

DANSVILLE CENTRAL SCHOOL DISTRICT

NEW YORK

***COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT***

For Year Ended June 30, 2023



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

September 12, 2023

To the Board of Education
Dansville Central School District, New York

In planning and performing our audit of the financial statements of Dansville Central School District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Dansville Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dansville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dansville Central School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 12, 2023 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

The District's written responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Current Year Deficiencies in Internal Control:

Bidding/Quoting –

During our examination of disbursements, we noted the following:

1. There was one instance in which a purchase that exceeded the bidding threshold referenced an invalid or expired state contract.
2. When using piggybacking to procure goods over the bidding threshold, the District does not always confirm or maintain documentation showing that the cooperative bid is in compliance with general municipal law.

We recommend the District review transactions of this nature to ensure they are in compliance with general municipal law and to confirm the validity of any state contracts used.

District Response –

The Deputy Superintendent will send a memorandum to all budget managers and the Accounts Payable Clerk as a reminder to ensure that we are utilizing and referencing state contracts that are not expired. Additionally, the District has started consulting with its attorney to ensure that piggybacking contracts are in compliance with general municipal law. Estimated completion date: June 30, 2024.

Payroll –

During the course of our examination, we noted the IRS filings for forms W-2 and W-3 were submitted to the IRS after the due date.

We recommend the District continue to monitor their payroll filing requirements to ensure forms are submitted to the IRS in a timely manner.

District Response –

This was the result of a clerical error. An employee notified the Payroll Clerk that he received a W-2 with the wrong social security number. This delayed the filing of W-2 and W-3 forms with the Social Security Administration. Moving forward, the Payroll Clerk will file with the Social Security Administration no later than January 31st. Estimated completion date: January 31, 2024.

Appropriation of Fund Balance –

We commend the District on reducing the appropriated fund balance and reserves down to \$3,538,910 at June 30, 2023, representing approximately 8.9% of the 2023-24 general fund budget. The appropriation of fund balance at this level necessitates very conservative budgeting in order to avoid a year with a low fund balance where the tax levy would need to increase sharply.

District Response –

The District will continue to work on reducing the appropriated fund balance and reserves as we build future budgets. Estimated completion date: June 30, 2024 (and ongoing).

Prior Year Recommendations:

The following prior year recommendations have been implemented to our satisfaction:

1. At June 30, 2023, the School Lunch Fund balance was not in excess of the three-month average expenditures level recommended by Federal Regulation #7CFR Part 210.14.
2. All salary notices examined were acknowledged by the employees they pertain to.
3. User access rights for the general ledger system appear to be periodically reviewed.
4. Billings to other municipalities for fuel use are being reviewed by a separate individual.
5. Stipends and other extra payments made to employees appeared to be consistent and documented appropriately.
6. The District participates in the cyber risk review annually with Edutech.
7. The District's purchases from Amazon that were examined complied with the District's purchasing policy.

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We believe that the implementation of these recommendations will provide Dansville Central School District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 12, 2023