

MANAGEMENT COMMENT LETTER

Board of Education
Lansing Central School District
Lansing, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing Central School District (the School District) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

NONCOMPLIANCE

Current Year Finding

Compliance with Real Property Tax Law

Condition:

The School District is allowed, under New York State Real Property Tax Law (Code § 1318), to retain up to 4% of the succeeding year's budget in unappropriated, unassigned fund balance. At June 30, 2022, unassigned fund balance in the General Fund was \$337,794 in excess of the allowable limit.

Cause/Effect:

The School District did not spend \$312,043 of its 2021-2022 appropriations. Additionally, the School District received \$305,735 more in revenue than budgeted.

Recommendation:

We recommend continued formal long-term (three to five years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective. As part of the budgeting process, we recommend the School District estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts which should be used to reduce the tax levy in accordance with New York State Real Property Tax Law (§1318).

Managements' Response:

The School District has reviewed the existing reserve funds for appropriate funding levels and the Board of Education has provided authorization to set aside additional funds in the subsequent year to provide for the School Districts future capital needs which will reduce the surplus funds to the allowable level.

OTHER MATTERS

During our audit, we became aware of opportunities for increasing operating efficiency and process improvement. This letter summarizes these comments and recommendations regarding these matters. This letter does not affect our report dated October 26, 2022 on the financial statements of the Lansing Central School District.

Current Year Finding

Procurement Policy

Finding:

The School District's procurement policy does not conform to requirements of the General Municipal Law and the Uniform Guidance.

Recommendation:

The School District is currently in the process of updating their procurement policy to conform to General Municipal Law. We recommend that these updates also include guidelines consistent with Uniform Guidance procurement standards.

Management Response:

The School District is in the process of updating its policy.

Current and Prior Year Finding

Grant Reporting and Tracking

Finding:

During the prior year audit, there were several adjustments that were necessary to record expenses disallowed under various grants. Upon further review, the disallowed costs, and related adjustments, were caused by several factors including untimely submissions of budget amendments and other breakdowns in the grant reporting and tracking process. These issues resulted in lost revenue for the School District and the recording of uncollectible receivables in the Special Aid Fund. During the current year the processes and procedures were changed to address these concerns along with the reassignment of certain tasks.

Recommendation:

We recommend the School District formally document the redesigned grant reporting, tracking and accounting processes, and develop and implement a formal written policy to define procedures and timelines to be followed in order to enhance the efficiency and accuracy of the process.

Management's Response:

The School District has worked to put processes and procedures in place to ensure better oversight of the federal grant budgets. The School District will continue to improve internal communication practices to ensure budgets and amendments are submitted accurately and in a timely manner. These processes and procedures will be documented and communicated to new staff.

This communication is intended solely for the information and use of management, the Audit Committee, and the Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 26, 2022