

PITTSFORD CENTRAL SCHOOL DISTRICT

Audit Oversight Committee (AOC)

Wednesday, September 18, 2019

Room 410

3:30 pm

THOSE PRESENT: M. Pero, D. Kenney, L. Reister, T. Aroesty, V. Baum, R. Sanchez-Kazacos, C. Heagerty, T. Zuber

1. Ted Aroesty accepted the position of AOC chair for the 2019-20 school year.
2. The AOC Charter was reviewed, no changes were made.
3. The minutes of the May 29, 2019 meeting were approved.
4. Tom Zuber from the firm, Ray Wager, P.C. reviewed the external audit for year ending June 30, 2019. The Executive Summary was handed out to those in attendance. Mr. Kenney brought everyone's attention to pages 3-4 regarding the basic financial statement vs. the management discussion analysis (results of GASB), and noted the intent is to look at it through the eyes of management. Mr. Zuber then highlighted the following:
 - Basic financial statements
 - Management discussion analysis
 - Total assets up slightly from last year
 - Biggest portion of liabilities are due to retirement systems
 - New this yr. - Teacher's retirement contribution reserve, helps to ensure stability - 2% funding cap
 - Mr. Kenney covered what encumbrances meant - open PO's as of June 30th, funds committed but not yet expended.
 - Fund balances - very positive
 - Reserve Analysis
 - Revenue Summary - overall very positive & consistent from one year to the next.
 - Expenditure Summary - up slightly from last year due to transfers and capital project funds & debt service payments - overall very good consistency from one year to the next.
 - School lunch program - don't participate in the federal subsidy program - doing a very good job tackling it on our own, profits & participation increased - again very positive.
 - Debt service fund - increase in transfers
 - Capital project fund - very active
 - BAN - Bond Anticipation Note (short term financing)
 - Corporate style financial statement - result of GASB (Governmental Accounting Standards Board) & is a requirement - includes all operating funds of the school district combined into one fund, capital assets & long term liabilities, providing a net asset number.
 - Actuarial calculations = professional guesses based on assumptions & estimates, can vary from one yr. to the next.

Mr. Kenney noted that we have the highest Bond rating that anyone can get.

Mr. Pero noted that even though the district pays their bills every yr. & has funds left over in the saving account, when looking at the corporate style statement, the long term projections of it are deceiving as it makes it appear that we're going under. Mr. Aroesty noted that the footnote is misleading as everything that Mr. Zuber explained to qualify the statement is missing from the footnote, and the common layperson needs to be able to

understand the report with the footnote descriptions. It was requested to have the footnote updated to reflect an accurate explanation of the report/statement.

Mr. Zuber did say that there was some latitude in the footnotes & he can add information to the footnote.

Mr. Zuber then spoke on the Internal Control Communications (handout). He said he was pleased to report that there are no material weaknesses or significant deficiencies. He noted a couple of procedural recommendations which are listed as follows:

- Off-site collections of cash & program deposits
- Cyber risk management – best practice recommendation to see a written plan

Mr. Pero noted that the district will be working with BOCES during a table top exercise on different types of breaches, aligning our policies, implementation & communication around cyber security.

Mr. Pero asked if Mr. Zuber could provide any recommendations on insurance. Mr. Zuber noted two types of cyber insurance specifically for wire transfers & identity theft. Mr. Kenney noted that we have additional riders listed through NYSIR as well as significant coverage as part of our general liability. He also noted that we are protected not only by BOCES but by various firewalls within the district. It was mentioned that Mr. Cimmerer could be asked to come back to AOC & provided an update on cyber security.

Mr. Kenney asked Mr. Zuber what special areas the district could focus on for the future. Mr. Zuber indicated that IT, uniform grant guidance, capital projects, facility use processes and transportation employee training reviews are all good areas to focus on. Mr. Kenney added that the comptrollers' audits noted special areas of: auditing the claims auditor and PE credits.

Cynthia Heagerty (new internal claims auditor) presented Laurie Patterson's (previous claims auditor) Claims Audit report.

- Report look remains the same.
- Daily, weekly, bi-weekly, monthly, semi-annual & annual activities remain the same.
- Standard Report (Jan. – June 2019).
- Payroll distribution audit was completed in March & April @ MHS & TRE
- No new findings or actions. Reductions overall. Over 5,917 transactions were reviewed.
- Confirming Purchase Order infractions comparison chart reviewed showing reductions.
- Travel & Conference log.
- Lunch inventory review @ SHS
- Leeanne's email regarding Wegman's purchasing cards – guidelines & use

Mr. Pero noted that it is important to look at trends & that we're going in the right direction. He applauded everyone in the business office & beyond for making sure that infractions are brought to light so they can be limited in the future.

Mr. Kenney noted that emergencies do happen & the business office is happy to assist when those occasions do arise. He also noted that the comptroller's office recently recommended to a local district (that was being audited) to contact Pittsford to look at our policies for guidance.

A discussion ensued on procedures & purchasing.

Mr. Kenney noted the Extraclassroom audit (Federal Compliance Audit) will be coming up in October.

Mrs. Reister & Holly Evans will be conducting the Extraclassroom advisor training on September 30th. Mrs. Reister noted that this year will be for new advisors & next year will be for all advisors. She also noted that they may need to have 2 trainings this year due the number of new advisors.

Next meeting is January 22, 2020

Adjournment: 4:24 pm

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deborah L. Carpenter". The signature is fluid and cursive, with the first name being the most prominent.

Deborah L. Carpenter
School District Clerk