

## MANAGEMENT LETTER

September 8, 2022

The Audit Committee, Board of Education,  
and Management  
Wyoming Central School District

In planning and performing our audit of the financial statements of Wyoming Central School District (the 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 District'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.

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.

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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

### RECOMMENDATIONS

#### **Internal control-related matters**

During our testing, we noted certain areas where internal controls can be improved. We recommend the following opportunities for management to strengthen internal controls:

- As reported in prior years, due to the small size of the business office, a proper segregation of duties is not possible. We understand that the Superintendent and a second employee in the business office provide some assistance in duty segregation. Since it is difficult to achieve an ideal segregation of duties, we continue to stress the importance of monitoring transactions and controls by the Board of Education.
- We are pleased to note that the payroll certification agent now documents the date of review on the payroll certifications and related reports.

### Extraclassroom activity clubs

As outlined in the New York State Education Department's 2019 Manual, *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds*, one of the main purposes of extraclassroom activities is to provide the District with an opportunity to teach pupils basic bookkeeping procedures through participation in handling funds and maintaining appropriate records. We noted several areas for improvement detailed as follows:

- Some disbursements and deposit receipts were not properly authorized by students and faculty advisors. We encourage the central treasurers to ensure that all necessary signatures are present.
- We continue to remind the District that each club must have a student treasurer who takes part in disbursing money.

### ACCOUNTING STANDARDS UPDATE

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the District's year ending June 30, 2023. It provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users which generally results in an intangible right-to-use asset and subscription liability with required financial statement footnote disclosures.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is effective for the District's year ending June 30, 2024. This statement defines four categories of accounting changes and error corrections along with the required reporting requirements, which include the following: (1) *Change in accounting principle* with retroactive reporting to the earliest period presented and required financial statements footnote disclosures including an explanation as to why the change is preferable, (2) *Change in accounting estimate* with prospective reporting from the period when change occurs and required financial statement footnote disclosures, (3) *Change to or within the entity* with an adjustment to beginning net position and (4) *Error correction* with retroactive reporting to the earliest period presented and required financial statement footnote disclosures.

GASB Statement No. 101, *Compensated Absences*, is effective for the District's year ending June 30, 2025. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences should be recognized as liabilities on the government-wide statements for leave that has not been used and leave that has been used but not yet paid or settled.

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We have discussed these comments with District personnel and would be pleased to discuss them in further detail, perform any additional studies, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of the District's management, Audit Committee, Board of Education, and others within the District; the NYS Education Department Office of Audit Services; and the Office of the NYS Comptroller, Division of Local Government and School Accountability. It is not intended to be, and should not be, used by anyone other than these specified parties.

