

PITTSFORD CENTRAL SCHOOL DISTRICT

Audit Oversight Committee (AOC)

Wednesday, September 29, 2021

Barker Rd. Middle School – Mtg. Room 410

3:30 pm

THOSE PRESENT: J. Casey, C. Heagerty, D. Kenney, L. Reister, R. Sanchez-Kazacos (3:58 pm), R. Scott, T. Zuber

THOSE ABSENT: M. Pero

1. The minutes from the June 2, 2021 meeting were approved.
2. Order of the agenda was changed to accommodate schedules.
3. Mrs. Heagerty, as BOE appointee, explained that her role is to look at every financial transaction to ensure that proper procedures are followed. In reviewing the Claims Auditor Report, her focus was on transactions for the period of January through June 2021. Topics covered are listed below:

- Payroll audit was done at TMF
- School lunch inventory was completed for CRMS. This was done twice due to surveys & the manager being out.
- Findings & Actions: any findings were reviewed & corrected before checks were printed
- No areas of significant concern or fraud were identified
- Confirming PO's - area to improve upon - new personnel need more education/policy awareness
- T & C forms - another area to improve
- Comparative Analysis of Accounts Payable by month
- Athletics coming back on after COVID increased the number of transactions
- District claim form was created for Transportation - Bus Driver Meal Reimbursement for field trips

Mr. Kenney provided a quick background on confirming orders, pre-approvals & the general approval process of PO's. It was noted that emergencies do happen where sometimes a PO cannot be created before ordering.

Mrs. Heagerty left the mtg. @ 3:50 pm

4. Board Policy 5130 Amendment - The AOC is recommending to the BOE for first reading at its next mtg. to update the 2005 Policy on Budget Adoption to incorporate new laws that have recently been made.
5. Mrs. Reister spoke on the Extraclassroom Activity Accounts & the Single Audit (Federal Programs) reports, where she explained the process on advisor/new advisor training & how often they take place.

Mr. Kenney noted that Student funds/Extraclassroom funds are separate from the General funds. He noted that students have an active role in the operations as well as the financial aspects of the club. He also noted that although there is not a huge amount of money associated with this, it is considered high risk simply due to having numerous transactions, which naturally results in an increased number of errors.

6. Mr. Tom Zuber, Partner of Mengel Metzgar Barr & Co. CPA's LLC, reviewed the External Audit for the year ended June 30, 2021. He explained the audit was a high-level review of the financial statement of all school funds, key controls, material transactions, procedures and protocols, and reviews balances to ensure they are correct. He said that school districts are subjected to a significant amount of audits compared to other organizations or municipalities. He also stated that the firm audits many school district's across the State and a common theme that he has seen most during the last two budget cycles, is that schools have been dealing with tremendous uncertainty. He said that most districts dealt with this uncertainty successfully, some dealt with it well and PCSD did excellent. He continued by saying, that Pittsford's financial picture and practices are excellent, and that he often refers other schools to our website and other materials that we

have, for them to model after. The audit firm has issued a clean qualified opinion regarding District finances. Basic financial statements audit highlights are noted below.

- Management Discussion & Analysis – provides an overview of the financial condition of the District & speaks of budget variances year over year as well as factors regarding the District's future.
- Corporate Style Financial Statements
- Operating Statements (includes the General Fund & School Lunch Fund)
- General Fund – main operating fund of the District
- Executive Summary – break down of Basic Financial Statements

Mr. Zuber reviewed the Executive Summary, which is the result of the budget process from almost 2 years ago. He expressed that this year has been unique in that the District is still dealing with very unusual circumstances relating to COVID & remote schooling.

Mrs. Sanchez-Kazacos arrived at this time - 3:58 pm.

Mr. Zuber continued the review & process of the Executive Summary noting very positive financial results/conditions of the school district even though the district dealt so many uncertainties in 2021. The key financial information highlighted below.

- Federal stimulus money/State Aid
- General Fund – Summarized Balance Sheet – 2 years of comparative info.
 - Decrease in Total Assets & Liabilities
 - Largest portion of liabilities due to retirement systems
 - Other Funds & Other Government liabilities now in General Fund Balance Sheet
 - Transportation Aid
 - Planned reductions
 - Very nice Reserve Plan – ongoing process - district does an excellent job developing a reserve plan & posting to the website. Mr. Zuber refers clients to our website often for examples of a reserve plan.
 - Employee Retirement Reserve
 - Capital Project – new building reserve approved by voters due to old Capital Reserve expiring
 - Balancing Budget – very positive
 - Revenue Summary – very positive - collected more than anticipated, internet sales tax went into effect at the end of 2019 which increased the amount of sales tax received
 - Misc. Revenue slightly higher
 - Unemployment Insurance – received some credits back from Federal gov.
 - Expenditure Summary – up slightly - consistently positive variance yr. after yr.
 - The District does react properly
 - School Lunch Program – unanticipated loss to program due to COVID. Federal program seeing losses too
 - Overall very positive financial results & ended the yr. in very good condition

Mr. Zuber noted that a surplus of five to 5.5 million for a district of our size is not only reasonable, but also very positive, as it is under 5% of the budget. He also noted that our District was 90% through last year before the State provided any clarity for this year. Still lots of uncertainty as to what will happen over the next 3-4 years.

A brief discussion ensued regarding the States Tier system.

Mr. Zuber ended by saying that the financial statements are clean with no material weaknesses or significant deficiencies; they are fairly stated & very positive. No recommendations for any procedural items.

Mrs. Reister noted the driver education program had some changes regarding the payment process.
Internal control communication – clean

Mr. Zuber left the mtg. @ 4:31 pm

Mrs. Sanchez-Kazacos accepted the position of AOC chair for the 2021-22 school year.

Mr. Kenney provided an update on the OSC Comptroller audit. Very complimentary about how much information is available on the District website. He also noted the preliminary exit conference with the Superintendent and Board president.

Mr. Kenney noted that Policy #5130 - Budget Adoption Revision would be going before the Board at the next mtg. for a first reading.

A brief discussion ensued regarding purchase order (PO) training.

Adjournment: 4:40 pm

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Deborah L. Carpenter', written in a cursive style.

Deborah L. Carpenter
School District Clerk