



WEBSTER CENTRAL SCHOOL DISTRICT

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To: Brian Neenan, Interim Superintendent
From: Brian Freeman, Assistant Superintendent for Business
Re: 2020-21 Audit Corrective Action Plan
Cc: Board of Education, Audit Committee

Date: 10/6/2021

The findings and corrective actions are broken down below. Italicized comments represent the corrective action to the findings listed above it that is bold lettering.

Current Year Deficiency Pending Corrective Action:

Special Aid Fund –

As indicated in the Basic Financial Statements, the Special Aid Fund has a deficit fund balance as of June 30, 2021 totaling \$178,806, which is a result of a pandemic related operating loss totaling \$264,532 in the WonderCare program. We recommend the District continue to monitor the WonderCare program during the next fiscal year to ensure revenues are sufficient to offset program expenditures.

*The WonderCare program was hit with a two fold pandemic related financial losses. The first year of the program in 2019-20 saw three months of refunds returned to families that had registered as a result of the shutdown. Given the amount of private sector job losses and shutdowns, it was determined that this was best for program families. In addition unemployment costs were significant for the program as a result of the loss of hours for part time staff. The budget developed for 2020-21 was based on a normal return to school hours and anticipated enrollment from Spring of 2020 that was in line with the year before. When August of 2020 school restriction became evident, many families removed their children from the program. Enrollment was half of what was anticipated. The conservative budget practices, reduction in staffing levels could not keep up with the enrollment losses that materialized, and consolidation of programs would have been detrimental to those families that needed the care program. Moving forward the program directors and business team have taken a much greater conservative budget development on enrollment, and consolidated low enrollment programs in the morning to help reduce the structural deficit. **This corrective action will be completed by the audit for fiscal year 2022.***

Other Items:

The following item is not considered to be a deficiency in internal control; however, we consider it another item which we would like to communicate to you as follows:

GASB Statement No. 87 Leases-

The Governmental Accounting Standards Board (GASB) issued Statement No. 87 which will be effective during the 2021-22 fiscal year. As a result, the District will be required to gather certain information relating to those items considered to be leases in order to prepare the lease payable and right to use asset calculations.

*The District accounting team is looking forward to collaborating on this update with the auditing team. At this time, the district only leases computer and other technology equipment through BOCES over a 3 year life cycle. **This corrective action will be completed by the audit for fiscal year 2022.***

Prior Year Recommendation:

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

- 1. During the 2020-21 fiscal year the District's School Lunch Fund had an operating gain which resulted in a positive fund balance at June 30, 2021. (Erased a structural deficit from prior year)*
- 2. Revenues from the WonderCare program were allocated to the year in which services were provided for in the 2020-21 fiscal year.*