



# KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

AUDIT COMMITTEE PRESENTATION

October 2, 2017

Lumsden   
McCormick LLP

CERTIFIED PUBLIC ACCOUNTANTS

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# AUDIT SCOPE AND RESULTS

## Deliverables

- Auditors' Report on Financial Statements (unmodified opinion)
- Auditors' Report required by *Government Auditing Standards*
- Auditors' Report on Compliance for Each Major Federal Program and on Internal Control required by the Uniform Guidance (no matters)
  - \$5,836,000 in Federal Funds (\$5,967,000 in 2016)
  - Low-risk auditee
  - Special Education Cluster (IDEA) tested- total of \$2,247,000 tested or 38%
- Data Collection Form
- Extraclassroom Activity Statement of Cash Receipts & Disbursements
  - Cash balance \$260,000, cash receipts \$834,000
- Communication with those Charged with Governance
- Management Letter



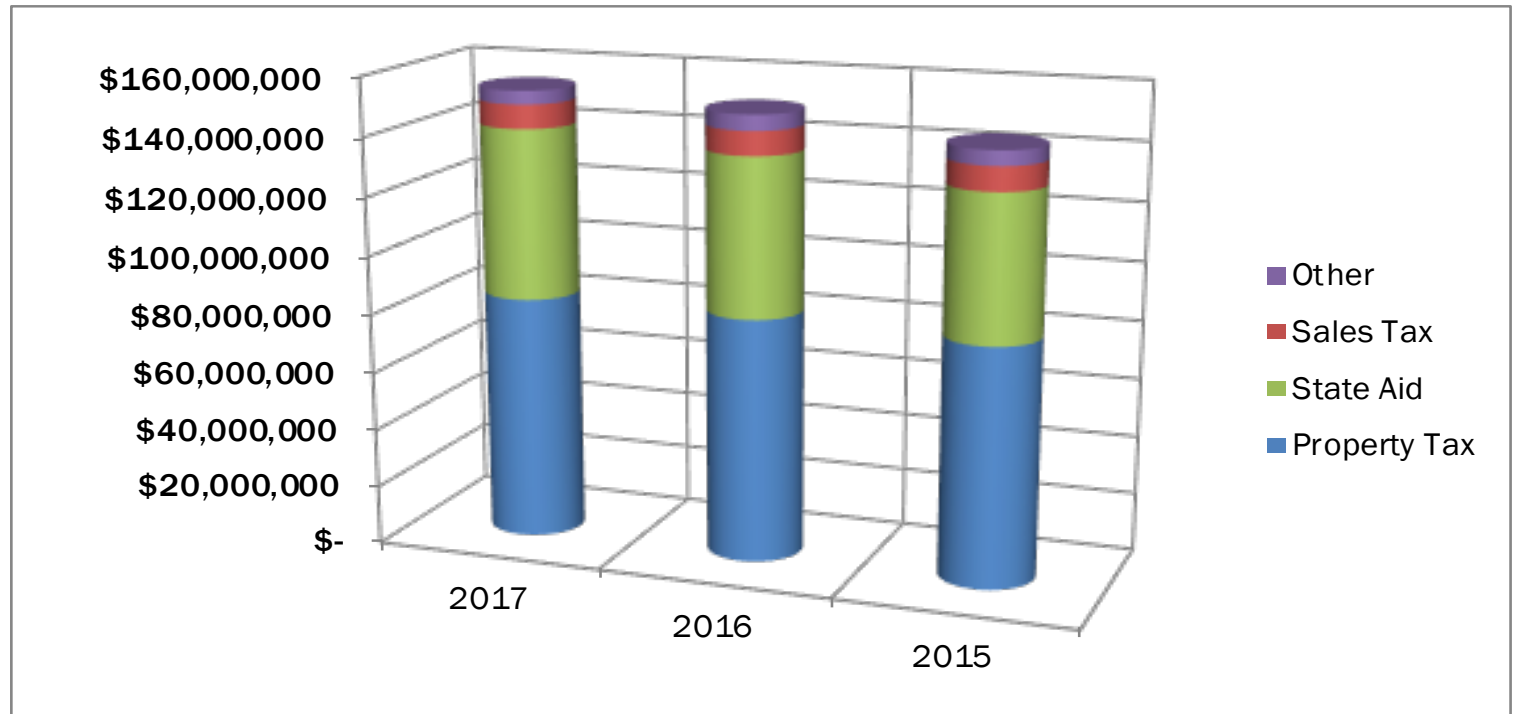
# SUMMARY OF FUNDS



June 30,	2017	2016	2015
<b>Change in Fund Balance - General Fund</b>	<b>\$ 6,300,000</b>	<b>\$ 3,373,000</b>	<b>\$ (8,224,000)</b>
<b>Fund Balance - General Fund</b>			
<b>Nonspendable</b>	<b>\$ 2,005,000</b>	<b>\$ 2,005,000</b>	<b>\$ 2,220,000</b>
<b>Restricted</b>			
Employee benefits	3,964,000	4,062,000	4,060,000
Other reserves (Workers Comp, Unemployment & Repair)	2,823,000	2,709,000	2,526,000
Retirement contribution	2,897,000	910,000	-
Debt service	2,567,000	2,516,000	1,702,000
Capital	5,595,000	2,179,000	179,000
Tax certiorari	1,702,000	1,701,000	1,699,000
<b>Assigned</b>			
Designated for subsequent year	5,850,000	5,900,000	6,200,000
Other purposes	1,536,000	806,000	1,293,000
<b>Unassigned</b>	<b>6,428,000</b>	<b>6,279,000</b>	<b>5,815,000</b>
	<b>\$ 35,367,000</b>	<b>\$ 29,067,000</b>	<b>\$ 25,694,000</b>
<b>Fund Balance - Capital Projects</b>	<b>\$(27,762,000)</b>	<b>\$ 1,011,000</b>	<b>\$ 5,756,000</b>
<b>Fund Balance - School Lunch</b>	<b>\$ 1,472,000</b>	<b>\$ 1,343,000</b>	<b>\$ 1,264,000</b>



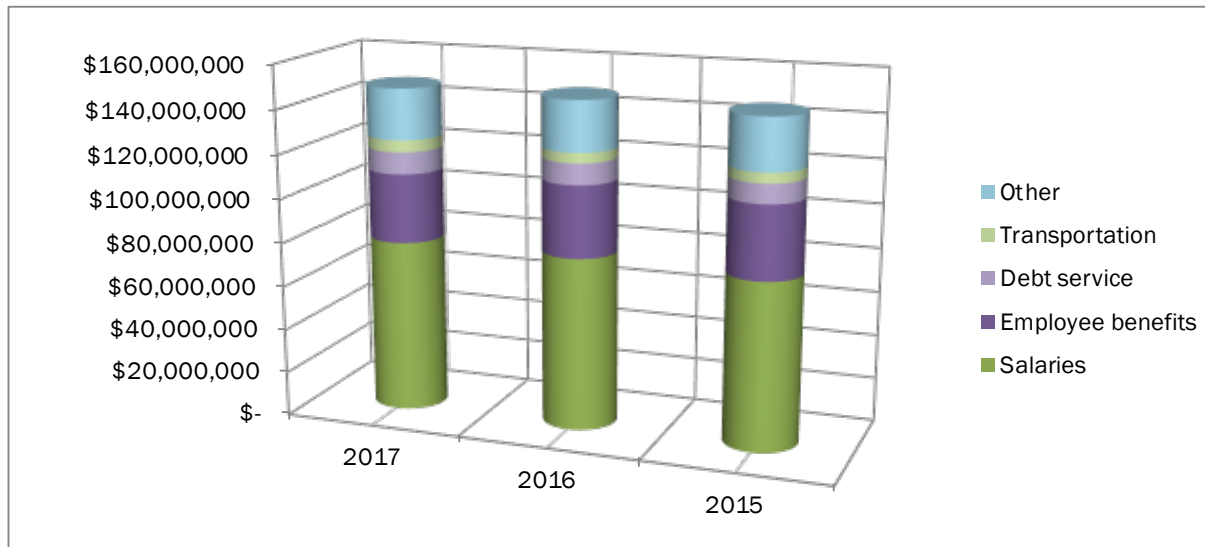
# GENERAL FUND REVENUE



For the years ended June 30,	2017		2016		2015	
Property Tax	\$	83,496,000	\$	83,296,000	\$	81,384,000
State Aid		57,969,000		53,937,000		49,432,000
Sales Tax		8,161,000		8,123,000		8,159,000
Other		4,583,000		5,292,000		4,964,000
	\$	154,209,000	\$	150,648,000	\$	143,939,000



# GENERAL FUND EXPENDITURES



For the years ended June 30,	2017	2016	2015
Salaries	\$ 78,299,000	\$ 78,415,000	\$ 76,107,000
Employee benefits			
Retirement systems	9,822,000	10,677,000	13,213,000
Social security and medicare	5,901,000	5,950,000	5,767,000
Health and life insurance	11,621,000	12,372,000	11,210,000
Workers' comp and other	956,000	1,212,000	571,000
Union benefits	1,074,000	932,000	899,000
Flex plan and TSAs	1,982,000	1,414,000	1,471,000
Debt service	9,980,000	9,568,000	8,754,000
Transportation	5,348,000	4,541,000	4,564,000
Other	23,085,000	22,786,000	23,347,000
	<u>\$ 148,068,000</u>	<u>\$ 147,867,000</u>	<u>\$ 145,903,000</u>



# SUMMARY: GOVERNMENT-WIDE



June 30,	2017	2016	Change
Current and other assets	\$ 83,541,000	\$ 79,349,000	\$ 4,192,000
Capital assets	136,244,000	109,765,000	26,479,000
Pension asset and deferred outflows of resources	49,046,000	61,455,000	(12,409,000)
Total assets and deferred outflows of resources	<u>268,831,000</u>	<u>250,569,000</u>	<u>18,262,000</u>
Long-term liabilities	95,444,000	90,667,000	4,777,000
Other liabilities and deferred inflows of resources	79,527,000	65,671,000	13,856,000
Total liabilities and deferred inflows of resources	<u>174,971,000</u>	<u>156,338,000</u>	<u>18,633,000</u>
Net position	<u>\$ 93,860,000</u>	<u>\$ 94,231,000</u>	<u>\$ (371,000)</u>

For the years ended June 30,	2017	2016	Change
Revenues	\$ 163,093,000	\$ 160,000,000	\$ 3,093,000
Expenses (includes special items)	151,001,000	155,191,000	(4,190,000)
Change in net position	<u>\$ 12,092,000</u>	<u>\$ 4,809,000</u>	<u>\$ 7,283,000</u>



# COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

- Significant Accounting Practices
  - Implementation of GASB 75
  - Accounting estimates: capitalization and depreciation of capital assets, accrual of compensated absences, OPEB with disclosures, net pension position and related disclosures, self-insured workers' compensation and self-funded health insurance liabilities, and general fund reserves
  - Footnote disclosures: Note 2 – Change in Accounting Principle, Note 7 – Short-Term Debt, Note 8 – Long-Term Liabilities, Note 9 – Pension Plans, Note 10 – OPEB, and Note 11 – Risk Management
- Difficulties Encountered in Performing the Audit (none)
- Corrected and Uncorrected Misstatements (adjusted)
- Disagreements with Management (none)
- Management Representations (open)
- Management Consultations with Other Independent Accountants (none)
- Other Audit Findings or Issues (none)



# MANAGEMENT LETTER

- Current year comments and observations
  - Extraclassroom activity accounts
    - Review of student records – coaching/training
    - Periodic reconciliation of student records to the central treasurers'
    - Clubs with little or no activity
  - Journal entry review
- Informational points
  - GASB 84 – Fiduciary Activities (6/30/20)
  - GASB 87 – Lease Accounting (6/30/21)
- Prior year recommendation
  - Purchasing procedures and preparation of purchase orders – no issues found





# QUESTIONS AND DISCUSSION

