

**WEST GENESEE
CENTRAL SCHOOL DISTRICT**

Camillus, New York

EXECUTIVE SUMMARY

June 30, 2018



WEST GENESEE CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2018 AUDIT REPORT AND FINDINGS

Basic Financial Statements

Independent Auditor's Report on Basic Financial Statements.

Independent Auditor's Report on Supplementary Financial Information.

Independent Auditor's 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*.

Single Audit (Uniform Guidance) Report

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.

Communication with Those Charged with Governance at the Conclusion of the Audit.

Independent Auditor's Report on Extraclassroom Activity Funds.

Management Comment Letter

Description of Report and Findings

Unmodified opinion on West Genesee Central School District's (the School District) basic financial statements for the year ended June 30, 2018.

Unmodified opinion on supplementary 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 and no material internal control weaknesses** at the financial statement level. In addition, a separate letter dated September 28, 2018 which has been issued, discusses certain accounting issues and enhancements regarding financial reporting.

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 instances of noncompliance and no material internal control weaknesses** regarding compliance in accordance with Uniform Guidance.

There are several federal award program expenditures that amounted to a total of \$2,507,594.

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 and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

Unmodified opinion on the School District's Extraclassroom Activity Fund financial statements for the year ended June 30, 2018.

Letter of comments dated September 28, 2018 discusses several issues.

WEST GENESEE CENTRAL SCHOOL DISTRICT

5 YEAR FINANCIAL STATEMENT ANALYSIS - FUND BASIS

	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
ASSETS					
Cash	\$ 19,568,971	\$ 20,120,353	\$ 19,519,918	\$ 16,695,834	\$ 18,510,954
Receivables	2,788,847	2,507,361	2,654,167	5,839,461	2,688,670
Other				46,893	
Total Assets	\$ 22,357,818	\$ 22,627,714	\$ 22,174,085	\$ 22,582,188	\$ 21,199,624
LIABILITIES					
Accounts payable and accruals	\$ 368,651	\$ 512,400	\$ 213,644	\$ 432,599	\$ 503,942
Due to retirement systems	4,312,295	4,765,018	4,970,313	6,109,037	5,699,332
Revenue anticipation note	4,000,000	5,000,000	5,000,000	6,000,000	5,000,000
Other		16,852	162,428	52,350	13,400
Total Liabilities	8,680,946	10,294,270	10,346,385	12,593,986	11,216,674
FUND BALANCE					
Nonspendable (Prepaid)				46,893	
Restricted (reserved)	6,648,652	6,897,781	5,642,620	5,413,620	4,956,844
Assigned (appropriated and encumbrances)	3,509,169	2,034,381	2,900,993	1,595,334	2,845,264
Unassigned (unreserved)	3,519,051	3,401,282	3,284,087	2,932,355	2,180,842
Total Fund Balances	13,676,872	12,333,444	11,827,700	9,988,202	9,982,950
Total Liabilities and Fund Balances	\$ 22,357,818	\$ 22,627,714	\$ 22,174,085	\$ 22,582,188	\$ 21,199,624
REVENUES					
Real property taxes (including STAR)	\$ 48,378,969	\$ 47,324,060	\$ 46,432,070	\$ 45,391,915	\$ 43,469,188
State aid	35,528,107	32,614,928	30,303,244	28,322,909	28,479,271
Other	2,421,931	2,144,372	1,914,149	1,861,133	1,561,861
Total Revenues	86,329,007	82,083,360	78,649,463	75,575,957	73,510,320
EXPENDITURES					
General support	6,616,875	7,004,721	6,211,479	6,078,014	6,209,513
Instruction	48,713,475	46,322,235	43,090,622	41,201,761	40,728,577
Transportation	5,382,920	5,038,102	4,769,305	4,848,599	4,768,287
Employee benefits	17,251,123	17,434,409	17,812,395	18,504,103	17,774,592
Debt service	6,956,576	5,725,164	4,901,143	4,868,892	5,299,573
Total Expenditures	84,920,969	81,524,631	76,784,944	75,501,369	74,780,542
Excess of Revenues (Expenditures)	1,408,038	558,729	1,864,519	74,588	(1,270,222)
Interfund Transfers In		4,336	27,841	50,559	
Interfund Transfers (Out)	(64,610)	(57,321)	(52,862)	(119,895)	(220,663)
Net Increase (Decrease)	\$ 1,343,428	\$ 505,744	\$ 1,839,498	\$ 5,252	\$ (1,490,885)
Capital Outlay	\$ 1,466,662	\$ 10,492,968	\$ 12,331,289	\$ 4,455,632	\$ 1,469,515
Special Aid Revenues and Expenditures	\$ 1,983,375	\$ 1,956,044	\$ 1,883,502	\$ 1,920,044	\$ 1,793,889
School Lunch Revenues and Interfund Transfers	\$ 1,997,024	\$ 1,974,531	\$ 1,658,712	\$ 1,667,619	\$ 1,673,549
School Lunch Expenditures	\$ 1,952,554	\$ 1,864,615	\$ 1,621,798	\$ 1,670,060	\$ 1,672,300

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

5 YEAR GENERAL FUND BALANCE ANALYSIS

	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>	<u>JUNE 30, 2014</u>
Fund Balance					
Nonspendable					
Prepaid items	\$	\$	\$	\$ 46,893	\$
Total	-	-	-	46,893	-
Restricted					
Tax certiorari reserve	751,149	750,118	756,616	802,527	812,296
Unemployment insurance reserve	246,883	258,995	280,071	290,962	326,796
Retirement contribution reserve	1,798,125	1,816,629	1,815,539	1,814,447	1,813,225
Employee benefit accrued liability reserve	2,819,043	2,815,271	1,534,357	1,450,238	1,449,283
Capital reserve	701,632	700,669	700,262	500,000	-
Workers' compensation reserves	331,820	556,099	555,775	555,446	555,244
Total	<u>6,648,652</u>	<u>6,897,781</u>	<u>5,642,620</u>	<u>5,413,620</u>	<u>4,956,844</u>
Assigned					
Appropriated for next year's budget	1,400,000	1,400,000	1,400,000	1,400,000	2,600,000
Encumbrances	2,109,169	634,381	1,500,993	195,334	245,264
Total	<u>3,509,169</u>	<u>2,034,381</u>	<u>2,900,993</u>	<u>1,595,334</u>	<u>2,845,264</u>
Unassigned	<u>3,519,051</u>	<u>3,401,282</u>	<u>3,284,087</u>	<u>2,932,355</u>	<u>2,180,842</u>
Total Fund Balance	<u>\$ 13,676,872</u>	<u>\$ 12,333,444</u>	<u>\$ 11,827,700</u>	<u>\$ 9,988,202</u>	<u>\$ 9,982,950</u>
Unassigned as a percentage of total fund balance	25.73%	27.58%	27.77%	29.36%	21.85%
Total Expenditures (including transfers)	\$ 84,985,579	\$ 81,581,952	\$ 76,837,806	\$ 75,621,264	\$ 75,001,205
Unassigned as a percentage of total expenditures	4.14%	4.17%	4.27%	3.88%	2.91%
Next year's budget is a voter approved budget	88,000,070	85,216,870	82,227,170	78,608,230	77,054,420
Maximum allowed (4% of budget)	3,520,003	3,408,675	3,289,087	3,144,329	3,082,177
General Fund Fund Balance Subject to §1318 of Real Property Law	3,519,051	3,401,282	3,284,087	2,932,355	2,180,842
Actual percentage	4.00%	3.99%	3.99%	3.73%	2.83%

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

5 YEAR GENERAL FUND BUDGET ANALYSIS

	2018			
	Original Budget	Revised Budget	Actual w/ Encumbrances	Variance Fav. (Unfav.)
REVENUES				
Real property taxes	\$ 39,229,140	\$ 39,229,140	\$ 39,420,332	\$ 191,192
Other tax items	9,055,065	9,055,065	8,958,637	(96,428)
State sources	34,282,490	36,092,904	35,528,107	(564,797)
Federal sources	141,000	141,000	302,809	161,809
Other, including financing sources	1,109,175	1,151,054	2,119,122	968,068
Total Revenues and Other Financing Sources	83,816,870	85,669,163	\$ 86,329,007	\$ 659,844
Appropriated Fund Balances	2,034,381	2,046,881		
Total	\$ 85,851,251	\$ 87,716,044		
EXPENDITURES				
General support	\$ 7,257,573	\$ 6,995,425	\$ 6,936,052	\$ 59,373
Instruction	48,404,671	50,715,783	50,502,277	213,506
Pupil transportation	5,420,235	5,453,802	5,383,840	69,962
Employee benefits	17,387,752	17,509,930	17,251,393	258,537
Debt service	7,206,020	6,966,104	6,956,576	9,528
Other financing uses	175,000	75,000	64,610	10,390
Total Expenditures and Other Financing Uses	\$ 85,851,251	\$ 87,716,044	\$ 87,094,748	\$ 621,296
2017				
REVENUES				
Real property taxes	\$ 37,946,170	\$ 37,846,170	\$ 38,219,995	\$ 373,825
Other tax items	9,234,460	9,320,430	9,104,065	(216,365)
State sources	32,451,395	32,491,395	32,614,928	123,533
Federal sources	100,000	100,000	305,967	205,967
Other, including financing sources	1,095,145	1,134,373	1,842,741	708,368
Total Revenues and Other Financing Sources	80,827,170	80,892,368	\$ 82,087,696	\$ 1,195,328
Appropriated Fund Balances	2,900,993	2,922,243		
Total	83,728,163	83,814,611		
EXPENDITURES				
General support	7,273,469	7,465,874	7,121,333	344,541
Instruction	47,098,283	47,420,523	46,823,012	597,511
Pupil transportation	5,263,191	5,157,910	5,054,842	103,068
Employee benefits	17,676,170	17,858,084	17,434,661	423,423
Debt service	6,269,550	5,834,207	5,725,164	109,043
Other financing uses	147,500	78,013	57,321	20,692
Total Expenditures and Other Financing Uses	\$ 83,728,163	\$ 83,814,611	\$ 82,216,333	\$ 1,598,278

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

5 YEAR GENERAL FUND BUDGET ANALYSIS

	2016			
	Original Budget	Revised Budget	Actual w/ Encumbrances	Variance Fav. (Unfav.)
REVENUES				
Real property taxes	\$ 37,423,775	\$ 37,423,775	\$ 37,280,282	\$ (143,493)
Other tax items	8,840,280	8,840,280	8,902,029	61,749
State sources	29,434,830	29,434,830	30,303,244	868,414
Other, including financing sources	1,509,345	1,546,412	2,191,749	645,337
Total Revenues and Other Financing Sources	77,208,230	77,245,297	\$ 78,677,304	\$ 1,432,007
Appropriated Fund Balances	1,595,334	1,652,797		
Total	\$ 78,803,564	\$ 78,898,094		
EXPENDITURES				
General support	\$ 6,791,550	\$ 6,638,527	\$ 6,481,443	\$ 157,084
Instruction	43,392,703	44,593,957	44,286,115	307,842
Pupil transportation	5,088,377	4,889,222	4,804,641	84,581
Employee benefits	18,328,194	17,821,715	17,812,595	9,120
Debt service	5,055,240	4,901,760	4,901,143	617
Other financing uses	147,500	52,913	52,862	51
Total Expenditures and Other Financing Uses	\$ 78,803,564	\$ 78,898,094	\$ 78,338,799	\$ 559,295
2015				
REVENUES				
Real property taxes	\$ 36,069,615	\$ 36,069,615	\$ 36,298,594	\$ 228,979
Other tax items	8,775,935	8,775,935	8,762,117	(13,818)
State sources	28,138,225	28,290,015	28,322,909	32,894
Other, including financing sources	1,470,645	1,583,595	2,242,896	659,301
Total Revenues and Other Financing Sources	74,454,420	74,719,160	\$ 75,626,516	\$ 907,356
Appropriated Fund Balances	2,845,264	2,891,788		
Total	\$ 77,299,684	\$ 77,610,948		
EXPENDITURES				
General support	\$ 6,649,079	\$ 6,541,494	\$ 6,114,489	\$ 427,005
Instruction	41,638,557	41,850,301	41,340,279	510,022
Pupil transportation	4,881,093	5,005,086	4,868,681	136,405
Employee benefits	19,125,960	19,138,072	18,504,362	633,710
Debt service	4,929,995	4,929,995	4,868,892	61,103
Other financing uses	75,000	146,000	119,895	26,105
Total Expenditures and Other Financing Uses	\$ 77,299,684	\$ 77,610,948	\$ 75,816,598	\$ 1,794,350

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

5 YEAR GENERAL FUND BUDGET ANALYSIS

	2014			
	Original Budget	Revised Budget	Actual w/ Encumbrances	Variance Fav. (Unfav.)
REVENUES				
Real property taxes	\$ 34,480,370	\$ 34,480,370	\$ 34,503,722	\$ 23,352
Other tax items	8,650,205	8,650,205	8,642,222	(7,983)
State sources	27,241,825	28,285,687	28,479,271	193,584
Other, including financing sources	1,396,675	1,462,088	1,885,105	423,017
Total Revenues and Other Financing Sources	71,769,075	72,878,350	\$ 73,510,320	\$ 631,970
Appropriated Fund Balances	2,763,040	3,009,625		
Total	\$ 74,532,115	\$ 75,887,975		
EXPENDITURES				
General support	7,233,322	6,383,825	6,236,827	146,998
Instruction	39,396,388	41,342,369	40,944,474	397,895
Pupil transportation	4,586,687	4,842,360	4,770,080	72,280
Employee benefits	17,888,658	17,785,999	17,774,852	11,147
Debt service	5,352,060	5,307,946	5,299,573	8,373
Other financing uses	75,000	225,476	220,663	4,813
Total Expenditures and Other Financing Uses	\$ 74,532,115	\$ 75,887,975	\$ 75,246,469	\$ 641,506

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2018 AUDIT

AUDIT FOCUS - REPORTING OBJECTIVES

1) Basic Financial Statements

- *Management's Discussion and Analysis
- *District-wide Financial Statements
 - *Statement of Net Position
 - *Statement of Activities
- *Governmental Fund Financial Statements
- *Notes to Financial Statements
- *Supplemental Financial Information

Report on Compliance and on Internal Control Over Financial Reporting

2) Single Audit (Uniform Guidance) 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