

Pittsford Schools

Leeanne G. Reister
Director of Finance

Administrative Offices
75 Barker Road - East Wing
Pittsford, NY 14534
585.267.1036

Fax: 585.381.9368
Leeanne_Reister@pittsford.monroe.edu

TO: Michael Pero, Superintendent
Darrin Kenney, Asst. Superintendent for Business

FROM: Leeanne G. Reister, Director of Finance

SUBJECT: 2016-17 Basic Financial Statements and Communicating Internal Control Matters
Identified in an Audit

DATE: September 21, 2017

Prior Year Deficiency Pending Corrective Action:

School Lunch Fund – The District's school lunch program had an operating loss of \$55,490 this year. The program had enough fund balance available to keep from going into a deficit, however, we recommend the Administration continue to monitor school lunch operations to improve the overall financial stability of the program.

This was an anticipated loss resulting from the District withdrawing from the state and federal School Lunch Programs. The 2016-17 Food Service budget included a planned use of fund balance of \$182,630 for operations and at the end of the year had only used \$55,490 of that amount. The Director of Food Service has provided a plan for the 2017-18 school year to continue to reduce costs. Three significant ways costs have been reduced in the 2017-18 school year are through retirements and labor management, increased employee contribution to healthcare costs and centralizing ordering to assist in inventory control. Administration will continue to keep a watchful eye on the school lunch operations to improve the financial stability of the program.

Current Year Deficiency in Internal Control:

Collateral – One of the District's financial institutions utilizes pooled collateral. However, the District's investment regulation indicates that collateralized securities must be maintained separately.

We recommend the District review this situation and consider amending the investment policy to address pooled collateral.

This was as a result of the mid-year merger of First Niagara and Key Banks. At the Board of Education re-organizational meeting in July 2017 the District added a new Depository that does not use pooled collateral for diversification of investments. We plan to migrate

funds to the new Financial Institution during the 2017-18 school year in order to follow the current investment policy.

Off-site Collections – As indicated in the Office of the State Comptroller report the District should review their procedures relating to athletic event admissions and enhance their current deposit transmittal form and procedures. In addition it does not appear that the deposit transmittal form used to document the admissions is signed and dated by the ticket takers and included with the deposit information submitted to the Business Office. We also noted that the Summer Enrichment & Driver's Education receipts are held up to two months prior to being deposited.

We recommend the District enhance their current deposit transmittal form and develop written procedures outlining the process to be followed for admissions. As part of these enhancements the original source documentation signed by the ticket takers should be included with the deposit information and submitted to the Business Office. In addition every effort should be made to deposit funds within 3-5 business days from the receipt.

The district will develop enhanced written procedures to address off-site cash collections and enhance our deposit transmittal form. These procedures will be reviewed with staff that are responsible for collecting money in off-site locations. These procedures will include cash collection, reconciliation, signatures of ticket takers, and deposit preparation. The BOE Cash Collection Policy will be included in these written procedures to reinforce timeliness of deposits. Further, the implementation of the Pittsford Payment Center has reduced the amount of cash being collected in off-site locations and provided a secure way to collect fees.

School Lunch Program – During the course of our examination of the school lunch deposit procedures we noted the checks received are held onto and deposited separately which eliminates the ability to reconcile deposits to the P.O.S tracking system.

We recommend all funds collected during the school lunch period be included in the daily deposits in order to reconcile the daily deposits to the P.O.S system.

The Business Office revised deposit and reconciliation reporting requirements and reviewed the changes with the Food Service Director and Secretary. These new procedures were implemented at the start of the school year when collections resumed.