



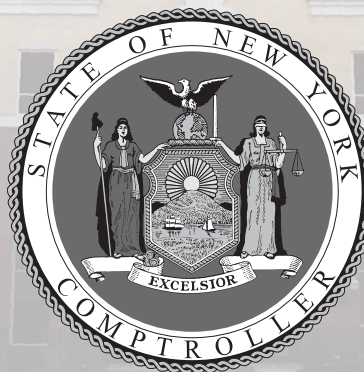
Windsor Central School District Cafeteria Operations

Report of Examination

Period Covered:

July 1, 2014 – February 23, 2016

2016M-130



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

July 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Windsor Central School District, entitled Cafeteria Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Windsor Central School District (District) is located in the Towns of Colesville, Kirkwood, Sanford and Windsor in Broome County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The District contracts with the Broome-Tioga Board of Cooperative Educational Services for a Director of Food Services and an on-site cafeteria manager who oversee the District's four cafeterias.

The District operates four schools with approximately 1,800 students and 300 employees. The District's general fund budgeted appropriations for the 2015-16 fiscal year were \$36.1 million, funded primarily with State aid, real property taxes and grants. For the 2014-15 fiscal year, the school lunch fund's expenditures totaled approximately \$874,000, funded primarily with State and federal aid and food sales.

Objective

The objective of our audit was to examine District officials' management of the school lunch fund. Our audit addressed the following question:

- Have District officials taken actions to reduce the school lunch fund's dependence on transfers from the general fund?

Scope and Methodology

We examined the District's cafeteria operations for the period July 1, 2014 through February 23, 2016. We extended our scope period back to July 1, 2012 to determine trends in cafeteria operating results and extended our scope period forward through February 29, 2016 to review in-house catering revenues and through June 30, 2016 to project 2015-16 operating results.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

Comments of District Officials

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our report.

Cafeteria Operations

District officials are responsible for effectively managing cafeteria operations, including ensuring sufficient revenues are generated to meet expenditures without reliance on money from the general fund. To that end, District officials should provide meals economically and collect all State and federal aid allowable. Furthermore, District officials should review cafeteria operations and, when possible, incorporate opportunities to increase revenues.

Overall, District officials have taken actions to reduce the school lunch fund's dependence on the general fund to support operations. Specifically, District officials took steps for the District to become a Summer Food Service Program (SFSP)¹ provider and increased in-house catering. As a result, we project that the school lunch fund's revenues will increase by approximately \$87,000 from 2012-13 through 2015-16, and the fund will generate an operating surplus of approximately \$5,000.

Summer Food Service Program – The District became an SFSP provider in the summer of 2015 and served more than 30,000 lunches from June through August. The District received State and federal aid of approximately \$30,000, and the cost to run the program was approximately \$12,000. As a result, for the summer of 2015, the program generated net revenues of approximately \$18,000 for the school lunch fund.

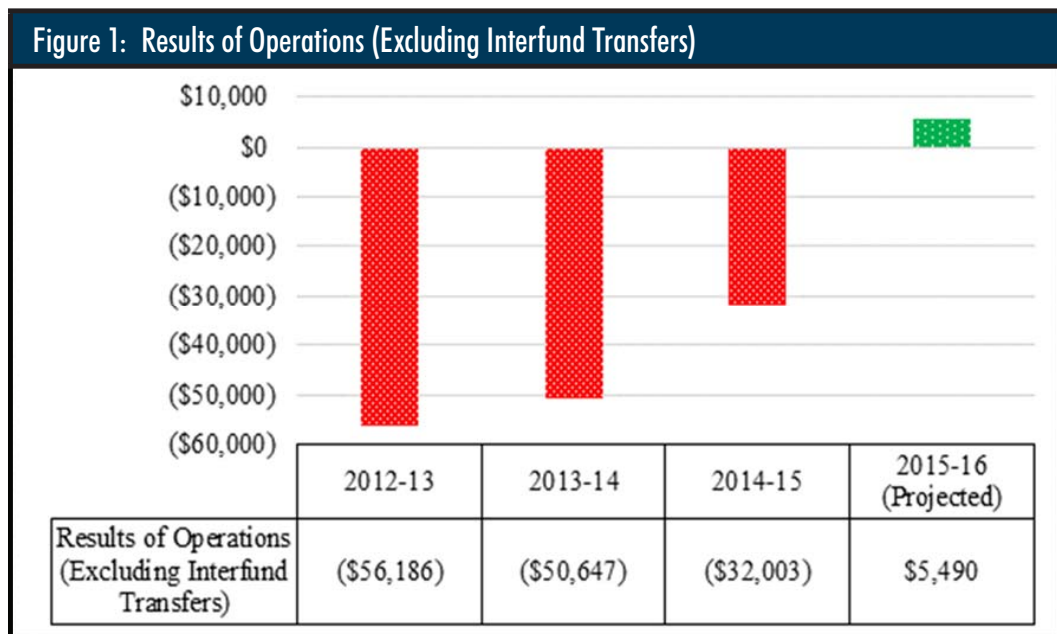
In-House Catering – The District increased the use of in-house catering, which includes sales of food items from the cafeteria for extra-classroom activity clubs and certain other District functions. Because District officials recognized that in-house catering was an underused source of revenue for the school lunch fund, they made conscious efforts to increase the amount of these sales.

We calculated the number of in-house catering functions held and the revenues received during the months of July through February over a three-year period (2012-13 through 2014-15). We found that, through their efforts, District officials increased the number of times the cafeteria was used for in-house catering from 23 functions in

¹ The SFSP is a federally-funded State-administered program that reimburses providers who serve healthy meals to children 18 years old and younger at no charge to the child during the summer months when school is not in session. For more information on this program, visit: <http://www.fns.usda.gov/sfsp/summer-food-service-program-sfsp>.

2013-14 to 53 functions in 2015-16 and generated revenues of more than \$12,000.²

From 2012-13 through 2014-15, the school lunch fund had operating deficits averaging approximately \$46,000. Therefore, the school lunch fund relied on using fund balance and general fund transfers averaging \$32,000 to support operations. As a result of District officials' previously discussed actions, for 2015-16 we project the school lunch fund will not need to rely on fund balance or general fund transfers to support cafeteria operations and will end 2015-16 with an operating surplus of approximately \$5,000 (Figure 1).



We commend District officials for recognizing the need to increase school lunch fund revenues and taking the necessary steps to increase these revenues. Moreover, through the SFSP, District officials have provided area children with the opportunity for free lunches during the summer.

² Due to the unpredictable nature of catering revenue opportunities, we did not project in-house catering functions beyond the end of our audit period.

APPENDIX A

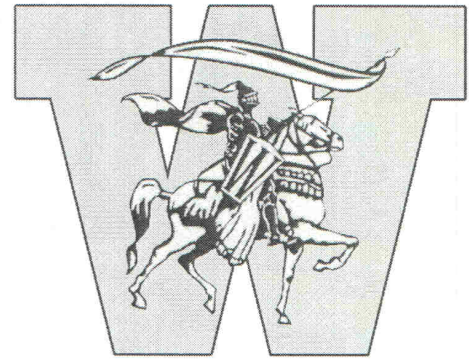
RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

Windsor Central School District

Dr. Jason A. Andrews
Superintendent of Schools

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May 31, 2016

Mr. Todd Eames, Chief Examiner
Office of the State Comptroller, Binghamton Regional Office
State Office Building, Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

Dear Mr. Todd Eames:

The Windsor Central School District is in receipt of the Office of the State Comptroller's audit (draft form) covering the period of July 1, 2014 through February 23, 2016. The Windsor Central School District is appreciative of the time spent by the Senior Examiner and the Associate Examiner for explaining and discussing findings of the audit during the exit meeting held on May 16, 2016 with the Windsor Central School District Board of Education and school administrators.

The Windsor Central School District is in agreement with the findings. As noted in the audit's findings, the District has taken actions to reduce the school lunch fund's dependence on the general fund to support operations. The District becoming a Summer Food Service Program (SFSP) provider, coupled with a concerted effort to increase in-house catering has increased cafeteria revenues. These efforts have not only had positive effects on the cafeteria's financial position, but more importantly provided area children an opportunity to obtain free lunches during the summer months.

The Windsor Central School District is appreciative that the efforts made by the District to reduce the school lunch fund's dependence on the general fund to support operations has been recognized and validated by the Office of the State Comptroller.

Sincerely,

Jason A. Andrews, Ed. D.
Windsor Central School District
Superintendent of Schools

"The Mission of the Windsor Central School District is to create a stimulating environment where students are independent learners and grow to become successful citizens. This environment is created by challenging, integrated curriculum delivered by a caring and competent staff."

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We conducted interviews with District officials and cafeteria staff to gain an understanding of the cafeteria operations, including the various sources of revenues earned by cafeteria operations.
- We calculated the school lunch fund's results of operations for the last three fiscal years (2012-13 through 2014-15) to analyze trends and determine the extent of the fund's dependence on the general fund to support those operations. We also projected the school lunch fund's 2015-16 year-end revenues and expenditures to determine if the dependency on general fund support was expected to continue.
- We reviewed revenues and expenditures for the cafeteria's SFSP to calculate the net revenues the program generated.
- We compared revenues earned from in-house catering sales for the months of July through February for the last three completed fiscal years (2012-13 through 2014-15) to those earned for the same period in 2015-16 to review revenue trends.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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