

REPORT ON FEDERAL COMPLIANCE AUDIT
CATSKILL CENTRAL SCHOOL DISTRICT

For the Year Ended June 30, 2022

Audited for:

Board of Education

CATSKILL CENTRAL SCHOOL DISTRICT

Audited By:

RBT CPAs, LLP
4071 US Route 9
Hudson, NY 12534
(518) 828-4616

CATSKILL CENTRAL SCHOOL DISTRICT
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JUNE 30, 2022

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Board of Education
Catskill Central School District
347 West Main Street
Catskill, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catskill Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Catskill Central School District's major federal programs for the year ended June 30, 2022. Catskill Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catskill Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catskill Central School District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Catskill Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Catskill Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Catskill Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Catskill Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Catskill Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Catskill Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Catskill Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Catskill Central School District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Catskill Central School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Catskill Central School District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Catskill Central School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Catskill Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Catskill Central School District's basic financial statements. We have issued our report thereon dated October 19, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, New York

March 8, 2022 (October 19, 2022 with respect to the Schedule of Expenditures of Federal Awards)

**CATSKILL CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

A – FINANCIAL STATEMENT FINDINGS

None Noted

B – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

**2021-001 (*Previously 2017-001, 2018-001, 2019-001, & 2020-0001*): Allowable Costs/Cost Principles
– Support of Salaries and Wages**

This finding is continuing for 2022.

**CATSKILL CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Name of Federal Agency or Department	Assistance Listing Number	Name of Program	Pass - Through Entity Identifying Number	Disbursement/ Expenditures
<i>Department of Education:</i>				
Flow Through NYS Education Department:				
	Special Education Cluster:			
	84.027	IDEA, Part B, Sec. 611	0032-22-0287	\$ 389,429
	84.173	IDEA, Part B, Sec. 619	0033-22-0287	20,035
	84.027	ARP IDEA, Part B, Sec. 611	5032-22-0287	66,211
	84.173	ARP IDEA, Part B, Sec. 619	5033-22-0287	8,057
		Total Special Education Cluster		<u>483,732</u>
	84.010	Title I SIG	0011-22-2030	72,067
	84.010	Prior Year Title I, A&D	0021-21-1040	21,788
	84.010	Title I, A&D	0021-22-1040	230,447
		Total Title I		<u>324,302</u>
	84.367	Title II A	0147-22-1040	16,013
		Total Title II A		<u>16,013</u>
	84.424	Title IV	0204-22-1040	28,188
		Total Title IV		<u>28,188</u>
	84.425U	*Education Stablization Fund, ESSER III	5880-21-1040	219,157
	84.425D	*Education Stablization Fund, CRRSA	5891-21-1040	399,788
	85.425U	*Education Stablization Fund, ARP	5870-22-9035	151,481
	84.425C	*Education Stablization Fund, GEER	5895-21-0710	33,885
	84.425D	*Education Stablization Fund, ESSER	5895-21-0710	128,581
		Total Education Stabilization Fund		<u>932,892</u>
Total Department of Education				<u>1,785,127</u>
<i>Department of Agriculture:</i>				
Flow Through NYS Education Department:				
	Child Nutrition Cluster:			
	10.553	School Breakfast Program	N/A	
	10.555	National School Lunch Program	N/A	104,609
	10.559	Summer Food Service Program	N/A	553,087
		Total Child Nutrition Cluster		<u>23,250</u>
				<u>680,946</u>
	10.649	Pandemic EBT Fod Benefits (P-EBT)	N/A	
		Non-Cash Assistance Total		<u>1,202</u>
				<u>1,202</u>
Total Department of Agriculture				<u>682,148</u>
Total Expenditures of Federal Awards				<u>\$ 2,467,275</u>

* - Major program

N/A - Pass-Through entity identifying number not applicable or not available

See accompanying notes to the schedule

CATSKILL CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's basic financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COST RATE:

Certain District federal award programs may have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% De Minimis Indirect Cost Rate allowed under the Uniform Guidance applied to overall expenditures.

NOTE 3 – MATCHING COSTS:

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 4 – INSURANCE:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the District's casualty insurance policies.

NOTE 5 – NON-MONETARY ASSISTANCE:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Such assistance has been apportioned to the lunch and breakfast program and total \$49,548.

NOTE 6 – RECONCILIATION TO FINANCIAL STATEMENTS:

The federal expenditures presented in the Schedule reconcile to the State and Federal revenue reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as follows:

Federal Expenditures as reported in the Schedule	\$ 2,467,275
Reconciling Items:	
Add State UPK	100,790
Add Medicaid	113,437
Federal Aid as reported in the Statement of Revenues,	
Expenditures and Changes in Fund Balance	<u>\$ 2,681,502</u>



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Catskill Central School District
347 West Main Street
Catskill, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Catskill Central School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, New York

October 19, 2022

**CATSKILL CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
❖ Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
❖ Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Non-compliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards:

Internal control over major programs:		
❖ Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
❖ Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Uniform Guidance?	<u> X </u> yes	<u> </u> no

Identification of Major Programs:

Assistance Listing Number:	<u>Name of Federal Program:</u>
84.425C	Education Stabilization Fund, GEER
84.425D	Education Stabilization Fund, ESSER
84.425D	Education Stabilization Fund, CRRSA
84.425U	Education Stabilization Fund, ESSER3
84.425D	Education Stabilization Fund, ARP UPK
84.425D	Education Stabilization Fund, ARP 611 & 619

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee	<u> X </u> yes <u> </u> no

II. FINDINGS

A - FINANCIAL STATEMENT FINDINGS

None Noted

**CATSKILL CENTRAL SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

B – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2022-001 (Previously 2017-001, 2018-001, 2019-001, 2020-001 & 2021-001): Allowable Costs/Cost Principles – Support of Salaries and Wages

Federal Program:

Assistance Listing Nos.: 84.027 Special Education, Part B, 611 & 81.173 Special Education, Preschool 619, and 84.425C, 84.425D, 84.425U Education Stabilization Grant

Condition:

The District did not comply with the required standards of Support of Salaries and Wages because employees whose time was charged to federal grants during fiscal year ending 6/30/2017 did not complete monthly time certification forms or personnel activity reports (PAR) for their time distribution. This was not addressed completely during the preceding years. In the current year the time allocated to the grant on the PAR was inaccurate for actual time spent on the grant.

Criteria:

The distribution of the salaries and wages of employees are to be supported by either time certifications or personnel activity reports or equivalent documentation which meets the standards in Subsection 8.h. (5) of the OMB Circular A-87 Part 225 Appendix B. The certification for employees who work on one cost objective must be prepared at least semi-annually. Personnel activity reports (PAR) for employees who work on multiple activities or cost objectives must be prepared at least monthly and meet certain prescribed standards, such as accounting for the employee's total compensation, and reflecting an after-the-fact distribution of the actual activity of each employee.

The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225, and that the total compensation for individual employees: (3) Is determined and supported as provided in Subsection h. (8. Compensation for Personal Services. A. (3).)

Questioned Costs:

There are no questioned costs.

Effect:

It is more likely that the extent of effort charged to the various cost objectives may not be representative of the related time devoted to the respective cost objectives.

Cause:

District did not have a system in place to ensure the District complied with the required standards of Support of Salaries and Wages for an employee who needed to complete monthly certifications and that the time allocation on the grant is reported accurately.

Recommendation:

In order to prevent future occurrences of this deficiency, we recommend that management require that copies of these payroll certifications be forward to the District Treasurer on a timely basis and that they are reviewed for accuracy.

Perspective:

This is a systematic issue in that controls over the requirement have not been developed to ensure no issues arise.

Repeat:

This is a repeat finding. The staff that handles this has changed over past couple of years.

Responsible Official's View:

The District agrees with the finding. See attached corrective action plan.

CATSKILL CENTRAL SCHOOL DISTRICT

Business Office, 347 West Main Street, Catskill, New York 12414
Phone: (518) 943-4550

TO: Ms. Melissa Barrett, Superintendent of Schools
FROM: Lissa A. Jilek, School Business Manager
DATE: March 29, 2023
RE: Corrective Action Plan (CAP): 2021 – 2022 Single Audit – Report on Federal Compliance Audit

The district recently received from the district's auditors, Sickler, Torchia, Allen & Churchill, CPA, P.C. the year-end June 30, 2022 Report on Federal Compliance Audit for the school district. The district is required to complete a corrective action plan within ninety (90) days of receiving the report. The corrective action plan is the response to any findings contained in the annual Report on Federal Compliance Audit and will be filed with the State Education Department and Office of the NYS Comptroller.

1. Finding – Allowable Costs/Cost Principles – Support of Salaries and Wages:

“The distribution of the salaries and wages of employees are to be supported by either time certifications or personnel activity reports or equivalent documentation which meets the standards in Subsection 8.h. (%) of the IMP Circular A-87 Part 225 Appendix B. The certification for employees who work on one cost objective must be prepared at least semiannually. Personnel activity reports (PAR) for employees who work on multiple activities or cost objectives must be prepared at least monthly and meet certain prescribed standards, such as accounting for the employee's total compensation, and reflecting an after-the-fact distribution of the actual activity of each employee.”

Recommendation/Action: In order to prevent future occurrences of this deficiency, we recommend that management required that copies of these payroll certifications (PAR) be forwarded to the District Treasurer on timely basis. The district business office did complete the PARs for 2021 – 2022, however the last pay period was omitted from the PARs.

Status as of June 30, 2018 thru June 30, 2022: The District still does not comply with the required standards of Support of Salaries and Wages. This was due to incomplete or missing forms for various employees throughout the years. *We will continue to monitor going forward.*

Implementation: 2022-2023

Name of Person Implementing the Corrective Action: Lissa Jilek, Business Manager

Please do not hesitate to contact me if you have any questions regarding the 2021 – 2022 Report on Federal Compliance Audit for the fiscal year ended June 30, 2022.

Thank you.

