



MEDINA CENTRAL SCHOOL DISTRICT

BUSINESS OFFICE

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Marc P. Graff
Director of Finance and
Human Resources

October 24, 2017

Raymond F. Wager, CPA, P.C.
1020 Lehigh Station Road
Henrietta, NY 14467

RE: Corrective Action Plan from 2016-17 Year End Audit

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.

District Response: This area will continue to be addressed. A review of all access parameters will be conducted to ensure that proper controls are in place for all district personnel with Finance Manager rights.

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.

District Response: The Tax Certiorari Reserve is scheduled to be reduced in 2018-19 as part of the district reserve utilization plan. As noted in your recommendation, the District will review this reserve to determine an appropriate 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.

District Response: The process of moving the server to the second floor of the Oak Orchard Elementary School has already begun as part of the District's capital improvement project.

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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.

District Response: The District will continue to make every effort to ensure all employees return their salary notices.

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.

District Response: The District, in consultation with our food service provider, has been spending this fund balance on new equipment at Wise Middle/Intermediate School and Oak Orchard Elementary School.

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.

District Response: Board of Education approved the Jeff Evoy Memorial Scholarship at the October 24, 2017 Board of Education meeting.

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.

District Response: The District will review our current W-4 and IT-2104 payroll procedures to ensure that no changes are made in the payroll system until all necessary forms are signed and returned to the Business Office.

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.

District Response: The District notes your recommendation and will file our Form FS-25 on a more frequent basis.

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.

District Response: The District notes this recommendation and ensures that future budget newsletters will accurately reflect the District's plan for budgeted appropriated reserves and appropriated fund balance.

Sincerely,



Marc P. Graff
Director of Finance and
Human Resources

cc: Mark B. Kruzynski, Superintendent of Schools
Board of Education Members