

PITTSFORD CENTRAL SCHOOL DISTRICT
AUDIT OVERSIGHT COMMITTEE (AOC)

October 4, 2017

Room 410

3:30 p.m.

Those present: M. Pero, D. Kenney, T. Aroesty, V. Baum, P. Sullivan, L. Reister, L. Patterson, R. Wager, T. Zuber

1. Ted Aroesty accepted the position of AOC chair for the 2017/2018 school year.
2. The AOC Charter was reviewed and there were no changes.
3. The minutes of the Audit Oversight Committee meeting of May 31, 2017, were approved.
4. Mr. Ray Wager, CPC, P.C., went over the financial statements and management letter for the period ending June 30, 2017. The Executive Summary was passed out to those in attendance. Mr. Wager reviewed the General Fund noting total assets were positive and liabilities went down. The reserves and fund balance are also positive and are better than last year. Our financial position is good. Our reserve analysis was shown and noted that we have money where it is needed. Time was taken to explain the reserve process and how it works. Mr. Wager said the District is well funded and that we are using limited funds to support the operating budget which is excellent. The revenues and expenditure summaries were reviewed along with the school lunch fund, debt service and capital projects. Mr. Kenney asked if the General Fund could be used to subsidize the school lunch fund as we are operating the program with a deficit. Mr. Wager said it could and is common in many districts. Mr. Wager said that the last page of the Financial Executive Summary was actually a type of consolidated corporate style financial statement that is now required of school districts which will be the first page of a financial statement. A discussion ensued on how to explain financial statements in lay terms and that we should be ready to answer any questions about the new way of reporting. Mr. Kenney said that Moody's and S & P will not react to the statements.
5. The report on *Communicating Internal Control Related Matters Identified in an Audit* was reviewed. This is the previously named *Management Letter*. The school lunch program, pooled bank collateral and offsite collections were noted as areas for more internal control. Mrs. Reister responded to each one as to how the District is responding to reconciliation of these audit procedures. Mrs. Reister also noted that the two prior year recommendations have been addressed and corrected (Summer Enrichment Program and salaries of rehired bus drivers).
6. Mrs. Baum asked about the new on-line collections portal. Mrs. Reister responded that we are trying to grow that base. It was noted that the plan is to discuss using the portal for the Rainbow Classic. Mr. Aroesty asked if we will provide an alternate way to pay at the gate other than cash.

7. Mr. Kenney passed out the reserves tutorial that has been used before and noted that additions are welcome. Mr. Pero noted that it is important to be able to easily explain long term planning and the reserve process to our public. Mr. Aroesty agreed that judicious use of reserves and the understanding of it is important. A suggestion was made that a meeting could be held regarding the tutorial. It was noted that the size of reserves may be hard to understand and that real life utilizations may be good to include next to each reserve. Mr. Kenney said we may need a more comprehensive document that would be easier for our residents to understand. He did note that the Comptroller's Office has given us compliments on this document and shared it with others.

8. Mr. Kenney mentioned the audit that was done early this year and thanked Mrs. Reister for her work on it and noted that our debt ratio was 17% of legal capacity which is in part responsible for our good credit rating. Mr. Pero said that we need to highlight our prudent use of funds.

9. Mr. Kenney noted the inclusion on the agenda of possible areas of focus for auditor, EFP Rotenberg. Mr. Aroesty and Mrs. Baum gave their support for focusing on Personnel Supporting Documents.

10. Mrs. Laurie Patterson, internal claims auditor, reported the following:

- The report looks similar to 6 months ago.
- There were no noticeable areas of concern.
- Daily activities, etc. remain the same.
- Meetings were held with Jim Buffum in March and this current month.
- Two payroll distribution and food service audits were done.
- Attended an advanced auditing workshop which was interesting and a good way to compare practices. Sample forms were brought back for the business office.
- There are a few confirming Purchase Order and late Travel and Conference submission issues that continue. A new form has been created to explain why submissions are not being done in a timely manner.
- The addition of adding non-allowable items on the form was brought up.

11. Mrs. Reister noted that there is a new procedure of submitting audit reports and that ours is uploaded and will be on our website. A packet regarding payment portal use was passed out. Mr. Kenney said that some buildings latch on better than others. The District is encouraging parents to use this portal. Mr. Aroesty made a suggestion to have information available about how to get help with the portal if needed.

12. With regard to Extraclassroom advisory training...15 folks were trained this year and new advisor training is in place for those coming on board between cycles.

13. ACH (new automated payroll system), a module in win cap similar to payroll deposit, is being instituted that will allow for claims to be direct deposited. This will reduce late check cashing, unused checks, etc. Forms will be available to opt-in. Mrs. Reister said we are setting up a timeline for submitting claims.

14. It was noted that our Internal Auditor will be brought into the District soon.

15. Risk assessment time changes were noted by Mrs. Reister.
16. Mr. Kenney noted that a new electronic reporting process for driver attendance is being implemented. Attendance sheets will be sent to drivers to sign off on.
17. January 31, 2018, is the next regular meeting. Another meeting will be called to talk about reserves or anything else if and when needed.
18. It was determined that the Audit is ready to go to the entire Board for action.
19. Further discussion took place about the Entity-Wide Financial Statements. It was noted again that this new statement format is required across all of New York State as a new reporting process where school districts report in the same way the private sector reports. Mr. Kenney said this is a change in the reporting mechanism not a change in our accounting procedures. Discussion took place on the Implementation of the Government Accounting Standards Board Statement 75 Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB). GASB 75 now requires districts to report as an accrued long-term liability the actuarial based liability. The GASB requires the reporting of the actuarial-liability, but NYS law does not provide a mechanism to fund/offset the liability.

Adjournment: 5:10 pm

Respectfully submitted,



Veronica M. Walker
School District Clerk