

CANANDAIGUA CITY SCHOOL DISTRICT

NEW YORK

*COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT*

For Year Ended June 30, 2020

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

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September 10, 2020

To the Board of Education
Canandaigua City 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 Canandaigua City School District, New York as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Canandaigua City 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.

The District's responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Prior Year Deficiencies Pending Corrective Action:

Capital Projects -

As indicated in the financial statements, the District has several old capital projects reported on the books. In addition, we noted the 2010 Technology Project is reporting a \$22,777 deficit balance in which the financing has not been identified.

We recommend the District review those projects and allocate the remaining unspent fund balance to the appropriate fund. In addition, the District should determine the financing of the 2010 Technology Capital Project.

District Response

The District Treasurer allocated the remaining fund balances on multiple closed projects during the 2019/2020 school year. However, she was not able to close all of these balances as of June 30, 2020, including the amount for the 2010 Technology Project.

Capital Assets –

The District obtained an updated capital asset and depreciation schedule during the year, however, the schedule prepared by the third party did not include a provision to allocate depreciation by function as required by GASB statement No. 34, and therefore completed using the prior year excel format.

We recommend the District work with the third party vendor to update the capital asset information to include functional codes in order to allocate the depreciation by function.

District Response

The District Treasurer will work to update the capital asset information to include functional codes. This was intended to be completed in the 2019/2020 school year, but due to the COVID shutdowns it was not completed by June 30.

Current Year Deficiency in Internal Control:

Payroll -

During the course of our examination, we noted the the payroll system is calculating the employee yearly salary by using 262 days, however when the district manually calculates the employee yearly salaries they are using 260 days.

We recommend the District create procedures to ensure that the information entered into the payroll system agrees with what is on the salary notices.

District Response

The District will ensure the system reflects actual number of days in the year for encumbered hourly employees with annualized salaries in the financial system.

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:

GASB Statement No. 84 –

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 extraclassroom activity funds, scholarships, and other Agency activity.

Prior Year Recommendations:

We are please to report the following prior year items have been implemented to our satisfaction:

1. The District has implemented procedures over documenting their Cyber Risk Assment process.
2. The District has developed a detailed procedures manual for federal programs.

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.

Mengel, Metzger, Barz & Co. LLP

Rochester, New York
September 10, 2020