

OYSTER BAY – EAST NORWICH CSD



REVIEW OF 2016-2017 AUDIT

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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:
 - ❖ Accounts Payable
 - ❖ Fund Balance Management
 - ❖ Capital Assets
 - ❖ Extraclassroom
- No material weaknesses were identified during the audit.
- Most of the internal control recommendations noted during the prior year were implemented or partially implemented.

Financial Highlights – Governmental Funds

	Fiscal Year 2017	Fiscal Year 2016	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for capital	\$3,021,234	\$5,717,837	(\$2,696,603)	-47.16%
Restricted for retirement contribution	2,408,437	2,406,752	1,685	0.07%
Restricted for employee benefit accrued liability	2,302,184	2,395,657	(93,473)	-3.90%
Restricted for unemployment insurance	75,495	75,442	53	0.07%
Restricted for insurance	277,079	276,885	194	0.07%
Assigned-general support	207,447	74,259	133,188	179.36%
Assigned-instruction	183,603	272,786	(89,183)	-32.69%
Assigned-employee benefits	-	12,526	(12,526)	-100.00%
Assigned-appropriated for subsequent year's expenditures	1,000,000	700,000	300,000	42.86%
Unassigned	2,973,374	2,234,675	738,699	33.06%
Total fund balance - general fund	\$12,448,853	\$14,166,819	(\$1,717,966)	-12.13%

Financial Highlights – Governmental Funds

	Fiscal Year 2017	Fiscal Year 2016	Increase/ (Decrease)	Total Percentage Change
School Lunch Fund				
Nonspendable - inventory	\$6,993	\$924	\$6,069	656.82%
Assigned - unappropriated	127,485	142,922	(15,437)	-10.80%
Total fund balance - school lunch fund	<u>\$134,478</u>	<u>\$143,846</u>	<u>(\$9,368)</u>	-6.51%
Debt Service Fund				
Restricted for debt service	<u>\$29,952</u>	<u>\$13,493</u>	<u>\$16,459</u>	121.98%
Capital Projects Fund				
Restricted for capital projects	\$6,685,363	\$4,062,584	\$2,622,779	64.56%
Assigned - unappropriated	249,339	168,398	80,941	48.07%
Total fund balance - capital projects fund	<u>\$6,934,702</u>	<u>\$4,230,982</u>	<u>\$2,703,720</u>	63.90%
Total Fund Balance - all funds	<u>\$19,547,985</u>	<u>\$18,555,140</u>	<u>\$992,845</u>	5.35%

Review of the Financial Statements

- Total fund balance in the general fund decreased \$1,717,966 or 12.13% in the current year primarily due to expenditures and other financing uses exceeding revenues and other financing sources on the modified accrual basis of accounting.
- The capital reserve decreased by \$2,696,603 as a result of transfers of \$4,724,000 to the capital reserve in the capital fund offset by funding of the reserve in the amount of \$2,000,000, unneeded capital reserve authorizations of \$18,074 and the allocation of interest.
- The employee benefit accrued liability reserve decreased by \$93,473 due to the use of the reserve in the amount of \$95,150 offset by the allocation of interest.
- The increase in the retirement contribution, unemployment insurance and insurance reserves can be attributable to the allocation of interest.

Review of the Financial Statements

- The decrease in fund balance of \$9,368 in the school lunch fund resulted from equipment purchases and the installation of bottle filler water stations.
- The increase in fund balance in the debt service fund is a result of interest earnings.
- The increase in fund balance in the capital projects fund is due to the interfund transfers from the general fund of \$4,819,000, offset by capital fund expenditures of \$2,097,206.

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;
- Participation in consortiums;
- Proactive investment practices;
- Refinancing of existing debt;
- Strategic use of Nassau BOCES services;
- Commitment to funding reserves;
- Long-range financial planning.

Importance of Financial Health

- Assists in the computation of District's tax levy.
- Cash flow.
- Improves credit rating.
- Reduces borrowing and interest costs.
- Funds unbudgeted contingent expenses.
- Funds state aid shortfalls.
- Preserve existing programs and opportunities for the students.

New Accounting Standards

- 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)

QUESTIONS?

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