

SKANEATELES 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

September 6, 2017

To the Board of Education
Skaneateles 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 Skaneateles 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 Skaneateles 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:

School Lunch Fund –

As indicated in the financial statements the School Lunch Program had an operating loss of \$29,228 which included a general fund transfer of \$120,000. Without this subsidy the program would have had an operating loss totaling \$149,228. As a result the fund had a deficit totaling \$11,883.

We recommend the District continue to closely monitor the School Lunch program and evaluate cost containment and revenue enhancement measures to assist in maintaining the financial integrity of the program.

Policies and Procedures –

Our examination revealed the following:

1. The District's investment policy or reorganizational meeting minutes do not identify the maximum deposits which can be maintained at authorized banks.
2. The District should consider updating their procurement policy for recent changes to General Municipal Law increasing the bidding thresholds for purchase contracts up to \$20,000 and public works contracts to \$35,000. In addition, we noted the District is using a "Quick Pay" feature instead of issuing purchase orders, which is inconsistent with District policy.

We recommend the District continue to enhance and update their policies in accordance with recent changes in General Municipal Law. In addition, if the policies are updated all administrative regulations relating to written or verbal quotes should be revised. The District should also consider enhancing the investment policy or reorganizational meeting minutes to include the maximum amount which can be maintained at authorized financial institutions.

Current Year Deficiencies in Internal Control:

Bidding Procedures –

As part of our examination, we reviewed various transactions involving multiple purchases from vendors. We noted one instance where a vendor was competitively bid out in 1991 and has been on an annual extension.

We recommend a continued effort be made to insure all items requiring competitive bidding comply with Sections 103 and 104(b) of the General Municipal Law.

Summer School Handicapped Program –

The New York State Education Department created a new STAC form summary (EFH 670) identifying the students who have been STAC'ed and verified in the reporting system. During our review of this document we noted the 2016-17 tuitions (July and August 2016) tuitions were not identified on this document, and did not appear to be STAC'ed on June 1, when the letter was created.

In order to ensure timely claiming for reimbursement, we recommend this document be reconciled to the student's receiving services semiannually by the Special Education Director and be submitted to the business office for review.

Capital Project 2021 –

As part of the District Capital Planning relating to the Capital Project 2021, pre-construction cost have been incurred and recorded in the Capital Projects Fund. Should this vote not be successful, those costs would be transferred back to the General Fund.

We recommend the District monitor this item to ensure there is adequate budget in the 2017-18 General Fund should the project not be approved.

Prior Year Recommendations:

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

1. The Trust & Agency checking and scholarship accounts were reconciled in a timely manner.
2. Reconciling items such as transfers and voided checks are being adjusted in a timely manner.
3. Health insurance and retirement expenses are now being allocated to the school lunch fund.
4. The District has enhanced their vendor and payroll change report procedures.
5. The District completed timely reconciliations of general ledger accounts.

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.



September 6, 2017