



WEST SENECA CENTRAL SCHOOL DISTRICT

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July 6, 2015

Office of the State Comptroller
Division of Local Government & School Accountability
PSU – CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

To Whom It May Concern:

The following constitutes the West Seneca Central School District's Corrective Action Plan related to the Report of Examination Number 2014M-381 issued by your office entitled "Financial Condition." The Report of Examination covers the District's fiscal operations during the period July 1, 2009 through January 14, 2015.

The District acknowledges the auditor's findings, and for each recommendation included in the audit report, the following are the corrective actions taken or proposed.

Audit Recommendation #1

The Board should adopt realistic budgets that include accurate estimates of revenues and expenditures.

Implementation Plan of Action

As previously noted in our audit response letter, the District has and continues to utilize a multiyear budget model to identify revenue and expenditure trends, establishing both short and long term priorities and assessing the impact of current budgeting decisions on future budgets. Actual revenues and expenditures are continually compared to estimates to ensure that the budgets developed are both realistic and accurate. The District will continue to refine its budgeting methods to achieve and adopt the most realistic budget possible.

Implementation Date

This corrective action was implemented beginning with the 2015-2016 budget and is a continuing process.

Person Responsible for Implementation

The Board of Education, in conjunction with the Superintendent and Business Office Staff, is responsible for ensuring that realistic budgets are created and adopted.

Audit Recommendation #2

The Board should develop a realistic plan to accumulate unexpended surplus funds, within the legal limit, so that cash is available to fund unexpected expenditures or revenue shortfalls.

Implementation Plan of Action

With the adoption of the 2015-2016 budget, the Board of Education has recognized that the District has reached the point where it can no longer offset state aid shortfalls by utilizing fund balance to balance the budget. A multiyear plan to accumulate unexpended surplus funds has been developed. Actions already taken by the Board include closing an elementary building, reducing program and laying off 26 staff. These actions were necessary to enable the District to propose a structurally balanced budget. Although the 2015-2016 budget does not provide for any substantial accumulation of unexpended surplus funds, the above noted reductions puts the District in a position to slowly rebuild its fund balance going forward. Restoration of the remaining gap elimination adjustment would further allow the District to strengthen its financial condition.

Implementation Date

This corrective action was implemented with the development of the 2015-2016 budget and will be an ongoing process.

Person Responsible for Implementation

The Board of Education, in conjunction with the Superintendent and Business Office Staff, is responsible for developing a realistic plan to accumulate unexpended surplus funds.

Audit Recommendation #3

The Board should ensure the annual budget reflects the funding plan of any severance packages offered to employees.

Implementation Plan of Action

In conjunction with the closing of an elementary school program, the District offered an incentive package to its employees. The cost of the incentive has been fully funded in the 2015-2016 budget. The District recognizes the need to fund any financial incentive offered to its employees and will ensure that all future packages are included in its budget plan.

Implementation Date

This corrective action was implemented with the District's most recent budget and will be adhered to with any future incentive package.

Person Responsible for Implementation

The Board of Education, in conjunction with the Superintendent and Business Office Staff, is responsible for ensuring the annual budget reflects the funding plan of any severance packages offered to employees.

Audit Recommendation #4

The Board should properly recognize State aid receivable only when the amount is both measurable and available.

Implementation Plan of Action

As previously noted in our audit response letter, the District changed its method of recording revenues in part to apply the matching principal and recognize the revenue to the related expense in the year the expense was incurred. In addition, it considered them available if collected within one year after the end of the fiscal year. This decision was reached after a period of consultation with our auditors, school board and administrators in the District. It involved review of the matching principal, measurement focus and changes to conform with Governmental Accounting Standards Board changes including GASB 34. This change was made effective July 1, 2004 and was fully disclosed within the notes to our audited financial statements and has been consistently applied since. Our external auditors have never noted this practice as imprudent nor has the New York State Comptroller's Office had issue with this in our previous audit in 2008. As has been required by New York State, we have filed our audited financial statements with the State Comptroller's office every year, including the 2004-2005 fiscal year of the change. We maintain that the consistent application and disclosure of accounting policies and practice (which is the responsibility of District management) is the most relevant factor in producing fairly stated financial statements. We will consult with our independent auditor and legal counsel for further guidance on this recommendation.

Implementation Date

With the commencement of our 2014-2015 external audit, we will review the State Comptroller's recommendation with our independent auditor and make a determination whether changing the recognition of the State aid receivable is advisable.

Person Responsible for Implementation

The Board of Education, in conjunction with the Superintendent and Business Office Staff, is responsible for making an assessment regarding the appropriate time frame for recognition of the District's State aid receivable.

Audit Recommendation #5

The Treasurer should only use reserve fund cash balances as allowed by statute.

Implementation Plan of Action

The District recognizes that reserve fund cash balances legally should not be utilized as a source of funding for operational expenditures. The District will borrow the funds needed to cover any cash flow shortfalls rather than utilize any reserve fund cash it may have on hand. The District realizes that this may result in additional interest cost to the District, but also recognizes the legal requirement to not use these funds and will adhere to the statute in the future.

Implementation Date

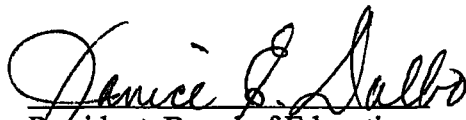
The District has already implemented this recommendation. In its management letter corrective plan response to a similar audit comment made by its external auditor, the District noted that it would consider borrowing earlier, perhaps late June each year, to ensure the cash flow does not include the use of reserve funds cash. In addition, to ensure that sufficient cash was available to fund current expenses without the use of restricted cash, a short term Tax Anticipation Note (TAN) was issued June 23, 2015.

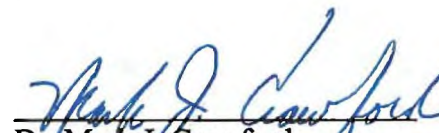
Person Responsible for Implementation

The Treasurer or his designee will ensure that reserve fund cash balances are only utilized in accordance with statute.

This corrective action plan addresses all of the recommendations included in the Comptroller's report. Once again, the District's administration and Board of Education wish to express their appreciation for the assistance of the Comptroller's Office in recognizing the fiscal stress the District has faced.

Respectfully submitted,


President, Board of Education


Dr. Mark J. Crawford
Superintendent of Schools


Vice President, Board of Education

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NICOLE C. LATZA
Notary Public, State of New York
Qualified in Erie County
My Commission Expires July 1, 2017

