

## SUMMARY OF DEFICIT ANALYSIS PREPARED BY PACE & HAWLEY

December, 2009

### 1. Prior year adjustments:

(\$94,877)

Cash reconciliation resulted in this amount less than previously reported at the end of fiscal year '07. Forensic investigation continuing.

(\$142,016)

The District Special Education Program was audited by the State Department for the year 2006-07. It was discovered that the State had overpaid the District by about \$300,000 for expenses inappropriately charged. Due to the efforts of our Director of Student Support Services, that amount was reduced to the final figure, both from discovering other allowable expenses not charged for and reconsideration of some disallowed expenses.

(\$144,265)

This is from accrued interest on a Tax Anticipation Note that was due on June 30, 2007, but paid in July 2007. Some of the funds from the new notes were used to pay off the previous note in addition to paying expenses forward in anticipation of receipt of tax revenues. The history of these notes for the District indicate that the snowballing effect began in FY '05.

\$76,126

Reconciliation of balance sheets *in our favor* for accounts not previously reconciled.

### 2. Expenditure analysis

(\$1,090,988)

This figure was analyzed by Pace & Hawley with the following results:

(\$191,417)

Interest paid on the tax anticipation note was not budgeted for.

(\$180,000)

This was an accounting error. Debt service principal was incorrectly budgeted for. The \$180,000 was deducted from actual amount due (\$600,000) in the expense line. This money from the "sinking fund" from the sale of the old school buildings would have been better placed in a separate fund, but was instead booked as revenue in the year that the buildings were sold. Once booked as revenue, it cannot be counted as revenue again.

(\$377,682)

High school tuition overage due to an additional 22 students not anticipated. These numbers fluctuate each year and are difficult to anticipate.

(\$224,375)

Over-expenditure on wages due to 3.42 teachers incorrectly booked to grants, substitutes (both regular and special education) over budget; stipends not budgeted for.