

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

EAST ROCHESTER, NEW YORK

SINGLE AUDIT REPORT

For Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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**Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance;
and Report on the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Education
East Rochester Union Free School District
New York

Report on Compliance for Each Major Federal Program

We have audited the East Rochester Union Free School District, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The East Rochester Union Free School District, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the East Rochester Union Free School District, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the East Rochester Union Free School District, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the East Rochester Union Free School District, New York's compliance.

Opinion on Each Major Federal Program

In our opinion, the East Rochester Union Free School District, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *OMB Compliance Supplement* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

East Rochester Union Free School District, New York's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. East Rochester Union Free School District, New York's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of the East Rochester Union Free School District, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the East Rochester Union Free School District, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the East Rochester Union Free School District, New York's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the East Rochester Union Free School District, New York as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the East Rochester Union Free School District, New York's basic financial statements. We issued our report thereon dated September 26, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rochester New York
September 26, 2018

Raymond F. Wager, CPA, PC

**EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-17-0367	\$ 9,489
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-18-0367	276,171
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-17-0367	1,477
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-18-0367	16,299
<i>Total Special Education Cluster IDEA</i>				\$ 303,436
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-18-1380	55,489
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-17-1380	15,003
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-17-1380	735 *
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-18-1380	389,162 *
Total U.S. Department of Education				\$ 763,825
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	005546	\$ 208,708
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005546	27,605
National Summer Food Service program	10.559	N/A	005546	16,231
National School Breakfast Program	10.553	N/A	005546	58,416
<i>Total Child Nutrition Cluster</i>				\$ 310,960
Total U.S. Department of Agriculture				\$ 310,960
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,074,785

* Major Programs

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

1. **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the East Rochester Union Free School District, New York (the District) under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement's, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position.

2. **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. **Indirect Costs:**

The District has elected to not use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance. Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

4. **Matching Costs**

Matching costs, i.e., the East Rochester Union Free School District's share of certain program costs, are not included in the reported expenditures.

5. **Non-Monetary Federal Program**

The East Rochester Union Free School District, New York is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a "non-monetary program". This program Surplus Food Distribution (CFDA Number 10.555), and the fair market value of the food commodities received during the fiscal year is presented in the accompanying Schedule of Expenditures of Federal Awards and was considered in the East Rochester Union Free School District, New York's single audit.

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Findings and Questioned Costs

June 30, 2018

I. Summary of the Auditor's Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	No

Federal Awards

a) Internal control over major programs	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
b) Type of auditor's report issued on compliance for major programs	Unmodified
c) Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	Yes
d) Identification of major programs	
<u>CFDA Number(s)</u> CFDA#84.010	<u>Name of Federal Program or Cluster</u> Title I – Grants to Local Educational Agencies
e) Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
f) Auditee qualifies as low-risk auditee	Yes

II. Financial Statement Findings

There were no current year findings and there were no prior year findings.

III. Federal Award Findings and Questioned Costs

Current Year Finding:

(#2018-001) School Lunch Fund Balance –

Criteria – Federal Regulation #7 CFR Part 210.15 requires that the School Lunch Program limit its net cash resources to an amount that does not exceed three months average expenditures.

Condition – The fund balance in the School Lunch Fund at June 30, 2018 totaled \$175,674. This balance appears to be in excess of three months average expenditures.

Effect – The District is not in compliance with Federal Regulation #7 CFR Part 210.15.

Recommendation – We recommend the District continue to monitor the School Lunch fund balance in order to comply with the Federal Regulation.

District's Response – The District is developing a plan to spend down funds on equipment purchases.

Prior Year Finding:

(#2017-001) School Lunch Fund Balance –

This finding has been addressed above as finding #2018-001.

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

Corrective Action Plan

June 30, 2018

(#2018-001) School Lunch Fund Balance

The fund balance in the School Lunch Fund at June 30, 2018 totaled \$175,674. This balance appears to be in excess of three months average expenditures.

Corrective Action Plan

The District is developing a plan to spend down funds on equipment purchases.

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

June 30, 2018

I. Prior Year Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

(#2017-001) School Lunch Fund Balance

The fund balance in the School Lunch Fund at June 30, 2017 totaled \$240,076. This balance appears to be in excess of three months average expenditures.

Corrective Action Pending

The District is developing a plan to spend down funds on equipment purchases.