



# West Genesee Central School District

---

## Capital Assets

2023M-128 | February 2024

# Contents

---

- Report Highlights . . . . . 1**
  
- Capital Assets . . . . . 2**
  - How Should School District Officials Monitor and Account for  
Capital Assets? . . . . . 2
  
  - District Officials Did Not Always Properly Account for and Monitor  
Capital Assets . . . . . 3
  
  - What Do We Recommend? . . . . . 6
  
- Appendix A – Response From District Officials . . . . . 7**
  
- Appendix B – Audit Methodology and Standards . . . . . 9**
  
- Appendix C – Resources and Services . . . . . 12**

# Report Highlights

## West Genesee Central School District

### Audit Objective

Determine whether West Genesee Central School District (District) officials properly monitored and accounted for capital assets.

### Key Findings

District officials did not always properly monitor and account for the capital assets that we tested, and did not conduct periodic physical inventories to help ensure the records were accurate and complete and the assets were on hand. The last physical inventory was completed in 2017 and officials only updated the District's asset records on an annual basis thereafter. As a result, officials may be unable to identify lost or stolen items.

Of the 337 assets totaling approximately \$2.3 million selected for review:

- 54 assets were in use but not properly recorded in the inventory records and 38 of these assets that cost over \$176,000 were also not tagged as District property.
- 27 assets could not be located including 18 with a total cost of \$50,905 and nine with no documented cost, and
- 45 assets had an incorrect location recorded.

In addition, of the 168 capital assets that were disposed of, 156 either were indicated as disposed of prior to or without Board approval.

### Key Recommendations

- Ensure the District's asset records are complete, accurate, and up to date and assets are tagged and recorded prior to being placed in service.
- Conduct periodic physical inventories.

District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

### Audit Period

July 1, 2021 – May 1, 2023

### Background

The District serves the Towns of Camillus, Elbridge, Geddes, Onondaga and Van Buren in Onondaga County.

The District is governed by an elected nine-member Board of Education (Board) that is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the 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 Assistant Superintendent for Management Services (Assistant Superintendent) is responsible for the accounting and monitoring of all capital assets. The Information Technology (IT) Director oversees the accounting for IT assets and the District Treasurer oversees a clerk responsible for updating the central asset inventory records. An appraisal company maintained the District's computerized central asset inventory records through December 2022.

#### Quick Facts

2022-23 Appropriations	\$97.2 million
------------------------	----------------

#### Number and Total Cost of Capital Assets Recorded<sup>(a)</sup>

Total	5,347	\$28.2 million
-------	-------	----------------

Reviewed <sup>(b)</sup>	337	\$2.3 million
-------------------------	-----	---------------

a Excluding land, buildings and improvements.

b Some capital assets did not have acquisition costs in the inventory records.

# Capital Assets

---

School districts acquire a wide range of capital assets, including buildings and building improvements, vehicles, equipment, machinery and other long-term assets. These capital assets constitute a significant investment of taxpayer resources.

The Board adopted capital asset policies and regulations (Policy) that require inventory records be maintained for assets with a minimum value of \$1,000 and/or a maximum useful life of 10 years or more. The Policy designates the Assistant Superintendent to be responsible for accounting for all capital assets and ensuring there is a complete physical inventory to identify any discrepancies between the inventory and asset records.

The clerk helps maintain the District's central asset inventory record, which includes both non-IT and IT assets. The IT Director maintains a separate IT-asset record and generates IT asset tags for items costing \$500 or greater.<sup>1</sup>

## **How Should School District Officials Monitor and Account for Capital Assets?**

A school board is responsible for adopting a comprehensive written policy that establishes dollar value thresholds to identify capital assets that should be accounted for and monitored and sets forth guidelines for disposing of assets and conducting physical inventories. This policy should provide a general framework to ensure accurate and complete inventory records are maintained for capital assets purchased and in use by a school district. To achieve this, school district officials should develop and adhere to procedures that require capital assets to be recorded at their actual cost and be affixed with durable asset tags or labels for easy identification and tracking before being placed in service. Asset tags with unique numbers improve the ability to differentiate between assets – making them easier to track – and can provide a deterrent for improper use.

School district officials should maintain a complete up-to-date perpetual inventory of capital assets and ensure both physical control and accountability are maintained over all capital assets. This helps to ensure school district officials have direct access to reliable information on current capital assets throughout the year. Perpetual inventory records are detailed records that are continually updated as a school district purchases, relocates or disposes of capital assets. Furthermore, when assets are deemed surplus or obsolete, officials should inform the school board and obtain approval prior to disposing of assets. Once an asset is approved for disposal, it should no longer be included in the active inventory records.

---

<sup>1</sup> Although the IT Department uses a lower cost threshold than called for in the Board's Policy, this lower threshold is reasonable for tracking IT assets, which are often walkable items that are more susceptible to loss or theft.

---

School district officials should ensure that physical inventories are conducted periodically to help ensure the accuracy and completeness of recorded amounts, and to assist in identifying obsolete assets. This can be done either by conducting a school district-wide physical inventory involving all school district departments, or by conducting an annual physical inventory involving several school district departments to ensure that all departments have a physical inventory within an appropriate timeframe.<sup>2</sup> The results of these inventories should be compared to the asset inventory records and any discrepancies should be investigated. These measures will help school district officials ensure that assets are protected from loss, inventory records are current, and that assets can be easily located.

### **District Officials Did Not Always Properly Account for and Monitor Capital Assets**

The Board's Policy is inadequate because it provides that assets shall be recorded in the inventory records on an annual basis, rather than when assets are received and placed in service, and it does not specify how frequently the physical inventories should be conducted. As a result, the clerk did not update the central inventory records as changes occurred throughout the year (i.e., when new assets were purchased, or assets were relocated or disposed of). Near the end of each fiscal year, the clerk identified capital assets acquired during the year by obtaining a list of IT assets purchased from the IT Director and reviewed purchase order records to identify other capital assets acquired during the year. Although the IT Department was responsible for tagging IT assets prior to being placed in service, the clerk did not provide the other District departments with asset tags to affix to the assets until near the end of the fiscal year, after the assets had already been placed in service. The asset additions and disposals were also provided to the appraisal company to update the central records near the end of the fiscal year.

At the time our fieldwork ended on May 1, 2023, the last date assets were recorded in the central inventory record was May 17, 2022. During the 2022-23 fiscal year, the appraisal company notified District officials in November 2022, it would no longer maintain the software for the inventory records for the District after December 31, 2022. The Assistant Superintendent indicated that they intended to seek replacement software from another vendor to manage the District's central inventory records. During the interim period, the clerk maintained a list of asset purchases and disposals that will be used to update the new asset inventory records once the replacement software is acquired.

---

School district officials should ensure that physical inventories are conducted periodically. ...

---

---

...[T]he clerk did not update the central inventory records as changes occurred throughout the year. ...

---

---

<sup>2</sup> Refer to OSC's publication *Capital Assets* for further information. It can be accessed at <https://www.osc.ny.gov/files/local-government/publications/pdf/capital-assets.pdf>.

---

To provide accountability for capital assets and ensure that the inventory records are current and useful for tracking the assets, District officials should ensure assets are tagged as District property and accounted for in the records before they are placed in service and officials should have procedures to update the records in a timely manner when changes occur.

Officials also have not conducted a physical inventory and compared the results with the central asset inventory records since 2017. The Assistant Superintendent could not explain why annual inventories were not conducted. Conducting periodic physical inventories is an important control to help verify that recorded assets can be located, to identify and investigate any assets that may be missing and to update the records for any adjustments that may be needed, such as assets that changed locations or that were not properly recorded in the records.

Central Records to Location – We selected 129 assets<sup>3</sup> from the central asset inventory records totaling approximately \$520,000<sup>4</sup> and attempted to trace them to the physical location documented in the records. Twenty-seven assets (21 percent) costing approximately \$51,000 could not be located (18 with a total cost of \$50,905 and nine with no cost documented). Examples of these assets included a 15-inch drill press, belt sander, pressure washer, mower, desktop computer, two tablets, two laptop computers, a treadmill and an elliptical. The Director of Facilities, IT Director and Assistant Superintendent told us that most of the assets were likely either deemed surplus or disposed of, but they could not provide us with evidence of their disposal or that the assets were included in the Board-approved disposal lists.

Twenty-five of the 27 assets were acquired before the 2017 physical inventory. The Assistant Superintendent suspects the assets were disposed of prior to the physical inventory and the appraisal company did not flag these assets and remove (deactivate) them from the records when they were not found. As part of the inventory process, officials should ensure there are procedures in place to follow up on discrepancies between the records and the assets on hand and to update the records as needed. Because District officials did not have good procedures to track these assets, they cannot be sure they were not lost, stolen or misplaced.

Additionally, of the 129 assets traced from the central records to their physical location, 22 (17 percent) were in locations other than those documented in the inventory records, and 19 assets had other exceptions such as having no inventory tag or multiple tags with different numbers on them. The Assistant Superintendent told us that during the COVID-19 pandemic when remote learning was in place and a recent reconfiguration project whereby several grades were

---

3 Refer to Appendix B for further information on our sample selection.

4 The central asset inventory record did not always have an acquisition cost documented.

---

relocated to different buildings, assets were likely reassigned without the asset location being updated in the records. If the inventory records are not updated when assets are reassigned or relocated, it is more difficult for officials to monitor the assets and ensure they are still on hand and ensuring an annual inventory is conducted can help District officials maintain complete, accurate and reliable inventory records.

Location to Central Records – We selected 66 assets totaling \$68,618 from various locations including the High School Library, technology classrooms, cafeteria, District Office and Transportation Center in order to determine whether their location and other information was accurately documented in the central asset inventory records. Of the 66 assets tested, 23 assets (35 percent) were found in different locations than indicated in the records, and 16 assets were not included in the records (10 of these assets were tagged and six were not tagged).

The 10 assets with tags that were not recorded in the records included laptop carts, a filing cabinet, a mower and a laser printer. The six assets not tagged or recorded included an interactive board projector, benchtop milling machine and a shredder. The District Treasurer indicated that the exceptions related to capital assets without District tags and those with District tags but not in the records were likely due to the appraisal company either missing these assets during the 2017 physical inventory or the company may have assumed these assets were not valuable enough to meet the District's thresholds to tag and record.

Capital Asset Additions – We reviewed 61 purchases made by the District from July 1, 2021 through April 24, 2023 and identified 142 assets totaling over \$1.7 million which included buses, IT assets, tools and other equipment that met the Policy thresholds for recording the assets in the inventory records. We reviewed these assets to determine whether they were tagged (if needed) and recorded in either inventory records (IT Department or central). We identified 38 assets (27 percent) with a total cost of over \$176,000 that were not added to the inventory records or not yet tagged. Thirty-four of these assets were not tagged or added to the records because of the District's process for tagging and recording non-IT assets near the end of the fiscal year and the other four assets were not tagged and recorded due to errors.

Capital Asset Disposals – Based on the District's Policy and our discussion with the Assistant Superintendent, no District property should be sold or disposed of without prior Board approval.

Asset disposal change reports maintained by the clerk and the IT Department's inventory records indicated 168 assets were disposed of from July 1, 2021 through May 11, 2022. We compared the 168 assets to the assets the Board approved for disposal. We determined that 42 assets (25 percent) were indicated as disposed of without Board approval. In addition, 114 assets (68 percent) were

---

indicated as disposed of prior to Board approval. The IT Director told us that while the IT Department's records showed the assets were disposed of, the assets may have been held in storage awaiting disposal. However, the records did not make this distinction and the IT Director did not know the actual status of these assets.

In addition, we reviewed the Board's meeting minutes for any additional assets that the Board approved for disposal. We identified 26 other assets that were approved for disposal but that still remained active in the central asset inventory records because of the District's process for recording asset disposals near the end of the fiscal year.

Without adequate records and proper authorization for asset disposals, officials cannot ensure that District assets are properly disposed of in the District's best interest.

## **What Do We Recommend?**

The Board should:

1. Review and update the District's Policy to require assets to be recorded in a timely manner when they are received and to specify how often physical inventories should be conducted and compared with the inventory records.

District officials should:

2. Maintain complete, accurate and up-to-date capital asset inventory records, which include acquisition costs and current asset locations.
3. Ensure assets are recorded and affixed with asset tags for easy identification and tracking before placing the assets in service.
4. Conduct periodic physical inventories, follow up on differences between the records and the assets on hand and update inventory records accordingly.
5. Ensure Board authorization is obtained prior to asset disposal and assets approved for disposal are removed from the District's active inventory records.



# Appendix A: Response From District Officials

---

---

## West Genesee Central School District

300 Sanderson Drive • Camillus, New York 13031  
District Office • Phone: 315-487-4562 • Fax: 315-487-2999  
[dbills@westgenesee.org](mailto:dbills@westgenesee.org)



**David C. Bills**  
Superintendent of Schools

February 7, 2024

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12<sup>th</sup> Floor  
Albany, NY 12236

Dear Chief of Municipal Audits,

The following serves as our response to the preliminary draft findings of your agency's audit of Capital Assets of the West Genesee Central School District, 2023M-128. We appreciate the thoroughness and diligence of the Capital Asset audit. Our team has carefully reviewed the findings, and we would like to provide our responses and clarifications.

We acknowledge the importance of maintaining accurate records and understand the concerns raised regarding certain discrepancies. Our team is committed to enhancing the documentation process to ensure precise asset identification and tracking.

Below are the recommendations for improvement identified in your report, along with the District's response to each of those recommendations:

The Board should:

1. Review and update the District's Policy to require assets to be recorded in a timely manner when they are received and to specify how often physical inventories should be conducted and compared with the inventory records.

We intend to review the current policy related to Capital Assets with the Policy Committee and the Board of Education and make recommendations to address both the recording of assets and the frequency of physical inventories.

District officials should:

2. Maintain complete, accurate and up-to-date capital asset inventory records, which include acquisition costs and current asset locations.

Prior to the audit, the District had been notified that our asset tracking software would no longer be available to the District. Because of this, the District budgeted monies in the 2023-24 school year and was in process of contracting with a new vendor. The new software would allow the District to continuously update the inventory records, as opposed to only being able to do this on an annual basis. In addition, the District had a physical inventory completed in late 2023 and is currently reviewing the draft report.

- 
3. Ensure assets are recorded and affixed with asset tags for easy identification and tracking before placing the assets in service.

The District agrees with this recommendation and will amend our internal process to clarify the steps involved in recording and tagging assets prior to placing the assets in service.

4. Conduct periodic physical inventories, follow up on differences between the records and the assets on hand and update inventory records accordingly.

The District had a physical inventory completed in late 2023 and is currently reviewing the results with our vendor. The District agrees that periodic physical inventories should take place and will follow the updated Board of Education policy once in place.

5. Ensure Board authorization is obtained prior to asset disposal and assets approved for disposal are removed from the District's active inventory records.

The District agrees with this recommendation and will amend our internal process to clarify the steps involved with disposing of capital assets.

Our team is dedicated to continuous improvement and maintaining the highest standards of financial accountability. Thank you for your professionalism and thorough examination. If you have any questions or require additional information, please feel free to contact me.

Sincerely,

David C. Bills  
Superintendent of Schools

DCB/ld

## Appendix B: Audit Methodology and Standards

---

We conducted this audit 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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed officials and reviewed Board meeting minutes, resolutions and the District's capital asset policies (inventory, appraisal and disposal) to gain an understanding of and evaluate the District's internal controls over capital assets.
- Assets sampled for testing (which includes IT assets) were chosen from the central asset inventory records. We compared IT assets in the central asset inventory record to the IT asset inventory record maintained by the IT Director. In some cases, we found differences between the two records such as asset locations for identical assets not being the same, asset tags being different for the same asset in each of the inventory records, or acquisition cost for the same asset being recorded in one record but not the other. In these cases, if one of the records was accurate for the item being reviewed and the other record was not, we did not consider this to be a finding in our report.
- Of the 5,347 capital assets included on the central asset inventory records with a combined historical cost of \$28.2 million excluding land, buildings and building improvements, we used our professional judgment to select a sample of 129 valuable and walkable assets vulnerable to theft such as laptops, power tools, equipment and furniture. Some of the assets were acquired recently and others were older but still listed as active. The sample included 74 non-IT assets and 55 IT assets with a combined historical cost available in the records totaling \$519,269 and we attempted to trace the assets to their physical location. We documented discrepancies between our observations and the inventory records and followed up with officials.
- We selected locations within the District to include the High School Library, technology classrooms, cafeteria, District Office and Transportation Center to test a selected sample of assets in these locations to determine whether the assets were properly recorded in the central asset inventory records. We selected 66 assets with a combined available cost in the records totaling \$68,618 that per our judgment were valuable and walkable in nature. We compared information from our physical observations such as asset tag number, location, make and model to the information documented in the records. We followed up with officials to discuss any discrepancies.

- 
- We reviewed disbursement data for equipment purchases and capital outlay and identified 112 purchase orders from July 1, 2021 through April 24, 2023 with a combined cost of approximately \$1.9 million coded to the equipment and capital outlay account. From there, we selected 61 purchase orders that included 142 assets totaling over \$1.7 million for review. Our sample included the purchase orders with the highest dollar amounts and we reviewed the purchase orders looking for equipment purchases and capital outlay that would have been required to be recorded in the central asset inventory records per the Policy thresholds. We determined whether they had been added to the records in a timely manner when the assets were received. When we identified capital assets that were received and not yet added to the inventory records, we followed up with officials to determine the reason.
  - We tested all 168 asset disposals from July 1, 2021 through May 11, 2022 from the central asset inventory records and IT Department asset records and compared them to the Board meeting minutes to determine whether the disposals were approved by the Board prior to the disposition dates. We also reviewed the Board meeting minutes to identify other asset disposals approved by the Board and determined whether the central asset inventory records were properly updated to show the disposed status of the assets.
  - We interviewed District officials and examined available documentation from the third-party appraisal company to determine whether physical inventories were conducted, how often and by whom.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To

---

the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

## Appendix C: Resources and Services

---

### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

**SYRACUSE REGIONAL OFFICE** – Rebecca Wilcox, Chief of Municipal Audits

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel (315) 428-4192 • Fax (315) 426-2119 • Email: [Muni-Syracuse@osc.ny.gov](mailto:Muni-Syracuse@osc.ny.gov)

Serving: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence counties

[osc.ny.gov](https://www.osc.ny.gov)

