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**Ciaschi • Dietershagen • Little • Mickelson
& Company, LLP**

Certified Public Accountants and Consultants

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HOMER CENTRAL SCHOOL DISTRICT

Homer, New York

EXECUTIVE SUMMARY

June 30, 2012

CORTLAND

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Cortland, New York 13045
607-753-7439
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ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
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HOMER CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2012 AUDIT REPORT AND FINDINGS

Basic Financial Statements

Report of Independent Auditors on Basic Financial Statements.

Report of Independent Auditors on Supplemental Financial Information.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Description of Report and Findings

Unqualified opinion on the School District's basic financial statements for the year ended June 30, 2012.

Unqualified report on supplemental financial information in relation to primary audit report.

Report on the School District's compliance with laws and regulations that may have a direct and material effect on the basic financial statements and on the School District's internal control structure, policies and procedures based on the auditor's 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 **no instances of noncompliance or material internal control weaknesses**. A separate letter dated September 18, 2012, which has been issued, discusses certain accounting issues and enhancements regarding financial reporting.

Single Audit (OMB A-133) Report

Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

Report on 1) the School District's internal control structure policies and procedures used in administering federal award programs; 2) compliance with general requirements of the School District's federal awards; and 3) compliance with specific requirements applicable to each major program. This report identified **no material instances of noncompliance and no material internal control weaknesses** regarding compliance in accordance with OMB Circular A-133.

There are several federal award program expenditures that amounted to a total of \$2,650,055.

Auditor's Communication with Those Charged with Governance.

A letter that specifically addresses certain required communications to the Board of Education in accordance with professional standards - there were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected or Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Matters or Issues
- Other Information in Documents Containing Audited Financial Statements

Report of Independent Auditors on Extraclassroom Activity Funds.

Unqualified opinion on the School District's Extraclassroom Activity Fund financial statements for the year ended June 30, 2012.

Letter of comments dated September 18, 2012 discusses new and recurring issues.

HOMER CENTRAL SCHOOL DISTRICT

5 YEAR FINANCIAL STATEMENT ANALYSIS - FUND BASIS

	JUNE 30, 2012	JUNE 30, 2011	JUNE 30, 2010	JUNE 30, 2009	JUNE 30, 2008
ASSETS					
Cash	\$ 9,469,590	\$ 10,872,743	\$ 10,920,183	\$ 9,304,576	\$ 8,967,789
Receivables	1,983,051	1,375,918	1,851,549	1,663,314	1,093,257
Due from other funds	776,895	348,985	240,052	459,612	164,421
Total Assets	<u>\$ 12,229,536</u>	<u>\$ 12,597,646</u>	<u>\$ 13,011,784</u>	<u>\$ 11,427,502</u>	<u>\$ 10,225,467</u>
LIABILITIES					
Accounts payable and accruals	\$ 582,267	\$ 146,066	\$ 128,866	\$ 124,300	\$ 102,672
Due to other funds	-0-	193	114,289	3,204	-0-
Due to retirement systems	1,920,029	1,531,284	1,257,080	1,332,612	1,439,283
Deferred revenue and planned balance	196,987	114,025	100,000	106,500	108,000
Total Liabilities	<u>2,699,283</u>	<u>1,791,568</u>	<u>1,600,235</u>	<u>1,566,616</u>	<u>1,649,955</u>
FUND BALANCE					
Restricted (reserved)	6,455,166	6,158,873	7,225,169	6,563,350	5,984,638
Assigned (appropriated and encumbrances)	1,830,951	3,031,259	2,761,324	2,783,041	1,341,096
Unassigned (unreserved)	1,244,136	1,615,946	1,425,056	514,495	1,249,778
Total Fund Balances	<u>9,530,253</u>	<u>10,806,078</u>	<u>11,411,549</u>	<u>9,860,886</u>	<u>8,575,512</u>
Total Liabilities and Fund Balances	<u>\$ 12,229,536</u>	<u>\$ 12,597,646</u>	<u>\$ 13,011,784</u>	<u>\$ 11,427,502</u>	<u>\$ 10,225,467</u>
REVENUES					
Real property and other taxes (including STAR)	\$ 14,869,173	\$ 14,339,291	\$ 14,066,347	\$ 14,051,978	\$ 13,401,807
State aid	18,461,864	18,378,786	20,553,032	20,660,138	19,273,714
Federal aid	10,902	1,170,192	1,657,105	-0-	-0-
Other	587,758	637,098	652,920	756,193	1,103,865
Transfers in	249,730	-0-	-0-	-0-	-0-
Total Revenues	<u>34,179,427</u>	<u>34,525,367</u>	<u>36,929,404</u>	<u>35,468,309</u>	<u>33,779,386</u>
EXPENDITURES					
General support	3,746,691	3,643,285	3,525,382	3,487,425	3,404,399
Instruction	17,611,827	18,188,513	18,192,827	19,135,782	17,852,421
Transportation	1,608,423	1,406,542	1,351,544	1,387,811	1,382,352
Community services	13,931	13,529	12,272	11,811	10,254
Employee benefits	7,738,451	7,160,797	6,788,534	6,983,316	6,624,280
Debt service	4,715,901	4,703,098	5,114,612	3,176,790	3,059,729
Interfund transfers and other	20,028	15,074	393,570	-0-	950,000
Total Expenditures	<u>35,455,252</u>	<u>35,130,838</u>	<u>35,378,741</u>	<u>34,182,935</u>	<u>33,283,435</u>
Net Fund Balance Change	<u>\$ (1,275,825)</u>	<u>\$ (605,471)</u>	<u>\$ 1,550,663</u>	<u>\$ 1,285,374</u>	<u>\$ 495,951</u>
Capital Outlay	<u>\$ 846,511</u>	<u>\$ 880,714</u>	<u>\$ 9,202,629</u>	<u>\$ 6,910,189</u>	<u>\$ 1,951,525</u>
Special Aid Revenues	<u>\$ 2,321,776</u>	<u>\$ 1,089,854</u>	<u>\$ 1,503,152</u>	<u>\$ 1,218,498</u>	<u>\$ 1,169,287</u>
Special Aid Expenditures	<u>\$ 2,321,776</u>	<u>\$ 1,133,838</u>	<u>\$ 1,459,168</u>	<u>\$ 1,218,498</u>	<u>\$ 1,169,287</u>
School Lunch: Revenues	<u>\$ 1,004,475</u>	<u>\$ 976,530</u>	<u>\$ 892,907</u>	<u>\$ 843,209</u>	<u>\$ 764,746</u>
School Lunch: Expenditures	<u>\$ 1,049,767</u>	<u>\$ 951,248</u>	<u>\$ 821,430</u>	<u>\$ 778,334</u>	<u>\$ 720,226</u>

Note: Abstracted from audited financials - See audit reports for complete information

HOMER CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2012 AUDIT

AUDIT FOCUS - REPORTING OBJECTIVES

- 1) Basic Financial Statements - GASB 34 Report Implementation
 - *Management's Discussion and Analysis
 - *District-wide Financial Statements
 - *Statement of Net Assets
 - *Statement of Activities
 - *Governmental Fund Financial Statements
 - *Notes to Financial Statements
 - *Supplemental Financial InformationReport on Internal Control Over Financial Reporting and on Compliance and Other Matters

- 2) Single Audit (OMB A-133) Requirements for Federal Awards
 - *Schedule of Federal Award Expenditures
 - *Compliance with Applicable Requirements
 - *Internal Control Over Compliance

AUDIT APPROACH

- *Preliminary Planning
- *Consideration of Internal Control Over Financial Reporting
- *Tests of Controls
- *Tests of Compliance with Laws and Regulations
- *Substantive Testing of Financial Information (Includes Analytical Review)
- *Single Audit Tests of Compliance with Applicable Requirements
- *Consideration of Internal Control Over Compliance Requirements

UNDERSTANDING THE SCHOOL DISTRICT'S OPERATIONS

- *Services Provided
- *Assessment of Accounting and Reporting System
- *Nature of Activities
- *Special Reporting Requirements
- *Nature of Compliance Requirements
- *Assessment of Management

FACTORS AFFECTING THE SCOPE OF THE AUDIT

- *Effectiveness of Overall Financial Controls
- *Qualifications of Key Personnel
- *Appropriate Segregation of Duties
- *Ability to Demonstrate Compliance with Laws and Regulations
- *Effectiveness of Budget Process Administration
- *Accuracy and Comprehensiveness of Internal Reporting
- *Existence of Adequate Policies and Procedures
- *Ability to Issue Timely and Accurate Financial Reports