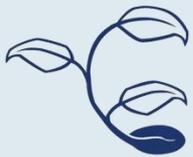




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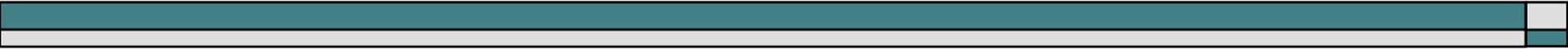
POCANTICO HILLS CENTRAL SCHOOL DISTRICT

Review of 2019-2020 External Audit

Marianne E. Van Duyne, CPA

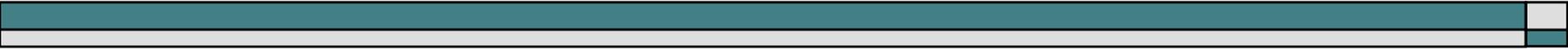
Managing Partner

R.S. Abrams & Co., LLP



REVIEW OF AUDIT

- The District received an unmodified opinion on the June 30, 2020 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:
 - ❖ Cash Management
 - ❖ Payroll
 - ❖ School Lunch Fund
 - ❖ Fund Balance Management
- No material weaknesses were identified during the audit

FINANCIAL HIGHLIGHTS – GOVERNMENTAL FUNDS

Fund Balance for the Governmental Funds:

	2020	2019	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted				
Tax certiorari	\$14,224,327	\$17,441,661	(\$3,217,334)	-18.45%
Retirement contribution				
Employees' retirement system	671,601	420,059	251,542	59.88%
Teachers' retirement system	325,734	200,000	125,734	62.87%
Employee benefit accrued liability	802,870	510,781	292,089	57.18%
Unemployment	50,000		50,000	100.00%
Capital	2,760,790	2,755,981	4,809	0.17%
Assigned				
General support	586,590	165,740	420,850	253.92%
Instruction	358,322	138,941	219,381	157.90%
Pupil transportation	45,894	2,690	43,204	1606.10%
Community service	8,745	6,635	2,110	31.80%
Employee benefits	5,643	7,710	(2,067)	-26.81%
Unassigned	3,407,710	2,002,278	1,405,432	70.19%
Total Fund Balance - General Fund	23,248,226	23,652,476	(404,250)	-1.71%

FINANCIAL HIGHLIGHTS – GOVERNMENTAL FUNDS

Fund Balance for the Governmental Funds (continued):

School Lunch Fund

Nonspendable: inventory	6,572	3,416	3,156	92.39%
Assigned	66,707	51,834	14,873	28.69%
Total Fund Balance - School Lunch Fund	<u>73,279</u>	<u>55,250</u>	<u>18,029</u>	<u>32.63%</u>

Capital Projects Fund

Assigned	5,524,586	337,825	5,186,761	1535.34%
Total Fund Balance - Capital Projects Fund	<u>5,524,586</u>	<u>337,825</u>	<u>5,186,761</u>	<u>1535.34%</u>

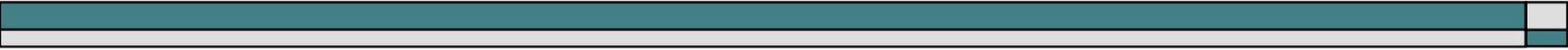
Total Fund Balances - All Funds	<u>\$ 28,846,091</u>	<u>\$ 24,045,551</u>	<u>\$ 4,800,540</u>	<u>19.96%</u>
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Review of the Financial Statements

- Total fund balance in the general fund decreased \$404,250 or 1.71% in the current year primarily due to total expenditures and other financing uses exceeding revenues based on the modified accrual basis of accounting.
- The District funded \$1,741,637 to the tax certiorari reserve, \$300,000 to the employee benefit accrued liability reserve, \$250,000 to the retirement contribution reserve for the employee's retirement system, \$125,000 to the retirement contribution reserve for the teachers' retirement system, and \$50,000 to the unemployment reserve.
- The District transferred \$5,186,761 from the tax certiorari reserve to the capital fund per a voter approved referendum.
- The District used \$9,750 of the employee benefit accrued liability reserve.
- The District allocated interest of \$236,716 to the reserves.

Review of the Financial Statements

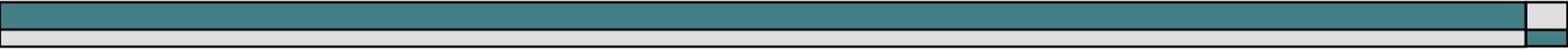
- The increase in fund balance of the school lunch fund of \$18,029 is primarily attributable to an operating loss of \$190,955 offset by a transfer from the general fund in the amount of \$208,984.
- The increase in fund balance of the capital projects fund of \$5,186,761 is primarily attributable to a transfer of \$5,186,761 from the tax certiorari reserve per a voter approved referendum.



Overall Financial Health

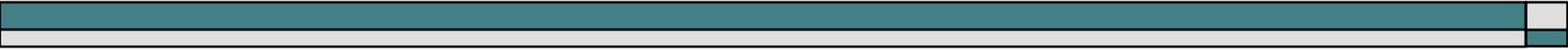
The District's overall good financial health can be credited to:

- Continued leadership of the District's Board and administration;
- Funding of the District's reserves;
- Strong tax base; and
- Strategic use of services from the Southern Westchester Board of Cooperative Educational Services (BOCES).



Why is Financial Health So Important?

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



Future Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. It 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.

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



POCANTICO HILLS CENTRAL SCHOOL DISTRICT

QUESTIONS?

Marianne E. Van Duyne, CPA

Managing Partner

R.S. Abrams & Co., LLP