



## MEDINA CENTRAL SCHOOL DISTRICT

### BUSINESS OFFICE

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Marc P. Graff  
Assistant Superintendent

Date: February 10, 2020

To: Raymond Wager, CPA

RE: YE 2019 Extraclassroom Activity Funds - CAP

#### IRS Form 1099

Our examination revealed that there is no process in any of the buildings for tracking individuals receiving payments in excess of \$600 in a calendar year for appropriately issuing an IRS Form 1099.

We recommend the District implement a process to ensure compliance with IRS regulations pertaining to Form 1099.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Central Treasurers and Advisors have been assigned the task of tracking expenses by various individuals who traditionally come close to the \$600.00 threshold. As this is related to FFA activities, the club has been instructed to monitor this issue closely.*

#### Vending Machine

Our examination revealed that the FFA and the JR FFA clubs did not prepare a formal reconciliation of milk sold to cash collected on a regular basis.

In an effort to improve accountability and control, we recommend the preparation of a reconciliation of items sold to total cash collected from the vending machine.

*DISTRICT RESPONSE: The District has met with Principals and Advisors to review this issue. Advisors have been assigned the task of developing a tracking system with their students to monitor the product and cash going into the machines. Special consideration will need to be paid in regards to milk beyond the expiration date.*

#### Supporting Documentation

Our examination of selected disbursement transactions at Wise Middle School revealed two instances in the Student Council and the Whale Watch in which payments were made from monthly vendor statements. In addition, we noted one instance in the Oak Orchard Elementary School Activities Account in which there was no support for a payment.

In an effort to improve internal accounting control and avoid duplicate payments, all payment orders should be adequately supported by original vendor invoices or receipts prior to being processed for payment by the Central Treasurer.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

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## Senior High School:

### AP Fund

Our examination revealed that the AP Fund does not appear to meet the criteria to be an extraclassroom activity according to New York State Finance Pamphlet No. 2, *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds* due to its lack of student participation and purpose. In addition, the balance in the AP Fund has increased approximately \$4,000 from last year, indicating that the District is not utilizing all of the administrative portion of the AP Fund fee reimburse exam and proctor fees paid by the General Fund.

We recommend the Administration examine the purpose and the activities performed by this club to determine if it meets the criteria of extraclassroom activity funds, or if it should be moved to the District's Trust and Agency Fund.

*DISTRICT RESPONSE: The AP Fund will be moved to the District's Trust and Agency Fund.*

### Disbursements

During the course of our examination we noted the following items in which expenses were made without the support of club minutes.

1. Athletic Council – reimbursement for medical supplies
2. Football Club – magazine subscription
3. SAVI-2 – Christmas gift shopping
4. Student Council – staff appreciation breakfast

We recommend all payments of this nature be supported by club minutes indicating student authorization.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

### Gifts

Our examination revealed that the Class of 2022 purchased several gift cards for which there was no documentation signed by the recipients acknowledging receipt.

We recommend a listing signed by the recipients of all gift cards be maintained to acknowledge receipt.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

### Student Involvement

During the course of our examination, we noted the following:

1. The Softball Club Student Treasurer is not involved in maintaining a separate set of books. In addition, the Student Treasurer is not involved in counting the club's cash receipts.
2. The Class of 2020 Student Treasurer is not involved in maintaining a separate set of books. In addition, the Student Treasurer is not involved in preparing the profit and loss statements.

In an effort to conform to New York State guidelines and to promote student involvement, we recommend the Student Treasurer together with the Faculty Advisor, be directly involved in all financial transactions of the organization. In addition, a separate set of financial records should be maintained which should be compared to those maintained by the Central Treasurer on a monthly basis.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

#### Bank Reconciliations

The Senior High School monthly bank reconciliations did not appear to be signed and reviewed by an individual independent of the process.

We recommend upon completion, monthly bank reconciliations should be reviewed and signed by an individual independent of the process.

*DISTRICT RESPONSE: The District has met with Principal and Central Treasurers to review this issue. Each reconciliation will now be reviewed by an individual outside of the normal process.*

#### Boys Varsity Basketball

Our examination revealed that the Boys Varsity Basketball Club held a fundraiser where Super Bowl squares were sold. We learned that the winners were paid in cash with no documentation available for us to review. The remaining cash was held onto for almost a month before being deposited. In addition, New York State Law prohibits anyone under the age of 18 to participate in games of chance.

We recommend the Administration review these items and implement the appropriate corrective action during this next fiscal year.

*DISTRICT RESPONSE: The Principal, Athletic Director and Coach were informed that this is not allowed and this fundraiser will not be run by his organization in the future.*

#### Class of 2019

During our review of the chicken barbecue fund raiser, we noted that the club did not prepare a reconciliation of chickens sold and unsold to the amounts deposited. As a result, there is an unexplained difference between expected sales and the amounts actually deposited.

We recommend a reconciliation be prepared to explain the differences between expected revenue and receipts actually deposited.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

#### FFA

During the year, the FFA Club held several different fundraisers at once for citrus, cheese, and knife sales. All deposits were labeled as "citrus" on the ledger, and we were unable to verify the deposits by event. In addition, the knives appear to be taxable, and it does not appear that tax was remitted to New York State.

We recommend these items be reviewed and the appropriate corrective action be implemented during the 2019-20 fiscal year.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

#### Untimely Deposits

During the course of our examination, we noted one instance with the Class of 2019 chicken barbeque fundraiser, and one instance with the Wrestling Club tournament concession receipts which did not appear to be deposited on a timely basis. In addition, the Class of 2020 is holding onto weekly donut sale receipts and depositing several weeks' worth at once.

In an effort to improve internal accounting control over receipts, we recommend remitting cash receipts to the Central Treasurer for deposit on a more timely basis

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

#### Oak Orchard Elementary School:

##### Sales Tax – School Store

During the course of our examination, we noted tax is being paid on items purchased for the school store rather than being remitted on gross sales.

We recommend every effort continue to be made to comply with New York State Sales Tax Law.

*DISTRICT RESPONSE: The Central Treasurer was provided with information regarding this issue and will monitor sales tax compliance.*

##### Activities Account

Our examination revealed that a separate set of books is not being maintained for the Activities Account.

We recommend the Student Treasurer together with the Faculty Advisor maintain a separate set of books to be reconciled with those maintained by the Central Treasurer on a regular basis.

*DISTRICT RESPONSE: The District has met with Principals, Advisors and Central Treasurers to review this issue. Each person at this meeting was given another copy of the duties and responsibilities of running events and tracking financial matters of each club/organization.*

Sincerely,



Marc P. Graff  
Assistant Superintendent