
Certified Public Accountants

October 5, 2021

Management and the Board of Education
Frontier Central School District, New York:

In planning and performing our audit of the basic financial statements of Frontier Central School District (the “District”) as of and for the year ended June 30, 2021, in accordance with 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, 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 entity’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we identified certain matters involving the internal control, other operational matters and future reporting requirements that are presented for your consideration. This letter does not affect our report dated October 5, 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 the appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized in Exhibit I.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Drescher & Malecki LLP

October 5, 2021

Succession Planning/Cross Training

The District faces the challenge of ensuring continuity and consistency of critical functions when there is employee turnover. We recommend that the District develop policies utilizing the Government Finance Officers Association's (the "GFO A") framework, which encourages governments to address the following key issues and develop strategies concerning succession planning, including:

- **Develop written policies and procedures to facilitate knowledge transfer**—knowledge transfer is a critical component of succession management. There should be written procedures in place to formalize the knowledge transfer and meetings should be held with departing staff to document job responsibilities.
- **Provide a formal, written succession plan as a framework for succession initiatives**—without a formal plan, workforce/succession planning tends to take place in a haphazard fashion. A formal plan identifies risks and strategies, thereby providing a guiding framework for specific succession initiatives, including how employees are eligible to participate and what being part of the succession plan means. Plans that have been thoughtfully articulated and communicated to the organization are more likely to be successful. Additionally, having a formal plan indicates organization and leadership commitment to succession management, which is critical for success and for sustaining successful planning across political and leadership transitions.
- **Encourage personal professional development**—personal professional development benefits the organization over the long term by helping employees gain the skills they need to assume increased responsibilities.

In addition to developing policies as outlined above, we also recommend that the District evaluate the distribution of job responsibilities to ensure roles are appropriate and the District is operating efficiently.

Extraclassroom Activities

During our audit of the District's Extraclassroom Activity Fund, we found the following:

- Pre-numbered receipts were not used when collecting cash.
- Documentation for five out of twenty-five deposits were missing signatures of the Activity Treasurer and/or Faculty Advisor.
- Two of the District's bank accounts for extraclassroom activities cash were not set up using the District's tax ID and therefore not a part of the District's collateral agreement, though it was noted that these accounts carried their own FDIC insurance.
- We noted four elementary schools, Big Tree Elementary, Blasdell Elementary, Cloverbank Elementary, and Pinehurst Elementary, within the District that carried out extraclassroom activities.

We recommend District personnel adhere to internal and external policies related to extraclassroom activities. Furthermore, we recommend cross-training of personnel overseeing extraclassroom activities. Lastly, we recommend that the District review the structure of the existing extraclassroom activities bank accounts and determine the appropriate steps to take to take over control of these accounts under the District's tax ID.

Future Reporting Requirements

The Governmental Accounting Standards Board ("GASB") has adopted new pronouncements, which may have a future impact upon the District. These should be evaluated to determine the extent the District will be impacted in future years.

GASB Statement No. 87—The District is required to implement GASB Statement No. 87, *Leases*, effective for the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89—The District is required to implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal year ending June 30, 2022. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs.

GASB Statement No. 91—The District is required to implement GASB Statement No. 91, *Conduit Debt Obligations*, effective for the fiscal year ending June 30, 2023. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94—The District is required to implement GASB Statement No. 94, *Public-Public and Public-Private Partnerships and Availability Payment Arrangements*, effective for the fiscal year ending June 30, 2023. The objectives of this Statement are to improve financial reporting by addressing issued related to public-private and public-public partnerships arrangements ("PPPs").

GASB Statement No. 96—The District is required to implement GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ending June 30, 2023. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users.