



Roslyn Public Schools

Auditors' Report to the Board

Robert Daniele, Partner
Marc Traina, Manager

October 6, 2011



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Our Responsibility Under Generally Accepted Auditing Standards

- Perform the audit in accordance with generally accepted auditing standards and ensure that the audit was designed to achieve reasonable rather than absolute assurance that the financial statements are free of material misstatements
- Communicate in writing deficiencies in internal control that we consider to be significant deficiencies and material weaknesses—*our audit identified significant deficiencies and control deficiencies*
- Advise management of appropriateness of accounting policies and their application—*appear appropriate for the district*
- Communicate any fraud or illegal acts that was noted during the course of our audit, however, our audit cannot be relied upon to identify all instances of fraud or illegal acts—*no instances/suspicion or allegations of fraud were noted*

Communications of Other Matters

- Internal Accounting Controls - *reviewed within the context of our audit*
- Management's Judgments and Accounting Estimates—*appear appropriate*
- Audit Adjustments—*no uncorrected adjustments*
- Other Information in Documents Containing Audited Financial Statements—*MD&A*
- Adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions"
- Difficulties encountered during audit—*no unresolved matters*
- No Disagreements with Management
- No Consultation by Management with Other Accountants with the exception of the Internal Auditors as required
- Independence not impaired

Financial Statements

- Review of Fund Level Financial Statements

Financial Statement Highlights - General Fund

Revenue and Expenditures Summary

Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
REVENUES					
Total Revenues	\$ 92,249,704	\$ 92,260,630	\$ 94,056,941	\$ -	\$ 1,796,311
EXPENDITURES					
Total Expenditures	95,696,326	95,207,252	88,567,832	647,145	5,992,275
Excess of Revenues Over Expenditures	(3,446,622)	(2,946,622)	5,489,109	(647,145)	7,788,586
OTHER FINANCING SOURCES (USES)					
Transfers In	966,531	966,531	35,000	-	(931,531)
Transfers Out	(873,420)	(4,373,420)	(3,995,135)	-	378,285
Total Other Financing Sources (Uses)	93,111	(3,406,889)	(3,960,135)	-	(553,246)
Net Change in Fund Balance	(3,353,511)	(6,353,511)	1,528,974	<u>\$ (647,145)</u>	<u>\$ 7,235,340</u>
Fund Balance - Beginning of Year	3,353,511	6,353,511	22,599,421		
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,128,395</u>		

**General Fund
Comparative Balance Sheet
June 30, 2011 and 2010**

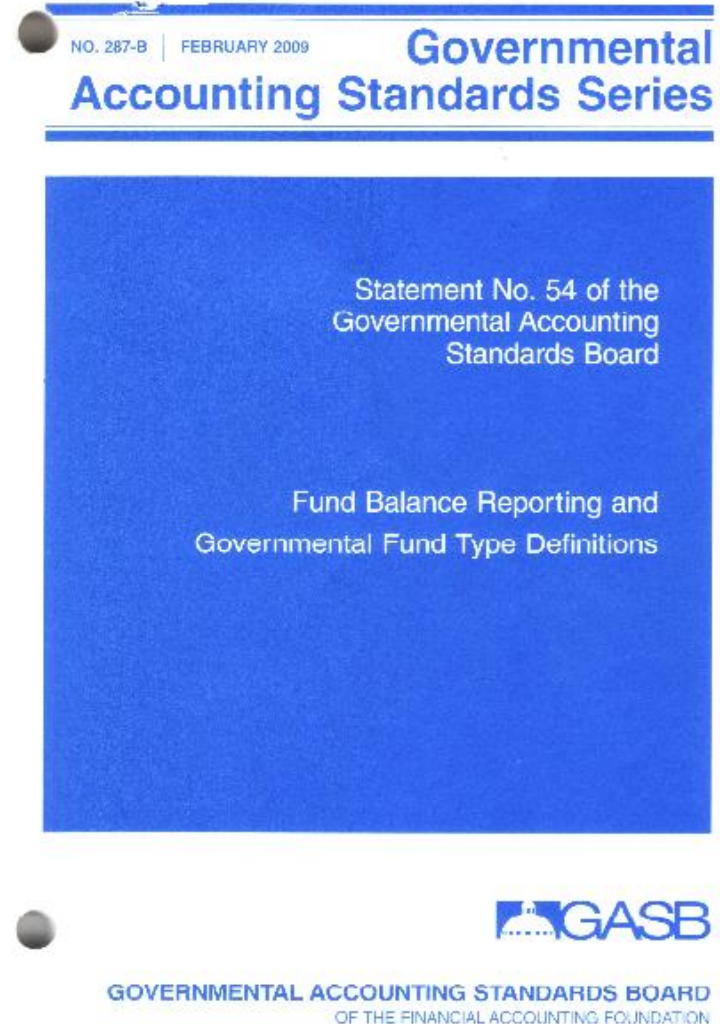
	2011	2010
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 33,334,422	\$ 27,364,678
Receivables:		
Taxes	2,152,219	2,142,057
Accounts	1,477,200	890,503
State and Federal aid	294,812	558,602
Due from other governments	953,445	429,872
Advances to othe funds	1,060,426	870,767
Due from other funds	1,789,446	753,442
	7,727,548	5,645,243
Total Assets	\$ 41,061,970	\$ 33,009,921

**General Fund
Comparative Balance Sheet (Continued)
June 30, 2011 and 2010**

<u>LIABILITIES AND FUND BALANCE</u>	<u>2011</u>	<u>2010</u>
Liabilities:		
Accounts payable	\$ 1,194,186	\$ 1,667,632
Accrued liabilities	269,382	151,676
Due to other funds	9,344,829	4,956,046
Due to other governments	441,368	279,229
Due to retirement systems	5,681,057	3,353,164
Due to revenues	<u>2,753</u>	<u>2,753</u>
Total Liabilities	<u>16,933,575</u>	<u>10,410,500</u>
Fund Balance:		
Nonspendable	1,117,801	928,142
Restricted	15,281,263	14,545,027
Assigned	3,886,751	3,353,511
Unassigned	<u>3,842,580</u>	<u>3,772,741</u>
Total Fund Balance	<u>24,128,395</u>	<u>22,599,421</u>
Total Liabilities and Fund Balance	<u>\$ 41,061,970</u>	<u>\$ 33,009,921</u>



- Effective for periods beginning after June 15, 2010



New Fund Balance Categories

Fund Balance	Reserved	Not available for appropriation		Nonspendable Restricted Committed
	Unreserved	Designated	Available for appropriation but intended for a specific use	Assigned
		Undesignated	Available for appropriation	Unassigned

New Fund Balance Categories (Continued)

	2011				Total	2010				
	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds		General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable:										
Inventories	\$ -	\$ -	\$ -	\$ 19,640	\$ 19,640	\$ -	\$ -	\$ -	\$ 17,060	\$ 17,060
Long Term Receivables	57,375	-	-	-	57,375	57,375	-	-	-	57,375
Advances	1,060,426	-	-	-	1,060,426	870,767	-	-	-	870,767
	<u>1,117,801</u>	<u>-</u>	<u>-</u>	<u>19,640</u>	<u>1,137,441</u>	<u>928,142</u>	<u>-</u>	<u>-</u>	<u>17,060</u>	<u>945,202</u>
Restricted:										
Repairs	202,072	-	-	-	202,072	200,987	-	-	-	200,987
Workers' Compensation Benefits	1,706,480	-	-	-	1,706,480	1,200,000	-	-	-	1,200,000
Employee benefit accrued liability	1,840,765	-	-	-	1,840,765	2,765,438	-	-	-	2,765,438
Retirement contributions	3,728,866	-	-	-	3,728,866	3,011,524	-	-	-	3,011,524
Capital Improvements	6,703,080	-	-	-	6,703,080	6,667,078	-	-	-	6,667,078
Unemployment Benefits	1,100,000	-	-	-	1,100,000	700,000	-	-	-	700,000
Debt service	-	-	6,641,945	-	6,641,945	-	-	6,021,258	-	6,021,258
Capital projects	-	3,533,136	-	-	3,533,136	-	2,886,620	-	-	2,886,620
Special purposes	-	-	-	208,898	208,898	-	-	-	243,736	243,736
	<u>15,281,263</u>	<u>3,533,136</u>	<u>6,641,945</u>	<u>208,898</u>	<u>25,665,242</u>	<u>14,545,027</u>	<u>2,886,620</u>	<u>6,021,258</u>	<u>243,736</u>	<u>23,696,641</u>
Assigned:										
Purchases on order:										
General government support	433,905	-	-	-	433,905	574,717	-	-	-	574,717
Instruction	161,513	-	-	-	161,513	178,274	-	-	-	178,274
Pupil Transportation	15,879	-	-	-	15,879	520	-	-	-	520
Employee benefits	35,848	-	-	-	35,848	-	-	-	-	-
	<u>647,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,145</u>	<u>753,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>753,511</u>
Designated for subsequent year's expenditures	3,239,606	-	834,308	-	4,073,914	2,600,000	-	966,531	-	3,566,531
	<u>3,886,751</u>	<u>-</u>	<u>834,308</u>	<u>-</u>	<u>4,721,059</u>	<u>3,353,511</u>	<u>-</u>	<u>966,531</u>	<u>-</u>	<u>4,320,042</u>
	<u>3,842,580</u>	<u>-</u>	<u>-</u>	<u>(1,060,426)</u>	<u>2,782,154</u>	<u>3,772,741</u>	<u>-</u>	<u>-</u>	<u>(870,767)</u>	<u>2,901,974</u>
Unassigned										
Total Fund Balance	<u>\$ 24,128,395</u>	<u>\$ 3,533,136</u>	<u>\$ 7,476,253</u>	<u>\$ (831,888)</u>	<u>\$ 34,305,896</u>	<u>\$ 22,599,421</u>	<u>\$ 2,886,620</u>	<u>\$ 6,987,789</u>	<u>\$ (609,971)</u>	<u>\$ 31,863,859</u>

General Fund Balance Analysis

	Restricted Workers Comp	EBALR	Retirement Restriction	Restricted For Unemployment	Restricted For Capital	Restricted For Repairs	Nonspendable	Undesignated	TOTAL
Actual Balance @ 6/30/10 per FS	1,200,000	2,765,438	3,211,524	700,000	6,667,078	200,987	928,142	6,926,252	22,599,421
Revenues	6,480	14,933	17,342	-	36,002	1,085	-	94,016,099	94,091,941
Expenditures	-	-	-	-	(3,000,000)	-	-	(89,562,967)	(92,562,967)
Board Resolution to Decrease reserves	-	(939,606)	500,000	-	-	-	-	939,606	-
Board Resolution to Increase reserves	500,000	-	-	400,000	3,000,000	-	189,659	(4,589,659)	-
Subtotal	1,706,480	1,840,765	3,728,866	1,100,000	6,703,080	202,072	1,117,801	7,729,331	24,128,395
	A	B	C	D	E	F	G	H	

2010/2011 UNRESERVED & UNDESIGNATED
2011/2012 BUDGET

3,842,580
\$ 97,634,980

Analysis of FB:

Nonspendable	1,117,801	G
Restricted Workers Comp	1,706,480	A
Restricted for Employee Benefit Acc Liab (EBALR)	1,840,765	B
Retirement Restriction	3,728,866	C
Restricted for Unemployment	1,100,000	D
Restricted for Capital	6,703,080	E
Restricted for Repairs	202,072	F
Assigned for Encumbrances	647,145	H
Designated for Subsequent Years	3,239,606	H
Unreserved and Undesignated	<u>3,842,580</u>	H
\$ 24,128,395		

Per Moody's Rating Aa2

*"Healthy Financial
Operations with Solid
Reserve Levels"*

Other Post Employment Benefit Obligation

The number of participants in calculation:

	<u>Actives</u>
Active Employees	541
Retired Employees	<u>420</u>
	<u>961</u>
Amortization Component:	
Actuarial Accrued Liability as of July 1, 2010	\$ 130,260,320
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 130,260,320</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 44,390,203</u>
UAAL as a Percentage of Covered Payroll	<u>293.44%</u>
Annual Required Contribution	\$ 11,181,155
Interest on Net OPEB Obligation	<u>597,716</u>
Annual OPEB Cost	11,778,871
Contributions Made	<u>(3,984,544)</u>
Increase in Net OPEB Obligation	7,794,327
Net OPEB Obligation - Beginning of year	<u>14,942,911</u>
Net OPEB Obligation - End of year	<u>\$ 22,737,238</u>

Communications of Internal Control Related Matters

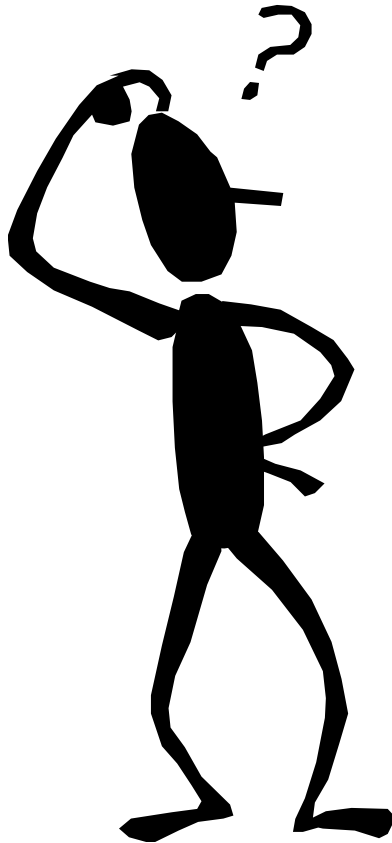
- *Control deficiency* — A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- *Significant deficiency* — A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- *Material weakness* — A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Control Deficiencies Identified During our Audit

Formal letter issued and discussed in detail with the audit committee and management

- **General Fund**
 - *Payments in Lieu of Taxes*
 - *Outstanding Receivables*
- **Information Technology**
- **Capital Assets**
 - *Capital Asset System*

Questions/Discussion



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