



Plainview-Old Bethpage  
Central School District

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*Excellence in Education*

Review of 2016-2017

External Audit

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Managing Partner

R.S. Abrams & Co., LLP

# Review of Audit

- The District received an unmodified opinion on the June 30, 2017 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 areas in which the District's internal controls could be improved including:
  - ❖ Payroll
  - ❖ Capital Assets
  - ❖ Capital Projects
  - ❖ Extra Classroom Accounts
- No material weaknesses were identified during the audit.
- Management was proactive in addressing recommendations.
- Most of the internal control recommendations noted during the prior year were implemented or partially implemented.

# Review of the Financial Statements

- Total fund balance in the general fund increased \$4,458,529 or 13.49% in the current year primarily due to revenue in excess of expenditures and other financing uses based on the modified accrual basis of accounting.
- The increase in the restricted fund balance of \$4,133,862 in the general fund is the result of funding the capital reserve \$6MM and the retirement contribution reserve \$456,280 allocation of interest offset by the use of the reserves.
- The increase in the fund balance of the school lunch fund of \$42,375 was attributable to a profit of \$17,375 in the school lunch program and a \$25,000 subsidy from the general fund.

# Review of the Financial Statements

- The decrease in the fund balance of the capital projects fund of \$6,306,334 was attributable to other financing sources from transfers from the general fund of \$2,000,000 offset by expenditures of \$8,306,334 on capital projects.
- The District has a strong financial position.
  - Current ratio 3.74 to 1 in the general fund (current assets/current liabilities) (prior year was 2.64 to 1.)

# Financial Highlights – Governmental Funds

## Fund Balance for Governmental Funds

	Fiscal Year 2017	Fiscal Year 2016	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for unemployment insurance	\$1,711,719	\$1,719,116	(\$7,397)	-0.43%
Restricted for employee benefit accrued liability	8,060,509	8,226,555	(166,046)	-2.02%
Restricted for retirement contributions	10,737,092	12,435,148	(1,698,056)	-13.66%
Restricted for capital	6,205,521	204,608	6,000,913	2932.88%
Restricted for repairs	1,001,297	996,849	4,448	0.45%
Assigned- appropriated for:				
subsequent year's expenditures	2,658,000	2,658,000	-	0.00%
Assigned - unappropriated for:				
General support	619,794	360,440	259,354	71.95%
Instruction	423,354	355,055	68,299	19.24%
Pupil transportation	-	800	(800)	-100.00%
Employee benefits	11,166	23,318	(12,152)	-52.11%
Unassigned	6,087,873	6,077,907	9,966	0.16%
Total fund balance - general fund	<u>37,516,325</u>	<u>33,057,796</u>	<u>4,458,529</u>	13.49%

# Financial Highlights – Governmental Funds

## Fund Balance for Governmental Funds

	Fiscal Year 2017	Fiscal Year 2016	Increase (Decrease)	Total Percentage Change
<b>School Lunch Fund</b>				
Nonspendable	19,247	19,427	(180)	-0.93%
Assigned - unappropriated	229,668	187,113	42,555	22.74%
Total fund balance - school lunch fund	<u>248,915</u>	<u>206,540</u>	<u>42,375</u>	20.52%
<b>Debt Service Fund</b>				
Restricted	498	2,996	(2,498)	-83.38%
Total fund balance - school lunch fund	<u>498</u>	<u>2,996</u>	<u>(2,498)</u>	-83.38%
<b>Capital Projects Fund</b>				
Restricted	8,616,820	8,963,019	(346,199)	-3.86%
Restricted for unspent bond proceeds	-	670,433	(670,433)	-100.00%
Unassigned	<u>(6,410,794)</u>	<u>(1,121,092)</u>	<u>(5,289,702)</u>	471.83%
Total fund balance - capital projects fund	<u>2,206,026</u>	<u>8,512,360</u>	<u>(6,306,334)</u>	-74.08%
Total fund balance - all funds	<u>\$39,971,764</u>	<u>\$41,779,692</u>	<u>(\$1,807,928)</u>	-4.33%

# 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;
- Improved curriculum and community support.

# Why is Financial Health So Important?

- Assists in the computation of District's tax levy.
- 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.

# New Accounting Standards

- GASB Statement No. 77, Tax Abatement Disclosures. (Effective for periods beginning after December 15, 2015)
- GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. (Effective for periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for paragraph 7 are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017)

# Future Accounting Standards

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. (Effective for periods beginning after June 15, 2017)

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## QUESTIONS?

Marianne E. Van Duyne, CPA  
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