



Plainview-Old Bethpage
Central School District

Excellence in Education

Review of 2020-2021

External Audit

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Review of Audit

- The District received an unmodified opinion on the June 30, 2021 financial statements.
- There were no material weaknesses in the District's internal controls
- Business office was very cooperative during audit.

Management Letter

- A report on the District's internal control over financial reporting was issued that identified an area in which the District's internal controls could be improved including:
 - Cash Management
 - Capital Assets
 - School Lunch Fund Balance
 - Extra Classroom Accounts
- All of the prior year findings were implemented or partially implemented.

New and Future Accounting Standards

New Accounting Pronouncement:

- The District implemented GASB Statement No. 84, Fiduciary Activities, during the 2020-21 fiscal year, which provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The adoption and implementation of this statement resulted in the restatement of opening fund balance and net position in the amount of \$567,387.

Future Accounting Pronouncement:

- GASB has issued Statement No. 87, Leases, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

Review of the Financial Statements

- Total fund balance in the general fund decreased \$772,584 in the current year primarily due to expenditures and other financing uses in excess of revenues based on the modified accrual basis of accounting.
- The unassigned fund balance in the general fund was 4% of the subsequent year's budget for the current year and the prior year which is within the limit established by NYS Real Property Tax Law § 1318.
- The restricted net position relates to the District's reserves. This balance increased from the prior year due to the authorized transfers into the reserves, plus interest earned offset by use of the reserves, as well as amounts restricted for debt service and scholarships.
- The decrease in the fund balance of the special revenue child care fund of \$346,923 is due to the operating loss of the special revenue child care fund from the loss of revenues caused by the COVID-19 pandemic.

Review of the Financial Statements

- The decrease in the fund balance of the school food service fund of \$49,442 was primarily attributable to the operating loss of the food service program.
- The increase in the fund balance of the debt service fund of \$75,009 is due to premium on obligations.
- The decrease in the fund balance of the capital projects fund of \$3,102,689 was due to expenditures incurred during the year totaling \$8,602,689. These amounts were offset partially by bond proceeds received in the amount of \$4,500,000, and operating transfers of \$1,000,000 from the general fund.
- The decrease in the fund balance in the extraclassroom activities fund of \$4,490 was due to expenditures for extracurricular activities of \$273,399 exceeding fundraising, collections and interest of \$268,909.
- The decrease in the scholarships fund of \$14,035 is due to scholarships awarded to students of \$27,969 exceeding donations and interest of \$13,934.

Financial Highlights – Governmental Funds

Fund Balance for Governmental Funds

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for unemployment insurance	\$644,044	\$642,438	\$1,606	0.25%
Retirement contribution				
Teachers' retirement system	3,867,690	2,564,749	1,302,941	50.80%
Employees' retirement system	7,055,571	7,230,763	(175,192)	(2.42%)
Employee benefit accrued liability	6,258,523	6,923,473	(664,950)	(9.60%)
Restricted for capital	2,253,026	951,161	1,301,865	136.87%
Restricted for repairs	773,190	771,262	1,928	0.25%
Assigned:				
Appropriated fund balance	2,600,000	4,661,236	(2,061,236)	(44.22%)
Unappropriated fund balance	409,888	1,045,176	(635,288)	(60.78%)
Unassigned	6,725,686	6,569,944	155,742	2.37%
Total Fund Balance - General Fund	<u>30,587,618</u>	<u>31,360,202</u>	<u>(772,584)</u>	(2.46%)

Financial Highlights – Governmental Funds

Fund Balance for Governmental Funds

	As Restated			
	Fiscal Year 2021	Fiscal Year 2020	(Decrease)	Change
Special Revenue Child Care Fund				
Assigned: Unappropriated fund balance		53,864	(53,864)	(100.00%)
Unassigned: Fund balance (deficit)	<u>(293,059)</u>	<u>53,864</u>	<u>(293,059)</u>	N/A
	<u>(293,059)</u>	<u>53,864</u>	<u>(346,923)</u>	(644.07%)
School Food Service Fund				
Nonspendable	5,032	2,717	2,315	85.20%
Assigned - unappropriated	<u>452,305</u>	<u>504,062</u>	<u>(51,757)</u>	(10.27%)
Total Fund Balance - School Food Service Fund	<u>457,337</u>	<u>506,779</u>	<u>(49,442)</u>	(9.76%)
Debt Service Fund				
Restricted	<u>537,135</u>	<u>462,126</u>	<u>75,009</u>	16.23%
Total Fund Balance - Debt Service Fund	<u>537,135</u>	<u>462,126</u>	<u>75,009</u>	16.23%
Capital Projects Fund				
Restricted:				
Capital	13,071,816	16,950,610	(3,878,794)	(22.88%)
Unspent bond proceeds	75,326	-	75,326	N/A
Assigned: Unappropriated fund balance	<u>4,360,278</u>	<u>3,659,499</u>	<u>700,779</u>	19.15%
Total Fund Balance - Capital Projects Fund	<u>17,507,420</u>	<u>20,610,109</u>	<u>(3,102,689)</u>	(15.05%)
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>333,047</u>	<u>337,537</u>	<u>(4,490)</u>	(1.33%)
Scholarships Fund				
Restricted: Scholarships	<u>215,815</u>	<u>229,850</u>	<u>(14,035)</u>	(6.11%)
Total Fund Balance - All Funds	<u>\$ 49,345,313</u>	<u>\$ 53,560,467</u>	<u>\$ (4,215,154)</u>	(7.87%)

Overall Financial Health

The continuation of the District's overall good financial health can be credited to:

- Continued leadership of the District's Board and administration;
- Cost effective purchasing procedures;
- Strategic use of services from the Nassau BOCES;
- Commitment to funding reserves;

Why is Financial Health So Important?

- Assists with compliance with State imposed tax cap.
- Cash flow.
- Reduces borrowing and interest costs.
- Improves credit rating.
- Funds unbudgeted contingent expenses.
- Funds state aid shortfalls.
- Preserve existing programs and opportunities for the students.

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QUESTIONS?

Marianne E. Van Duyne, CPA
Managing Partner