



MANAGEMENT COMMENT LETTER

Board of Education
Cayuga-Onondaga BOCES
Auburn, 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 Cayuga-Onondaga BOCES (BOCES) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered BOCES' 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 BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of BOCES' 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 entity'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, significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 opportunities for increasing operating efficiency and discussion of future matters. This letter summarizes these comments and recommendations regarding these matters. This letter does not affect our report dated September 25, 2018 on the financial statements of Cayuga-Onondaga BOCES.

Prior Year Findings Resolved

Journal Entry Process

Finding:

During our prior year review of the process for recording journal entries, we determined the process did not contain a review function to ensure journal entries are appropriate and accurate.

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Resolution:

During our current year audit, we determined all journal entries selected for testing were appropriate, accurate, properly reviewed and approved.

DISCUSSION ITEM

Long-term Budget, Fund Balance and Reserve Planning

In conjunction with your long-term (3 to 5 years) budgetary planning, we recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective. This review should consider the necessity of appropriation of reserve funds to support the General Fund budget or other specified purposes.

We understand BOCES is currently analyzing various General Fund reserve accounts in accordance with long-term planning initiatives. Establishing and funding reserve accounts for capital projects, unemployment insurance, retirement contributions, and employee benefit accrued liabilities will stabilize future operational expenses as circumstances arise for which the reserves were created.

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

BOCES is in the process of assessing the future effects of each of the following:

- GASB has issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ending June 30, 2019.
- GASB has issued 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 has issued Statement No. 85, "Omnibus 2017," effective for the year ending June 30, 2018.
- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ending June 30, 2018.
- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2021.

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

We would like to take this opportunity to express our appreciation to BOCES' management and staff for their time and cooperation in aiding us in our audit work. Their assistance resulted in an expedient and efficient audit process. It has been our pleasure to provide auditing and related services to you. We look forward to assisting you with other matters in the future.

This communication is intended solely for the information and use of the Audit Committee, the Board of Education, management and others within Cayuga-Onondaga BOCES, 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, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 25, 2018