



**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT**

**Morrisville, New York**

**EXECUTIVE SUMMARY OF AUDIT**

**June 30, 2019**

**D'Arcangelo & Co., LLP**  
Certified Public Accountants & Consultants

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**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT**  
**EXECUTIVE SUMMARY OF AUDIT FOR THE YEAR ENDED JUNE 30, 2019**

Report Title	Description of Report and Findings
<b>Required Communications</b>	
Required Communication with Those Charged with Governance (Separate Letter)	<p>A letter that specifically addresses the following required communications to the Board of Education in accordance with professional standards:</p> <ul style="list-style-type: none"> <li>• Significant Accounting Policies</li> <li>• Significant Accounting Estimates</li> <li>• Financial Statement Disclosure</li> <li>• Difficulties Encountered in Performing the Audit</li> <li>• Corrected and Uncorrected Misstatements (<b>Attached</b>)</li> <li>• Disagreements with Management</li> <li>• Management Representations</li> <li>• Management Consultations with Other Independent Accountants</li> <li>• Other Audit Findings or Issues – <ul style="list-style-type: none"> <li>• <b>2019-01 Budget Compliance and Controls</b></li> <li>• <b>2018-01 Uniform Guidance</b></li> </ul> </li> </ul>

**Basic Financial Statements**

Independent Auditor’s Report (Pages 1-2)	<p><b>Unmodified Opinion</b> on the District’s basic financial statements for the year ended June 30, 2019.</p> <p>No matters noted with regard to Managements Discussion and Analysis budget comparison, and other reports required by NYSED.</p>
Independent Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards (Page 3)	<p>Report on the District’s compliance with laws and regulations that may have a direct and material effect on the basic financial statements, and on the District’s internal control structure, policies and procedures based on the auditors’ understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified one <b>material weakness and instance of noncompliance:</b></p> <p style="text-align: center;"><b>2019-01 Budget Compliance and Controls</b></p>

**Extraclassroom Activity Fund**

Report of Independent Auditors on Extraclassroom Activity Funds (Separate Report)	<p>Qualified opinion on the School Districts Extraclassroom Activity Fund financial statements for the year ended June 30, 2019.</p>
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**Morrisville-Eaton Central School District**  
**Summary Statement of Net Position**  
**June 30, 2019**

	2019	Restated 2018	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 7,359,762	\$ 8,856,999	\$ (1,497,237)	(16.9%)
Net Pension Asset - Proportionate Share	479,878	204,695	275,183	134.4%
Capital Assets, (Net of Accumulated Depreciation)	<u>31,287,610</u>	<u>24,854,398</u>	<u>6,433,212</u>	25.9%
Total Assets	<u>39,127,250</u>	<u>33,916,092</u>	<u>5,211,158</u>	15.4%
Deferred Outflows of Resources	<u>4,183,749</u>	<u>3,899,710</u>	<u>284,039</u>	7.3%
Current and Other Liabilities	14,165,827	8,795,801	5,370,026	61.1%
Net Pension Liability - Proportionate Share	485,547	223,234	262,313	117.5%
Non-Current Liabilities	<u>38,945,672</u>	<u>41,576,706</u>	<u>(2,631,034)</u>	(6.3%)
Total Liabilities	<u>53,597,046</u>	<u>50,595,741</u>	<u>3,001,305</u>	5.9%
Deferred Inflows of Resources	<u>3,497,161</u>	<u>1,301,840</u>	<u>2,195,321</u>	168.6%
Net Position				
Net Investment in Capital Assets	18,925,131	17,373,335	1,551,796	8.9%
Restricted	1,331,746	1,750,612	(418,866)	(23.9%)
Unrestricted (Deficit)	<u>(34,040,085)</u>	<u>(33,205,726)</u>	<u>(834,359)</u>	(2.5%)
Total Net Position	<u>\$ (13,783,208)</u>	<u>\$ (14,081,779)</u>	<u>\$ 298,571</u>	2.1%

**Noncurrent liability balances and activity are as follows for the year ended June 30, 2019:**

Description	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Government Activities					
Serial Bonds Payable	\$ 4,960,000		\$ 1,465,000	\$ 3,495,000	\$ 695,000
Premium on Bonds	163,131		27,188	135,943	27,188
Other Liabilities					
Compensated Absences	277,482	27,412		304,894	
OPEB Liability	<u>36,176,093</u>	<u>3,284,133</u>	<u>4,450,391</u>	<u>35,009,835</u>	
Total Noncurrent Liabilities	<u>\$ 41,576,706</u>	<u>\$ 3,311,545</u>	<u>\$ 5,942,579</u>	<u>\$ 38,945,672</u>	<u>\$ 722,188</u>

**Bond anticipation notes payable and activity are as follows for the year ended June 30, 2019:**

	Beginning Balance	Additions	Deletions	Ending Balance
Bus BAN - Capital Fund	\$ 604,026	\$ 342,212	\$ 159,024	\$ 787,214
\$9.2M Capital Project	7,100,000	2,000,000	127,590	8,972,410
EPC Project		<u>2,485,000</u>		<u>2,485,000</u>
Total	<u>\$ 7,704,026</u>	<u>\$ 4,827,212</u>	<u>\$ 286,614</u>	<u>\$ 12,244,624</u>

**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT**  
**FUND BALANCE - All FUNDS**  
**For the Years Ended June 30, 2019 and 2018**

<b>General Fund</b>	<u>2019</u>	<u>Restated 2018</u>	<u>Increase (Decrease)</u>
<b>Restricted</b>			
Unemployment Insurance	\$ 130,160	\$ 127,654	\$ 2,506
Employee Benefit Accrued Liability	234,576	230,044	4,532
Retirement Contribution	209,462	210,233	(771)
Tax Certiorari		70,000	(70,000)
Liability	209,678	206,052	3,626
Capital	<u>153,492</u>	<u>150,662</u>	<u>2,830</u>
Total Restricted	<u>937,368</u>	<u>994,645</u>	<u>(57,277)</u>
<b>Assigned</b>			
Appropriated for Subsequent Year's Budget	150,000	150,000	
General Support	4,175	9,553	(5,378)
Instruction	37,634	1,062	36,572
Pupil Transportation	<u>98</u>	<u>          </u>	<u>98</u>
Total Assigned	<u>191,907</u>	<u>160,615</u>	<u>31,292</u>
<b>Unassigned</b>	<u>801,972</u>	<u>683,764</u>	<u>118,208</u>
<b>Total General Fund</b>	<u>1,931,247</u>	<u>1,839,024</u>	<u>92,223</u>
<b>School Lunch Fund</b>			
Nonspendable	16,693	15,647	1,046
Unassigned (Deficit)	<u>(159,199)</u>	<u>(73,463)</u>	<u>(85,736)</u>
<b>Total School Lunch Fund (Deficit)</b>	<u>(142,506)</u>	<u>(57,816)</u>	<u>(84,690)</u>
<b>Debt Service Fund</b>			
Restricted	<u>394,378</u>	<u>755,967</u>	<u>(361,589)</u>
<b>Capital Projects Fund</b>			
Unassigned (Deficit)	<u>(8,683,069)</u>	<u>(2,465,021)</u>	<u>(6,218,048)</u>
Total Fund Balance	<u>\$ (6,499,950)</u>	<u>\$ 72,154</u>	<u>\$ (6,572,104)</u>

**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GENERAL FUND  
For the Five Years Ended June 30, 2019**

In Thousands

	2019	2018	2017	2016	2015
<b>Assets</b>					
Cash - Unrestricted	\$ 457	\$ 78	\$ 698	\$ 652	\$ 695
Cash - Restricted	937	995	1,273	1,155	934
Other Receivables	5	30	142	69	1
Due From Other Funds	729	790	751	255	312
Due From Other Governments	805	660	542	626	532
Total Assets	<u>\$ 2,933</u>	<u>\$ 2,553</u>	<u>\$ 3,406</u>	<u>\$ 2,757</u>	<u>\$ 2,474</u>
<b>Liabilities</b>					
Accounts Payable	\$ 29	\$ 84	\$ 3	\$ 25	\$ 14
Accrued Liabilities	95	35	61	38	26
Deferred Tax Revenue			43		
Due To Other Funds	296	31	511	61	
Due To Teachers' Retirement System	513	445	518	582	774
Due To Employees' Retirement System	69	69	66	71	78
Total Liabilities	<u>1,002</u>	<u>664</u>	<u>1,202</u>	<u>777</u>	<u>892</u>
<b>Fund Balances</b>					
Restricted For					
Reserve for Retirement Contribution	209	210	299	237	236
Reserve for Employee Benefit Accrued Liability	235	230	283	274	284
Reserve for Unemployment Insurance	130	128	127	134	128
Reserve for Liability	210	206	344	360	260
Reserve for Tax Certiorari		70	70		
Reserve for Capital	153	151	150	150	27
Reserve for Repairs					
Reserve for Encumbrances	42	10	70	76	5
Designated for Subsequent Year's Expenditures	150	150	150	150	150
Undesignated	802	734	711	599	492
Total Fund Balances	<u>1,931</u>	<u>1,889</u>	<u>2,204</u>	<u>1,980</u>	<u>1,582</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,933</u>	<u>\$ 2,553</u>	<u>\$ 3,406</u>	<u>\$ 2,757</u>	<u>\$ 2,474</u>
<b>Current Ratio ( Assets:Liabilities)</b>	2.93	3.84	2.83	3.55	2.77
<b>Pct of Total Fund Equity to Expenditures</b>	11.5%	11.9%	14.6%	13.5%	10.6%
<b>Pct of Undesignated Fund Balance to Expenditures</b>	4.8%	4.6%	4.7%	4.1%	3.3%

**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**For the Five Years Ended June 30, 2019**  
**In Thousands**

	2019	Pct of Rev	2018	Pct of Rev	2017	Pct of Rev	2016	Pct of Rev	2015	Pct of Rev
<b>Revenues</b>										
Real Property Taxes	\$ 4,013	24.3%	\$ 3,875	23.4%	\$ 3,729	23.9%	\$ 3,739	24.5%	\$ 3,587	23.6%
Other Real Property Tax Items	736	4.5%	736	4.5%	755	4.8%	774	5.1%	779	5.1%
Charges for Services	10	0.1%	12	0.1%	179	1.1%	87	0.6%	30	0.2%
Use of Money and Property	40	0.2%	21	0.1%	10	0.1%	6	0.0%	5	0.0%
Sale of Property and Compensation for Loss	16	0.1%	40	0.2%	16	0.1%	2	0.0%	62	0.4%
Miscellaneous	338	2.0%	241	1.5%	170	1.1%	192	1.3%	126	0.8%
State Sources	11,335	68.6%	10,673	64.6%	10,423	66.7%	10,400	68.0%	10,219	67.2%
Federal Sources	44	0.3%	18	0.1%	8	0.1%	15	0.1%	19	0.1%
Total Revenues	<u>16,532</u>	<u>100%</u>	<u>15,616</u>	<u>94%</u>	<u>15,290</u>	<u>97.9%</u>	<u>15,215</u>	<u>99.5%</u>	<u>14,827</u>	<u>97.4%</u>
<b>Expenditures</b>										
General Support	1,882	11.2%	1,969	11.7%	1,828	11.5%	1,827	12.1%	1,781	12.2%
Instruction	7,376	40.5%	6,806	39.5%	6,638	41.9%	6,254	41.4%	6,415	43.8%
Pupil Transportation	983	5.7%	950	4.4%	733	4.6%	664	4.4%	777	5.3%
Employee Benefits	4,485	26.0%	4,370	25.0%	4,194	26.5%	4,136	27.4%	4,142	28.3%
Debt Service - Principal	1,674	9.3%	1,565	9.0%	1,513	9.5%	1,477	9.8%	1,447	9.9%
Debt Service - Interest	397	1.1%	185	1.2%	206	1.3%	277	1.8%	298	2.0%
Total Expenditures	<u>16,797</u>	<u>100%</u>	<u>15,845</u>	<u>94%</u>	<u>15,112</u>	<u>95.4%</u>	<u>14,635</u>	<u>96.8%</u>	<u>14,860</u>	<u>101.5%</u>
Excess (Deficit) Revenues Over Expenditures	<u>(265)</u>		<u>(229)</u>		<u>178</u>		<u>580</u>		<u>(33)</u>	
<b>Other Financing Sources (Uses)</b>										
Transfers from Other Funds	499		151		150					
Transfers to Other Funds	<u>(142)</u>		<u>(237)</u>		<u>(104)</u>		<u>(182)</u>		<u>(130)</u>	
Total Other Financing Sources (Uses)	<u>357</u>		<u>(86)</u>		<u>46</u>		<u>(182)</u>		<u>(130)</u>	
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>92</u>		<u>(315)</u>		<u>224</u>		<u>398</u>		<u>(163)</u>	
<b>Fund Balance, Beginning of Year</b>	1,889		2,204		1,980		1,582		1,745	
<b>Prior Period Adjustment</b>	<u>(50)</u>									
<b>Fund Balance, End of Year</b>	<u>\$ 1,931</u>		<u>\$ 1,889</u>		<u>\$ 2,204</u>		<u>\$ 1,980</u>		<u>\$ 1,582</u>	

**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES - SCHOOL LUNCH FUND**  
**For the Five Years Ended June 30, 2019**

	<b>2019</b>	<b>Pct of Rev</b>	<b>2018</b>	<b>Pct of Rev</b>	<b>2017</b>	<b>Pct of Rev</b>	<b>2016</b>	<b>Pct of Rev</b>	<b>2015</b>	<b>Pct of Rev</b>
<b>Revenue</b>										
Sales and Charges for Services	\$ 115,711		\$ 116,949		\$ 114,273		\$ 112,214		\$ 122,203	
State Meal Reimbursements	6,922		7,090		7,233		7,748		8,448	
Federal Reimbursements	192,755		194,953		188,316		198,412		209,865	
Donated Surplus Food	20,145		17,550		23,518		26,171		19,417	
Miscellaneous	<u>5,610</u>		<u>5,816</u>		<u>5,373</u>		<u>4,533</u>		<u>5,438</u>	
<b>Total Revenues</b>	<u><b>341,143</b></u>		<u><b>342,358</b></u>		<u><b>338,713</b></u>		<u><b>349,078</b></u>		<u><b>365,371</b></u>	
<b>Expenses</b>										
Salaries and Wages	154,414	45%	155,718	45%	142,564	42%	194,480	56%	180,960	50%
Salaries - Manager	39,781	12%	38,244	11%	37,932	11%	-	0%	-	0%
Employee Benefits	<u>89,673</u>	26%	<u>89,452</u>	26%	<u>85,404</u>	25%	<u>95,940</u>	27%	<u>84,074</u>	23%
<b>Total Salaries and Benefits</b>	<u><b>283,868</b></u>	83%	<u><b>283,414</b></u>	83%	<u><b>265,900</b></u>	79%	<u><b>290,420</b></u>	83%	<u><b>265,034</b></u>	73%
Food	124,316	36%	120,673	35%	116,027	34%	111,021	32%	114,380	31%
Supplies	8,026	2%	11,065	3%	8,068	2%	7,756	2%	8,625	2%
Surplus Food	19,411	6%	20,459	6%	19,782	6%	25,045	7%	21,351	6%
Other Contractual	<u>20,213</u>	6%	<u>14,290</u>	4%	<u>10,314</u>	3%	<u>8,572</u>	2%	<u>8,721</u>	2%
<b>Total Costs Other Than Personnel</b>	<u><b>171,966</b></u>	50%	<u><b>166,487</b></u>	49%	<u><b>154,191</b></u>	46%	<u><b>152,394</b></u>	44%	<u><b>153,077</b></u>	42%
<b>Total Expenditures</b>	<u><b>455,834</b></u>	134%	<u><b>449,901</b></u>	131%	<u><b>420,091</b></u>	124%	<u><b>442,814</b></u>	127%	<u><b>418,111</b></u>	114%
(Deficit) Revenues Over Expenditures	(114,691)		(107,543)		(81,378)		(93,736)		(52,740)	
<b>Other Financing Sources</b>										
General Fund Subsidy	<u>30,000</u>		<u>30,000</u>		<u>85,882</u>		<u>163,281</u>		<u>125,000</u>	
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u><b>\$ (84,691)</b></u>		<u><b>\$ (77,543)</b></u>		<u><b>\$ 4,504</b></u>		<u><b>\$ 69,545</b></u>		<u><b>\$ 72,260</b></u>	