

FULTON CITY SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

October 7, 2022

To the Board of Education
Fulton City School District, New York

In planning and performing our audit of the financial statements of Fulton City 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 Fulton City 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 Fulton City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fulton City 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 October 7, 2022 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:

Prior Year Deficiencies Pending Corrective Action:

Transportation Services Contract –

During the course of our examination, we noted that the District is currently in a contract extension through June 30, 2022 approved by the State Education Department for student transportation services. However, these services have not been competitively bid in several years.

We recommend the Administration review this situation for compliance with the District's procurement policy.

Fund Balance –

As indicated in the financial statements, the unassigned fund balance in the General Fund at June 30, 2022 exceeds the 4% maximum allowed by section 1318(a)(1) of the Real Property Tax Law by approximately \$2,589,417.

We recommend the District continue to monitor fund balance as it relates to Section 1318(a)(1) of the Real Property Tax Law.

Current Year Deficiencies in Internal Control:

Disbursements –

During our testing of cash disbursements, we noted the following:

1. Our examination revealed several instances in which the purchase order was dated subsequent to the invoice date.
2. Our examination revealed two instances where there was no purchase order to support a purchase made.
3. Our examination revealed two instances where there was no receiving signature or approval to pay indication on an invoice or purchase order prior to the invoice being paid.

We recommend the District make every effort to ensure that a purchase order is properly issued prior to any purchases being made, and limit the use of confirming orders to those purchase which are considered to be emergency in nature. Additionally, the District should make every effort to ensure that an appropriate individual has indicated that all goods have been received in good order.

School Lunch Fund –

Federal Regulation #7CFR 210.09 recommends the School Lunch Fund balance not exceed three months average of expenditures. Due to the higher reimbursement rates during the COVID shutdown, the school lunch program’s fund balance exceeded this amount by \$479,726.

We recommend the fund balance continue to be monitored for compliance with the Federal Regulation.

Prior Year Recommendation:

We are pleased to report the following prior year recommendation has been implemented to our satisfaction:

1. Attendance records for substitutes are approved and signed off on.

* * *

We believe that the implementation of these recommendations will provide Fulton City 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
October 7, 2022