupil transportation	5,389,070	-	-	(5,389,070)
Community Service	28,645	-	-	(28,645)
Employee benefits	27,533,031	-	-	(27,533,031)
Debt service - interest	640,571	-	-	(640,571)
Depreciation - unallocated	2,850,012	-	-	(2,850,012)
School lunch program	<u>1,621,471</u>	<u>440,049</u>	<u>1,070,819</u>	<u>(110,603)</u>
Total Functions and Programs	<u>\$ 93,478,932</u>	<u>\$ 1,539,920</u>	<u>\$ 4,763,568</u>	<u>(87,175,444)</u>
GENERAL REVENUES				
Real property taxes				58,655,599
Investment earnings				399,354
Use of money and property				241,796
Sale of property and compensation for loss				5,372
State sources				31,415,375
Federal sources				394,522
Miscellaneous				<u>651,088</u>
Total General Revenues				<u>91,763,106</u>
Change in Net Position				4,587,662
Total Net Position - Beginning of Year, as Previously Reported				(13,546,923)
Cumulative Effect of Change in Accounting Principle				<u>(133,427,789)</u>
Total Net Position - Beginning of Year, as Restated				<u>(146,974,712)</u>
Total Net Position - End of Year				<u>\$ (142,387,050)</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets						
Cash - Unrestricted	\$ 2,922,404	\$ 502	\$ 151,913	\$ 90,968	\$ -	\$ 3,165,787
Cash - Restricted	14,689,405	-	-	-	4,463,073	19,152,478
State and Federal Receivable	1,775,344	3,060,763	-	1,917,690	-	6,753,797
Due From Other Governments	2,039,990	-	-	-	-	2,039,990
Due From Other Funds	4,126,038	-	144,960	-	20,752	4,291,750
Accounts Receivable	66,678	-	17,018	-	-	83,696
Inventories	-	-	54,549	-	-	54,549
Prepaid Expenditures	1,705,266	-	-	-	-	1,705,266
Total Assets	\$ 27,325,125	\$ 3,061,265	\$ 368,440	\$ 2,008,658	\$ 4,483,825	\$ 37,247,313
Liabilities						
Accounts Payable	\$ 765,352	\$ 376,795	\$ -	\$ 167,805	\$ -	\$ 1,309,952
Accrued Liabilities	71,078	360	5,670	-	-	77,108
Due to Other Funds	144,960	2,684,110	-	1,304,497	2,577	4,136,144
Due to Other Governments	217,279	-	110	-	-	217,389
Due to Teachers' Retirement System	3,370,492	-	-	-	-	3,370,492
Due to Employees' Retirement System	472,353	-	-	-	-	472,353
Refundable Advances	-	-	22,180	-	-	22,180
Bond Anticipation Notes	-	-	-	2,380,000	-	2,380,000
Total Liabilities	5,041,514	3,061,265	27,960	3,852,302	2,577	11,985,618
Deferred Inflows of Resources	107,273	-	-	-	-	107,273
Fund Equity (Deficiency)						
Fund Equity (Deficiency):						
Non-spendable	1,705,266	-	54,549	-	-	1,759,815
Restricted	14,689,405	-	-	-	4,481,248	19,170,653
Assigned	2,125,944	-	285,931	-	-	2,411,875
Unassigned	3,655,723	-	-	(1,843,644)	-	1,812,079
Total Fund Equity (Deficiency)	22,176,338	-	340,480	(1,843,644)	4,481,248	25,154,422
Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)	\$ 27,325,125	\$ 3,061,265	\$ 368,440	\$ 2,008,658	\$ 4,483,825	\$ 37,247,313

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

Fund equity of the governmental funds	\$ 25,154,422
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	69,584,683
Accrued interest expense is reported under the accrual basis	(25,575)
Net pension asset	1,526,161
Net pension liability	(1,047,931)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	16,372,378
Net Deferred (inflows)/outflows related to other post employment benefits	(25,523,888)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(228,427,300)
Net Position of Governmental Activities	\$ (142,387,050)

HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues						
Real Property Taxes and Tax Items	\$ 58,655,599	\$ -	\$ -	\$ -	\$ -	\$ 58,655,599
Charges for Services	1,099,871	-	-	-	-	1,099,871
Use of Money and Property	594,595	-	-	-	46,555	641,150
Sale of Property and Compensation for Loss	6,398	-	-	-	-	6,398
Miscellaneous	508,914	-	123,999	-	-	632,913
State Sources	29,497,685	1,987,158	34,669	1,917,690	-	33,437,202
Federal Sources	394,522	1,705,591	1,036,150	-	-	3,136,263
Sales	-	-	440,049	-	-	440,049
Total Revenues	<u>90,757,584</u>	<u>3,692,749</u>	<u>1,634,867</u>	<u>1,917,690</u>	<u>46,555</u>	<u>98,049,445</u>
Expenditures						
General Support	7,569,384	4,538	607,517	-	-	8,181,439
Instruction	44,547,501	3,761,518	-	-	-	48,309,019
Pupil Transportation	5,277,377	111,693	-	967,226	-	6,356,296
Community Services	28,645	-	-	-	-	28,645
Employee Benefits	26,289,659	-	316,701	-	-	26,606,360
Debt Service	-	-	-	-	4,613,462	4,613,462
Cost of Sales	-	-	749,672	-	-	749,672
Capital Outlay	-	-	-	2,850,395	-	2,850,395
Total Expenditures	<u>83,712,566</u>	<u>3,877,749</u>	<u>1,673,890</u>	<u>3,817,621</u>	<u>4,613,462</u>	<u>97,695,288</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,045,018</u>	<u>(185,000)</u>	<u>(39,023)</u>	<u>(1,899,931)</u>	<u>(4,566,907)</u>	<u>354,157</u>
Other Sources And (Uses)						
Interfund Transfers, net	(4,807,999)	185,000	10,123	98,144	4,514,732	-
Proceeds of Bond Issuance	-	-	-	-	5,070,000	5,070,000
Payment to Escrow Agent	-	-	-	-	(5,630,213)	(5,630,213)
Premium on Issuance	-	-	-	-	678,975	678,975
BANs Redeemed From Appropriations	-	-	-	821,217	-	821,217
Total Other Sources (Uses)	<u>(4,807,999)</u>	<u>185,000</u>	<u>10,123</u>	<u>919,361</u>	<u>4,633,494</u>	<u>939,979</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>2,237,019</u>	<u>-</u>	<u>(28,900)</u>	<u>(980,570)</u>	<u>66,587</u>	<u>1,294,136</u>
Fund Equity, Beginning of Year	<u>19,939,319</u>	<u>-</u>	<u>369,380</u>	<u>(863,074)</u>	<u>4,414,661</u>	<u>23,860,286</u>
Fund Equity, End of Year	<u>\$ 22,176,338</u>	<u>\$ -</u>	<u>\$ 340,480</u>	<u>\$ (1,843,644)</u>	<u>\$ 4,481,248</u>	<u>\$ 25,154,422</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, 2018**

Net changes in fund equity - total governmental funds	\$	1,294,136
<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 \$	(2,850,012)
	Capital outlays	<u>4,336,849</u>
		1,486,837
<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>		
		(1,026)
<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 2017/18 results in less expense.</p>		
		8,200
<p>Proceeds of serial bond principal and premiums on a BAN is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.</p>		
		(5,730,800)
<p>Bond anticipation notes redeemed from appropriations is revenue in governmental funds, but not in the statement of activities.</p>		
		(821,217)
<p>Repayments of 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>		
		9,491,430
<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	(842,337)
	Compensated Absences	20,264
	Adjustments for net pension liability - ERS	112,366
	Adjustments for net pension asset - TRS	(533,665)
<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>103,474</u>
Change in net position - governmental activities	\$	<u><u>4,587,662</u></u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018**

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	\$ 172,304	\$ -
Cash - restricted	139,402	30,920
Total Assets	\$ 311,706	\$ 30,920
LIABILITIES		
Extraclassroom activity balances	\$ 139,402	\$ -
Due to other funds	155,606	-
Other liabilities	16,698	50
Total Liabilities	\$ 311,706	\$ 50
NET POSITION		
Reserved for scholarships		\$ 30,870

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 4,505
Total Additions	4,505
DEDUCTIONS	
Scholarships and awards	8,095
Change in Net Position	(3,590)
Net Position - Beginning of year	34,460
Net Position - End of year	\$ 30,870

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018**

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, 2018, the District was billed \$6,432,294 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,905,302. 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, 2018**

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 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.

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.

II. Fiduciary Funds

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018**

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 24, 2017. 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, 2018**

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	\$ 22,017
Athletic Restitution	66,990
Insurance Recovery	3,802
Additional Program Revenue	<u>27,420</u>
Total From Additional Revenue	120,229
From Appropriated Revenues	
Tax Certiorari Reserves	<u>13,489</u>
Total Supplemental Appropriations	<u>\$ 133,718</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, 2018**

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 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, if any, are stated at fair value. The District has no investments at June 30, 2018.

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, 2018**

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, 2018**

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 \$54,549, as well as prepaid expenditures recorded in the General Fund of \$1,705,266.

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, 2018**

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.

Employee Retirement System

According to General Municipal Law §6-r, must be used for financing retirement contributions. 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.

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, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 2,115,865
Employee Retirement System	3,788,232
Unemployment Insurance	105,318
Capital Reserve	7,117,236
Tax Certiorari	1,459,301
Repair Reserve	103,453
Debt Service Fund	<u>4,481,248</u>
Total Restricted Funds	<u>\$ 19,170,653</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, 2018.

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 \$30,789. Appropriated fund equity in the General Fund is \$2,095,155. 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	\$ 6,462
Instruction	<u>24,327</u>
	<u>\$ 30,789</u>

HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018.

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, 2018**

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life In Years</u>
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, 2018

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, 2018**

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, 2018, the District implemented the following new standards issued by GASB:

GASB issued Statement 75, *Other Postemployment Benefits (Employers)*, effective for the year ending June 30, 2018. See Note 6.

GASB issued Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.

GASB issued Statement 85, *Omnibus*, effective for the year ending June 30, 2018.

GASB issued Statement 86, *Certain Debt Extinguishing Issues*, effective for the year ending June 30, 2018.

V. Future Changes in Accounting Standards

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

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

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.

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, 2018

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, 2018**

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 fund equity in the capital projects fund of \$1,843,644. This deficit is caused by financing the projects with bond anticipation notes. When the bond anticipation notes are refinanced with bonds, this deficit will be removed.

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, 2018 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, 2018**

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

Investments are stated at fair value and are categorized as either (1) insured or registered, with investments held by the District or the District's agent in the District's name, (2) uninsured and unregistered, with the investments held by the financial institutions trust department in the District's name, (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the District's name. At June 30, 2018 the District held no investments.

Restricted Cash

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 at year-end consists of the following:

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

<u>Fund</u>	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 105,318	Unemployment Insurance Reserve
	3,788,232	Retirement Contributions Reserve
	2,115,865	Employee Benefit Accrued Liability Reserve
	7,117,236	Capital Reserve
	103,453	Repair Reserve
	<u>1,459,301</u>	Tax Certiorari Reserve
Total General Fund	<u>\$ 14,689,405</u>	
Debt Service Fund	<u>\$ 4,463,073</u>	Debt
Trust and Agency	\$ 139,402	Extraclassroom Activity Funds
Private Purpose Trust Fund	<u>30,920</u>	Scholarships and Memorials
Total Fiduciary	<u>\$ 170,322</u>	

II. Interfund Transactions

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

Interfund transactions and balances at June 30, 2018 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 4,126,038	\$ 144,960	\$ -	\$ 4,807,999
Special Aid Fund	-	2,684,110	185,000	-
School Lunch Fund	144,960	-	10,123	-
Debt Service Fund	20,752	2,577	4,514,732	-
Capital Projects Fund	<u>-</u>	<u>1,304,497</u>	<u>100,000</u>	<u>1,856</u>
Total Governmental Activities	4,291,750	4,136,144	4,809,855	4,809,855
Fiduciary Fund	<u>-</u>	<u>155,606</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 4,291,750</u>	<u>\$ 4,291,750</u>	<u>\$ 4,809,855</u>	<u>\$ 4,809,855</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

Capital asset balances and activity for the year ended June 30, 2018 are as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	\$ 129,990	\$ 932,705	\$ -	\$ 1,062,695
Land	<u>1,166,185</u>	<u>-</u>	<u>-</u>	<u>1,166,185</u>
Total Non-depreciable Capital Assets	<u>1,296,175</u>	<u>932,705</u>	<u>-</u>	<u>2,228,880</u>
Capital assets that are depreciated:				
Land Improvements	5,156,121	-	-	5,156,121
Buildings and improvements	76,025,777	-	-	76,025,777
Machinery and equipment	<u>14,984,823</u>	<u>3,404,144</u>	<u>786,434</u>	<u>17,602,533</u>
Total Depreciable Capital Assets	<u>96,166,721</u>	<u>3,404,144</u>	<u>786,434</u>	<u>98,784,431</u>
Less accumulated depreciation:				
Land Improvements	1,427,370	291,948	-	1,719,318
Buildings and improvements	19,395,274	1,702,200	-	21,097,474
Machinery and equipment	<u>8,541,380</u>	<u>855,864</u>	<u>785,408</u>	<u>8,611,836</u>
Total Accumulated Depreciation	<u>29,364,024</u>	<u>2,850,012</u>	<u>785,408</u>	<u>31,428,628</u>
Total Depreciable Cost, Net	<u>\$ 68,098,872</u>	<u>\$ 1,486,837</u>	<u>\$ 1,026</u>	<u>\$ 69,584,683</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, 2018**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The system is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at www.osc.state.ny.us/retire/publications/index.php.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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>
2017-18	\$ 1,470,045	\$ 3,370,492
2016-17	1,524,719	3,783,514
2015-16	1,588,670	4,211,774

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

Pension Liabilities

At June 30, 2018, 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, 2018 for ERS and June 30, 2017 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, 2018**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	\$(1,047,931)	\$1,526,161
District's portion of the Plan's total net pension asset/(liability)	0.0324%	0.2008%

Pension Expense (Credit)

For the year ended June 30, 2018, the District recognized its proportionate share of pension expense of \$1,266,923 for ERS and \$3,844,940 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2018, 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	\$ 373,763	\$ 1,255,655	\$ 308,864	\$ 595,032
Changes of assumptions	694,865	15,528,983	-	-
Net difference between projected and actual earnings on pension plan investments	1,522,036	-	3,004,347	3,594,550
Changes in proportion and differences between contributions and proportionate share of contributions	327,756	419,890	72,810	17,812
Contributions subsequent to the measurement date	<u>472,353</u>	<u>3,370,492</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,390,773</u>	<u>\$ 20,575,020</u>	<u>\$ 3,386,021</u>	<u>\$ 4,207,394</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, 2019 for ERS and June 30, 2018 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, 2018**

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>
2018	\$ -	\$ 420,630
2019	315,604	4,175,951
2020	246,326	3,007,561
2021	(710,091)	797,338
2022	(319,440)	2,999,008
Thereafter	-	1,596,646

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, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest Rate	7.0%	7.25%
Salary Scale	3.8%	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%	2.5%
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 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, 2017 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, 2016 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, 2018**

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>2018</u>	<u>2018</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 2018.

(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, 2018**

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>2017</u>	<u>2017</u>
Asset Class:		
Domestic equities	35%	5.9%
International equities	18	7.4
Real estate	11	4.3
Private equities	<u>8</u>	9.0
Total equities	<u>72</u>	
Domestic fixed income securities	16	1.6
Global fixed income securities	2	1.3
High-yield fixed income securities	1	3.9
Mortgages	8	2.8
Short-term	<u>1</u>	0.6
Total fixed income	<u>28</u>	
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2017.

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, 2018**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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

ERS	1% Decrease <u>(6%)</u>	Current Assumption <u>(7%)</u>	1% Increase <u>(8%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (7,928,926)	\$ (1,047,931)	\$ 4,773,116
TRS	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$(26,291,230)	\$ 1,526,161	\$ 24,821,845

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, 2018 is \$1,358,168 for ERS and \$3,904,408 for TRS.

Payables to the pension plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$472,353.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$3,370,492.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Other benefits

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

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

Transactions in short-term debt are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN Maturing 6/22/2018 at 1.29%	\$ 150,000	\$ -	\$ 150,000	\$ -
BAN Maturing 6/21/2019 at 2.75%	440,000	-	215,000	225,000
BAN Maturing 6/21/2019 at 2.75%	645,000	-	210,000	435,000
BAN Maturing 6/21/2019 at 2.75%	996,217	-	246,217	750,000
BAN Maturing 6/21/2019 at 2.75%	<u>-</u>	<u>970,000</u>	<u>-</u>	<u>970,000</u>
	<u>\$ 2,231,217</u>	<u>\$ 970,000</u>	<u>\$ 821,217</u>	<u>\$ 2,380,000</u>

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

Interest paid	<u>\$ 37,860</u>
Total Expense	<u>\$ 37,860</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 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	\$	613,800
Less interest accrued in the prior year		(33,775)
Plus current year accrued interest		25,575
Plus bond issuance costs		100,585
Less amortization of deferred amounts on refunding, deferred expenses and bond premium		<u>(103,474)</u>
Total Expense	\$	<u>602,711</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, 2018**

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, 2018, 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	\$ 21,475,000	\$ 5,070,000	\$ 8,395,000	\$ 18,150,000
Plus - Bond premium:	365,438	660,800	230,944	795,294
Less - Unamortized loss on refunding*	<u>(234,767)</u>	<u>(275,213)</u>	<u>(127,470)</u>	<u>(382,510)</u>
Total	<u>\$ 21,605,671</u>	<u>\$ 5,455,587</u>	<u>\$ 8,498,474</u>	<u>\$ 18,562,784</u>
Other Post Employment Benefits	\$ 231,980,523	\$ -	\$ 18,783,398	\$ 213,197,125
Compensated Absences	<u>2,585,808</u>	<u>-</u>	<u>20,264</u>	<u>2,565,544</u>
Total	<u>\$ 234,566,331</u>	<u>\$ -</u>	<u>\$ 18,803,662</u>	<u>\$ 215,762,669</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, 2018</u>
Serial Bonds				
Construction Bond	2010	2025	3.00 - 3.075%	\$ 970,000
Construction Bond	2011	2027	2.50 - 3.13%	165,000
Construction Bond - 2014 Refunding	2014	2022	2.00 - 5.00%	3,890,000
Construction Bond	2015	2029	2.00 - 2.50%	6,095,000
Construction Bond	2017	2032	2.00 - 3.00%	2,000,000
Construction Bond - 2017 Refunding	2017	2027	3.00 - 4.00%	<u>5,030,000</u>
				<u>\$ 18,150,000</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

In 2017, the District issued \$5,070,000 in general obligation bonds with an interest rate of 3.00%-4.00% to advance refund \$5,355,000 of outstanding bonds with an interest rate of 2.50%-5.00%. The net proceeds of \$5,630,213 (after payment of \$100,587 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The district advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain/loss on the transaction (the difference between the present value of the debt service payments on the old) is approximately \$275,000.

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. \$9,340,000 of bonds outstanding are considered defeased.

In addition to the outstanding debt listed above, as of June 30, 2018 the District had authorized, but unissued bonds in an amount not to exceed \$692,386 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>
2019	\$ 2,925,000	\$ 644,993	\$ 206,114	\$ 3,776,107
2020	2,725,000	549,243	176,835	3,451,078
2021	2,460,000	454,018	146,702	3,060,720
2022	2,345,000	290,893	104,947	2,740,840
2023	1,395,000	226,603	65,988	1,687,591
2024-2033	<u>6,300,000</u>	<u>563,475</u>	<u>94,708</u>	<u>6,958,183</u>
Total	<u>\$ 18,150,000</u>	<u>\$ 2,729,225</u>	<u>\$ 795,294</u>	<u>\$ 21,674,519</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, 2018 the District has exhausted 7.39% of its constitutional debt limit.

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018**

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, 2018 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.

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Change in Accounting Principle and Restatement of Net Position

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Change in Accounting Principle and Restatement of Net Position

(OPEB) liabilities, OPEB expenses, deferred outflow of resources and inflow of resources related to OPEB. The implementation of the statements resulted in an increase in the liability for Other Post Employment Benefits Payable in the Statement of Net Position. The District's net position has been restated as follows:

Net Position beginning of year, as previously stated	\$ (13,546,923)
GASB Statement No. 75 implementation	<u>(133,427,789)</u>
Net position beginning of year, as restated	<u><u>\$ (146,974,712)</u></u>

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 Statues 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 446 retirees was approximately \$5,898,153.

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, 2018, the following employees were covered by the benefit terms:

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Funding Policy

Benefits Provided

Inactive plan members or beneficiaries currently receiving benefit payments	417
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>648</u>
Total Plan Members	<u>1,065</u>

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017; 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, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

Inflation	2.85%
Salary increases	0.0%
Discount Rate	3.58% (Bond Buyer General Obligation 20-year municipal bond index)
Healthcare cost trend rates	
Pre-Medicare	7.20% for 2018 decreasing to an ultimate rate of 4.50% by 2024.
Medicare	8.70% for 2018 decreasing to an ultimate rate of 4.50% by 2024.

Mortality rates were based on RP-2014 Headcount Weighted Mortality Table projected to the valuation date with experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2016 (generational mortality).

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit and 20% of future spouses of retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that 60% of active employees are married, 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, 2018**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Changes in the Net OPEB Liability

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

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Net OPEB Liability [a] - [b]
Balances at June 30, 2017	<u>\$231,980,523</u>	<u>\$ -</u>	<u>\$231,980,523</u>
Changes for the year:			
Service cost	8,791,893	-	8,791,893
Interest	6,797,704	-	6,797,704
Difference between expected and actual experience	-	-	-
Contributions - employer	-	4,544,910	(4,544,910)
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	(29,828,085)	-	(29,828,085)
Benefit payments	(4,544,910)	(4,544,910)	-
Administrative expense	-	-	-
Net changes	<u>(18,783,398)</u>	<u>-</u>	<u>(18,783,398)</u>
Balances, June 30, 2018	<u>\$213,197,125</u>	<u>\$ -</u>	<u>\$213,197,125</u>

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 2.85% in 2017 to a 3.58% in 2018.

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 (2.58%) or 1 percentage point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$255,580,974	\$213,197,125	\$180,321,271

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 (6.20% decreasing to 3.50%) or 1 percentage point higher (8.20% decreasing to 5.50%) than the current healthcare cost trend rate:

	1% Decrease (6.20% Decreasing to <u>3.50%</u>)	Healthcare Cost Trend Rate (7.20% Decreasing to <u>4.50%</u>)	1% Increase (8.20% Decreasing to <u>5.50%</u>)
Total OPEB Liability	\$176,795,620	\$213,197,125	\$261,153,858

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$11,285,400. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Amounts recognized in OPEB expense	-	-
Changes of assumptions	-	(25,523,888)
Contributions subsequent to the measurement period	<u>5,898,153</u>	<u>-</u>
Total	<u>\$ 5,898,153</u>	<u>\$ (25,523,888)</u>

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

<u>Year Ending June 30,</u>	
2019	\$(4,304,197)
2020	\$(4,304,197)
2021	\$(4,304,197)
2022	\$(4,304,197)
2023	\$(4,304,197)
Thereafter	\$(4,002,903)

**HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018.

8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 10, 2018, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2018, 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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
Revenues				
Local Sources				
Real Property Taxes	\$ 58,678,866	\$ 58,678,866	\$ 51,423,521	\$ (7,255,345)
Real Property Tax Items	46,961	46,961	7,232,078	7,185,117
Charges for Services	1,317,000	1,327,429	1,099,871	(227,558)
Use of Money and Property	404,000	431,420	594,595	163,175
Sale of Property and Compensation for Loss	-	70,792	6,398	(64,394)
Miscellaneous	490,000	501,588	508,914	7,326
Total Local Sources	60,936,827	61,057,056	60,865,377	(191,679)
State Sources	29,151,874	29,151,874	29,497,685	345,811
Federal Sources	360,000	360,000	394,522	34,522
Other Sources				
Interfund Transfers	-	-	-	-
Total Revenue and Other Sources	90,448,701	90,568,930	90,757,584	\$ 188,654
Appropriated Fund Balance				
Prior Year Encumbrances	312,994	312,994	-	
Appropriated Reserves	-	17,493	-	
Appropriated Fund Balance	1,284,316	1,280,312	-	
Total Appropriated Fund Balance	1,597,310	1,610,799	-	
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 92,046,011	\$ 92,179,729	\$ 90,757,584	

**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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
Expenditures					
General Support					
Board of Education	\$ 68,909	\$ 85,905	\$ 72,326	\$ -	\$ 13,579
Central Administration	359,657	372,003	329,212	-	42,791
Finance	785,599	780,834	743,719	-	37,115
Staff	455,526	447,990	356,839	-	91,151
Central Services	5,662,962	5,654,507	5,267,377	6,462	380,668
Special Items	815,240	828,070	799,911	-	28,159
	<u>8,147,893</u>	<u>8,169,309</u>	<u>7,569,384</u>	<u>6,462</u>	<u>593,463</u>
Total General Support					
Instruction					
Instruction, Administration and Improvement	3,720,372	3,667,200	3,619,606	-	47,594
Teaching - Regular School	22,207,738	22,119,449	21,504,005	250	615,194
Programs for Students with Disabilities	11,623,886	11,677,274	11,605,250	-	72,024
Occupational Education	2,275,970	2,430,203	2,392,839	-	37,364
Teaching - Special Schools	27,182	32,764	32,764	-	-
Instructional Media	2,299,679	2,268,791	2,063,870	14,814	190,107
Pupil Services	3,387,243	3,480,099	3,329,167	9,263	141,669
	<u>45,542,070</u>	<u>45,675,780</u>	<u>44,547,501</u>	<u>24,327</u>	<u>1,103,952</u>
Total Instruction					
Pupil Transportation	5,547,907	5,547,907	5,277,377	-	270,530
Community Services	37,000	37,000	28,645	-	8,355
Employee Benefits	27,789,277	27,767,869	26,289,659	-	1,478,210
	<u>33,374,184</u>	<u>33,352,776</u>	<u>31,595,681</u>	<u>-</u>	<u>1,757,095</u>
Total other					
Total Expenditures	87,064,147	87,197,865	83,712,566	30,789	3,454,510
Other Uses					
Interfund Transfer	4,981,864	4,981,864	4,807,999	-	173,865
	<u>4,981,864</u>	<u>4,981,864</u>	<u>4,807,999</u>	<u>-</u>	<u>173,865</u>
Total Expenditures and Other Uses	\$ 92,046,011	\$ 92,179,729	88,520,565	\$ 30,789	\$ 3,628,375
Net Change in Fund Balance					
Fund balance - beginning			\$ 2,237,019		
Fund balance - ending			19,939,319		
			<u>\$ 22,176,338</u>		

**HYDE PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018**

	Fiscal Year Ending *
	<u>2018</u>
Total OPEB Liability	
Measurement date	6/30/2017
Service cost at end of year	\$ 8,791,893
Interest	6,797,704
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-
Changes in assumptions and other inputs	(29,828,085)
Benefit payments	<u>(4,544,910)</u>
Net Change in Total OPEB Liability	<u>(18,783,398)</u>
Total OPEB Liability - beginning	<u>231,980,523</u>
Total OPEB Liability - ending	<u>\$ 213,197,125</u>
Covered-employee payroll	38,913,738
Total OPEB Liability as a percentage of covered-employee payroll	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, 2018**

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

ERS Pension Plan
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,479,875	\$ 1,459,315	\$ 1,660,999	\$ 1,807,149
Contributions in relation to the contractually required contribution	<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>
Covered-employee payroll	\$ 10,005,536	\$ 9,737,000	\$ 9,358,000	\$ 9,371,000
Contributions as a percentage of covered-employee payroll	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	\$ 3,729,036	\$ 4,162,004	\$ 5,420,365	\$ 5,027,480
Contributions in relation to the contractually required contribution	<u>(3,729,036)</u>	<u>(4,162,004)</u>	<u>(5,420,365)</u>	<u>(5,027,480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 32,415,782	\$ 32,282,000	\$ 31,922,000	\$ 31,170,000
Contributions as a percentage of covered-employee payroll	11.50%	12.89%	16.98%	16.13%

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

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$	91,733,017
Add: Prior year's encumbrances		<u>312,994</u>
Original Budget		92,046,011
Additions:		
Budget Amendments		<u>133,718</u>
Final Budget	\$	<u><u>92,179,729</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 [subsequent year's] voter-approved expenditure budget	\$	95,087,640
Maximum allowed (4% of 2018-19 [subsequent year's] budget)		3,803,506

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

Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		2,125,944
Unassigned Fund Balance		<u>3,655,723</u>
Total Unrestricted Fund Balance		<u><u>5,781,667</u></u>

Less:		
Appropriated Fund Balance		2,095,155
Encumbrances included in Committed and Assigned Fund Balance		<u>30,789</u>
Total Adjustments		<u><u>2,125,944</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	<u><u>3,655,723</u></u>
--	----	-------------------------

Actual percentage		3.84%
-------------------	--	-------

* 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, 2018**

Project	Expenditures and Transfers to Date				Unexpended Balance	Methods of Financing				Fund Balance (Deficit) at June 30, 2018
	Authori- zation	Prior Years	Current Year	Totals		Proceeds of Obligations	State Aid	Interfund Transfers	Totals	
Buses 2012-2013	\$ 520,220	\$ 507,821	\$ -	\$ 507,821	\$ 12,399	\$ 507,221	\$ -	\$ -	\$ 507,221	\$ (600)
Buses 2013-2014	665,429	657,036	-	657,036	8,393	657,036	-	-	657,036	-
Buses 2014-2015	901,820	854,942	-	854,942	46,878	676,818	-	-	676,818	(178,124)
Buses 2015-2016	855,838	848,634	-	848,634	7,204	413,635	-	-	413,635	(434,999)
Buses 2016-2017	1,005,219	996,217	-	996,217	9,002	246,217	-	-	246,217	(750,000)
Buses 2017-2018	982,226	-	967,226	967,226	15,000	-	-	-	-	(967,226)
HMS Heating Project (Phase 4)	3,000,000	3,229,092	-	3,229,092	(229,092)	3,000,000	-	229,092	3,229,092	-
Heating Controls Project (HCP)	1,100,000	95,889	803,632	899,521	200,479	-	-	1,100,000	1,100,000	200,479
FDR Lobby Bathrooms	100,000	20,165	61,452	81,617	18,383	-	-	100,000	100,000	18,383
NPE Well Project	250,000	13,936	-	13,936	236,064	-	-	250,000	250,000	236,064
HMS Bathroom Project	100,000	-	-	-	100,000	-	-	100,000	100,000	100,000
Smart Schools Bond Act	1,950,640	-	1,917,690	1,917,690	32,950	-	1,917,690	-	1,917,690	-
Science Labs/HVC Work (NPE, FDR, HMS)	26,224,708	-	67,621	67,621	26,157,087	-	-	-	-	(67,621)
Totals	\$ 37,656,100	\$ 7,223,732	\$ 3,817,621	\$ 11,041,353	\$ 26,614,747	\$ 5,500,927	\$ 1,917,690	\$ 1,779,092	\$ 9,197,709	\$ (1,843,644)

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018**

Capital Assets, Net	\$	69,584,683
Add:		
Unamortized deferred loss	\$ <u>382,510</u>	382,510
Deduct:		
Bond anticipation notes payable	\$ (2,380,000)	
Short-term portion of bonds payable	(2,925,000)	
Long-term portion of bonds payable	(15,225,000)	
Unamortized bond premium	<u>(795,294)</u>	<u>(21,325,294)</u>
Net Investment in Capital Assets	\$	<u><u>48,641,899</u></u>

**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, 2018, 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 10, 2018.

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 10, 2018

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, 2018. 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, 2018.

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, we did identify a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001, which we consider to be a significant deficiency.

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

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

Marvin and Company, P.C.

Latham, NY

October 10, 2018

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Cluster Title/ Program Title</u>	Federal CFDA Number	Pass- Through Entity Identifying Number	Pass- Through To Subrecipient	Total Federal Expenditures
U.S. Department of Education				
Direct Award				
Impact Aid	84.041	Not Applicable		\$ <u>358,878</u>
Total Direct Award				<u>358,878</u>
Indirect Awards - Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-18-0173		990,063
Special Education Preschool Grants	84.173	0033-18-0173		<u>51,569</u>
Total Special Education Cluster				<u>1,041,632</u>
Title I Cluster				
Title I Grants to Local Educational Agencies- A&D	84.010	0021-17-0650		74,701
Title I Grants to Local Educational Agencies- A&D	84.010	0021-18-0650		445,830
Title I Grants to Local Educational Agencies- Sch Imp	84.010	0011-17-2070		14,717
Title I Grants to Local Educational Agencies- Sch Imp	84.010	0011-18-2070		<u>18,758</u>
Total Title I Cluster				<u>554,006</u>
English Language Grants	84.365	0293-17-0650		2,882
English Language Grants	84.365	0293-18-0650		8,823
Improving Teacher Quality State Grants	84.367	0147-17-0650		7,753
Improving Teacher Quality State Grants	84.367	0147-18-0650		<u>90,495</u>
Total Indirect Awards - Passed Through New York State Education Department:				<u>1,705,591</u>
Total U.S. Department of Education				<u>2,064,469</u>
U.S. Department of Agriculture				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable		707,274
School Breakfast Program	10.553	Not Applicable		219,656
Food Distribution	10.555	Not Applicable		<u>109,220</u>
Total Child Nutrition Cluster				<u>1,036,150</u>
Total U.S. Department of Agriculture				<u>1,036,150</u>
U.S. Department of Homeland Security				
Passed Through New York State Division of Homeland Security and Emergency Services				
Disaster Grants- Public Assistance	97.036	Not Applicable		<u>18,796</u>
Total U.S. Department of Homeland Security				<u>18,796</u>
Total Expenditures of Federal Awards				<u>\$ 3,119,415</u>

See accompanying notes to Schedule of Expenditures of Federal Awards
and independent auditor's report on the financial statements.

HYDE PARK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

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, 2018, the District received food commodities totaling \$109,220.

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, 2018**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

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

___yes Xno
___yes Xnone reported

Noncompliance material to financial statements noted?

___yes Xno

Federal Awards

Internal control over major programs:

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

___yes Xno
Xyes ___none reported

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

Unmodified

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

Xyes ___no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Cluster
84.041	Impact Aid

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

\$750,000

Auditee qualified as low-risk auditee?

Xyes ___no

Section II: Financial Statement Findings

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

None

**HYDE PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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):

Significant Deficiency

2018-001 Title I

Information on Federal Program: Title Part I, Grants to Local Educational Agencies (LEAs), CFDA No. 84.010

Criteria: Compliance under Title 2: Grants and Agreements Part 200.430 Compensation-personal services under compliance requirement Allowable Costs/Cost Principles 2. Documentation of Employee Time and Effort.

Condition: During our testing of payroll expenditures charged to this program it was noted that employees are being charged to this grant and the time and effort reports (payroll certifications) being signed by those individuals acknowledging and noting that their salaries are being allocated to the Federal Program were not always completed timely.

Questioned Cost: None.

Context: A selection of the employees of the District charged to the Federal Program were tested for the wages charged, educational certifications and payroll certifications.

Effect: Payroll certifications were completed months after the period in which they were charged to the federal program.

Cause: The District did not complete the payroll certifications timely.

Perspective Information: One certification for four out of ten employees paid in full or part by Title I were not completed timely. We consider timely to be within fifteen days of the end of the related month. All teachers tested, did however, maintain the proper educational certifications.

Repeat Finding: No

Recommendation: We recommend that policies and procedures be implemented for those individuals whose time and effort of providing special education services be acknowledged by the individual employees whose time is ultimately being paid by the Federal Program in a timely manner.

Views of the Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will evaluate the procedures around obtaining the signed certifications to ensure they are completed timely.

SUMMARY OF PRIOR AUDIT FINDINGS

None