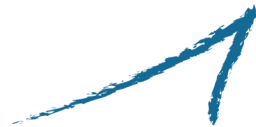


**SPENCER-VAN ETTEN
CENTRAL SCHOOL DISTRICT**

Spencer, New York

EXECUTIVE SUMMARY

**For the Year Ended
June 30, 2020**



insero&co

Certified Public Accountants | Business Advisors

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2020 AUDIT

Basic Financial Statements

Independent Auditors' Report on Basic Financial Statements.

Independent Auditors' Report on Supplementary Financial Information.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Single Audit (Uniform Guidance) Report

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.

Communication With Those Charged With Governance at the Conclusion of the Audit.

Independent Auditors' Report on Extraclassroom Activity Funds.

Management Comment Letter.

Description of Report and Findings

Unmodified opinion on Spencer-Van Etten Central School District's (the School District) basic financial statements for the year ended June 30, 2020.

Unmodified opinion on supplementary financial information in relation to the primary audit report.

Report on the School District's compliance with laws and regulations that may have a direct and material effect on the basic financial statements and on the School District's internal control structure, policies, and procedures based on the auditors' understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified **one instance of noncompliance related to compliance with the New York State Real Property Tax Law (Code §1318) and no material internal control weaknesses** at the financial statement level. In addition, a separate letter dated September 24, 2020, which has been issued, discusses the above noncompliance and upcoming accounting standards.

Report on 1) the School District's internal control structure policies and procedures used in administering federal award programs; 2) compliance with general requirements of the School District's federal awards; and 3) compliance with specific requirements applicable to each major program. This report identified **no instances of noncompliance and no material internal control weaknesses** regarding compliance in accordance with Uniform Guidance.

There are several federal award program expenditures that amounted to a total of \$890,633.

A letter that specifically addresses certain required communications to the Board of Education in accordance with professional standards. There were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected or Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

Unmodified opinion on the School District's Extraclassroom Activity Fund financial statements for the year ended June 30, 2020.

Letter of comments dated September 24, 2020 discusses one minor issue.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

FIVE YEAR FINANCIAL STATEMENT ANALYSIS - FUND BASIS

	General Fund				
	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016
ASSETS					
Cash and Investments	\$ 4,117,110	\$ 4,286,929	\$ 3,876,699	\$ 4,352,620	\$ 4,393,391
Receivables	1,029,815	957,297	959,580	941,349	729,149
Prepays		7,053	2,727	1,878	280,703
Due from Other Funds	869,401	183,550	379,886	424,632	225,094
Total Assets	\$ 6,016,326	\$ 5,434,829	\$ 5,218,892	\$ 5,720,479	\$ 5,628,337
LIABILITIES					
Accounts Payable and Accruals	\$ 162,907	\$ 172,551	\$ 149,121	\$ 44,744	\$ 440,167
Compensated Absences	198,206	152,005	69,728	83,328	79,531
Due to Retirement Systems	827,699	913,614	817,492	941,031	1,022,208
Due to Other Governments	10		7,515		
Due to Other Funds	4,705	2,478		664,462	
Total Liabilities	1,193,527	1,240,648	1,043,856	1,733,565	1,541,906
FUND BALANCE					
Nonspendable		7,053	2,727	1,878	225,094
Restricted	3,284,485	3,044,507	2,918,447	2,721,879	2,518,314
Assigned	366,752	243,353	384,721	361,060	325,147
Unassigned	1,171,562	899,268	869,141	902,097	1,017,876
Total Fund Balances	4,822,799	4,194,181	4,175,036	3,986,914	4,086,431
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,016,326	\$ 5,434,829	\$ 5,218,892	\$ 5,720,479	\$ 5,628,337
REVENUES					
Real Property Taxes (Including STAR and Tax Items)	\$ 7,071,421	\$ 6,902,766	\$ 6,762,847	\$ 6,713,286	\$ 6,670,170
State Sources	14,594,918	14,299,817	14,716,324	13,843,352	13,848,052
Other	527,968	589,628	431,094	573,036	497,026
Interfund Transfers				105,000	
Total Revenues	22,194,307	21,792,211	21,910,265	21,234,674	21,015,248
EXPENDITURES					
General Support	2,633,393	2,567,607	2,451,727	2,463,619	2,399,498
Instruction	10,319,608	10,121,055	9,550,054	9,365,117	9,145,273
Transportation	815,657	1,516,606	848,881	1,055,635	1,185,550
Employee Benefits	5,477,145	5,240,994	5,521,046	5,051,383	4,956,314
Debt Service	2,241,372	2,234,647	3,269,843	3,244,879	2,888,592
Interfund Transfers	78,514	92,157	80,592	153,558	639,751
Total Expenditures	21,565,689	21,773,066	21,722,143	21,334,191	21,214,978
Excess of Revenues (Expenditures)	\$ 628,618	\$ 19,145	\$ 188,122	\$ (99,517)	\$ (199,730)
Capital Outlay	\$ 460,934	\$ -	\$ 616,624	\$ 7,206,238	\$ 1,452,663
Special Aid Revenue/Expenditures	\$ 1,117,663	\$ 1,147,243	\$ 1,054,195	\$ 1,010,633	\$ 918,133
Non-Major Fund - PBIS - Revenues	\$ 2,137	\$ -	\$ -	\$ -	\$ -
Non-Major Fund - PBIS - Expenditures	\$ 331	\$ -	\$ -	\$ -	\$ -
School Lunch - Revenues	\$ 514,574	\$ 517,442	\$ 502,705	\$ 449,395	\$ 561,508
School Lunch - Expenditures	\$ 492,549	\$ 499,756	\$ 483,558	\$ 453,365	\$ 453,647

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

FIVE YEAR GENERAL FUND BALANCE ANALYSIS

Fund Balance	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016
Nonspendable					
Prepaid Items	\$ -	\$ 7,053	\$ 2,727	\$ 1,878	\$ 225,094
Total Nonspendable	-	7,053	2,727	1,878	225,094
Restricted					
Unemployment Insurance Reserve	110,208	70,124	70,110	85,093	430,757
Reserve for Employees' Retirement Contributions	1,758,529	1,829,997	1,716,239	1,735,429	1,532,266
Reserve for Teachers' Retirement Contributions	277,832	132,083			
Liability Reserve	100,159	100,087	100,000		
Tax Certiorari Reserve			5,010	5,005	5,000
Employee Benefit Accrued Liability Reserve	631,366	805,901	920,879	790,230	444,229
Capital Reserve	300,000				
Repair Reserve	106,391	106,315	106,209	106,122	106,062
Total Restricted	3,284,485	3,044,507	2,918,447	2,721,879	2,518,314
Assigned					
Appropriated for Next Year's Budget	220,723	220,723		243,440	315,845
Encumbrances	146,029	22,630	384,721	117,620	9,302
Total Assigned	366,752	243,353	384,721	361,060	325,147
Unassigned					
Unassigned	1,171,562	899,268	869,141	902,097	1,017,876
Total Unassigned	1,171,562	899,268	869,141	902,097	1,017,876
Total Fund Balance	\$ 4,822,799	\$ 4,194,181	\$ 4,175,036	\$ 3,986,914	\$ 4,086,431
Compliance with §1318 of Real Property Law					
Next Year's Budget is a Voter Approved Budget	\$ 22,879,055	\$ 21,680,909	\$ 21,641,551	\$ 21,180,633	\$ 20,575,227
Maximum Allowed (4% of Budget)	915,162	867,236	865,662	847,225	823,009
General Fund Fund Balance Subject to §1318 of Real Property Law	1,171,562	899,268	869,141	902,097	1,017,876
Actual Percentage	5.12%	4.15%	4.02%	4.26%	4.95%
Current Year Reserve Activity	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
General Fund					
Unemployment Insurance Reserve	\$ 70,124	\$ 50,000	\$ 84	\$ (10,000)	\$ 110,208
Reserve for Employees' Retirement Contributions	1,829,997	200,000	1,130	(272,598)	1,758,529
Reserve for Teachers' Retirement Contributions	132,083	145,667	82		277,832
Liability Reserve	100,087		72		100,159
Employee Benefit Accrued Liability Reserve	805,901		667	(175,202)	631,366
Capital Reserve	-	300,000			300,000
Repair Reserve	106,315		76		106,391
Total Reserve Activity	\$ 3,044,507	\$ 695,667	\$ 2,111	\$ (457,800)	\$ 3,284,485

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

TWO YEAR GENERAL FUND BUDGET ANALYSIS

	2020				
	Original Budget	Revised Budget	Actual w/ Encumbrances	\$ Variance Fav. (Unfav.)	% Variance Fav. (Unfav.)
REVENUES					
Real Property Taxes	\$ 5,904,101	\$ 5,904,101	\$ 5,967,351	\$ 63,250	1.06%
Other Tax Items	1,166,706	1,166,706	1,104,070	(62,636)	(5.67%)
State Sources	14,616,785	14,616,785	14,594,918	(21,867)	(0.15%)
Other, Including Financing Sources	256,500	258,755	527,968	269,213	50.99%
Total Revenues and Other Financing Sources	21,944,092	21,946,347	\$ 22,194,307	\$ 247,960	1.12%
Appropriated Fund Balances					
Appropriated Reserves, and Encumbrances	560,235	735,436			
Total Revenues	\$ 22,504,327	\$ 22,681,783			
EXPENDITURES					
General Support	\$ 2,760,348	\$ 2,813,734	\$ 2,658,421	\$ 155,313	5.84%
Instruction	10,862,706	10,853,160	10,422,408	430,752	4.13%
Pupil Transportation	884,532	860,733	822,163	38,570	4.69%
Community Services	11,100	11,100	-	11,100	100.00%
Employee Benefits	5,652,956	5,806,684	5,488,840	317,844	5.79%
Debt Service	2,237,685	2,241,372	2,241,372	-	0.00%
Other Financing Uses	95,000	95,000	78,514	16,486	21.00%
Total Expenditures	\$ 22,504,327	\$ 22,681,783	\$ 21,711,718	\$ 970,065	4.47%
2019					
REVENUES					
Real Property Taxes	\$ 5,782,677	\$ 5,782,677	\$ 5,818,785	\$ 36,108	0.62%
Other Tax Items	1,123,000	1,123,000	1,083,981	(39,019)	(3.60%)
State Sources	14,313,480	14,313,482	14,299,817	(13,665)	(0.10%)
Other, Including Financing Sources	272,500	293,982	589,628	295,646	50.14%
Total Revenues and Other Financing Sources	21,491,657	21,513,141	\$ 21,792,211	\$ 279,070	1.28%
Appropriated Fund Balances					
Appropriated Reserves, and Encumbrances	621,589	1,102,916			
Total Revenues	\$ 22,113,246	\$ 22,616,057			
EXPENDITURES					
General Support	\$ 2,697,823	\$ 2,683,566	\$ 2,578,873	\$ 104,693	4.06%
Instruction	10,378,248	10,412,988	10,122,569	290,419	2.87%
Pupil Transportation	1,223,240	1,590,140	1,526,456	63,684	4.17%
Employee Benefits	5,479,288	5,602,559	5,240,994	361,565	6.90%
Debt Service	2,234,647	2,234,647	2,234,647	-	0.00%
Other Financing Uses	100,000	92,157	92,157	-	0.00%
Total Expenditures	\$ 22,113,246	\$ 22,616,057	\$ 21,795,696	\$ 820,361	3.76%

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

FIVE YEAR NET POSITION ANALYSIS

	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>
NET POSITION					
Net Investment in Capital Assets	\$ 18,564,954	\$ 17,808,239	\$ 16,796,064	\$ 14,809,366	\$ 13,552,916
Restricted	3,941,169	3,684,893	3,542,515		
Unrestricted	<u>(45,792,362)</u>	<u>(43,359,720)</u>	<u>(42,497,111)</u>	<u>(36,779,366)</u>	<u>(6,091,166)</u>
Total Net Position (Deficit)	<u>\$ (23,286,239)</u>	<u>\$ (21,866,588)</u>	<u>\$ (22,158,532)</u>	<u>\$ (21,970,000)</u>	<u>\$ 7,461,750</u>
Unrestricted Net Position (Deficit)	\$ (45,792,362)	\$ (43,359,720)	\$ (42,497,111)	\$ (36,779,366)	\$ (6,091,166)
Less:					
GASB 68 - Net Pension Asset/Liability and Deferred Inflows and Outflows	(2,527,024)	(3,560,140)	(3,415,241)	(3,526,876)	(3,518,963)
GASB 75/45 - OPEB Liability and Deferred Inflows and Outflows	<u>49,015,703</u>	<u>47,209,386</u>	<u>46,275,754</u>	<u>44,599,618</u>	<u>13,502,370</u>
Total Unrestricted Net Position Without the Effect of GASB 68 and GASB 75	<u>\$ 696,317</u>	<u>\$ 289,526</u>	<u>\$ 363,402</u>	<u>\$ 4,293,376</u>	<u>\$ 3,892,241</u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2020 AUDIT

AUDIT FOCUS - REPORTING OBJECTIVES

1) Basic Financial Statements

- *Management's Discussion and Analysis
- *District-Wide Financial Statements
 - *Statement of Net Position
 - *Statement of Activities
- *Governmental Fund Financial Statements
- *Notes to Financial Statements
- *Supplementary Financial Information

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

2) Single Audit (Uniform Guidance) Requirements for Federal Awards

- *Schedule of Federal Award Expenditures
- *Compliance With Applicable Requirements
- *Internal Control Over Compliance

3) Extraclassroom Activity Funds of the School District

- * Independent Auditors' Report

AUDIT APPROACH

- *Preliminary Planning
- *Consideration of Internal Control Over Financial Reporting
- *Tests of Controls
- *Tests of Compliance With Laws and Regulations
- *Substantive Testing of Financial Information (Includes Analytical Review)
- *Single Audit Tests of Compliance With Applicable Requirements
- *Consideration of Internal Control Over Compliance Requirements

UNDERSTANDING THE SCHOOL DISTRICT'S OPERATIONS

- *Services Provided
- *Assessment of Accounting and Reporting System
- *Nature of Activities
- *Special Reporting Requirements
- *Nature of Compliance Requirements
- *Assessment of Management

FACTORS AFFECTING THE SCOPE OF THE AUDIT

- *Effectiveness of Overall Financial Controls
- *Qualifications of Key Personnel
- *Appropriate Segregation of Duties
- *Ability to Demonstrate Compliance With Laws and Regulations
- *Effectiveness of Budget Process Administration
- *Accuracy and Comprehensiveness of Internal Reporting
- *Existence of Adequate Policies and Procedures
- *Ability to Issue Timely and Accurate Financial Reports