



CWYNAR, FARROW & LOCKE, CPAs

A Professional Limited Liability Company

43 S Broad Street
Norwich, New York 13815
(607) 334-3838 voice
(607) 441-1101 fax
www.Cwynar.com

Franklin Central School District
26 Institute Street
Franklin, New York 13775

Dear Management:

In planning and performing our audit of the financial statements of Franklin Central School District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Franklin Central 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 Franklin Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Franklin Central 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 internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 12, 2023 on the financial statements of Franklin Central School 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 in the following pages.

We believe that the implementation of these recommendations will provide Franklin Central 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, Board of Education, others within the organization, and NYS Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Cwynar, Farrow & Locke, CPAs

October 12, 2023

2023-1 EXCESS FUND BALANCE

Condition

The School District's unreserved, unrestricted fund balance was in excess of the New York State Real Property Tax Law 1318 limit, which restricts it to an amount not greater than four percent of the School District's budget for the upcoming year.

Recommendation

We recommend management take the excess fund balance into consideration when preparing future budgets.

2023-2 IMPLEMENTATION OF NEW ACCOUNTING STANDARDS – GASB 96

Condition

The Governmental Accounting Standards Board required implementation of the new accounting standard beginning with the fiscal year ended June 30, 2023. This requires new accounting treatment at both the fund accounting and government-wide accounting levels.

Recommendation

We recommend the district implement procedures to identify Subscription-Based Information Technology Arrangements. If such an arrangement is identified, a subscription asset must be recorded. Also, if to be paid in installments, subscription liability must also be recorded at the government-wide level. Installment payments will now be recorded as principal and interest debt service payments rather than contractual payments at the fund level. Upon origination of a SBITA arrangement, the district must now record the full present value of the arrangement as capital outlay expenditure and proceeds from debt revenue at the fund level.

2023-3 ACCOUNTING FOR FIDUCIARY FUNDS

Condition

The District's scholarship and extraclassroom activities funds were not reported in governmental funds in accordance with Governmental Accounting Standards Board statement No. 84, Fiduciary Activities.

Recommendation

We recommend the district implement procedures to report the revenues, expenditures and year-end balances of the scholarship expendable trust fund and extraclassroom activities funds in the miscellaneous special revenue (CM) fund in the annual report.

2023-4 PERSONNEL RECORDS

Condition

We noted several personnel files in which tax withholding documents were outdated or incomplete.

Recommendation

We recommend management review personnel files periodically and perform completeness checks and update any documents in the file that may be outdated. Also ensure that employee termination dates are entered into the payroll master files, so that terminated employees do not show as active employees.

2023-5 EXTRACLASSROOM ACTIVITIES CASH RECEIPTS AND DISBURSEMENTS

Condition

We identified several instances in which payment orders lacked either a Student Treasurer or Advisor signature. We identified several instances in which deposit reports did not provide sufficient detail of sources of funds, quantities sold, etc.

Recommendation

We recommend that the Central Treasurer continue to work with advisors and students on developing best practices for recordkeeping and documentation. NYSED Ed Management Services provides detailed guidance for Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds.