

**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**PATCHOGUE-MEDFORD FREE SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
TABLE OF CONTENTS**

<b>SINGLE AUDIT REPORT</b>	<b>PAGE</b>
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; And Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	1-3
Schedule of Expenditures of Federal Awards	4
Notes to the Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	6-7
Summary Schedule of Prior Audit Findings	8
Corrective Action Plan	9

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Education  
Patchogue-Medford Union Free School District

**Report on Compliance for Each Major Federal Program**

We have audited Patchogue-Medford Union Free School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Patchogue-Medford Union Free School District's major federal programs for the fiscal year ended June 30, 2015. Patchogue-Medford Union Free School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Patchogue-Medford Union Free School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Patchogue-Medford Union Free School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Patchogue-Medford Union Free School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Patchogue-Medford Union Free School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2015.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item #2015-001. Our opinion on each major federal program is not modified with respect to these matters.

Patchogue-Medford Union Free School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Patchogue-Medford Union Free School District's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of Patchogue-Medford Union Free School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Patchogue-Medford Union Free School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Patchogue-Medford Union Free School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist there were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item #2015-001 that we considered to be a significant deficiency.

Patchogue-Medford Union Free School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Patchogue-Medford Union Free School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of Patchogue-Medford Union Free School District, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Patchogue-Medford Union Free School District's basic financial statements. We issued our report thereon dated September 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, NY  
December 15, 2015

(except for our report on the schedule of expenditures of federal awards, for which the date is September 29, 2015)

**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>	<u>Total Expenditures by CFDA Number</u>
<b><u>U.S. Department of Education</u></b>				
<b><u>Passed-through NYS Education Department:</u></b>				
Special Education Grants to States (IDEA, Part B)	84.027	0032-15-0892	\$ 2,113,461	\$ 2,113,461
Special Education Preschool Grants (IDEA Preschool)	84.173	0033-15-0892	\$ 136,743	136,743
Total Special Education Cluster			2,250,204	
Title I Grants to Local Educational Agencies	84.010	0021-14-3015	\$ 40,161	
Title I Grants to Local Educational Agencies	84.010	0021-15-3015	744,230	784,391
Improving Teacher Quality State Grants	84.367	0147-14-3015	\$ 33,928	
Improving Teacher Quality State Grants	84.367	0147-15-3015	263,591	297,519
English Language Acquisition Grants	84.365	0149-15-3015	\$ 38,573	
English Language Acquisition Grants	84.365	0293-14-3015	49,490	
English Language Acquisition Grants	84.365	0293-15-3015	124,225	212,288
Total U.S. Department of Education				\$ 3,544,402
<b><u>U.S. Department of Agriculture</u></b>				
<b><u>Passed-through NYS Education Department:</u></b>				
School Breakfast Program (Cash Assistance)	10.553	N/A	\$ 278,242	\$ 278,242
National School Lunch Program (Cash Assistance)	10.555	N/A	1,371,233	
National School Lunch Program (Non-Cash Food Distribution)	10.555	N/A	184,364	1,555,597
Total Child Nutrition Cluster			\$ 1,833,839	
Total U.S. Department of Agriculture				\$ 1,833,839
Total Federal Awards Expended				\$ 5,378,241



**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**1. BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Patchogue-Medford Union Free School District under programs of the federal government for the fiscal year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Patchogue-Medford Union Free School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Patchogue-Medford Union Free School District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. Pass-through entity identifying numbers are presented where available.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented.

Matching costs (Patchogue-Medford Union Free School District's share of certain program costs) are not included in the reported expenditures.

**3. SUBRECIPIENTS:**

No amounts were provided to subrecipients.

**4. OTHER DISCLOSURES:**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by Patchogue-Medford Union Free School District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PART I                      SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's opinion(s) issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes      x   no

Significant deficiencies identified that are not  
considered to be material weakness(es)? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes      x   no

Significant deficiencies identified that are not  
considered to be material weakness(es)?   x   yes    \_\_\_\_\_ none reported

Type of auditor's opinion(s) issued on compliance for major  
programs: *Unmodified*

Any audit findings disclosed that are required to be reported in  
accordance with section 510(a) of Circular A-133?   x   yes    \_\_\_\_\_ no

Identification of major programs:

<u>Name of federal program</u>	<u>CFDA Number</u>
Special Education Grants to States (IDEA Part B)	84.027
Special Education Preschool Grants (IDEA Preschool)	84.173
School Breakfast Program	10.553
National School Lunch Program	10.555

Dollar threshold used to distinguish between Type A and Type B  
Programs \$300,000

Auditee qualified as low risk? \_\_\_\_\_ yes      x   no



**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PART II      FINANCIAL STATEMENT FINDINGS**

There are no financial statement findings to be reported.

**PART III      FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING #2015-001 ( REPEAT FINDING OF #2014-001)**

**U.S. Department of Agriculture – Passed-Through New York State Education Department**

*National School Lunch Program (NSLP), CFDA No. 10.555;*

*Grant Period – Fiscal Year Ended June 30, 2015*

*School Breakfast Program, CFDA No. 10.553;*

*Grant Period – Fiscal Year Ended June 30, 2015*

**Significant Deficiency**

**Criteria:**

According to 7 CFR 245.6a – *Verification Requirements*, the District is required to verify the free and reduced price eligibility of households selected from a sample of applications that it has approved on file as of October 1<sup>st</sup>. The District must also make the appropriate modifications to eligibility status, based on the verification results.

**Condition:**

We noted 1 out of 8 income verifications sampled out of 29 that were verified, resulted in a change in eligibility status, however the District did not change the status as a result of the verification activities.

**Cause:**

Although the District used software to enter the income into and determine the status, the net pay instead of the gross pay that was provided by the applicant was entered, to determine the eligibility.

**Effect:**

The District allowed that applicant to continue to receive free meals when the income support provided supported reduced meals instead.

**Recommendation:**

We recommend the results of the verification are reviewed to ensure any changes in eligibility status are made correctly and only eligible families are receiving free or reduced meals, to be in compliance with federal regulations.

**District's Response:**

In order to ensure that the Food Service Director clearly understands the verification process, the Internal Claims Auditor and District Accountant will review the verification process with the Food Service Director. Furthermore, they will review the income verification sample of the 29 applications that the auditors reviewed for the 2015 audit. They will review each application with the Food Service Director to ensure that the process is clear. They will also review the sample for the next verification process in October 2016 before any adjustments are made to the applications.

**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**FINDING #2014-001:**

According to 7 CFR 245.6a – Verification Requirements, the District is required to verify the free and reduced price eligibility of households selected from a sample of applications that is has approved on file as of October 1<sup>st</sup>. The District must also make the appropriate modifications to eligibility status, based on the verification results. We noted 1 out of 7 verifications sampled out of the 31 that were verified resulted in a change in eligibility status, however, the District did not change the status as a result of the verification activities. We recommended the results of the verification be reviewed to ensure any changes in status were made, and only eligible families were receiving free or reduced meals.

**STATUS:**

Partially Implemented. While the District has implemented procedures to have the Director of Food Service review all forms to ensure proper classification, we did note 1 out of 8 verifications selected in the current year was misclassified after the verification.

**PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The District's corrective action plan is under separate cover.

# **Patchogue-Medford Union Free School District**

## **External Audit Corrective Action Plan**

This corrective action plan is in response to the school district's single audit report for the fiscal year ended June 30, 2015, prepared by R.S. Abrams.

### **Part III Federal Award Finding #2015-001**

**Recommendation:** It is recommended that the District review the results of the verification to ensure that any changes in eligibility status are made, and only eligible families receive free or reduced meals, to be in compliance with federal regulations.

**Corrective Action:** In order to ensure that the Food Service Director clearly understands the verification process, the Internal Claims Auditor and District Accountant will review the verification process with the Food Service Director. Furthermore, they will review the income verification sample of the 29 applications that the auditors reviewed for the 2015 audit. They will review each application with the Food Service Director to ensure that the process is clear. They will also review the sample for the next verification process in October 2016 before any adjustments are made to the applications.

**Person Responsible for Corrective Action:** Director of Food Services

**Anticipated Completion Date for Corrective Action:** The Corrective Action will be immediately implemented in response to the auditors' recommendation.