



MANAGEMENT COMMENT LETTER

Mayor and Village Trustees
Village of Trumansburg
Trumansburg, New York

In planning and performing our audit of the financial statements of the Village of Trumansburg (the Village) as of and for the year ended May 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village'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 opportunities for discussion of other matters and future accounting standards. This letter summarizes these items.

OTHER MATTERS

Current Year Finding

Overexpenditures

Finding:

During the year ended May 31, 2020, the Village spent in excess of the final budget in certain areas. Material overexpended items include the home and community services function in the Water Fund and the Sewer Fund.

Recommendation:

We recommend the Village monitor its spending in these functional areas, to stay within the budgeted appropriations.

Current and Prior Year Finding

Accruals

Finding:

Adjustments were needed to adjust receivables from the cash basis to the modified accrual basis of accounting. In accordance with the Office of the New York State Comptroller, Division of Local Government and School Accountability Accounting and Reporting Manual:

Financial statements for governmental funds should be presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which they become available and measurable.

Recommendation:

We recommend revenues be recorded in the accounting period in which they become available and measurable. We noted significant improvement in recording of expenditures and accounts payable in the current year.

Prior Year Findings - Resolved

Journal Entry Review

Finding:

The Village has no formal review process for journal entries after they have been entered.

Resolution:

The Village Clerk now reviews journal entries.

Beginning Fund Balances

Finding:

Beginning fund balances in the General, Water, Sewer, and Ambulance Funds did not agree to ending fund balances in the Village's prior year audited financial statements, due to the Village not receiving adjustments made during 2017-2018 audit.

Resolution:

The Village adjusted fund balances at the conclusion of the 2018-2019 audit. Minor adjustments were made to the General and Capital Projects Funds in 2019-2020.

DISCUSSION ITEMS

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

The Village 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 May 31, 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 May 31, 2022.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending May 31, 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 May 31, 2021.
- GASB has issued Statement No. 91, “Conduit Debt Obligations,” effective for the year ending May 31, 2023.
- GASB has issued Statement No. 92, “Omnibus 2020,” effective for the year ending June 30, 2022.

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

This letter does not affect our report dated April 6, 2021 on the basic financial statements of the Village.

This report is intended solely for the information and use of the Village Trustees and Village management, 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
April 6, 2021