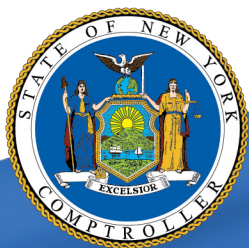


Saranac Lake Central School District

Financial Management and Extra-Classroom Activities

MARCH 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Saranac Lake Central School District

Audit Objectives

Determine whether District officials effectively managed general fund balance.

Determine whether extra-classroom activity (ECA) funds were adequately safeguarded and cash collections and disbursements were properly accounted for.

Key Findings

- Unrestricted fund balance at the end of 2016-17 was almost \$4.8 million or 15.6 percent of the ensuing year's budgeted appropriations, exceeding the 4 percent statutory limit by 11.6 percentage points.
- Appropriations were overestimated by more than \$4.5 million or 5.5 percent from 2014-15 through 2016-17.
- ECA clubs did not maintain adequate supporting documentation for collections and some clubs did not maintain ledgers.

Key Recommendations

- Use surplus funds as a financing source to fund one-time expenditures and needed reserves or reduce District property taxes.
- Ensure student treasurers and advisors properly account for all ECA collections and maintain the required records.

District officials agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Saranac Lake Central School District (District) is located in Franklin, Essex and Clinton counties.

The District is governed by a Board of Education (Board) composed of seven elected members. The Board is responsible for the general management and control of District financial and educational affairs.

The Superintendent of Schools (Superintendent) is responsible for day-to-day management. The Business Executive is responsible for budget development and administration. The Board appoints a central treasurer to oversee and account for ECA funds.

Quick Facts

Enrollment	1,200
2017-18 Appropriations	\$30.5 Million
Active ECA Clubs	32

Audit Period

July 1, 2014 – June 30, 2017

Financial Management

What is Effective Fund Balance Management?

To effectively manage fund balance, a board must adopt realistic and structurally balanced budgets based on historical data or known trends, in which recurring revenues finance recurring expenditures and reasonable levels of fund balance are maintained. In order to provide for cash flow and unanticipated events, a District may retain a portion of fund balance, referred to as unrestricted fund balance. District officials should ensure that unrestricted fund balance does not exceed the amount allowed by New York State Real Property Tax Law, which currently limits unrestricted fund balance to no more than 4 percent of the following year's appropriations.

Districts can also establish reserve funds to accumulate funds for certain future purposes (e.g., capital project, retirement expenditures). Any unrestricted fund balance that exceeds the statutory limit may be appropriated to pay for one-time purchases, fund needed reserves, reduce existing debt or reduce the real property tax levy. When fund balance is appropriated to finance operations, the District is budgeting for a planned operating deficit equal to the amount of fund balance appropriated.

District officials should prepare a multiyear financial plan based on reasonable estimates that project future revenues, expenditures, reserve balance amounts and fund balance amounts. Effective multiyear plans project operating and capital needs and financing sources over a three- to five-year period. Such plans allow officials to identify developing revenue and expenditure trends, establish long-term priorities and goals and consider the impact of near-term budgeting decisions on future fiscal years.

Multiyear plans also help officials assess the merits of alternative approaches (such as appropriating fund balance or establishing and using reserves) to finance operations and capital needs. Any long-term financial plan must be monitored and updated on a continuing basis to provide a reliable framework for preparing budgets and to ensure that information used to guide decisions is current and accurate.

Unrestricted Fund Balance Exceeded the Statutory Limit

District officials accumulated unrestricted fund balance of approximately \$4.8 million or 15.6 percent of the 2017-18 budgeted appropriations and exceeded the statutory limit by about 11.6 percentage points. Officials need to improve budgeting practices to more effectively manage fund balance. While officials appropriated fund balance annually from 2014-15 through 2016-17 to finance operations, these amounts were not used to finance operations because of overly conservative expenditure estimates.

In 2016-17, the District appropriated \$696,528 of fund balance to finance operations but realized an operating surplus of approximately \$402,000 which was a variance of almost \$1.1 million. During that year, officials transferred \$2 million of unrestricted fund balance to the capital fund for an unanticipated asbestos abatement project that was not included in the original budget. Without this transfer the District would have realized an operating surplus of about \$2.4 million and unrestricted fund balance would have increased to almost \$6.8 million or 22.2 percent of the next year's budgeted appropriations.

Figure 1: Unrestricted Fund Balance at Year End

	2014-15	2015-16	Unaudited 2016-17
Total Beginning Fund Balance	\$2,918,365	\$3,907,020	\$5,817,540
Add: Operating Surplus	\$988,655	\$1,910,520	\$401,081
Total Year-End Fund Balance	\$3,907,020	\$5,817,540	\$6,218,621
Less: Restricted and Assigned Funds	\$207,211	\$398,774	\$773,727
Less: Appropriated Fund Balance for the Ensuing Year	\$438,723	\$696,528	\$679,167
Total Unrestricted Funds at Year-End	\$3,261,086	\$4,722,238	\$4,765,727
Ensuing Year's Budgeted Appropriations	\$29,025,000	\$29,750,000	\$30,500,000
Unrestricted Funds as Percentage of the Ensuing Year's Budget	11.2%	15.9%	15.6%

Although District officials appropriated fund balance each year to finance operations, the amount appropriated was not used because the officials overestimated appropriations each year.

We compared budgeted revenues and appropriations with actual results of operations from 2014-15 through 2016-17. While revenue estimates were reasonable, the Board adopted budgets that overestimated appropriations by \$4.5 million or 5.5 percent over the three-year period.

Figure 2: Overestimated Appropriations

	2014-15	2015-16	Unaudited 2016-17	Total
Appropriations	\$28,274,681	\$29,025,000	\$29,750,000	\$87,049,681
Actual Expenditures	\$26,807,257	\$26,831,316	\$28,897,044 ^a	\$82,535,617
Overestimated Appropriations	\$1,467,424	\$2,193,684	\$852,956	\$4,514,064
Percentage Overestimated	5.5%	8.2%	3.0%	5.5%

^a Includes \$2 million transfer to the capital fund that was not included in the adopted budget.

In 2016-17, before the transfer to the capital project fund, appropriations were overestimated by more than \$2.8 million or 10.6 percent. In addition to an increasing trend of total appropriations being overestimated, we identified certain individual accounts that were materially overestimated each year.

We analyzed all expenditure accounts to determine whether the budget estimates were reasonable based on prior years' actual expenditures and current needs. Overestimated appropriations were spread among numerous accounts throughout years' budgets. The most significant overestimations in 2016-17 were for health and dental insurance, which was overestimated \$728,682 (14 percent). The Board overestimated health and dental insurance costs by \$633,319 (12 percent) in 2014-15 and by \$409,111 (8 percent) in 2015-16.

The Board overestimated appropriations for its annual obligations to the teachers' retirement system each year by \$158,408 (9 percent) in 2014-15, \$263,280 (22 percent) in 2015-16 and \$203,973 (18 percent) in 2016-17. In addition, the Board overestimated instructional salaries by \$447,666 (8 percent) in 2015-16 and \$466,655 (8 percent) in 2016-17. Further, the Board overestimated social security costs by \$213,948 (23 percent) in 2015-16 and \$168,157 (17 percent) in 2016-17. The Business Executive told us that the Board adopted overly conservative budgets each year and overestimated these line items.

As a result, the District experienced operating surpluses from 2014-15 through 2016-17, total fund balance increased and unrestricted fund balance exceeded the statutory limit by 7.2 to 11.6 percentage points. While some expenditures are difficult to accurately estimate, others, such as instructional salaries, social security and retirement costs can be easily predicted and should be budgeted appropriately.

Based on our review of the District's adopted 2017-18 budget totaling approximately \$30.5 million, estimated revenues are reasonable. However, the Board appropriated \$679,167 in fund balance to help finance operations even though it will likely not use any of the amount appropriated because officials continued the pattern of overestimating expenditures. As a result, we expect fund balance will further increase by approximately the same amount, rather than decrease as budgeted.

A Multiyear Plan Was Not Adopted

The Board and District officials have not developed formal, written multiyear financial or capital plans. The Business Executive told us that officials have discussed plans to fund reserves for future capital projects and the use of fund balance to finance one-time expenditures.

For example, the Board and District officials established a capital reserve in 2015-16 to save for future capital projects and funded this reserve with budgeted transfers of \$65,000 in 2015-16, \$115,000 in 2016-17 and \$115,000 in 2017-18. In addition, the Superintendent and Business Executive told us that they may need to use additional fund balance to pay for the unanticipated abatement project (with estimated total costs of approximately \$2 to \$2.7 million and estimated District costs of approximately \$1.4 to \$1.7 million), while waiting to receive NYS building aid.

District officials also anticipate payments starting in 2019 for an \$18.5 million joint capital project with the Franklin-Essex-Hamilton Board of Cooperative Educational Services, which will likely require using some excess fund balance. However if it is the Board's plan to use fund balance for these expenditures, they should establish reserves to set money aside for these purposes.

The lack of adequate multiyear plans, which include specific estimates for revenues, expenditures, reserves and fund balance and long-term capital needs inhibits District officials' abilities to effectively manage finances and address future needs. As the District moves forward, formal well designed long-term plans can assist the Board in making timely and informed decisions about programs and operations and help manage fund balance.

What Do We Recommend?

The Board and District officials should:

1. Adopt annual budgets which are realistic based on historical trends or other known factors and use appropriated fund balance to fund operations.
2. Ensure that the amount of unrestricted fund balance is in compliance with the statutory limit and use excess funds as a financing source for:
 - Funding one-time expenditures.
 - Funding needed reserves.
 - Reducing District property taxes.
3. Develop comprehensive multiyear financial and capital plans to provide a framework for future budgets and guide the District's management of financial condition. These plans should be periodically reviewed and updated as appropriate.

Extra-Classroom Activities

ECA funds are administered by and for the benefit of the students. Students raise and spend these funds to promote the general welfare, education and morale of all students and finance the normal and appropriate ECA of the student body. Money is usually collected by students from a number of sources (e.g., admissions, membership dues, sales, etc.) and is spent as they see fit within established regulations.

How Should ECA Funds Be Safeguarded?

The Regulations of the Commissioner of Education (Regulations)¹ of the New York State Education Department (SED) require the Board to appoint a central treasurer who is responsible for maintaining records of activity, fund receipts and disbursements.

The Regulations were formulated to safeguard the funds of ECA operations and provide schools with the opportunity to teach students good business procedures through participation in handling such funds and operating a successful business. The Regulations require that the Board and District officials adopt and implement policies and procedures to protect ECA fund money. SED has published a pamphlet that presents a plan for the management and accounting of ECA funds.²

Each ECA must have a student treasurer and faculty advisor. Student treasurers, with the assistance of advisors, are responsible for maintaining independent accounting records of collections and disbursements. To provide additional oversight of ECA operations, the Board may appoint a faculty auditor who is responsible for reviewing ECA financial records to determine if adequate procedures are being used to account for ECA funds.

The central treasurer is responsible for depositing ECA funds, preparing disbursements for signature and maintaining the central accounting records. The faculty auditor is responsible for reconciling the ECA bank account to the central treasurer's records at the conclusion of each month.

The Board and District officials are responsible for protecting and providing oversight of ECA funds including adopting policies and implementing procedures that describe the records District personnel and students must maintain and the duties and procedures they should follow to safeguard money. In addition to adopting policies, the Board should appoint a faculty auditor to oversee the management of ECA funds and the central treasurer should provide the Board with monthly ECA fund reports.

¹ The Regulations provide additional guidance on how school districts should set up, account for and manage ECA clubs in the publication entitled: The Safeguarding, Accounting, and Auditing of Extra-classroom Activity Funds (Finance Pamphlet 2), available at www.p12.nysed.gov/mgtserv/accounting/extra_classroom_activities_fund.html

² Ibid.

ECA Operating Procedures Were Not Implemented

The Board and District officials did not adopt and implement procedures governing the operations of ECA funds, as required, for the 32 clubs with total cash balances of \$103,571 as of June 30, 2017. As a result, the central treasurer, faculty auditor and faculty advisors were not provided with guidelines to properly account for and oversee ECA clubs. Officials were unaware the central treasurer and the student treasurer did not maintain separate independent records to properly record and account for all cash collections and disbursements for each ECA.³

In addition, we found the following discrepancies with ECA recordkeeping:

- Student treasurers' and central treasurer records were not reconciled to ensure accuracy.
- Student treasurers did not complete profit and loss statements for activities and maintain inventory control forms for items held for resale.
- Club members were unaware that duplicate press-numbered receipts should be issued when collecting money.
- Club members were unaware that copies of the payment order forms and the supporting invoices should be maintained.

The central treasurer, faculty auditor and faculty advisors were unaware of procedures that ECA clubs were required to follow. Without adequate procedures in place, officials have little assurance that ECA money is adequately safeguarded and properly accounted for.

How Should Collections Be Accounted For?

Students are responsible for collecting money at fundraisers and other events and remitting the collections to the student treasurer. Student treasurers are responsible for accounting for the collections and remitting them to the central treasurer for deposit.

When collecting money, students should issue duplicate press-numbered receipts or use some other method to adequately document the source, date, amount and purpose for the collections, such as a daily sales report. Before remitting collections to the central treasurer, the student treasurers, with the help of advisors, are required to complete student deposit forms indicating the composition, source, date and amount of collections. Copies of these records should be retained along with all other documentation supporting the collections.

³ Each ECA club has its own student treasurer and there is one central treasurer.

Good business practices require that student treasurers and faculty advisors remit collections to the central treasurer and the central treasurer deposit collections as soon as possible to prevent the loss or misuse. Furthermore, it is important that the central treasurer deposit collections intact to reduce the risk of irregularities occurring with the handling of funds.

Adequate Collection Documentation Was Not Maintained

We reviewed collection activity (e.g., field trips, ticket sales, yearbook sales, etc.) for eight ECA clubs⁴ including all available collection documentation and 57 remittances to the central treasurer totaling \$135,515 to determine whether collections were adequately supported.

One club's student treasurers did not maintain any supporting documentation for collections, such as duplicate press-numbered receipts, daily sales reports or profit and loss statements. While the remaining seven clubs maintained some form of documentation for items sold, the documentation was inadequate. For example, one club maintained a list with the number of tickets or items sold but did not indicate whether the collections were received in the form of cash or check. Even though the deposit form required the student treasurer to list the checks received when remitting funds to the central treasurer, the form did not require the student treasurer to list the individuals who paid in cash.

Because of the lack of documentation maintained by the student treasurers, District officials cannot be sure that all ECA money collected is adequately accounted for and properly remitted to the central treasurer for deposit. Further, based on our analysis of each collection activity for the eight clubs, District officials were able to determine whether the amounts collected and remitted to the central treasurer for deposit were reasonable. For example, one club's student treasurer did not maintain any supporting documentation for collections from vending machine sales. However, our review of records maintained⁵ by the central treasurer, disclosed that vending sales generated a profit of approximately \$1,000, which appeared reasonable based on the cost of inventory and selling price.

While the faculty advisor responsible for the 2017 high school yearbook collections kept copies of students' order forms for yearbooks purchased, these forms did not indicate whether payment was made by cash or check. The advisor also maintained a list of yearbook advertising sold but the list did not include the amount paid for each advertisement sold. As a result, District officials are prevented from being able to determine whether all money collected for yearbook and advertising sales⁶ are remitted to the central treasurer for deposit.

⁴ See Appendix B for information on our sampling methodology.

⁵ Deposit forms, bank statements, canceled check images, payment order forms and invoices

⁶ Students may purchase a yearbook online directly from the ECA contracted publisher.

We calculated the total amount received from yearbook and advertisement sales at the District and through the online publisher. Based on the \$18,140 in deposits made compared to the vendor invoices, the amount of collections deposited appeared reasonable.

Because student treasurers do not maintain adequate supporting documentation for collections, District officials are unable to ensure the student treasurers are adequately accounting for all collections or remitting them to the central treasurer in a timely manner. Additionally, when duplicate press-numbered receipts are not issued for all collections and other documentation is not maintained, there is an increased risk that collection errors could occur, which may not be detected or corrected in a timely manner. Moreover, students are not learning about appropriate business practices to control cash collections.

What Types of Records Should Be Maintained?

Each ECA has a student treasurer and faculty advisor who are responsible for maintaining independent accounting records of collections and disbursements. The student treasurers should maintain ledgers to account for all collections and disbursements that include daily running cash balances. It is important for faculty advisors to guide the student treasurers in entering information into their ledgers and to periodically check the student treasurers' account balances. The faculty auditor should periodically compare the student treasurers' ledgers to the central treasurer's ledger to verify agreement between the ledgers and investigate any discrepancies that are noted.

Ledgers Were Not Always Maintained

We reviewed student treasurers' accounting records for eight ECA clubs during our audit period to determine whether the records maintained were adequate and agreed with the central treasurer's records.

Two student treasurers did not maintain a ledger. We compared the six ledgers maintained by the other student treasurers with the central treasurer's ledger and found that five ledgers contained a record of receipts, disbursements and a running cash balance that agreed with the central treasurer's ledger. For the one student treasurer's ledger that did not agree with the central treasurer's ledger, two deposits totaling \$515 were not recorded, and we identified recording errors totaling \$115.

Both the central treasurer and this club's faculty auditor told us that they were unaware that the central treasurer's ledger should be compared with the student treasurer's ledgers. When student ledgers do not agree with the central treasurer's ledger and are not periodically reviewed, there is an increased risk

that errors or irregularities in accounting for collections, disbursements and cash balances could occur and remain undetected.

What Do We Recommend?

The Board and District official should:

4. Establish policies and procedures over ECA cash receipts and disbursements. In addition, ensure the central treasurer, facility auditor, faculty advisors and student treasurers are adequately informed about the District's policies and procedures, and that they follow the specific requirements for the receipt and disbursements of funds and maintain adequate and appropriate accounting records.
5. Ensure student treasurers and advisors properly account for all ECA collections and issue press-numbered receipts or maintain some other record to provide adequate supporting documentation for the collections.
6. Periodically reconcile the central treasurer's ledger with the student treasurers' ledgers to ensure the student treasurers maintain a complete and accurate record of all ECA funds.

Appendix A: Response From District Officials



Saranac Lake Central School District

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March 26, 2018

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396

Dear Mr. Leonard,

This letter is in response to the draft audit of the Saranac Lake Central School District by the New York State Office of the State Comptroller (OSC). The two audit objectives are Financial Management and Extra-Classroom.

On behalf of the District, I would like to thank the field examiner who was both professional and courteous throughout the extensive audit process. The District found the audit to be very beneficial, and appreciates and values OSC's feedback and recommendations. The District is in agreement with the audit findings, and immediately started implementing corrective actions as a result of this audit. I will highlight a few in this letter, and follow up with a formal Corrective Action Plan.

Financial Management - What OSC Recommends

The Board and District officials should:

1. Adopt annual budgets which are realistic based on historical trends or other known factors and use appropriated fund balance to fund operations.

District Response: The District changed accounting software in the middle of the time period that OSC audited (7/1/14 - 6/30/17). Budget coding was updated, and we now use a budget-building module within the new software which will enable us to be consistent and to better track historical trends. The District's taxpayers have been very supportive of the District, with budget approval rates in the mid-to-high 80%. We believe that shows that they have trust in what the District is doing. This is very important, and we will continue to strive in adopting annual budgets that are realistic. We realize the importance of providing our students with the best education possible, while being fiscally prudent in spending taxpayers' dollars.

2. Ensure that the amount of unrestricted fund balance is in compliance with the statutory limit and use excess funds as a financing source for:
 - a. Funding one-time expenditures

District Response:

The District plans on funding some one-time expenditures, including supplementing capital project work. With the ongoing capital project that voters approved on 1/10/17, there are items that were not in the scope of the original capital project, but make sense to do as the project is underway.

Emergency Abatement Project - Testing for asbestos was done before starting our capital project in the summer of 2017. As a result, extensive asbestos abatement had to be done at the Petrova school building. The total project resulted in expenditures totaling almost \$2,000,000. The district paid for the entire abatement using fund balance.

BOCES Capital Project - The Franklin-Essex-Hamilton BOCES has a voter approved capital project scheduled to start the summer of 2019. The Saranac Lake Central School District's share will be \$2,613,598. The District will assess all options of how to pay for the project, including using fund balance and/or borrowing.

Having a favorable fund balance resulted in an increase to the District's credit rating in July 2017. The higher credit rating will help in getting lower interest rates when borrowing for \$18.75 million-dollar capital project, potentially saving the district thousands in interest costs.

For the past two years, the District has used fund balance to purchase buses rather than borrowing. This helps keep the unassigned fund balance steady, as well as prevents costs associated with borrowing.

b. Funding needed reserves

District Response: By adopting annual budgets that are realistic based on historical trends and other known factors as well as using appropriated fund balance to fund operations, the District will ensure appropriate tax levies. It is important to note that the Property Tax Cap restricts how much the tax levy can increase in any one year.

c. Reducing District property taxes

District Response: The District established two new reserves and started funding the reserves at minimal levels on 7/1/15. The two reserves are the Capital Improvement Reserve Fund and the Transportation & Maintenance Equipment Reserve Fund. By funding these reserves, the District moves money from unallocated fund balance (which is restricted to 4% of the following year's budget), therefore moving closer to compliance with state law.

There is a 10-year limit on capital reserves. Our multiyear capital plan is to fund our Capital Improvement Reserve Fund in order to align the availability of the funds with year 10 of our current capital project, and start a 5-year capital improvement cycle that would keep capital costs consistent.

3. Develop comprehensive multiyear financial and capital plans to provide a framework for future budgets and guide the District's management of financial condition. These plans should be periodically reviewed and updated as appropriate.

District Response: In September 2017, the District subscribed to [REDACTED] which is a data analytic company that helps school districts make strategic decisions using data. [REDACTED] applications can generate actionable business strategies that can save schools money and ensure that budgets are aligned with strategic objectives. The [REDACTED] application a powerful budgeting and forecasting tool that allows users to simulate "what-if" scenario analysis for the purpose of developing multi-year

financial forecasts. The District has started working on creating multiyear financial and capital plans with [REDACTED].

Extra-Classroom - What OSC Recommends

The Board and District official should:

4. Establish policies and procedures over ECA cash receipts and disbursements. In addition, ensure the central treasurer, facility auditor, faculty advisors and student treasurers are adequately informed about the District's policies and procedures, and that they follow the specific requirements for the receipt and disbursements of funds and maintain adequate and appropriate accounting records.

District Response: As part of a Superintendent's Conference Day on 10/20/17, the School Business Executive met with the central treasurer, faculty auditor and faculty advisors to review the preliminary OSC audit findings in detail. Policies and procedures are being established using the New York State Education Department's document "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" as a baseline. These policies and procedures will be communicated with all parties involved.

The central treasurer and entire Business Office staff attended a [REDACTED] training workshop titled "Advanced Issues for Student Extra-Classroom Activity Funds" training on 1/9/18. This intensive workshop provided a lot of valuable information, as well as gave the attendees access to [REDACTED] support website for future reference.

5. Ensure student treasurers and advisors properly account for all ECA collections and issue press-numbered receipts maintain some other record to provide adequate supporting documentation for the collections. Periodically reconcile the central treasurer's ledger with the student treasurers' ledgers to ensure the student treasurers maintain a complete and accurate record of all ECA funds.

District Response: All clubs have press-numbered receipts to use for recording ECA collections. Procedures have been established including having the facility auditor reconcile the central treasurer's ledger with the student treasurers' ledgers for all clubs two times per year. As a result, the reconciliation was already done in December 2017, and will be done again in late May 2018.

In conclusion, the Saranac Lake Central School District strives for excellence, not only in education, but in business administration as well. We will continue to improve our operations by implementing the recommendations found in this audit, and through continual self-review.

Sincerely,

Diane Fox
Superintendent of Schools

cc: Cindy Moody, School Business Executive

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

Financial Management:

- We interviewed the Superintendent and other District officials to gain an understanding of the District's financial management policies and procedures and budgeting practices.
- We analyzed the District's general fund financial records for the audit period to determine whether unrestricted fund balance increased or declined. We also evaluated any factors contributing to the increase or decline identified.
- We reviewed the Board-adopted general fund budgets to determine whether they were realistic and structurally balanced by comparing the adopted budgets from 2014-15 through 2016-17 with actual results of operations.
- We reviewed the adopted general fund budget for 2017-18 to determine whether budgeted revenues and appropriations were reasonable based on historical data and supporting source documentation.
- We analyzed the general fund's financial condition to determine whether during the audit period fund balance increased or was in excess of statutory limit and whether operating deficits were incurred.

Extra-Classroom Activities:

- We interviewed District officials and employees and reviewed District policies and financial records and reports related to ECA operations to gain an understanding of the internal controls over ECA funds and any associated effects of deficiencies in those controls.
- We judgmentally selected 8 of the 32 ECA's based on the type of activities (fundraiser/event/sale). We then selected one activity from each ECA to test collections and disbursements.
- For each activity selected, we reviewed all available collection documentation and associated remittances to determine whether the central treasurer received and maintained deposit forms for collections and accurately accounted for them.
- We reviewed our sample of collection activities to determine whether the ECA issued and maintained receipts or some other form of documentation for collections, accurately accounted for them in a ledger and remitted them to the central treasurer. Whenever ECA records were inadequate, we performed additional testing to determine whether all collections were remitted to the central treasurer.

-
- For each of the eight ECAs selected we randomly selected two months during our audit period (one from 2015-16 and one from 2016-17) Three ECAs did not have any cash disbursements during the selected months. We selected all the cash disbursements for these ECAs for our audit period. We reviewed 133 disbursements totaling \$211,676 made from these eight ECA accounts to determine whether they were supported by approved payment forms and itemized receipts or invoices and were for appropriate club activities.

We conducted this performance audit in accordance with GAGAS, generally accepted government auditing standards. 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 relevant population size and the sample selected for examination.

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 2116-1(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 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. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

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

www.osc.state.ny.us/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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