

October 10, 2024

Ms. Amy Pedrick, CPA West & Company, CPAS, PC
96 North Main Street
PO Box 1219 Gloversville, New York 12078

Re: 2023-2024 Audit and Management Comments - Corrective Action Plan

Dear Ms. Pedrick,

This letter is in response to the Management Letter that relates to the Greater Johnstown School District Audited Financial Statements and Supplemental Schedules, dated June 30, 2024. Following each finding is the District's response to the finding and its corrective action plan, including the status of the implementation of the corrective plan.

Prior Year Findings for 2023-2024

- I. **Extra classroom Activity Funds:** We recommend that the District and all the clubs review the NYS (New York State) Pamphlet #2 and ensure all Extra classroom Activity Funds comply with these regulations.

District Response: On an annual basis, prior to June 30th of that fiscal year, the Central Treasurers will meet with the Director of Student Engagement & Athletics, the Extra classroom Auditor, and the Assistant Superintendent, to identify fiscally inactive clubs that may warrant further review. The identified clubs will be required to submit documentation of meetings, student participation, and other documentation to reflect whether the club was active during the fiscal year or not. If sufficient documentation is not received, the club will be closed. Any remaining club funds will be brought forth to the Student Council or similar group representative of the larger student body to approve how remaining funds will be spent.

Special orientation meetings and reviews of extra-classroom procedures pertaining to NYS Pamphlet #2 are conducted annually in the fall by the Director of Student Engagement & Athletics, the School Business Manager, and our external auditor. Included are the individual, extra-classroom treasurers and all advisers responsibly appointed by the Board of Education. In addition, forms are provided for use for fundraising, which include a profit and loss statement and inventory control forms. Administration has provided an end-user form for fundraising, which allows for the documentation of profit and loss, as well as inventory control. Expectations for the use of this form have been outlined for advisers.

Effective October 11, 2024, central treasurers will make sure that proper signatures are on all disbursements and receipts and communicate this requirement to the student treasurers along with the advisers. Further, central treasurers will ensure that sales tax is properly collected and paid, and advisers will work with the student treasurers to make certain the sales tax process is understood and followed.

The central treasurers will audit the activity of each club at least quarterly during the 2024-2025 school year to ensure that appropriate documentation is provided for all club-related activities. The School Business Manager will continue to perform quarterly audits of financial activity during the 2024-2025 school year. Specific emphasis on profit and loss statements, inventory control, proper signatures, and sales tax will be given during training and orientation meetings, along with the quarterly audits conducted by the School Business Manager.

- II. **Confirming Purchase Orders:** We recommend that the District ensure all purchases are made from proper purchase orders in advance of the purchase occurring, rather than confirming purchase orders created after the invoice is received.

District Response: The District recognizes that there were three instances of confirming purchase orders from a sample of forty purchase orders tested. The District strives to continuously improve our processes, and therefore, the District will further strengthen its protocols for review of purchase orders and will implement additional training with the clerical staff and administrators regarding the purchasing process for the late fall of the 2024-2025 school year. The School Business Manager will update the claims review checklist used by the Claims Auditor and conduct a training session with the Claims Auditor during the 2024-2025 school year and annually thereafter to ensure that all regulations are followed. The Purchasing Agent will continue to communicate through an annual memo to all District employees, reminding them of their responsibility to purchase for the District only with prior approval.

We have seen continuous improvement in this area over the last several years and will continue to refine our processes to prevent any confirming purchase orders in the future.

- III. **Unassigned General Fund Balance:** We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

District Response: The Superintendent, Assistant Superintendent, the District's Fiscal Advisor, and the Board Audit, Budget, and Finance Committee are reviewing the District's reserve and long-range financial plan. Recommendations will be made to the Board of Education to continue to fund strategic reserves using the excess fund balance on an annual basis, commencing with the 2024- 2025 school year. Further, the District will continue to support advocacy along with our colleagues on legislation that raises the unassigned General Fund balance from 4% to a higher percentage.

- IV. **Disbursement Testing:** We recommend that the District ensure that all purchasing and disbursement procedures and approvals are being followed.

District Response: The District recognizes that there was one instance of sales tax being paid out of the sample of forty disbursements tested. The District strives to continuously improve our processes. Beginning as of October 11, 2024, reimbursing sales tax will be

given greater scrutiny, and staff will be informed of those times when sales tax will not be reimbursed.

- V. **Payroll Testing:** We recommend that the District ensure that all employees sign and return their salary notice to indicate their agreement with their compensation and all employees have a complete I-9 on file.

District Response: The District recognizes that there was one instance of an employee not signing their salary notice and two employees that had incomplete I-9s out of a sample of forty paychecks tested. The District strives to continuously improve our processes, and therefore, beginning as of October 11, 2024, the district will implement additional safeguards to ensure that all employees have properly signed their salary notice and complete their I-9 forms upon hire.

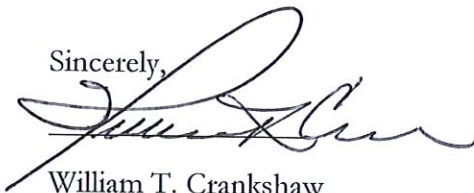
Current-Year Comments for 2023-2024

- I. **Reserve Balances:** We recommend that the District review their reserves to ensure that the balances are reasonable and necessary.

District Response: The District will continue to update and review its long-range financial plan, including reserve strategy with our Board Audit, Budget, and Finance Committee to ensure financial stability for the long-term and compliance with the laws and regulations governing our established reserves.

We appreciate the courtesy and assistance offered by your firm before, during and the subsequent review of our financial statements. I would also like to commend the Business Office team for their hard work and dedication to making continuous improvements in processes and systems.

Sincerely,



William T. Crankshaw
Superintendent



Alicia D. Koster
Assistant Superintendent

Cf: Ms. Melissa Baker, School Business Manager