

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2018

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

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Certified Public Accountants

September 27, 2018

To the Board of Education
Central Square 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 Central Square Central School District, New York as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Central Square 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 Deficiency Pending Corrective Action:

School Lunch Fund Loss/Deficit –

As indicated in the financial statements, the school lunch fund had an operating loss of \$6,014 for the year, after a transfer in from the general fund of \$50,000. The fund has a deficit unassigned fund balance of \$311,076 at year end.

We recommend the District continue to monitor the operations of the school lunch fund, and continue to evaluate potential options for revenue enhancements or cost containment procedures that can be implemented.

Current Year Deficiency in Internal Control:

Section 1318 of the Real Property Tax Law –

As indicated in the financial statements the unassigned fund balance in the General Fund at June 30, 2018 exceeded the 4% maximum allowed by Section 1318(a) of the Real Property Tax Law in the amount of \$794,126.

We have been informed that the District has a plan to utilize these funds to enhance safety and security measures. However, we recommend the District continue to monitor fund balance as it relates to Section 1318 of the Real Property Tax Law.

Other Item:

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

Cyber Risk Management –

The AICPA Center for Audit Quality recently issued a cyber security risk management document discussing cyber threats that face both public and private entities. The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the District continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

Prior Year Recommendations:

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

1. Audit adjustments were not required in order to properly state amounts accrued as receivables from the state and federal governments, or amounts due to the employee's retirement system.
2. The District has implemented a procedure to review the EFH670 summary of 4408/4201 STAC approval and verified cost and state aid payments as they are received.

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. Wager, CPA, PC

Rochester, New York
September 27, 2018