

***MEDINA CENTRAL SCHOOL DISTRICT***

***NEW YORK***

***COMMUNICATING INTERNAL CONTROL  
RELATED MATTERS IDENTIFIED IN AN AUDIT***

***For Year Ended June 30, 2017***

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

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

October 9, 2017

To the Board of Education  
Medina Central School District, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Medina Central School District, New York as of and for the year ended June 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered the Medina Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

**Prior Year Deficiencies Pending Corrective Action:**

**Computer Controls –**

During our examination of the District's computer controls, we noted that the Business Administrator and the Superintendent have System Administrator rights. Also, the Business Administrator and the Superintendent appear to have full access rights to the accounting system, including payroll.

**(Prior Year Deficiencies Pending Corrective Action) (Continued)**

**Tax Certiorari Reserve** –

According to Education Law Section 3651 [1-a], funds that are not expended for the payment of judgements and claims arising out of tax certiorari proceedings for the tax roll in the year the moneys are deposited to the fund and/or that will not be “reasonably required to pay any such judgments or claim, must be returned to the general fund on or before the first day of the fourth year following the deposit of such moneys to the reserve fund.”

We recommend the Administration review this reserve to determine the appropriateness of the year end balance.

**Disaster Recovery Plan** –

Through inquiry, we noted that the District’s server is located in the basement of a school which has exposure to flooding.

**Salary Notices** –

We noted an improvement in having signed salary notices, however, we still had one instance where a selected salary notice was unavailable for our examination.

**School Lunch** –

During the course of our examination, we noted that the fund balance in the School Lunch Fund at June 30, 2017 totaled \$231,269. This balance appears to be in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.15.

**Current Year Deficiencies in Internal Control:**

**Trust & Agency - Scholarships** –

Our examination of the Trust & Agency Fund revealed that the Jeff Evoy Memorial Scholarship has not been formally approved by the Board, with written guidelines on file for its use.

We recommend the Board of Education and the Administration review this situation and develop written procedures outlining the Scholarship’s proper use.

**Payroll Withholding Forms** –

During our examination of the District’s payroll system, we noted eleven instances in which the payroll withholding status on the payroll system did not agree with the IT-2104 or W-4 on file.

We recommend the District review their current procedures over payroll withholding forms to ensure changes are not made to the payroll system until a signed W-4 or IT-2104 has been received and filed by the District.

**Special Aid Receivable** –

As indicated in the financial statements, the District’s State and Federal aid receivable in the Special Aid Fund is \$500,100, which is approximately 33% of the total revenues.

In order to enhance cash management, we recommend every effort be made to file a Form FS-25 at least quarterly.

**(Current Year Deficiencies in Internal Control) (Continued)**

**Appropriated Fund Balance –**

The 2017-18 budget newsletter indicates \$400,000 in appropriated fund balance and \$1,379,562 in appropriated reserves. However, as indicated in the District's financial statements and through discussion with District Administration the intent was that only \$410,102 would be appropriated from the unemployment reserve, and the remainder of \$969,550 will be appropriated from unreserved undesignated fund balance.

We recommend every effort be made to ensure that the budget newsletter is consistent with the District's plan for the budgeted appropriated reserves and appropriated fund balance.

**Prior Year Recommendations:**

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

1. All disbursements examined were made without confirming purchase orders.
2. We have been informed that the Claims Auditor now compares invoice pricing to cooperative bid price lists.
3. The District has approved a procurement policy that includes quotation procedures.
4. The District has adopted an online banking policy and a separate computer has been established for the sole purpose of online banking transaction.
5. The "Test" user ID on the software system has been disabled.
6. No significant audit adjustments were required at year end.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

*Raymond F. Wages, CPA PC*

October 9, 2017