

MILLBROOK CENTRAL  
SCHOOL DISTRICT

MANAGEMENT LETTER

JUNE 30, 2019



Sickler, Torchia  
Allen & Churchill, CPA's, PC  
*Your Partner When It Counts*

Robert J. Allen, CPA  
Victor V. Churchill, CPA  
Edward J. Gower II, CPA  
Joseph J. Montalto, CPA  
Craig R. Sickler, CPA  
Michael A. Torchia, Jr., CPA, CVA

September 20, 2019

Millbrook Central School District  
PO Box AA  
Millbrook, New York 12545

In planning and performing our audit of the basic financial statements of the Millbrook Central School District (the "District") for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Millbrook Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the District's internal control in our report dated September 20, 2019. This letter does not affect our report dated September 20, 2019, on the basic financial statements of Millbrook Central School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Sickler, Torchia, Allen & Churchill, CPAs, P.C.*

Hudson, New York

## MEMORANDUM

### PRIOR YEAR MEMORANDUM ITEMS

#### *Cafeteria Fund Deficit:*

During our audit for the year ended June 30, 2014, we noted that the deficit in the Cafeteria Fund now exceeds \$100,000. Many districts are experiencing similar situations with increases in student populations receiving free and reduced meals, increasing operating costs that cannot be met with increased meal prices for students, and nutritional mandates that were not widely embraced by the student populations. While the District has built transfers from the General Fund into the annual budget, the amounts have not been enough to meet the increasing need.

Through inquiry, we understand that District personnel are concerned about the trend and have been working diligently to formulate solutions to reverse this situation. Focus groups with elementary students have been held to dialogue what offerings they would be interested in, while educating them on the mandates for nutrition that the District must adhere to. From this, menus were developed to meet the needs of the District and the students. In higher grades additional offerings in the a la carte area are going to be added to appeal to the students in that age group while still considering meeting nutritional goals. In addition, there has been a change in District leadership in managing the program and the District is welcoming this opportunity to implement more changes as may be determined to be beneficial.

We will monitor the progress of the program to alleviate the deficit situation in future audits.

#### *Status as of June 30, 2015:*

During our audit it was noted that the deficit in the Cafeteria Fund is now approximately \$161,000. The District's voter approved 2015-2016 budget provides \$141,000 as an interfund transfer to the Cafeteria Fund to work towards addressing the issue. We will continue to monitor in future audits.

#### *Status as of June 30, 2016:*

During our audit it was noted that the deficit in the Cafeteria Fund is now approximately \$45,800. This is an improvement from the previous year. The District's voter approved 2016-2017 budget provides \$55,000 as an interfund transfer to the Cafeteria Fund to work towards addressing the issue. We will continue to monitor in future audits.

#### *Status as of June 30, 2017:*

During our audit it was noted that the net deficit in the Cafeteria Fund is now approximately \$20,257. This is an improvement from the previous year. The District's voter approved 2017-2018 budget provides \$55,000 as an interfund transfer to the Cafeteria Fund to work towards addressing the issue. We will continue to monitor in future audits.

#### *Status as of June 30, 2018:*

During our audit it was noted that the net deficit in the Cafeteria Fund is now approximately \$20,601. This is a regression from the previous year. The District's voter approved 2018-2019 budget provides \$45,000 as an interfund transfer to the Cafeteria Fund to work towards addressing the issue. We will continue to monitor in future audits.

***Status as of June 30, 2019:***

During our audit it was noted that the net deficit in the Cafeteria Fund is now approximately \$22,099. This is a regression from the previous year. The District's voter approved 2019-2020 budget provides \$35,000 as an interfund transfer to the Cafeteria Fund to work towards addressing the issue. We will continue to monitor in future audits.

***Fixed Assets:***

During our audit for the year ended June 30, 2018, we noted that the District never actually adopted a new written policy for the fixed assets with the updated threshold in amount of \$1,000. The District has been following the \$1,000 threshold, but the policy needs to be conformed to include that language and formally adopted. The District should update and adopt a written fixed asset policy. We will continue to monitor in the future.

***Status as of June 30, 2019:***

During our audit it was noted that the District update and adopt a written fixed asset policy that conforms to what was being done at the District. ***We consider this matter resolved.***

CURRENT YEAR MEMORANDUM ITEMS

*NONE NOTED*