

October 12, 2021

The Board of Education
Silver Creek Central School District

Dear Board Members:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Silver Creek Central School District (the District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the 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 April 7, 2021. 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 District are described in Note 2 to the financial statements.

During 2021, the District implemented Governmental Accounting Standards Board Statements 84, Fiduciary Activities. The effect of the new standard required a prior period adjustment to reflect the changes in reporting of fiduciary activity.

We noted no transactions entered into by the 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 District's financial statements were:

- ***Management's estimate of depreciation expense is based on the assignment of useful lives for each asset acquired or constructed by the District.***
- ***Management's estimate of compensated absences is based on the accrued time at the end of the year per employee in accordance with the existing collective bargaining agreements in place at the time.***

- *Management's estimate of the net pension asset, net pension liability, and related deferred inflows/outflows of resources is based on actuarial assumptions utilized by an actuary applied to the pension plans' census information.*
- *Management's estimate of the Total Other Postemployment Benefits Liability and related deferred inflows/outflows is based on an actuarial calculation from a third-party actuary.*

We evaluated the key factors and assumptions used to develop each estimate 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 disclosure of the District's long-term debt in Note 9 to the financial statements describes all of the debt the District has outstanding at year-end including the amounts that are due in the next fiscal year.*
- *The disclosure of the District's pension plans in Note 10 of the financial statements describes the plans and the related pension asset or liability along with the deferred inflows/outflows of resources.*
- *The disclosure of the District's Total Other Postemployment Benefits liability in Note 11 of the financial statements describes the obligation the District has at year-end.*
- *The disclosure of the District's contingencies in Note 13 to the financial statements describes the District's possible litigation and other contingencies.*

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 auditor's 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 as of our Independent Auditor's Report.

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 District’s financial statements or a determination of the type of auditor’s 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 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 the management discussion and analysis, the schedule of proportionate share of net pension liability (asset), the schedule of contributions – pension plans, the schedule of changes in the total OPEB liability and related ratios – other postemployment benefits which are 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 Schedule of Expenditures of Federal Awards, Combining Balance Sheet – nonmajor governmental funds, and Combining Statement of Revenue, Expenditures and Changes in Fund Balance – nonmajor governmental funds, 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.

We were not engaged to report on the supplementary information required by the New York State Education Department (NYSED), as listed in the table of contents to the financial statements, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Silver Creek Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.