

PRESENTATION TO THE AUDIT COMMITTEE

2023 FISCAL YEAR AUDIT OF

ELWOOD UNION FREE SCHOOL DISTRICT

SEPTEMBER 28, 2023

DAVID M. TELLIER, CPA, PARTNER

CRAIG HAUSER, CPA, MANAGER

Scope of Services Rendered

- Audit of the financial statements for the year ended June 30, 2023 in accordance with U.S. generally accepted auditing standards and Government Auditing Standards
- “Single audit” of the District’s major federal award programs for the year ended June 30, 2023 in accordance with the Uniform Guidance
- Audit of the District’s Extraclassroom Activity Funds for the year ended June 30, 2023, in accordance with U.S. generally accepted auditing standards, prepared on the cash basis of accounting
- Issuance of a management letter, presenting our findings and recommendations on improving accounting procedures and internal controls
- Presentation of the results of the fiscal 2023 financial statement audit to the Audit Committee

Audit “Readiness” and Responsiveness

- Satisfactory closing of books and records
 - Fieldwork commenced August 21st in a hybrid approach where we were on-site as well as remote with documents provided through our secure portal
- Excellent audit cooperation throughout fieldwork
- All planned audit procedures successfully implemented
- No material weaknesses or significant deficiencies in internal control were identified
- All risk areas identified in preliminary Audit Committee meeting were fully addressed, resulting in no matters requiring additional procedures or further investigation

Financial Statement Highlights

- An unmodified opinion on the financial statements and an unmodified opinion on an audit performed in accordance with Government Auditing Standards (pages 1-3)
 - No material weaknesses or significant deficiencies in internal control
- Management's Discussion and Analysis (pages 4-14)
 - Provides an overview and analysis of financial statements
 - Comparative financial data
 - Analysis of key variances
- District-wide financial statements ("full accrual") (pages 15-16)
 - Comparative ratios

	6/30/2023	6/30/2022	\$ Change	% Change
Current Assets	\$ 11,690,116	\$ 9,952,524	\$ 1,737,592	17.46%
Current Liabilities	10,181,827	9,498,542	683,285	7.19%
Working Capital	1,508,289	453,982	1,054,307	232.24%
Current Ratio	1.15	1.05		

- Current ratio increase is primarily due to an increase in state and federal aid receivable and due from other governments

Financial Statement Highlights (continued)

- Capital assets, net of depreciation totals \$51.8 million with a net increase of \$5.7 million in the current year
- Bonds payable total \$28.7 million with a current year net addition of \$4.6 million
- Energy performance contract totals \$7.0 million with a current year reduction of \$499K
- Installment debt payable totals \$397K with a current year decrease of \$33K
- Total OPEB liability of \$113.6 million with a net increase of \$11.2 million in the current year
 - Actuary changed discount rate from 3.54% to 3.65% which increased the OPEB liability amount
- Total proportionate share of the net pension liabilities (TRS & ERS) of \$5.9 million when compared to the total proportionate share of the net pension assets of \$27.1 million in 2022
 - Decrease in rate of return on investments

Financial Statement Highlights (continued)

- Governmental fund financial statements (“current focus”) (pages 17-20)
 - General Fund
 - Total assets of \$18.6 million as compared to \$17.2 million in 2021
 - Total liabilities of \$5.4 million as compared to \$4.6 million in 2021
 - Fund balance of \$13.2 million, [of which \$2.9 million is unassigned (within the NYS “4%” statutory limit), \$2.2 million is assigned funds (consisting of appropriated for subsequent year and encumbrances), and \$8.1 million is restricted funds]
 - General Fund restricted fund balance included:

	6/30/2023	6/30/2022	\$ Change	% Change
Retirement Contributions	\$ 4,187,181	\$ 4,113,761	\$ 73,420	1.78%
Insurance	254,462	250,000	4,462	1.78%
Debt Service	16,706	16,414	292	1.78%
Unemployment Insurance	321,445	315,808	5,637	1.78%
Capital	1,547,666	1,520,529	27,137	1.78%
Employee Benefit Accrued Liability	1,783,806	1,939,038	(155,232)	-8.01%
Total	8,111,266	8,155,550	(44,284)	-0.54%

Financial Statement Highlights (continued)

- Comparison of current year activity to prior:

	6/30/2023	6/30/2022	\$ Change	% Change
Total Revenues	\$ 67,357,149	\$ 64,741,166	\$ 2,615,983	4.04%
Total Expenses	66,820,580	63,375,010	3,445,570	5.44%
Other Financing Sources (Uses)	53,147	137,944	(84,797)	-61.47%
Change in Fund Balance	589,716	1,504,100	(914,384)	-60.79%

- ☐ Revenues were over budget by \$537K
- ☐ Expenditures were under budget by \$2.4 million

○ Capital Projects Fund

	6/30/2023	6/30/2022	\$ Change	% Change
Total Assets	\$ 7,359,265	\$ 5,969,908	\$ 1,389,357	23.27%
Total Liabilities	793,615	747,370	46,245	6.19%
Fund Balance	6,565,650	5,222,538	1,343,112	25.72%

	6/30/2023	6/30/2022	\$ Change	% Change
Total Revenues	\$ -	\$ -	\$ -	0.00%
Capital Outlay	6,842,383	8,710,232	(1,867,849)	-21.44%
Other Financing Sources	8,185,495	-	8,185,495	100.00%
Change in Fund Balance	1,343,112	(8,710,232)	10,053,344	115.42%

- Increase in fund balance due to proceeds from serial bonds issuance in the current year

Financial Statement Highlights (continued)

○ Special Aid Fund

	6/30/2023	6/30/2022	\$ Change	% Change
Total Assets	\$ 1,193,212	\$ 383,001	\$ 810,211	211.54%
Total Liabilities	1,193,212	383,001	810,211	211.54%
Fund Balance	-	-	-	0.00%

	6/30/2023	6/30/2022	\$ Change	% Change
Total Revenues	\$ 2,984,389	\$ 1,267,180	\$ 1,717,209	135.51%
Total Expenses	3,079,161	1,458,752	1,620,409	111.08%
Other Financing Sources	94,772	197,572	(102,800)	-52.03%
Change in Fund Balance	-	6,000	(6,000)	100.00%

- Increase in federal funding due to American Rescue Plan grants

○ School Lunch Fund

	6/30/2023	6/30/2022	\$ Change	% Change
Total Assets	\$ 910,758	\$ 689,519	\$ 221,239	32.09%
Total Liabilities	28,358	38,378	(10,020)	-26.11%
Fund Balance	882,400	651,141	231,259	35.52%

	6/30/2023	6/30/2022	\$ Change	% Change
Total Revenues	\$ 963,117	\$ 1,347,155	\$ (384,038)	-28.51%
Total Expenses	770,647	816,274	(45,627)	-5.59%
Other Financing Sources	38,789	-	38,789	100.00%
Change in Fund Balance	231,259	530,881	(299,622)	-56.44%

- Decrease in federal funding in the current year due to termination of universal free lunch

Financial Statement Highlights (continued)

○ Debt Service Fund

	6/30/2023	6/30/2022	\$ Change	% Change
Total Assets	\$ 853,330	\$ 773,108	\$ 80,222	10.38%
Total Liabilities	-	-	-	
Fund Balance	853,330	773,108	80,222	10.38%

	6/30/2023	6/30/2022	\$ Change	% Change
Total Revenues	\$ 80,222	\$ 12,540	\$ 67,682	539.73%
Total Expenses	-	-	-	
Other Financing Sources	-	-	-	
Change in Fund Balance	80,222	12,540	67,682	539.73%

○ Other Miscellaneous Special Revenue Fund

	6/30/2023	6/30/2022	\$ Change	% Change
Total Assets	\$ 132,200	\$ 131,618	\$ 582	0.44%
Total Liabilities	-	330	(330)	-100.00%
Fund Balance	132,200	131,288	912	0.69%

	6/30/2023	6/30/2022	\$ Change	% Change
Total Revenues	\$ 167,533	\$ 130,232	\$ 37,301	28.64%
Total Expenses	166,621	122,644	43,977	35.86%
Other Financing Sources	-	-	-	
Change in Fund Balance	912	7,588	(6,676)	87.98%

- Increase in the extra classroom activities in the current year due to more participation

Financial Statement Highlights (continued)

- Notes to financial statements (pages 23-50)
 - In accordance with NYS Education Department guidelines
 - Presentation consistent with prior years
- Supplementary schedules (pages 51-57)
 - Presentation consistent with prior years
 - Schedules required by Governmental Accounting Standards Board and the NYS Education Department including:
 - Budget and Actual Schedule - General Fund
 - Other Post-Employment Benefits
 - Proportionate Share of Net Pension Liability and Contributions - NYSERS and NYSTRS
 - Changes from Adopted Budget to Final Budget
 - Schedule of Project Expenditures and Financing Sources - Capital Projects Fund
 - Net Investment of Capital Assets

Financial Statement Highlights (continued)

- Federal Single audit (pages 58-66)
 - An unmodified opinion on the auditor's reports
 - No instances of noncompliance or questioned costs
 - 1 program cluster tested as a major program:
 - Education Stabilization Fund Cluster (ARPA and Cares Act funding)
 - Current year compliance finding
 - None
 - Status of prior year compliance findings
 - None
 - Status of findings and questioned costs relating to major federal programs
 - None
- Extraclassroom Activity Funds Financial Statements
 - An unmodified opinion on the auditor's report
 - Presented on the cash basis of accounting

Findings and Recommendations/ Required Auditor Communications

- No material weaknesses or significant deficiencies in internal control were identified
- Current year recommendations
 - None
- Prior year recommendations
 - None
- Required Auditor Communications
 - Our responsibility under generally accepted auditing standards
 - All significant accounting policies disclosed
 - Management judgments and accounting estimates adequately disclosed
 - There were no:
 - Disagreements with management
 - Difficulties encountered in performing the audit
 - All accounting and auditing developments fully considered
 - No contrary judgments about the quality of the District's accounting principles
 - No proposed audit adjustments
 - No audit adjustments passed
 - Independence

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