



Plainview-Old Bethpage Central School District

Excellence in Education

Review of 2021-2022

External Audit

Marianne E. Van Duyne, CPA

Managing Partner

Christopher Schneider, CPA

Senior Manager

R.S. Abrams & Co., LLP

Review of Audit

- The District received an unmodified opinion on the June 30, 2022 financial statements.
- 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:
 - Outstanding Checks (repeat finding)
 - Capital Assets (repeat finding)
- The recommendations regarding the prior year findings for school lunch fund balance and extraclassroom activity funds were implemented.

Financial Highlights – Governmental Funds

Fund Balance for Governmental Funds

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for unemployment insurance	\$645,571	\$644,044	\$1,527	0.24%
Retirement contribution				
Employees' retirement system	7,063,621	7,055,571	8,050	0.11%
Teachers' retirement system	4,176,858	3,867,690	309,168	7.99%
Restricted for employee benefit accrued liability	6,273,359	6,258,523	14,836	0.24%
Restricted for repairs	775,023	773,190	1,833	0.24%
Restricted for capital	5,109,029	2,253,026	2,856,003	126.76%
Assigned:				
Assigned- designed for subsequent year's expenditures	2,600,000	2,600,000	-	0.00%
Assigned - general support	322,516	298,173	24,343	8.16%
Assigned - instruction	503,317	111,715	391,602	350.54%
Assigned- employee benefits	80	-	80	N/A
Unassigned	6,980,577	6,725,686	254,891	3.79%
Unassigned reserve for tax reduction	2,856,909	-	2,856,909	N/A
Total Fund Balance - General Fund	\$37,306,860	\$30,587,618	\$6,719,242	21.97%

Financial Highlights – Governmental Funds

Fund Balance for Governmental Funds

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
Special Revenue Child Care Fund				
Unassigned (deficit)	<u>(\$92,691)</u>	<u>(\$293,059)</u>	<u>\$200,368</u>	(68.37%)
School Lunch Fund				
Nonspendable- inventory	6,300	5,032	1,268	25.20%
Assigned - unappropriated	<u>1,063,566</u>	<u>452,305</u>	<u>611,261</u>	135.14%
Total Fund Balance - School Lunch Fund	<u>1,069,866</u>	<u>457,337</u>	<u>612,529</u>	133.93%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	200,196	215,815	(15,619)	(7.24%)
Assigned - unappropriated	<u>290,468</u>	<u>333,047</u>	<u>(42,579)</u>	(12.78%)
Total Fund Balance- Miscellaneous Special Revenue Fund	<u>\$490,664</u>	<u>\$548,862</u>	<u>(\$58,198)</u>	(10.60%)
Debt Service Fund				
Restricted for debt service	<u>671,322</u>	<u>537,135</u>	<u>134,187</u>	24.98%

Financial Highlights – Governmental Funds

Fund Balance for Governmental Funds

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
Capital Projects Fund				
Restricted:				
Capital	9,868,239	13,071,816	(3,203,577)	(24.51%)
Unspent bond proceeds	77,400	75,326	2,074	2.75%
Assigned - unappropriated	<u>5,371,061</u>	<u>4,360,278</u>	<u>1,010,783</u>	23.18%
Total Fund Balance - Capital Projects Fund	<u>15,316,700</u>	<u>17,507,420</u>	<u>(2,190,720)</u>	(12.51%)
Total Fund Balance - All Funds	<u>\$54,762,721</u>	<u>\$ 49,345,313</u>	<u>\$ 5,417,408</u>	10.98%

Review of the Financial Statements

- The fund balance in the general fund increased by \$6,719,242 in the current year primarily due to increases in real property taxes, state aid, and transfers from the special aid fund to reimburse grant expenditures paid by the general fund in the prior year for CRRSA and ARP grants.
- The unassigned fund balance in the general fund was 4% of the subsequent year's budget for both the current year and the prior year, which is within the limit established by NYS Real Property Tax Law § 1318.

Review of the Financial Statements

- The District funded \$2,851,149 to the capital reserve, \$2,856,909 to the tax reduction reserve, and \$300,000 to the retirement contribution - teachers' retirement system reserve.
- In the 2021-2022 budget, \$4,500,694 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, this amount was not used. Since this funding was not needed, it was returned to the reserves for future use.
- The District allocated interest of \$48,923 to the reserves as follows: \$1,527 to the unemployment insurance reserve, \$25,873 to the retirement contribution reserves, \$14,836 to the employee benefit accrued liability reserve, \$1,833 to the repair reserve, and \$4,854 to the capital reserve.

Review of the Financial Statements

- The fund balance in the special revenue child care fund increased by \$200,368, which was due to the operating gain of the special revenue child care program due to increased enrollment in the program.
- The fund balance in the school lunch fund increased by \$612,529 due to greater state and federal reimbursements exceeding the cost of distributing free meals to all students of the District.
- The fund balance in the miscellaneous special revenue fund decreased \$58,198. due to a decrease in the balance for extraclassroom and scholarships awarded exceeding scholarship donations received.

Review of the Financial Statements

- The fund balance in the debt service fund increased by \$134,187 due to the general fund budgetary appropriations transfer exceeding principal and interest expenditures.
- The fund balance in the capital projects fund decreased \$2,190,720. This decrease is due to the increase in current year's capital outlay for various projects during 2021-22 exceeding the general fund budgetary appropriation transfer.

New Accounting Standard

The District implemented GASB Statement No. 87, *Leases*. This Statement provides guidance for the lease accounting for governmental entities. GASB Statement No. 87 replaces the current operating and capital lease categories with a single model for lease accounting based on a new definition of leases as contracts that convey control of the right to use non-financial asset.

Future Accounting Standard

GASB has issued Statement No. 96, Subscription-Based Information Technology Arrangements, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.

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?

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