

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT**

Board of Education
Little Falls City School District
Little Falls, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Little Falls City School District (the School District) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. During the year ended June 30, 2022, the School District adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." Other than the adoption of GASB Statement No. 87, no new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were: depreciation expense, pension obligations, other postemployment benefits obligations, and compensated absences.

Management's estimates of depreciation expense, pension obligations, other postemployment benefits obligations, and compensated absences are based on various assumptions. Depreciation expense estimates are based on the historical cost of assets and their estimated useful lives; pension obligations are based on the School District's proportionate share of the New York State Retirement System Plan (asset)/liability; and other postemployment benefits obligation estimates are based on actuarial calculations. The compensated absences estimate, which includes accrued sick time, is based on hours accrued and pay rates. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures were:

The disclosures of capital assets, short-term debt, long-term debt, pension obligations, other postemployment benefit liability, fund balance, and restatement, the details of which are presented in Notes 5, 7, 8, 10, 11, 13, 14, and 17 of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There is a Schedule of Corrected Misstatements attached.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2022.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis; budgetary comparison information; the Schedule of Changes in the School District's Total OPEB Liability and Related Ratios; the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; and the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds; and the Schedule of Expenditures of Federal Awards; which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Audit Committee, the Board of Education, and management of the Little Falls City School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 12, 2022

LITTLE FALLS CITY SCHOOL DISTRICT

Schedule of Corrected Misstatements For the Year Ended June, 30, 2022

The following audit adjustments were reviewed, approved, and posted by management.

Description	Net Effect of Corrected Misstatement Adjustment				
	Assets	Liabilities	Fund Balance	Revenues	Expenses
General Fund					
To adjust Special Aid balances to actual	\$ -	\$ (9,087)	\$ -	\$ -	\$ 9,087
To adjust receivables to actual	635,918	-	-	(672,218)	36,300
To correct debt entries	27,799,961	-	-	-	(27,799,961)
To correct due to/from and fund balance	70,913	4,067	(70,336)	(577)	(4,067)
To adjust pension liabilities	-	69,128	-	-	(69,128)
To reverse prior year accrued payroll	-	114,940	-	-	(114,940)
To remove debt service fund	377,270	(153,770)	-	(223,500)	-
To record Bus Bond	36,300	(36,460)	-	160	-
Total General Fund Audit Adjustments	\$ 28,920,362	\$ (11,182)	\$ (70,336)	\$ (896,135)	\$ (27,942,709)
Special Aid Fund					
To adjust Special Aid Balance to actual	\$ 808,813	\$ (91,243)	\$ -	\$ (715,920)	\$ (1,650)
To correct due to/from and fund balance	-	(70,913)	70,913	-	-
Total Special Aid Fund Audit Adjustments	\$ 808,813	\$ (162,156)	\$ 70,913	\$ (715,920)	\$ (1,650)
School Lunch Fund					
To adjust receivables to actual	\$ (9,102)	\$ -	\$ -	\$ 9,102	\$ -
To adjust inventory and other assets	11,576	-	-	438	(12,014)
Total School Lunch Fund Audit Adjustments	\$ 2,474	\$ -	\$ -	\$ 9,540	\$ (12,014)
Debt Service Fund					
To adjust receivables to actual	\$ (377,270)	\$ 153,770	\$ -	\$ -	\$ 223,500
Total Debt Service Fund Audit Adjustments	\$ (377,270)	\$ 153,770	\$ -	\$ -	\$ 223,500
Capital Project Fund					
To correct debt entries	\$ -	\$ (25,729,592)	\$ -	\$ 25,729,592	\$ -
To reverse prior year payables	-	669,458	-	-	(669,458)
To accrue SMART school revenue	62,369	-	-	(62,369)	-
To record Bus Bond	-	(36,300)	-	(132,189)	168,489
Total Capital Project Fund Audit Adjustments	\$ 62,369	\$ (25,096,434)	\$ -	\$ 25,535,034	\$ (500,969)