



SPENCERPORT CENTRAL SCHOOL DISTRICT

Assistant Superintendent of Business

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Date: September 25, 2020

To: Audit Committee
Board of Education
Daniel Milgate, Superintendent

From: Rick Wood, Assistant Superintendent of Business
Nicole Poh, Treasurer

Re: Annual Financial Statements and Communicating Internal Control Related Matters Identified In An Audit (Management Letter) for the Year Ended June 30, 2020

On an annual basis, school districts in New York State are required by law to have an independent audit firm examine the financial records and procedures of the district for the previous fiscal year. The process begins in early spring and is usually completed by the end of September. Attached are the Financial Statements and Communicating Internal Control Related Matters Identified In An Audit (Management Letter) for your review. We are in agreement with both reports.

Raymond F. Wager, CPA, P.C., A Division of Mengel Metzger Barr & Co. LLP, has performed the District's financial statement audit as of and for the year ended June 30, 2020. The attached Financial Statements consist of the audit of the governmental activities, each major fund, and the aggregate remaining fund information. The financial statements are the responsibility of the District's management. The auditors' responsibility is to express opinions on the financial statements based on their audit.

It is anticipated the auditors will begin the Single Audit and Extraclassroom Activity Funds Audit in November or December of 2020. Their reports will be submitted to the Board of Education at the January 2021 business meeting.

We are pleased to report that the auditors again stated **“the financial statements...present fairly, in all material respects, the respective position of the governmental activities, each major fund, and the aggregate remaining fund information...”**

Statement of Auditing Standards (SAS) No. 112, Communicating Internal Control Related Matters Identified in an Audit, requires the auditors to report, in writing, to management and those charged with governance any control weaknesses, significant deficiencies and/or material weaknesses. The auditors identified three prior year control deficiencies, one current year control deficiencies and two other items comments. Their specific comments and our responses follow.

Our Mission is to educate and inspire each student to love learning, pursue excellence and use knowledge, skills and attitudes to contribute respectfully and confidently to an ever-changing global community.

Prior Year Deficiencies Pending Corrective Action

1. School Lunch Operations (page 1)

“The Board approved a transfer totaling \$150,000 from the general fund to the school lunch fund to offset operating deficits, however, school lunch fund still has an operating loss of \$103,303. This resulted in a deficit fund balance of \$28,898

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

District's response

We concur with the recommendation and will continue to monitor the School Lunch operations to ensure that expenditures are within developed budgets and actual revenues are meeting anticipated results.

2. Accounts Receivable (page 2)

“During of our examination of the accounts receivable aging report we noted various accounts which have been outstanding for more than six months.”

“We recommend the District determine the status of these receivables and send a follow up invoice to those customers. If it is determined that any amounts should be written off than a summary should be approved by an independent individual.”

District's Response

We concur with the recommendation and will continue to review the aged receivables and send second and third follow up invoices whenever necessary. We will provide a summary of uncollectable receivables to the Board of Education with a recommendation to consider a “write off” of this bad debt by the end of December 2020.

3. Agency Fund Account Balances (page 2)

“The District made significant progress in reviewing and reconciling several accounts in the Agency Funds however, there were three accounts that were not completely reconciled at year end.”

“We recommend the District complete a reconciliation of these agency accounts on a quarterly basis and any excess funds be transferred back to the general fund.”

District's Response

We concur with the recommendation, and will continue to reconcile the remaining accounts and transfer any excess funds back to the general fund during the 2020-21 fiscal year.

Other Item

4. Federal programs (page 2)

“As a result of recent federal programs changes the District documents various Federal Programs procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirements.

We recommend the Business Office work with the Program Coordinators to enhance their current procedures into a procedure manual that is consistent with the federal compliance requires for their respective programs.”

District's Response

Administration will review the NYS Education Department's recent guidance and determine how the District should enhance their written documentation to be more compliant during this next fiscal year.

5. GASB Statement No. 84 (page 2)

“During this next fiscal year the District will be required to implement GASB Statement No. 84 which will modify the financial reporting for the Agency Funds.

This will require a review of the various accounts currently reported in the Agency Funds along with the extraclassroom activity policy and procedures in order to determine where to report the District's extaclassroom activity funds, scholarships and other Agency activity.”

District's Response

The District will review GASB Statement No. 84 and will determine based on the guidance the proper way to report the District's Agency Fund accounts.

Cc: Audit file, memo file