

**PENN YAN 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**

August 28, 2017

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

To the Board of Education  
Penn Yan 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 Penn Yan 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 Penn Yan 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 –**

**A. Operating Loss/Fund Balance Deficit**

As indicated in the financial statements, the School Lunch Fund had a net operating loss of \$198,605 for the 2016-2017 fiscal year, reducing the fund balance to a "deficit" of \$156,692. In addition, we noted the revenue budget for the School Lunch Fund exceeded the actual revenues for the past six years.

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. In addition, the revenue budget should be reviewed to determine if it is realizable based on past historical information.

**School Lunch –**

During the course of our examination we noted that adults are currently allowed to charge meals.

We recommend the Administration review this procedure and develop the necessary corrective action since federal funds should not be used to subsidize adult meals.

**Current Year Deficiency in Internal Control:**

**Summer School 4408 Program –**

The New York State Education Department now provides the EFH670 summary of 4408/4201 STAC approval and verified cost and state aid payments, two times a year, to be used to ensure the services provided are properly STAC'ed and the District's local share can be more easily calculated.

We recommend the Special Education Director review and reconcile this document to ensure the services received are properly STAC'ed in order to maximize state aid and calculate the local cost.

**Other Item:**

The following item is not considered to be a deficiency in internal control; however, we consider it a another item which we would like to communicate to you as follows:

**Internal Control Self-Assessment –**

Auditing standards require that management document in writing their understanding of the internal accounting controls (checks and balances) that are in place in the business office.

We recommend the Administration begin the process to document the procedures performed for the various business office functions such as payroll, cash receipts, cash disbursements, bank reconciliations, and monthly closing.

**Prior Year Recommendation:**

We are pleased to report the following prior year recommendation has been implemented to our satisfaction:

1. The maximum amounts which may be maintained on deposit in each financial institution are specified in the District's reorganizational meeting minutes.
2. The District has recently updated their administrative regulations relative to the quotation process for public works contracts between \$20,000 and \$35,000.

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.



August 28, 2017