

RED CREEK CENTRAL SCHOOL DISTRICT

PO BOX 190, RED CREEK, NY 13143



TO: Matthew VanOrman, Superintendent
FROM: Danielle DeBiase, School Business Administrator
RE: 2023-2024 Regular Audit Corrective Action Plan
DATE: October 15, 2024

We are in receipt of the Red Creek Central School District's Basic Financial Statement and Management Letter for the school year ended June 30, 2024 as prepared by Mengel Metzger Barr & Co, LLP. Please accept this as the Red Creek Central School District's Audit Response and Corrective Action Plan.

Prior Year Deficiencies Pending Corrective Action:

Community Center

As indicated in the financial statements, the Special Aid Fund reported an operating surplus of \$35,575, however the program deficit is \$247,592 as of June 30, 2024. We recommend the District review the Community Center operations and programs and develop a plan to enhance revenues and control expenditures.

Response

The District conducted a review of Community Center operations during the 2023-2024 school year and has implemented several strategies to enhance revenues and control expenditures. The District will continue implementing these strategies so that the program deficit continues to decline. The District will conduct an assessment of the program in January 2025 and May 2025 to review the long-term efficacy of these strategies.

Payroll

During our testing of payroll, we noted the following:

1. Four instances where no timesheet was able to be provided for an annualized employee.
2. There was no Board approval for the Professional Development Incentive.
3. The Professional Development Lead rate is not noted in the employee's contract and was not Board approved. We recommend the District review these items and implement the appropriate corrective action during this next fiscal year.

Response

The District will review all rates and ensure that they are approved by the Board of Education prior to June 30, 2025. Training surrounding proper records retention in the payroll department will be provided prior to June 30, 2025.

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Current Year Deficiencies in Internal Control:

Bank Reconciliations

During our examination of cash, we noted multiple instances where the bank reconciliation was not reconciled to month end causing differences when tying out the bank reconciliation to the books. We recommend every effort be made to reconcile bank balances to month end.

Response

In May 2024, the District transitioned from utilizing the BOCES Central Business Office for this position. These instances are largely due to that transition. Training will be provided in November 2024 to ensure awareness of accounting procedures and best practices. Additionally, the School Business Administrator will ensure that general ledger reports agree with submitted reconciliations.

Year End Accruals

We noted significant improvement in the preparation for the audit however, as part of our audit process, we proposed, and the District accepted several year-end entries to adjust the books and records to reflect year end accruals and balance the due to and due from's accounts. In addition, there were other adjustments related to the bank reconciliation in order to agree to the general ledger. We recommend every effort continue to be made to record year end accruals before the annual audit commences.

Response

Additional training surrounding audit preparation will be provided prior to June 30, 2025. Some of these difficulties were associated with an unanticipated transition in the district audit team towards the close of the audit process, however, working together we were able to resolve open questions and have final reports by the due date. The District understands the cause of the delay in submitting the annual audit reports and has made every effort to ensure that future reports will be submitted in a timely manner.

Capital Project

The voters approved a \$32M capital project for which transfers were made to the Capital Fund, however, the language in the proposition was not consistent with the intent of the Board as indicated in their discussion of the project on the web site, however, a bond attorney has reviewed the transaction and indicated it was consistent with the Board's intent. We recommend every effort be made to ensure the wording in voter approved propositions is consistent with the Board's intent.

Response

All bond propositions are reviewed with counsel and the District's fiscal advisors. Effective July 1, 2024, the wording for all future bond propositions will be reviewed to ensure the intent is clear. The School Business Administrator will work with the audit team as needed to ensure that the language is clear prior to the finalization of the proposition language.