



**To the President and Members of the  
Board of Education  
and School Administration  
*Jasper-Troupsburg Central School District*  
Jasper, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2018 of the District's financial statements and have issued our reports thereon dated October 10, 2018. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Jasper-Troupsburg Central School District* for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2014 through June 30, 2018. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Jasper-Troupsburg Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent, and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during our audit.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
October 10, 2018**

**JASPER-TROUPSBURG CENTRAL SCHOOL DISTRICT**  
**REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND**  
**EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Revenue and other sources</b>					
Property taxes	\$ 2,970	\$ 2,956	\$ 2,757	\$ 2,525	\$ 2,432
State aid	8,302	8,425	7,868	7,968	7,860
All other	396	249	283	476	736
	<u>11,668</u>	<u>11,630</u>	<u>10,908</u>	<u>10,969</u>	<u>11,028</u>
<b>Expenditures and other uses</b>					
General support	1,353	1,201	1,127	1,176	1,391
Instruction	5,382	5,143	4,901	4,845	4,984
Transportation	655	866	526	565	558
Benefits	2,832	2,778	2,569	2,879	2,738
Debt	589	914	926	896	1,505
Transfers	610	60	10	38	18
	<u>11,421</u>	<u>10,962</u>	<u>10,059</u>	<u>10,399</u>	<u>11,194</u>
<b>Excess (deficiency) of revenue over expenditures</b>	247	668	849	570	(166)
<b>Fund equity</b>					
Beginning of year	3,207	2,539	1,690	1,120	1,286
End of year	<u>\$ 3,454</u>	<u>\$ 3,207</u>	<u>\$ 2,539</u>	<u>\$ 1,690</u>	<u>\$ 1,120</u>
<b>Analysis of fund equity</b>					
Restricted					
Reserve for repairs	\$ 301	\$ 300	\$ -	\$ -	\$ -
Reserve for retirement system	225	225	100	100	-
Reserve for employee benefits	90	90	90	90	90
Reserve for tax certiorari	15	15	15	15	15
Reserve for insurance recoveries	-	-	-	-	-
Reserve for unemployment insurance	146	146	145	145	45
Reserve for workers' compensation	175	175	50	50	-
Capital reserve	1,178	1,052	352	252	240
Assigned					
Reserve for encumbrances	28	219	-	-	-
Next year's budget	407	476	524	557	574
Unassigned	889	509	1,263	481	156
	<u>\$ 3,454</u>	<u>\$ 3,207</u>	<u>\$ 2,539</u>	<u>\$ 1,690</u>	<u>\$ 1,120</u>

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FOR THE YEAR ENDED JUNE 30, 2018**

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**Fund Balance Reserves**

As of June 30, 2018, the District has certain fund balance reserves. The New York State Comptroller's Office in its audits of school districts has increased its scrutiny of fund balance reserves established by districts. We recommend that the District ensure that as reserves are established and utilized, New York State required procedures are closely followed. Further, for existing and future reserves we recommend that the District document its rationale to support the purpose and dollar level of reserves and consider forming a long-term plan with regard to the funding and use of its reserves. Lastly, we recommend that the District consider developing a worksheet that documents the approval, funding and use of each reserve. This worksheet could be carried forward to future years and provide important historical data of all reserves of the District.

In addition, the District has various cash accounts related to the reserve accounts which do not reconcile with reserve balances in equity. We recommend the District maintain cash accounts to agree with fund balance reserves that are authorized by the Board and voters of the District.

Lastly, the District will be required to communicate information about its fund balance reserves to its taxpayers which includes the types of reserves, level of reserves and plan for use of reserve in the upcoming year. The District should begin to plan for this new level of reporting.

***District response: The District understands the recommendation and will monitor its funding and use of reserves. The Board and Superintendent will be discussing the future use of fund balances and how those monies should be allocated. In addition, the District intends to create and approve a reserve plan during the current year.***

**Food Service Fund**

In the current year, the District had an operating deficit of approximately \$30,000. The District has included in the budget a transfer from general fund in the amount of \$10,000 to help offset the accumulated deficit. The District should continue to monitor operations so that the remaining accumulated deficit in the amount of approximately \$62,000 can be alleviated.

***District response: The District's intention for 2018-19 is to monitor the program's performance and make a judgment related to the general fund support for the 2019-20 fiscal year.***

**Agency Fund and Liability Accounts**

The Agency Fund holds funds in which the District acts as a trustee or agent in a fiduciary manner. These funds are often held in the agency fund and later applied against a bill paid by the District, such as health insurance collected from its retirees. We recommend that the District perform reconciliations of each agency account on a regular basis and substantiate balances maintained in this Fund.

Currently, the District maintains a bank account that houses a flexible benefits plan through a third-party administrator. We recommend that the balance of this bank account and corresponding general ledger account be reconciled with balances from its third-party administrator on a monthly basis. At the end of each plan year, the District should determine the amount that was not utilized by plan participants and transfer the balance to the general fund.

Lastly, the District recorded approximately \$20,000 of accrued liabilities related to various deposits, including fees for instruments and fuel deposits. Although it may make economic sense to reserve these funds to offset future expenses, government accounting standards and accounting under New York State Education Department Guidelines do not provide a mechanism to do so. We recommend that the District budget for such revenue sources annually in the general fund, along with associated expenditures.

***District's response: The District understands the importance of maintaining good records with the agency fund. The Superintendent will work with the Business Official to create a system that will meet the intent of the recommendation. We would also be open to suggestions from the Auditors regarding particular ways to accomplish this task.***

**Reporting of Financial Documents on the District Website**

The District will now be required to include on its website the following documents: external financial statement audit; management letter; corrective action plan; statement comptroller audit; final annual budget; and multi-year financial plan adopted by the Board of Education. The District should familiarize itself with the new website reporting requirements and begin to upload data as it becomes available.

***District response: The District is aware of the new reporting requirements and will report such information when it becomes available.***

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**Interfund Receivable and Payable**

During the fiscal year, many transactions require an initial use of interfund loans. Such transactions include but are not limited to: State and Federal aid directly wired to the District's General Fund checking account related to basic state aid, Federal and State grants recorded in the Special Aid fund and free and reduced breakfast and lunch reimbursements recorded in the Food Service Fund; salaries and fringe benefits paid for through the General Fund related to the Food Service Fund and Special Aid Fund; and payroll withholdings and taxes recorded in the Agency Fund. As a result of these circumstances, due to and due from balances may exist at certain times during the year in the General Fund, Special Aid Fund, Food Service Fund, Debt Service Fund and Agency Fund. We recommend that the District closely monitor these outstanding interfund loan balances on a regular basis and verify that receivable balances agree in total with liability balances.

***District's response: The District will continue to monitor outstanding interfund loan balances throughout the year.***

**Capital Outlay Projects**

Under NYS guidelines, the District is eligible for a \$100,000 capital outlay project which would be eligible for building aid. This program is being utilized by many districts in the area. The District should consider whether participating in a capital outlay project meets the needs of the District.

***District response: The District is aware of the capital outlay and will consider the use of the program in the future.***

**School Funding Transparency Reporting**

In 2018, New York State passed a law requiring New York Schools to annually report a detailed statement of total funding allocation for each school in the District. A School Funding Transparency Form was created by New York State to capture this information which is required to be submitted annually by school districts. Beginning in 2020, the District will be required to submit this form annually to the Division of Budget and State Education Department. Because this is a new reporting model, we recommend that the District continue to review any new guidance issued by New York State and seek opportunities to attend future educational seminars if they arise.

***District response: The District is aware of the school funding transparency reporting requirement.***

**Title I Program**

During the audit, we performed testing on twenty-five of the enrolled students in the Title I Program. For ten of the twenty-five files tested, the District was unable to provide the necessary documentation that outlines the criteria for selecting students for participation in the program. It is our recommendation that the District maintain files for each student participating in the Title I program in a manner that clearly documents that the provisions of the Title I Grant are being fulfilled.

***District's response: The District is aware of the documentation requirements for participants in the Title I program and will work to maintain information required to be in the Title files.***

**Certification of Federal Payroll**

During the current year, it was brought to our attention that personnel working under the Title I Program did not certify the amount of time spent in those programs. We recommend that for any personnel who work in multiple Federal programs or both Federal and non-Federal programs complete and sign for each payroll and employees that work 100% of their time in Federal programs complete and sign twice a year.

***District's response: The District will maintain time certification requirements for Federal payroll.***

**Capitalization Policy**

During the current year, the District obtained a new capital asset appraisal. The appraisal used capitalization thresholds that differed from the prior appraisal. We recommend that the District amend the current capitalization policy to agree to the new appraisal thresholds.

***District's response: The District will review its capitalization policy and determine if it should be amended.***

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**Capital Project**

During the current year, the voters approved a new capital project in the amount of \$3.72 million. The authorization also included use of \$660,000 of the capital reserve to fund the District. In June 2018, the Board authorized a transfer from the capital reserve to the capital project fund in the amount of \$600,000. We recommend that the District consider amending the Board motion to agree with that approved by the voters. Once approved, the additional \$60,000 should be transferred to the capital project fund.

***District's response: The District will review the resolution authorized by the Board.***