

***LYONS CENTRAL SCHOOL DISTRICT***

***NEW YORK***

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

***For Year Ended June 30, 2021***



**MENGEL METZGER BARR & CO. LLP**

**Certified Public Accountants**

October 14, 2021

To the Board of Education  
Lyons Central School District, 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 the Lyons Central School District, New York as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Lyons Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 14, 2021 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:

**Current Year Deficiencies in Internal Control:**

**Summer School Handicapped Program –**

It should be noted that the revenues collected for this program exceeded the expenses by approximately \$36,000 for the year.

We recommend this program be analyzed to determine if these excess revenues need to be returned to the State.

## **(Current Year Deficiencies in Internal Control) (Continued)**

### **Fuel Depot Program Operating Result –**

The District's accounting for the Fuel Depot Program reported an operating loss of \$14,715 which was due to the untimely billing for fuel to participants at year end.

We recommend every effort be made to process year end billings in a timely fashion next year.

### **School Lunch Fund –**

The School Lunch Fund reported a significant profit this past year due to the large increase in participation of free meals served. This resulted in a year end fund balance which exceeds Federal guidelines.

We recommend the District continue to monitor the fund balance in order to comply with the Federal Regulation and develop a corrective action plan to reduce the current fund balance to recommended levels.

### **Other Items:**

The following items are not considered to be deficiencies in internal control; however, we consider them other items which we would like to communicate to you as follows:

#### **Cyber Risk Management –**

The District is aware of and working closely with BOCES concerning the cyber risk concerns. We recommend the District continue this process on an ongoing basis.

#### **Federal Programs –**

The District has made progress in identifying the procedures and controls over federal programs. However, we suggest the District formalize these procedures and review them on an annual basis for compliance with federal guidelines.

#### **GASB Statement No. 87 Leases –**

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87 which will be effective during the 2021-22 fiscal year. As a result the District will be required to gather certain information relating to those items considered to be leases in order to prepare the lease payable and right to use asset calculations.

#### **Health Reimbursement Employee Benefit Program (H.R.A.) –**

The District was able to fund at year end an amount equal to the accumulated value of the individual employees' accounts of this program.

We recommend the District reconcile the reporting from the third-party administrator of the program with the employees account balances on a monthly basis going forward.

**Prior Year Recommendation:**

The following prior year recommendation has been implemented to our satisfaction:

1. The school lunch department completed a detailed inventory of food items at year end.
2. A complete reconciliation of the five-year School Climate program was recently completed. The result of that process has determined that the deferred revenues being carried in the Special Aid Fund should be transferred to the General Fund this next fiscal year.

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.

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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, Barw & Co. LLP*

Rochester, New York  
October 14, 2021