

**MORRIS CENTRAL SCHOOL DISTRICT
RESPONSE TO AUDIT FINDINGS AND RECOMMENDATIONS
For the 2016-2017 School Year**

Prior –Year Findings

➤ **Reserve Plan**

Prior Condition: The district does not have formal written plans for established reserves.

Status: Finding was cleared

District Response: The district has had a written reserve plan for the past several years and was reviewed during the comptroller’s audit in 2015. The district now has a new reserve plan which includes the recommendations set forth by our external auditor.

Current-Year Findings

Material Control Weaknesses

No material control weaknesses were identified.

Significant Control Deficiencies

➤ **17.03 Fund Balance**

Condition: The District’s ending unassigned fund balance was in excess of 4% of the subsequent year’s budget.

Recommendations: Consider additional legal reserves

District Response: The allowable fund balance is \$392,279.28. The fund balance stands at \$398,566 which is 4.064% of this year’s budget or over the 4.0% by \$6,286.72. In the future the

district will more closely monitor the fund balance and look at placing any additional fund balance in a legal reserve.

➤ **16.01 Reserve Plan**

Condition: The District does not have formal written plans for established reserves.

Recommendation: Auditor recommends that the District create a written plan for each reserve that includes the following elements.

District Response- The district has developed a plan and the auditor has stated that **this finding is cleared.**

Control Improvements

➤ **17.01 Interfund balances**

Condition: Interfund balances are not paid in a timely fashion

Recommendation: Auditor noted that the District had one interfund loan from the general fund to the debt service fund that was outstanding for longer than one fiscal year. The auditor recommends that the district ensure that the interfund loan is paid back once bond proceeds have been received.

District Response: The district will verify with the BOCES Shared Business Office that the interfund transfers are completed in a timely manner, definitely by the end of a fiscal school year.

➤ **17.02 Extra-Classroom Supporting Documents**

Condition: Instances were identified where written supporting documents were lacking for selected cash receipts and disbursements.

Recommendation: In those instances where a vendor payment is made without a receipt or invoice, a copy of the club meeting minutes should be attached to show approval of the payment by the club. Deposit reconciliations for fundraisers should be reconciled to revenue drivers such as tickets or items sold.

District Response: The district will follow the recommendations made by the auditor.

Matthew L. Sheldon

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Morris Central School