

Frontier Central School District – Audit Committee Meeting Minutes
Tuesday October 5, 2021 @ 7:30 AM at Frontier Education Center

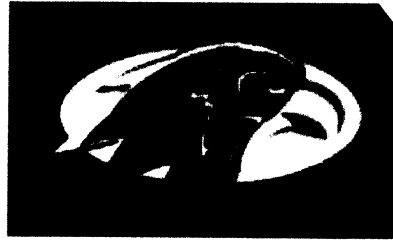
Attendees: Patrick Boyle, Mary Kay Clouden Nancy Cox, Daniel Diplock, Robert McDow, J. Mark Robinson, Nicole Ruf (Drescher & Malecki LLP), Chris Swiatek, and Megan Wnek (Drescher & Malecki LLP)

1. Presentation of 2020-21 Draft Year End Financial Reports by Nicole Ruf & Megan Wnek of Drescher Malecki LLP: The committee had received the draft financial statements last Friday afternoon for review over the weekend. Ms. Ruf and Ms. Wnek walked the committee through the attached presentation (“DM Presentation to FCSD Audit Committee 5Oct2021.pdf”) and addressed questions and comments. The auditors stated that the result of their audit was an unqualified (clean) opinion for the year ended June 30, 2021.
 - **Action Item #1:** Ms. Ruf and Ms. Wnek will present the year-end financials to the full BoE at this evening’s meeting and Mr. Boyle will suggest that the BoE accepts the report as per the recommendation of this committee.
 - **Action Item #2:** If the BoE accepts the report, Mr. Boyle will request that we receive an electronic copy of the report not marked “Draft”, along with the management letter, and the Extra-Classroom Report, all of which will be forwarded to the full BoE, this committee, and which will be posted on the District’s website under the Audit Committee’s section.

The Audit Committee thanks Mr. McDow and Ms. Clouden and their staff and Ms. Pinker and her staff for all of their work to get the auditors everything they required to complete this audit. This was Drescher Malecki’s first year as our external auditor and there was a lot of groundwork and procedural knowledge to be laid and transferred to complete the audit.

2. **Review Internal Claims Auditor Reports for May, June, July, and August 2021:** The reports from our Internal Claims Auditor, Mr. Kofod, for the months of May, June, July, and August were reviewed.
3. **Status of District Cyber Insurance & Erie 1 BOCES on Their Cyber Security Posture:** The District is currently investigating options to enhance its’ cyber insurance posture and until the District completes the investigation and makes recommendations to the superintendent, this committee is holding on our discussions with BOCES in this area.
4. **Next Meeting:** December 14, 2021 7:30 AM at FEC

Respectfully submitted on
October 10, 2021 by P. Boyle



**FRONTIER CENTRAL
SCHOOL DISTRICT**

June 30, 2021 Audit



AUDIT COMMITTEE - OCTOBER 5, 2021

Frontier Central School District

Products of our audit:

- Basic Financial Statements
- Management Letter
- Auditor Communications
- Extraclassroom Activity Report



Frontier Central School District

Auditor Communications:

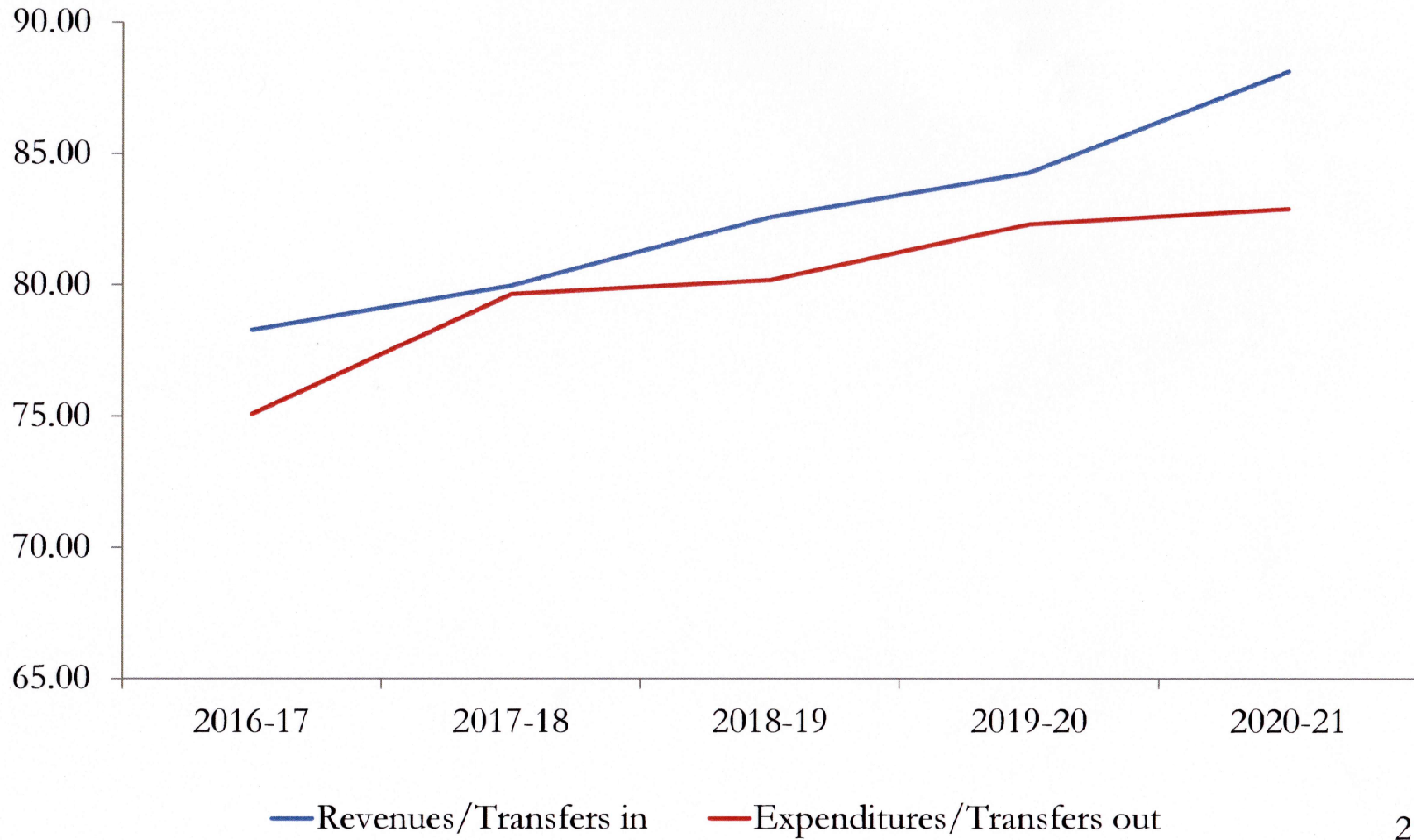
- Our responsibility under GAAS
- Significant accounting policies
- Significant accounting estimates
- Independence
- Other matters



General Fund

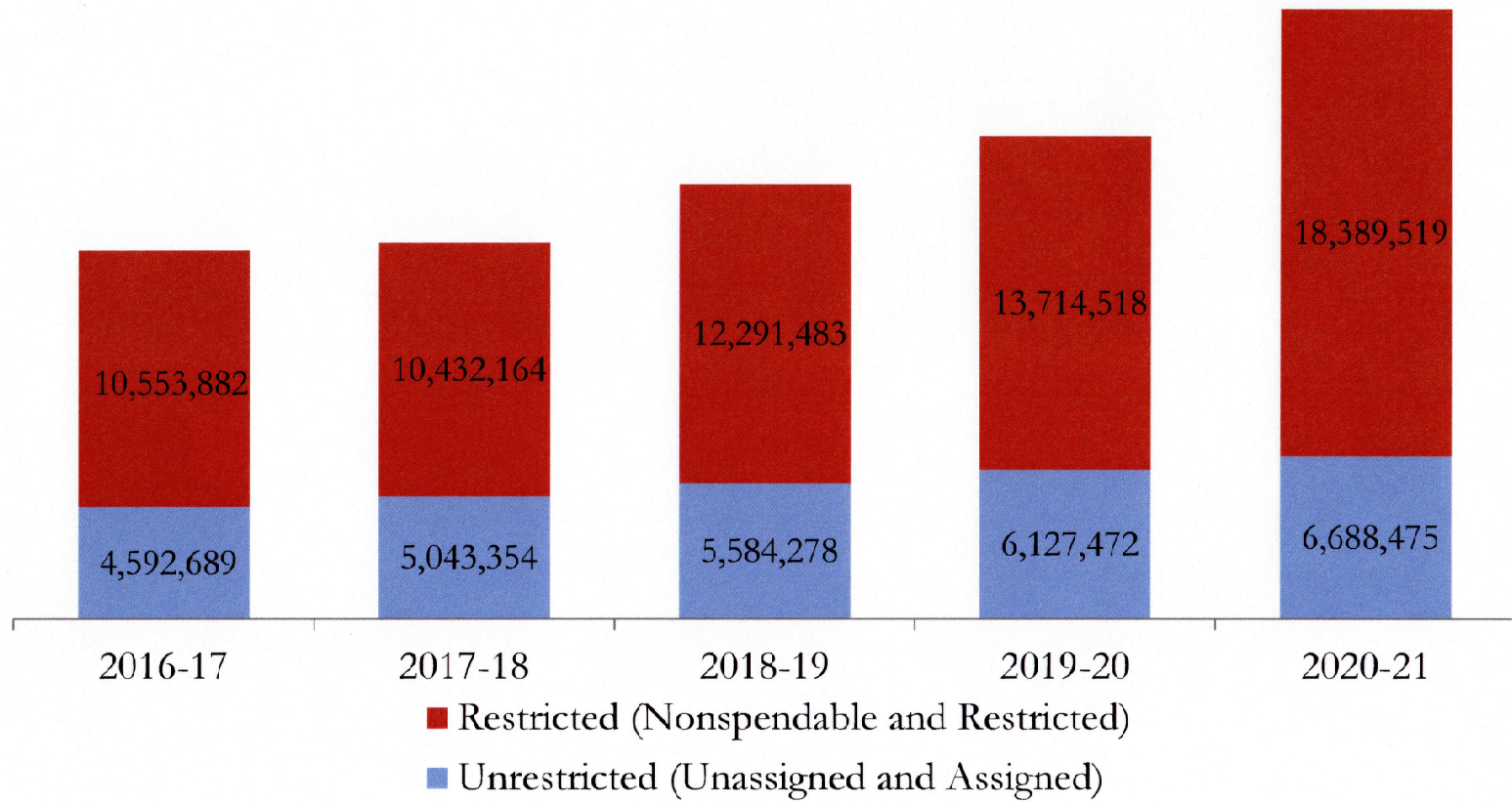
Revenues/Transfers In and Expenditures/Transfers Out

(\$ millions)

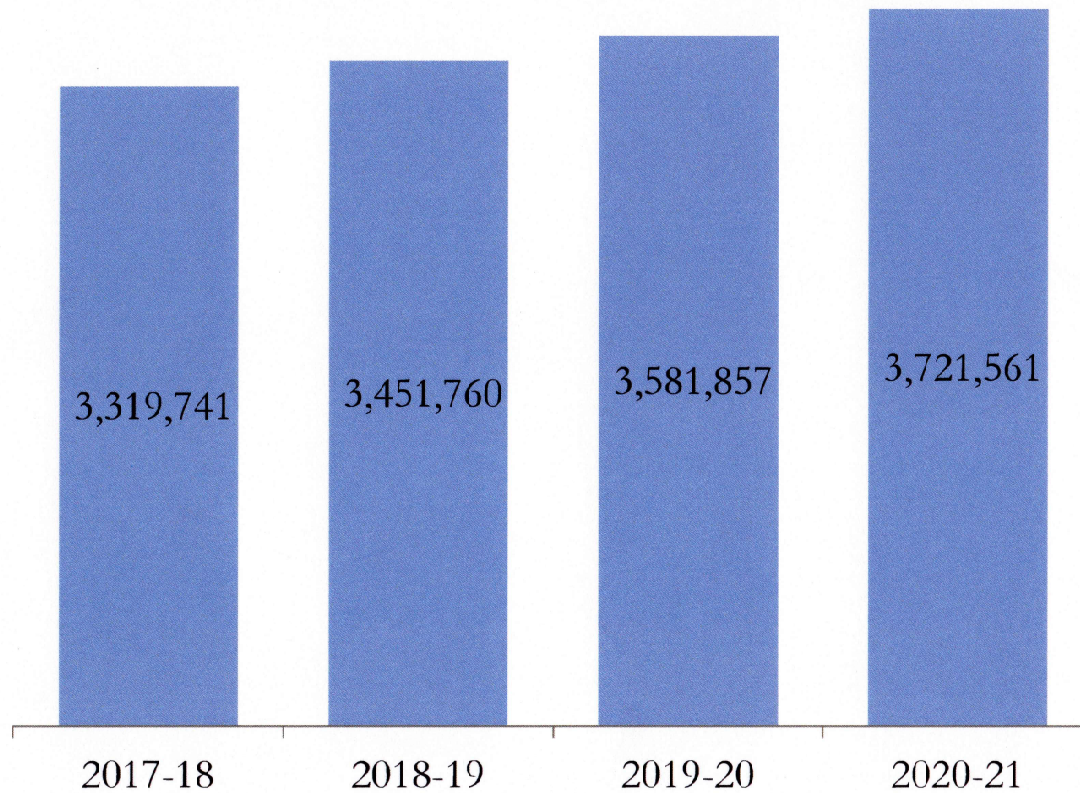


General Fund Fund Balance Trend

Restricted and Unrestricted Fund Balance (\$)



General Fund
Fund Balance Subject to Section 1318 of Real Property Tax
Law Limit Calculation (\$)



As a percentage of subsequent year's appropriations...	
	Unassigned
2020-21	4.0%
2019-20	4.0%
2018-19	4.0%
2017-18	4.0%



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(New)

10/15/2021

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2021

ASSETS	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,710,432	\$ -	\$ 127,136	\$ 6,837,568
Restricted cash and cash equivalents	18,111,378	4,519	1,516,251	19,632,148
Receivables	433,675	-	6,110	439,785
Intergovernmental receivables	3,941,109	-	1,498,027	5,439,136
Due from other funds	2,980,247	-	-	2,980,247
Cash value of life insurance	278,141	-	-	278,141
Inventories	-	-	100,894	100,894
Total assets	<u>\$ 32,454,982</u>	<u>\$ 4,519</u>	<u>\$ 3,248,418</u>	<u>\$ 35,707,919</u>
LIABILITIES				
Accounts payable	\$ 1,121,356	\$ 127,213	\$ 50,150	\$ 1,298,719
Accrued liabilities	2,205,800	-	-	2,205,800
Due to other funds	-	1,539,166	1,441,085	2,980,247
Due to retirement systems	4,049,832	-	27,112	4,076,944
Unearned revenue	-	-	62,091	62,091
Bond anticipation notes payable	-	2,567,851	-	22,567,851
Total liabilities	<u>7,376,988</u>	<u>1,666,426</u>	<u>1,580,438</u>	<u>33,191,652</u>
FUND BALANCES				
Nonspendable	278,141	-	100,894	379,035
Restricted	18,111,378	-	1,457,320	19,568,698
Assigned	2,966,214	-	109,766	3,076,680
Unassigned	3,721,261	(24,229,707)	-	(20,508,146)
Total fund balances	<u>25,077,994</u>	<u>(24,229,707)</u>	<u>1,667,980</u>	<u>2,516,267</u>
Total liabilities and fund balances	<u>\$ 32,454,982</u>	<u>\$ 4,519</u>	<u>\$ 3,248,418</u>	<u>\$ 35,707,919</u>

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The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
Year Ended June 30, 2021

REVENUES	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Real property taxes	\$ 37,571,483	\$ -	\$ -	\$ 37,571,483
Real property tax items	5,831,217	-	-	5,831,217
Non-property tax items	6,371,067	-	-	6,371,067
Charges for services	481,405	-	-	481,405
Use of money and property	82,799	-	2,808	85,607
Sale of property and compensation for loss	19,244	-	-	-
Miscellaneous	558,784	173,547	6,111	738,442
State sources	35,816,368	-	991,393	36,807,761
Federal sources	1,226,519	-	3,644,859	4,871,378
Sales—food service	-	-	48,403	48,403
Student activity collections	-	-	96,860	96,860
Total revenues	<u>87,958,886</u>	<u>173,547</u>	<u>4,790,434</u>	<u>92,903,623</u>
EXPENDITURES				
Current:				
General support	7,570,173	-	-	7,570,173
Instruction	48,515,575	-	2,711,198	51,226,773
Pupil transportation	3,288,923	-	43,140	3,285,963
Employee benefits	17,378,744	-	509,009	17,887,753
Debt service:				
Principal	2,755,139	-	-	2,755,139
Interest and other fiscal charges	1,049,076	-	-	1,049,076
Cost of sales (school lunch)	-	-	1,407,711	1,407,711
Student activities	-	-	112,300	112,300
Capital outlay	-	12,228,513	-	12,228,513
Total expenditures	<u>80,511,530</u>	<u>12,228,513</u>	<u>4,783,358</u>	<u>97,523,401</u>
Excess (deficiency) of revenues over expenditures	<u>7,447,356</u>	<u>(12,054,966)</u>	<u>7,076</u>	<u>(4,619,778)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	166,665	2,221,697	156,320	2,544,682
Transfers out	<u>(2,378,017)</u>	<u>(166,665)</u>	<u>-</u>	<u>(2,544,682)</u>
Total other financing sources (uses)	<u>(2,211,352)</u>	<u>2,055,032</u>	<u>156,320</u>	<u>-</u>
Net change in fund balances	<u>5,236,004</u>	<u>(9,999,934)</u>	<u>163,396</u>	<u>(4,600,534)</u>
Fund balances—beginning, as restated	<u>19,841,990</u>	<u>(14,229,773)</u>	<u>1,504,584</u>	<u>7,116,801</u>
Fund balances—ending	<u>\$ 25,077,994</u>	<u>\$ (24,229,707)</u>	<u>\$ 1,667,980</u>	<u>\$ 2,516,267</u>

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The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
June 30, 2021

	<u>Special Revenue</u>				Total Nonmajor Funds
	<u>Special Aid</u>	<u>School Lunch</u>	<u>Student Activities</u>	<u>Debt Service</u>	
ASSETS					
Cash and cash equivalents	\$ 91,927	\$ 35,209	\$ -	\$ -	\$ 127,136
Restricted cash and cash equivalents	39,428	22,663	166,387	1,287,773	1,516,251
Receivables	-	109	6,001	-	6,110
Intergovernmental receivables	1,180,311	317,716	-	-	1,498,027
Inventories	-	100,894	-	-	100,894
Total assets	<u>\$ 1,311,666</u>	<u>\$ 476,591</u>	<u>\$ 172,388</u>	<u>\$ 1,287,773</u>	<u>\$ 3,248,418</u>
LIABILITIES					
Accounts payable	\$ 40,571	\$ 6,738	2,841	\$ -	\$ 50,150
Due to other funds	1,231,667	209,418	-	-	1,441,085
Due to retirement systems	-	27,112	-	-	27,112
Unearned revenue	39,428	22,663	-	-	62,091
Total liabilities	<u>1,311,666</u>	<u>265,931</u>	<u>2,841</u>	<u>-</u>	<u>1,580,438</u>
FUND BALANCES					
Nonspendable	-	100,894	-	-	100,894
Restricted	-	-	169,547	1,287,773	1,457,320
Assigned	-	109,766	-	-	109,766
Total fund balances	<u>-</u>	<u>210,660</u>	<u>169,547</u>	<u>1,287,773</u>	<u>1,667,980</u>
Total liabilities and fund balances	<u>\$ 1,311,666</u>	<u>\$ 476,591</u>	<u>\$ 172,388</u>	<u>\$ 1,287,773</u>	<u>\$ 3,248,418</u>

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statements of Revenues, Expenditures and Changes in
Fund Balances—Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue			Debt Service	Total Nonmajor Funds
	Special Aid	School Lunch	Student Activities		
REVENUES					
Use of money and property	\$ -	\$ 24	\$ -	\$ 2,784	\$ 2,808
Miscellaneous	-	6,111	-	-	6,111
State sources	929,263	62,130	-	-	991,393
Federal sources	1,883,296	1,761,563	-	-	3,644,859
Sales—food service	-	48,403	-	-	48,403
Student activity collections	-	-	96,860	-	96,860
Total revenues	<u>2,812,559</u>	<u>1,878,231</u>	<u>96,860</u>	<u>2,784</u>	<u>4,790,434</u>
EXPENDITURES					
Current:					
Instruction	2,711,198	-	-	-	2,711,198
Pupil transportation	43,140	-	-	-	43,140
Employee benefits	164,541	344,469	-	-	509,009
Cost of sales (school lunch)	-	1,407,711	-	-	1,407,711
Student activities	-	-	112,300	-	112,300
Total expenditures	<u>2,918,879</u>	<u>1,752,179</u>	<u>112,300</u>	<u>-</u>	<u>4,783,358</u>
Excess (deficiency) of revenues over expenditures	<u>(106,320)</u>	<u>126,052</u>	<u>(15,440)</u>	<u>2,784</u>	<u>7,076</u>
OTHER FINANCING SOURCES					
Transfers in	106,320	50,000	-	-	156,320
Total other financing sources	<u>106,320</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>156,320</u>
Net change in fund balances	-	176,052	(15,440)	2,784	163,396
Fund balances—beginning, as restated	-	34,608	184,987	1,284,989	1,504,584
Fund balances—ending	<u>\$ -</u>	<u>\$ 210,660</u>	<u>\$ 169,547</u>	<u>\$ 1,287,773</u>	<u>\$ 1,667,980</u>

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit—General Fund
Year Ended June 30, 2021

Change from Adopted Budget to Final Budget

Adopted budget, 2020-2021		\$ 89,486,591
Add: Prior year's encumbrances		<u>97,127</u>
Original budget, 2020-2021		89,583,718
Budget revisions		<u>-</u>
Final budget, 2020-2021		<u>\$ 89,583,718</u>

Section 1318 of Real Property Tax Law Limit Calculation

2021-2022 Voter-approved expenditure budget	\$ 93,619,035	
Maximum allowed (4% of 2021-2022 budget)		<u>\$ 3,721,561</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	2,966,914	
Unassigned fund balance	<u>3,721,561</u>	
Total unrestricted fund balance		\$ 6,688,475
Less:		
Appropriated fund balance	\$ 2,849,640	
Encumbrances included in assigned fund balance	<u>117,274</u>	
Total adjustments		<u>2,966,914</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 3,721,561</u>
Actual percentage		4.00%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance for subsequent year's budget, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.