Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

MANAGEMENT LETTER

October 6, 2025

The Audit Committee, Board of Education,
and Management
Lewiston-Porter Central School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Lewiston-Porter Central School District (the District) as of and for the year ended June 30, 2025, 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. 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. 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.

OBSERVATIONS

Account reconciliations

Accounts should be periodically reconciled and adjusted as necessary to properly report District transactions. We assisted District management with multiple adjustments, including those related to interfund borrowings and transfers; adjustments to the general, capital projects, special aid, and food service funds; and various accounts payable and accounts receivable accruals across several funds.

Capital assets

The District uses a third-party vendor to perform capital asset appraisals primarily for insurance risk management purposes. The vendor also provides an ancillary service to provide the District with reports that will assist with recording capital assets and depreciation expense for accounting purposes. In 2017, the District switched vendors for this service and the capital asset detail provided was not in agreement with prior year records. Such amounts have not yet been reconciled and the balance is manually corrected during the audit process.

Capital assets should be recorded at historical cost and updated for additions and disposals, including construction in progress. When a vendor is used to provide this service, changes should be communicated to the vendor and adjusted annually. We continue to recommend that management maintain accurate records of all changes to capital assets, either internally or with the assistance of its third-party vendor.

Extraclassroom activities

As outlined in the New York State Education Department's 2019 Manual, *The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds* (the Manual), 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:

- Four clubs had no financial activity for the past two years. We remind the District that clubs without activity should be closed into a club that is representative of the entire student body if no activity is anticipated in the near term.
- Three clubs did not have student-maintained club ledgers, and one club's ledger was not properly maintained. We remind the District that each club should have its own books and records maintained by the student treasurer, not the advisor, in accordance with the Manual.
- We continue to remind the District that each club must have a student treasurer who takes part in disbursing money.
- Some disbursements and deposit receipts were not properly authorized by students and faculty advisors and some support for receipts and disbursements was missing from the student folders. We encourage the central treasurers to ensure that all necessary signatures and documents are present.
- Board approval is required for all new clubs and club closures. We noted no Board approval for creation of two clubs.

Interfund receivables and payables

We note substantial amounts owed between funds. Such amounts should be liquidated in a timely manner as they originate as short-term borrowings between funds and are not intended to be permanent in nature. If considered necessary, transfers should be made permanent through Board approval or other required means.

Cash management

In the current year, requests for reimbursement of expenditures of federal and state grants were not performed until the end of the fiscal year. More frequent reimbursement requests will provide enhanced cash flow within the Special Aid Fund and allow for repayment of the General Fund advances. We recommend that reimbursement requests are submitted throughout the year to reduce the need for interfund borrowings.

Bank reconciliations

During the audit, we observed the payroll bank account was not properly reconciled on a monthly basis or at year end. Bank reconciliations help ensure all financial transactions are accurately recorded and that discrepancies between bank statements and district records are promptly identified and resolved. This process safeguards public funds, supports fiscal transparency, and strengthens accountability in managing taxpayer resources. We recommend that District management require monthly reconciliations.

Interest allocation

Although the District did allocate interest to the majority of its reserve funds in 2025, we continue to recommend that the District allocate interest to every reserve in accordance with the requirements of General Municipal Law and Education Law.

ACCOUNTING STANDARDS UPDATES

GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for the District's year ending June 30, 2026. This statement attempts to improve key components of the financial reporting model by limiting management's discussion and analysis to five specific topics, requiring separate presentation of unusual or infrequent items, and requiring that budgetary comparisons be presented as required supplementary information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for the District's year ending June 30, 2026. This statement requires that lease assets, intangible right-to-use assets, and subscription assets be separately disclosed by major class of underlying asset in the capital assets note disclosures. In addition, capital assets held for sale are now required to be evaluated each reporting period and additional disclosures are also required.

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, and Board of Education; 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.

Lumsden & McCormick, LLP