

# OYSTER BAY – EAST NORWICH CSD



## REVIEW OF 2017-2018 AUDIT

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R.S. Abrams & Co., LLP*

**October 16, 2018**

# Review of Audit

- The District received an unmodified opinion on the June 30, 2018 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
  - ❖ Information Technology
- No material weaknesses were identified during the audit.
- Most of the internal control recommendations noted during the prior year were implemented or partially implemented.

# New Accounting Standards

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

# Financial Highlights – Governmental Funds

	Fiscal Year 2018	Fiscal Year 2017	Increase/ (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for capital	\$4,924,484	\$3,021,234	\$1,903,250	63.00%
Restricted for retirement contribution	2,446,328	2,408,437	37,891	1.57%
Restricted for employee benefit accrued liability	2,327,846	2,302,184	25,662	1.11%
Restricted for unemployment insurance	76,563	75,495	1,068	1.41%
Restricted for insurance	280,997	277,079	3,918	1.41%
Assigned-general support	181,125	207,447	(26,322)	-12.69%
Assigned-instruction	127,688	183,603	(55,915)	-30.45%
Assigned-appropriated for subsequent year's expenditures	1,000,000	1,000,000	-	0.00%
Unassigned	2,266,050	2,973,374	(707,324)	-23.79%
<b>Total fund balance - general fund</b>	<b>\$13,631,081</b>	<b>\$12,448,853</b>	<b>\$1,182,228</b>	<b>9.50%</b>

# Financial Highlights – Governmental Funds

	Fiscal Year 2018	Fiscal Year 2017	Increase/ (Decrease)	Total Percentage Change
<b>School Lunch Fund</b>				
Nonspendable - inventory	\$5,311	\$6,993	(\$1,682)	-24.05%
Assigned - unappropriated	142,421	127,485	14,936	11.72%
Total fund balance - school lunch fund	<u>\$147,732</u>	<u>\$134,478</u>	<u>\$13,254</u>	9.86%
<b>Debt Service Fund</b>				
Restricted for debt service	<u>\$321,953</u>	<u>\$29,952</u>	<u>\$292,001</u>	974.90%
<b>Capital Projects Fund</b>				
Restricted for capital projects	\$7,124,699	\$6,685,363	\$439,336	6.57%
Assigned - unappropriated	220,332	249,339	(29,007)	-11.63%
Total fund balance - capital projects fund	<u>\$7,345,031</u>	<u>\$6,934,702</u>	<u>\$410,329</u>	5.92%
<b>Total Fund Balance - all funds</b>	<u>\$21,445,797</u>	<u>\$19,547,985</u>	<u>\$1,897,812</u>	9.71%

# Review of the Financial Statements

- Total fund balance in the general fund increased \$1,182,228 or 9.50% in the current year primarily due to revenues exceeding expenses and other financing uses on the modified accrual basis of accounting.
- The capital reserve increased by \$1,903,250 as a result of the funding of the reserve in the amount of \$3,000,000 (\$1,000,000 for technology) and the allocation of interest offset by the appropriation of \$1,135,000 for future capital projects.
- The employee benefit accrued liability reserve increased by \$25,662 due to the allocation of interest offset by use of the reserve in the amount of \$6,800.
- 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 increase in fund balance of \$13,254 in the school lunch fund resulted from revenues over expenditures due to a current year operating surplus.
- The increase in fund balance of \$292,001 in the debt service fund is a result of interest earnings and the premium received on the bond issuance.
- The increase in fund balance in the capital projects fund of \$410,329 resulted from the issuance of a serial bond in the amount of \$4,120,000, an operating transfer from the general fund of \$1,285,000 and a bond premium of \$396,791, offset by current year capital expenditures of \$5,391,462.



# 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.

# QUESTIONS?

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Managing Partner