

**MANAGEMENT COMMENT LETTER**

Board of Education  
South Seneca Central School District  
Ovid, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Seneca Central School District (the School District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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. 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.

During our current year audit, we became aware of certain other matters and opportunities for discussion. This letter does not affect our report dated September 27, 2017 on the financial statements of South Seneca Central School District.

## **OTHER MATTERS**

### **Current and Prior Year Finding**

#### School Lunch Fund Operating Deficit

##### Finding:

The School Lunch Fund's operations continue to operate at a deficit. The excess of expenditures over revenues, before interfund transfers, was \$(35,900) in the current year and \$(9,794) in the prior year.

##### Recommendation:

We recommend management continue to monitor the school lunch program relative to cost containment, improved meal participation, and revenue to improve the financial status of this fund.

### **RESOLVED FINDING**

#### Cash Disbursements

##### Finding:

During our prior year audit, 2 of 20 disbursements selected for examination were missing purchase orders.

##### Resolution:

All disbursements selected for examination in the current year had supporting documentation and purchase orders.

### **DISCUSSION ITEM**

#### Impact of Future Standards of the Governmental Accounting Standards Board (GASB)

The School District is in the process of assessing the future effects of each of the following:

- GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," for OPEB.
- GASB Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ending June 30, 2019.
- GASB Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB Statement No. 85, "Omnibus 2017," effective for the year ending June 30, 2018.

- GASB Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ending June 30, 2018.
- GASB Statement No. 87, “Leases,” effective for the year ending June 30, 2021.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with School District personnel and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

This communication is intended solely for the information and use of the Audit Committee, the Board of Education, management and others within South Seneca Central School District, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 27, 2017