

# THE BONADIO GROUP

CPAs, Consultants & More



## Horseheads Central School District

Board of Education Meeting  
September 25, 2014

# Management's Responsibility

- Preparation and fair presentation of financial statements
- Design, implementation, and maintenance of internal controls
- Governance and oversight of the District
- *An audit does not relieve management of these responsibilities*

# Auditor's Responsibility

- Form opinions as to whether the financial statements have been presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States
- Consider internal control over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on internal control
- Communicate significant matters related to the financial statement audit to the Board of Education

# Summary of Audit Results

- Our audit opinions on the financial statements are unmodified
- One instance of non-compliance related to the financial statements was noted
- No deficiencies related to Federal Award programs were noted
- Report on compliance with Federal Award programs was unmodified

# Financial Highlights

- District-wide net position consisted of the following:

• Net investment in capital assets	\$	31,562,045
• Restricted net position		11,007,288
• Unrestricted net position		<u>(35,723,444)</u>
	Total \$	<u>6,845,889</u>

- Percentages of revenues

- Property & Other taxes accounted for \$35,654,397 or 51%
- General state sources accounted for \$28,298,931 or 41%
- Operating grants accounted for \$2,912,987 or 4%
- Other revenue including charges for services, use of money and property and miscellaneous accounted for \$2,999,215 or 4%

# Financial Highlights (Continued)

• Total governmental funds report an ending fund balance of:

• Nonspendable	\$	130,455
• Restricted		11,007,288
• Committed		10,694,922
• Assigned		5,566,397
• Unassigned		<u>2,956,431</u>
Total	\$	<u>30,355,493</u>

# Financial Highlights (Continued)


- Of the total fund balance, the following is “available for use”:

<b>Total fund balance</b>	<b>\$30,355,493</b>	<b>Reason</b>
Less: Nonspendable	(130,455)	Resources already spent
Restricted	(11,007,288)	Legally required for use under GML
Assigned - Appropriated	(5,000,000)	Appropriated for FY2015 budget
Assigned - Encumbrances	(221,886)	Designated per a contract or obligation
Unassigned – tax reduction	(91,056)	Legally required for use under GML
Committed amounts	<u>(10,694,922)</u>	Established by resolution for specific use (GEA, Retirement, Transp/Tech)
<b>“Available” fund balance</b>	<b>\$3,209,886</b>	

# Financial Highlights (Continued)

## General Fund Only

- Fund Balance

Nonspendable	\$ 23,149		
Restricted	5,577,119		
Committed	10,694,922		
Assigned	5,221,886		Appropriated - \$5,000,000
Unassigned	<u>2,956,431</u>		Encumbrances - \$221,886
	<u>\$ 24,473,507</u>		

- Total Fund Balance decreased from 2013 approximately \$752,788, or 3%
- Revenues of \$66,193,769 increased from 2013 approximately \$2,606,130, or 4%
- Expenditures of \$64,760,338 increased from 2013 approximately \$1,314,217, or 2%



# Financial Highlights (Continued)

## Other Funds

- School Lunch
  - Positive fund balance of \$395,354
- Capital Projects
  - Positive fund balance of \$1,631,081

**BALANCE SHEET - GENERAL FUND  
AS OF JUNE 30  
(000's omitted)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,252	\$ 26,938	\$ 26,923
Due from other funds	585	827	2,102
State and federal aid receivable	2,733	2,596	2,395
Due from other governments	159	177	202
Prepaid expenditures and other assets	<u>76</u>	<u>100</u>	<u>32</u>
Total assets	<u>\$ 30,805</u>	<u>\$ 30,638</u>	<u>\$ 31,654</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 382	\$ 228	\$ 151
Accrued liabilities	1,202	1,133	972
Due to other funds	-	10	130
Due to TRS	3,705	2,777	2,619
Due to ERS	372	291	250
Compensated absences	656	897	992
Due to other governments and other liabilities	<u>15</u>	<u>76</u>	<u>-</u>
Total liabilities	<u>6,332</u>	<u>5,412</u>	<u>5,114</u>
<b>FUND BALANCES:</b>			
Nonspendable	23	12	-
Restricted	5,577	6,647	8,509
Committed	10,695	9,495	9,935
Assigned	5,222	6,026	5,075
Unassigned	<u>2,956</u>	<u>3,046</u>	<u>3,021</u>
Total fund balances	<u>24,473</u>	<u>25,226</u>	<u>26,540</u>
Total liabilities and fund balances	<u>\$ 30,805</u>	<u>\$ 30,638</u>	<u>\$ 31,654</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - GENERAL FUND  
FOR THE YEARS ENDED JUNE 30  
(000's omitted)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES:			
Tax items	\$ 35,654	\$ 34,550	\$ 33,195
State sources	28,299	26,787	25,879
Other revenue	2,240	2,250	2,610
Total revenues	<u>66,193</u>	<u>63,587</u>	<u>61,684</u>
EXPENDITURES:			
General support	8,705	8,292	8,672
Instruction	30,597	30,878	28,136
Pupil transportation	3,191	2,997	2,372
Employee benefits	19,266	17,848	17,253
Debt service	3,001	3,431	615
Total expenditures	<u>64,760</u>	<u>63,446</u>	<u>57,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,433</u>	<u>141</u>	<u>4,636</u>
OTHER FINANCING SOURCES	<u>(2,186)</u>	<u>(1,455)</u>	<u>(6,746)</u>
CHANGE IN FUND BALANCE	<u>(753)</u>	<u>(1,314)</u>	<u>(2,110)</u>
FUND BALANCE - beginning of year	<u>25,226</u>	<u>26,540</u>	<u>28,650</u>
FUND BALANCE - end of year	<u>\$ 24,473</u>	<u>\$ 25,226</u>	<u>\$ 26,540</u>

# Budget Highlights

- General Fund
  - Revenues – over budget by \$600,000
  - Expenditures – under budget by \$5,400,000
  - Budgeted Results
    - Projected results – deficit of \$6,075,000 (use of fund balance)
    - Actual results – deficit of \$752,788 (positive variance of \$6,000,000)
  - One-time FY14 revenues sources (unexpected)
    - Supplemental Excess Cost payment - \$608,000
    - Additional BOCES refund - \$250,000

# Communication of Matters Related to Internal Control Over Financial Reporting

- Our Communication of Matters Related to Internal Control over Financial Reporting identifies recommendations for improvement in accounting procedures and internal control.
- We did identify the following as a an other matter for the consideration of management:
  - The General Fund’s unassigned and committed fund balance was greater than the New York State Real Property Tax Law Section 1318 limit