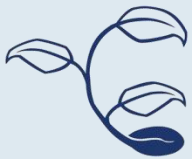




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POCANTICO HILLS CENTRAL SCHOOL DISTRICT

Review of 2020-2021 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, 2021 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 an area in which the District's internal controls could be improved including:
 - ❖ School Lunch Fund
- All of the prior year findings were implemented.
- No material weaknesses were identified during the audit.



New and Future Accounting Standards

New Accounting Pronouncement:

- The District implemented GASB Statement No. 84, *Fiduciary Activities*, during the 2020-21 fiscal year, which 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. The adoption and implementation of this statement resulted in the restatement of opening fund balance and net position in the amount of \$40,181.

Future Accounting Pronouncements:

- 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.

FINANCIAL HIGHLIGHTS – GOVERNMENTAL FUNDS

Fund Balance for the Governmental Funds:

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for tax certiorari	\$9,134,362	\$14,224,327	(\$5,089,965)	-35.78%
Restricted for retirement contribution				
Employees' retirement system	867,151	671,601	195,550	29.12%
Teachers' retirement system	445,999	325,734	120,265	36.92%
Restricted for employee benefit accrued liability	793,318	802,870	(9,552)	-1.19%
Restricted for unemployment	50,000	50,000	-	100.00%
Restricted for capital	13,516,698	2,760,790	10,755,908	389.60%
Assigned				
General support	940,675	586,590	354,085	60.36%
Instruction	997,630	358,322	639,308	178.42%
Pupil transportation	57,325	45,894	11,431	24.91%
Community service	31,163	8,745	22,418	256.35%
Employee benefits	3,562	5,643	(2,081)	-36.88%
Interfund transfers	21,692		21,692	N/A
Unassigned	1,210,989	3,419,980	(2,208,991)	-64.59%
Total Fund Balance - General Fund	28,070,564	23,260,496	4,810,068	20.68%

FINANCIAL HIGHLIGHTS – GOVERNMENTAL FUNDS

Fund Balance for the Governmental Funds (continued):

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase/ (Decrease)	Total Percentage Change
School Lunch Fund				
Nonspendable	4,484	6,572	(2,088)	-31.77%
Assigned - unappropriated	<u>(35,677)</u>	<u>66,707</u>	<u>(102,384)</u>	-153.48%
Total Fund Balance - School Food Service Fund	<u>(31,193)</u>	<u>73,279</u>	<u>(104,472)</u>	-142.57%
Miscellaneous Special Revenue Fund				
Restricted - Scholarships and donations	25,123	25,882	(759)	-2.93%
Assigned - unappropriated	<u>1,958</u>	<u>2,029</u>	<u>(71)</u>	-3.50%
Total Fund Balance - Debt Service Fund	<u>27,081</u>	<u>27,911</u>	<u>(830)</u>	-2.97%
Capital Projects Fund				
Restricted:	<u>4,960,107</u>	<u>5,524,586</u>	<u>(564,479)</u>	-10.22%
Total Fund Balance - Capital Projects Fund	<u>4,960,107</u>	<u>5,524,586</u>	<u>(564,479)</u>	-10.22%
Total Fund Balance - All Funds	<u>\$ 33,026,559</u>	<u>\$ 28,886,272</u>	<u>\$ 4,140,287</u>	14.33%

Review of the Financial Statements

- The fund balance in the general fund increased \$4,810,068 or 20.68% in the current year primarily due to total revenues exceeding expenditures and other financing uses based on the modified accrual basis of accounting.
- The District funded the reserves in the amount of \$6,078,393 as follows: \$2,250,000 to the capital reserve I, \$3,513,389 to the capital reserve II, \$195,004 to the retirement contribution reserve for the employees' retirement system, and \$120,000 to the retirement contribution reserve for the teachers' retirement system.
- The District transferred \$4,989,211 from the tax certiorari reserve to the capital reserve I. This transfer resulted in no net effect on ending unassigned fund balance.
- The District used \$10,200 of the employee benefit accrued liability reserve.
- The District allocated interest of \$22,471 to the reserves.

Review of the Financial Statements

- The fund balance in the school lunch fund decreased \$104,472 due to an operating loss of \$204,471 offset by a transfer from the general fund in the amount of \$100,000.
- The fund balance in the miscellaneous special revenue fund decreased \$830 due to current year expenditures of \$996 for scholarships and awards exceeding current year revenues of \$166 for monies collected for scholarships.
- The fund balance in the capital projects fund decreased \$564,479 due to expenditures exceeding other financing sources. The capital projects fund had received \$250,000 in general fund budgetary appropriation transfers and had \$814,479 in capital outlay.



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.



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QUESTIONS?

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