

ANNUAL RISK ASSESSMENT UPDATE

We have performed an audit risk assessment update for the Monticello Central School District for the period January 1, 2025 to December 31, 2025 with the Office of the New York State Comptroller and New York State Education Department's Chapter 263 Laws set forth in 2005. A risk assessment is a systematic approach for identifying and controlling risk. Risks can be presented from both internal and external factors which threaten the achievements of the District's mission, goals and objectives.

Internal control can be defined as the integration of activities, plans, policies and procedures performed by the efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its mission, goals and objectives.

As the District's Internal Auditor, our primary responsibility is to assist the Board of Education in ensuring that the District's risks are identified, and to provide the Board and Management with continuous assessment of risk to ensure that proper internal controls are in place and functioning effectively in order to mitigate risks.

Our risk assessment includes an analysis of the District's major functions, processes and controls. The process measures the financial, compliance, and operational risks associated with each identified control. Our risk assessment update includes a current year risk determination and a follow-up on previous internal and external audit findings.

The following control cycles included in the risk assessment were identified based on guidance from the New York State Education Department:

I. GOVERNANCE & PLANNING

- Governance & Control Environment
- Strategic Planning, Budget Development & Budget Administration

II. ACCOUNTING & REPORTING

- Assessing Financial Condition
- Financial Accounting & Reporting
- Auditing
- State Aid & Grants

III. REVENUE & CASH MANAGEMENT

- Cash Receipts & Revenue
- Cash Management & Investments
- Petty Cash

IV. PURCHASING & EXPENDITURES

- Purchasing
- Accounts Payable & Cash Disbursements
- Payroll & Personnel
- Travel & Conferences

V. FACILITIES & EQUIPMENT

- Facilities Maintenance
- Facilities Construction
- Inventory Controls

VI. STUDENT SERVICES

- Student Transportation
- Food Service
- Extraclassroom Activity Fund

VII. STUDENT RELATED DATA

- Attendance
- Reliability of Student Performance Data

VIII. INFORMATION TECHNOLOGY

Our approach to understanding the controls of the District included meeting with appropriate personnel for each respective audit area and discussing and understanding the processes and procedures. In addition, when necessary, we performed walk-throughs of transaction cycles and tests of transactions.

After compiling this information, any deficiencies in internal controls were documented and mitigating procedures were suggested to the District.

Based on our evaluation of the above mentioned areas, we have assessed each control cycle with a level of both inherent and control risk. Risk can be assessed at high, medium or low levels.

Inherent risk is the likelihood of a misstatement not being detected without consideration of established controls. By their distinctive nature alone, it is typical that many of the District's processes have high inherent risk.

Control risk is the risk that a misstatement will not be detected or prevented by the District's internal controls on a timely basis. It also measures the adequacy of the District's internal controls.

A summary of the assessed risks can be found in the Risk Assessment Table followed by The Risk Assessment & Updates Report, which have been attached herewith, and are presented in the following pages.

Not all risks are equal. Some are more likely to occur than others, and some will have a greater impact than others if they occur. Once risks are identified, their probability and significance must be assessed. Upon identifying and assessing risk, the District must decide on how to deal with it. Based on a cost/benefit analysis, in some cases, the decision may be to control it; in others, it may be to accept it.

These reports are intended solely for the information and use of the Board of Education and management of the Monticello Central School District and should not be used by anyone other than the specified parties.

Waschitz Pauloff CPA LLP

Monticello, New York

March 4, 2026

**MONTICELLO CENTRAL SCHOOL DISTRICT
RISK ASSESSMENT TABLE
DECEMBER 31, 2025**

NYSED Internal Control Ref.	Business Process	RISK		Detailed Testing Performed in 2025	Proposed Detailed Testing in 2026
		Inherent	Control		
I	GOVERNANCE & PLANNING				
IA	Governance & Control Environment	High	Medium		✓
IB	Strategic Planning, Budget Development & Budget Administration	High	Low		✓
II	ACCOUNTING & REPORTING				
IIA	Assessing Financial Condition	High	Medium		✓
IIB	Financial Accounting & Reporting	High	Medium		✓
IIC	Auditing	Medium	Low	✓	
IID	State Aid & Grants	High	Medium	✓	
III	REVENUE & CASH MANAGEMENT				
IIIA	Cash Receipts & Revenue	High	Medium	✓	
IIIB	Cash Management & Investments	High	Medium		✓
IIIC	Petty Cash	High	Medium		
IV	PURCHASING & EXPENDITURES				
IVA	Purchasing	High	Medium		✓
IVB	Accounts Payable & Cash Disbursements	High	Medium	✓	✓
IVC	Payroll & Personnel	High	High	✓	
IVD	Travel & Conferences	High	Medium		✓
V	FACILITIES & EQUIPMENT				
VA	Facilities Maintenance	High	Medium	✓	
VB	Facilities Construction	Medium	Medium	✓	✓
VC	Inventory Controls	High	Medium		✓
VI	STUDENT SERVICES				
VIA	Student Transportation	High	Medium		✓
VIB	Food Service	High	Medium		✓
VIC	Extraclassroom Activity Fund	High	High	✓	✓
VII	STUDENT RELATED DATA				
VIIA	Attendance	High	Medium		✓
VIIIB	Reliability of Student Performance Data	High	Medium		✓
VIII	INFORMATION TECHNOLOGY	High	High	✓	

**MONTICELLO CENTRAL SCHOOL DISTRICT
RISK ASSESSMENT & UPDATES
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE PERIOD JANUARY 1, 2025 TO DECEMBER 31, 2025**

RISK ASSESSMENT AREA	DESCRIPTION	RECOMMENDATION
Governance and Control Environment	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Strategic Planning, Budget Development & Budget Administration	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Assessing Financial Condition	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Financial Accounting & Reporting	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Auditing	<ul style="list-style-type: none"> • (2025) No New Risks Identified – See Prior Year Finding on Page 3. 	
State Aid & Grants	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Cash Receipts & Revenue	<ul style="list-style-type: none"> • (2025) No Risks Identified. 	
Cash Management & Investments	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Petty Cash	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Purchasing	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Accounts Payable & Cash Disbursements	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Payroll & Personnel	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Travel & Conferences	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Facilities Maintenance	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Facilities Construction	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Inventory Controls	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Student Transportation	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Food Service	<ul style="list-style-type: none"> • (2025) No Risks Identified 	

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RISK ASSESSMENT & UPDATES
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RISK ASSESSMENT AREA	DESCRIPTION	RECOMMENDATION
Extra Classroom Activity Fund	<ul style="list-style-type: none"> • (2025) During our visit several fundraisers did not have a profit and loss statement prepared. 	<ul style="list-style-type: none"> • We recommend that the Central Treasurer verify a profit and loss statement is prepared for all fundraisers.
	<ul style="list-style-type: none"> • (2025) The December 2025 High School account bank reconciliation had two outstanding checks from May and June 2025. 	<ul style="list-style-type: none"> • We recommend that the Central Treasurer follow up on all outstanding checks that are older than three months to verify if they need to be replaced or void.
	<ul style="list-style-type: none"> • See Prior Year Findings on Page 4 	
Attendance	<ul style="list-style-type: none"> • (2025) No Risks Identified 	
Reliability of Student Performance Data	<ul style="list-style-type: none"> • (2025) No Risks Identified 	

**MONTICELLO CENTRAL SCHOOL DISTRICT
RISK ASSESSMENT & UPDATES
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2024**

RISK ASSESSMENT AREA	DESCRIPTION	CURRENT STATUS
Governance & Control Environment	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Strategic Planning, Budget Development & Budget Administration	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Assessing Financial Condition	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Financial Accounting & Reporting	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Auditing	<ul style="list-style-type: none"> (2023) The District's unassigned fund balance is in excess of the amount permitted by New York State law. 	<ul style="list-style-type: none"> Risk Item Still Outstanding.
	<ul style="list-style-type: none"> (2023) The District omitted one of the distribution sites for its summer food service program when claiming for reimbursement from New York State. 	<ul style="list-style-type: none"> Implemented - The District has a checklist in response to this finding.
State Aid & Grants	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Cash Receipts & Revenue	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Cash Management & Investments	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Petty Cash	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Purchasing	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Accounts Payable & Cash Disbursements	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Payroll & Personnel	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Travel & Conferences	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	
Facilities Maintenance	<ul style="list-style-type: none"> (2023 - 2024) No Risks Identified 	

**MONTICELLO CENTRAL SCHOOL DISTRICT
RISK ASSESSMENT & UPDATES
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FOR THE PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2024**

RISK ASSESSMENT AREA	DESCRIPTION		CURRENT STATUS
Facilities Construction	<ul style="list-style-type: none"> • (2023 - 2024) No Risks Identified 		
Inventory Controls	<ul style="list-style-type: none"> • (2023 - 2024) No Risks Identified 		
Student Transportation	<ul style="list-style-type: none"> • (2023 - 2024) No Risks Identified 		
Food Service	<ul style="list-style-type: none"> • (2023 - 2024) No Risks Identified 		
Extra Classroom Activity Fund	<ul style="list-style-type: none"> • (2023) During our visit the District did not maintain copies of deposit slips for three deposits that we tested. 	<ul style="list-style-type: none"> • Implemented - The District maintain copies of deposit slips for all deposits made into the Extra Classroom Activity Fund. 	
	<ul style="list-style-type: none"> • (2023) During our review of the December 2023 bank reconciliation, it was noted that there was a deposit entered from November 2023 that had not cleared. 	<ul style="list-style-type: none"> • Implemented - The Central Treasurers make deposits timely. 	
Attendance	<ul style="list-style-type: none"> • (2023 - 2024) No Risks Identified 		
Reliability of Student Performance Data	<ul style="list-style-type: none"> • (2023 - 2024) No Risks Identified 		