



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, 2020, 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 October 13, 2020 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 \$(57,545) in the current year and \$(83,642) 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.

DISCUSSION ITEMS

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 has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending June 30, 2022.
- GASB has issued Statement No. 90, “Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61,” effective for the year ending June 30, 2021.
- GASB has issued Statement No. 91, “Conduit Debt Obligations,” effective for the year ending June 30, 2023.
- GASB has issued Statement No. 92, “Omnibus 2020,” effective for the year ending June 30, 2022.

The School District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Extraclassroom Activity Fund Policies

As discussed above, the School District will implement GASB Statement No. 84, “Fiduciary Activities,” for the year ending June 30, 2021. This statement will affect the School District’s Fiduciary Funds; primarily Extraclassroom Activity Funds. The statement will require reporting Extraclassroom Activity Funds with the governmental funds if there is administrative involvement in the operation of those activities. If School District management is approving financial transactions rather than advising students on said transactions, this will be considered administrative involvement, and funds will need to be reported accordingly.

We recommend School District management review the current level of administrative involvement indicated in the policies related to Extraclassroom Activity Funds, to assess if it will need to be reported as a governmental fund, or whether revisions to the policy should be made to continue allowing it to be reported as a fiduciary activity.

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
October 13, 2020