

Communication with Those Charged with Governance at the Conclusion of the Audit

To the Board of Education
Arlington Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Central School District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *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 June 30, 2023. 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 Arlington Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Arlington Central School 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 financial statements were:

1. The District, in accordance with GASB No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires significant actuarial estimates to calculate the District's postemployment benefits liability and related deferred inflows and outflows.
2. The District's estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the District's capital assets and the related depreciation.

4. The District, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions* (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources – pensions, and pension expense.

We evaluated the key factors and assumptions used by management in determining that accounting estimates are reasonable in relation to the financial statements taken as a whole.

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 October 13, 2023.

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 Arlington Central School 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 Arlington Central School 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's discussion and analysis and other 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 supplementary information 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.

Restriction on Use

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

D'Arcangelo + Co., LLP

October 13, 2023

Rome, New York

Client:
Engagement: 2023 FS - Arlington CSD
Period Ending: 6/30/2023
Trial Balance: TB
Workpaper: 3400.10 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
Conversion entry for bond principal payments for the current year.				
GW 0628	Bonds Payable		9,485,000.00	
GW 9711.600	Serial Bonds Principal School Construction			9,485,000.00
Total			9,485,000.00	9,485,000.00
Adjusting Journal Entries JE # 2				
Conversion entry for accrued interest on serial bonds and EPC.				
GW 0651	Accrued Interest Payable		22,853.00	
GW 9711.700	Serial Bonds Interest School Construction			22,853.00
Total			22,853.00	22,853.00
Adjusting Journal Entries JE # 3				
Conversion entry for the CY net change in the GASB 75 OPEB liability.				
GW 0683	Other Postemployment Benefits (OPEB)		61,211,007.00	
GW 9060.800	Other OPEB Expense		1,375,411.00	
GW 0496.2	Deferred Outflows of Resources, OPEB			48,196,962.00
GW 0691.1	Deferred Inflow of Resources, OPEB			14,389,456.00
Total			62,586,418.00	62,586,418.00
Adjusting Journal Entries JE # 4				
Conversion entry for current year payments on energy performance contract.				
GW 0685	Lease Payable - EPC		1,326,011.00	
GW 9789.610	Energy Performance Contract Principal			1,326,011.00
Total			1,326,011.00	1,326,011.00
Adjusting Journal Entries JE # 5				
Conversion entry for additions to Construction in Progress.				
GW 0105	Construction Work in Progress		1,630,606.00	
GW 2999.100	Instruction, Other			1,630,606.00
GW 1999.100	General Support, Other			
Total			1,630,606.00	1,630,606.00
Adjusting Journal Entries JE # 6				
Conversion entry for current year additions to fixed assets.				
GW 0102	Buildings and Improvements		117,765.00	
GW 0104	Equipment and Vehicles		2,218,221.00	
GW 1999.200	General Support, Equipment			145,384.00
GW 2999.200	Teach Reg School Equipment			185,455.00
GW 5999.200	Transportation, Equipment			1,885,639.00
GW 6999.200	School Lunch, Equipment			119,508.00
Total			2,335,986.00	2,335,986.00
Adjusting Journal Entries JE # 7				
Conversion entry for current year disposals of fixed assets.				
GW 0114	Equipment and Vehicles Acc Depr		1,736,172.00	
GW 0104	Equipment and Vehicles			1,736,172.00
GW 1999	LOSS ON DISPOSAL OF EQUIPMENT			
Total			1,736,172.00	1,736,172.00
Adjusting Journal Entries JE # 8				
Conversion entry to allocate employee benefits to functions.				
GW 1999.900	General Support, Employee Benefit Allocation		6,117,392.00	
GW 2999.900	Instruction, Employee Benefit Allocation		59,485,438.00	
GW 5999.900	Transportation, Employee Benefit Allocation		6,565,579.00	
GW 6999.900	School Lunch, Employee Benefit Allocation		714,503.00	
GW 9098.900	Employee Benefits Allocation			72,882,912.00
Total			72,882,912.00	72,882,912.00
Adjusting Journal Entries JE # 9				
Conversion entry for current year depreciation of fixed assets.				
GW 1999.300	General Support, Depreciation		924,223.00	
GW 2999.300	Instruction, Depreciation		6,179,159.00	
GW 5999.300	Transportation, Depreciation		760,292.00	
GW 6999.300	School Lunch, Depreciation		146,906.00	
GW 0112	Buildings Acc Depr			5,948,873.00
GW 0114	Equipment and Vehicles Acc Depr			2,061,707.00
Total			8,010,580.00	8,010,580.00

Adjusting Journal Entries JE # 10		5300.30		
Conversion entry for current year amortization of deferred charge and bond premiums.				
GW 0689	Unamortized Bond Premium		889,164.00	
GW 0489	Deferred Outflow of Resources - Loss on Refunding			350,804.00
GW 9711.700	Serial Bonds Interest, School Construction			538,360.00
Total			<u>889,164.00</u>	<u>889,164.00</u>
Adjusting Journal Entries JE # 11		5700.50		
Conversion entry for TRS pension expense for GASB 68.				
GW 0496	Deferred Outflows of Resources, TRS	1,497,374.00		
GW 0697	Deferred Inflow of Resources, TRS	88,115,134.00		
GW 9020.800	Pension Expense, TRS	2,707,574.00		
GW 0108	Net TRS Pension Asset - Proportionate Share			83,033,983.00
GW 0638	Net TRS Pension Liability - Proportionate Share			9,286,099.00
Total			<u>92,320,082.00</u>	<u>92,320,082.00</u>
Adjusting Journal Entries JE # 12		5700.00		
Conversion entry for ERS pension expense for GASB 68.				
GW 0697	Deferred Inflow of Resources, ERS	15,919,965.00		
GW 9010.800	Pension Expense, ERS	2,293,316.00		
GW 0108.1	Net ERS Pension Asset - Proportionate Share			4,795,080.00
GW 0496.1	Deferred Outflows of Resources, ERS			531,920.00
GW 0638.1	Net ERS Pension Liability - Proportionate Share			12,886,281.00
Total			<u>18,213,281.00</u>	<u>18,213,281.00</u>
Adjusting Journal Entries JE # 13		5600.20		
Conversion entry to adjust Compensated Absences per reports.				
GW 9089.800	Compensated Absence Expense	2,507,398.00		
GW 0687	Compensated Absences			2,507,398.00
Total			<u>2,507,398.00</u>	<u>2,507,398.00</u>
Adjusting Journal Entries JE # 14				
Conversion entry to reverse BAN redeemed from appropriations.				
GW 5731	BANs Redeemed from Appropriations	2,223,137.00		
GW 9732.610	BAN Principal Paid			2,223,137.00
Total			<u>2,223,137.00</u>	<u>2,223,137.00</u>
Adjusting Journal Entries JE # 15		5100.70		
Additional payable per test of subs disbursement				
A 2060.439-00-0000	RES PLAN PROF & TECH (STRATEGIC PLAN)	53,755.00		
A821	RESERVE FOR ENCUMBRANCES	53,755.00		
A600	ACCOUNTS PAYABLE			53,755.00
A909	FUND BALANCE UNRESERVED			53,755.00
Total			<u>107,510.00</u>	<u>107,510.00</u>
Adjusting Journal Entries JE # 16		5300.40		
To record advance refunding of the 2012 serial bonds				
V 9991.400	PAYMENT TO ESCROW AGENT	20,447,657.00		
V1380.4	FISCAL AGENT FEES	176,443.00		
V 2710	PREMIUM ON OBLIGATIONS			2,439,100.00
V 5791	PROCEEDS OF ADVANCE REFUNDING BONDS			18,185,000.00
Total			<u>20,624,100.00</u>	<u>20,624,100.00</u>
Adjusting Journal Entries JE # 17		5300.40		
Conversion entry for advance refunding of the 2012 serial bonds				
GW 0489	Deferred Outflow of Resources - Loss on Refunding	272,657.00		
GW 0628	Bonds Payable	1,990,000.00		
GW 2710	Premium on Obligations	2,439,100.00		
GW 5791	Proceeds of Advance Refunding	18,185,000.00		
GW 0689	Unamortized Bond Premium			2,439,100.00
GW 9991.400	Payment to Escrow Agent (Advance Refunding)			20,447,657.00
Total			<u>22,886,757.00</u>	<u>22,886,757.00</u>
Adjusting Journal Entries JE # 18		7700.00		
To record CM Fund activity.				
CM 2989.400	SCHOLARSHIPS AND AWARDS	359,813.00		
CM923	RESTRICTED FOR SCHOLARSHIPS	7,801.00		
CM 2705	GIFTS AND DONATIONS			367,614.00
Total			<u>367,614.00</u>	<u>367,614.00</u>
Adjusting Journal Entries JE # 19		7900.40, 41, 42		
To record extraclassroom activity for 2023 FY.				
TC 1935.400	OTHER CUSTODIAL ACTIVITIES	617,021.00		
TC200	Cash in Extraclassroom	74,901.00		
TC 2705	GIFTS AND DONATIONS			691,922.00
Total			<u>691,922.00</u>	<u>691,922.00</u>

Adjusting Journal Entries JE # 20		7700.00		
To record JE / TN fund activity				
TE 2989.400	SCHOLARSHIPS AND AWARDS		2,650.00	
TE923	RESTRICTED FOR SCHOLARSHIPS		670.00	
TE 2401	INTEREST AND EARNINGS			3,320.00
Total			<u>3,320.00</u>	<u>3,320.00</u>
Adjusting Journal Entries JE # 21		5350.10		
GASB 87 Lease Accounting Entries				
A 9788.610-00-0000	LEASE PRINCIPAL		798,545.00	
A 9788.710-00-0000	LEASE INTEREST		36,022.00	
H 2110.200	FURNITURE, EQUIPMENT, TEXTBOOKS		651,771.00	
A 2630.490-00-0000	COMP INST SERVICES FROM BOCES			834,567.00
H 5788	LEASES			651,771.00
Total			<u>1,486,338.00</u>	<u>1,486,338.00</u>
Adjusting Journal Entries JE # 22		5360.10		
Conversion entry for GASB 87 lease accounting of current year additions.				
GW 0124	Intangible Lease Asset - Machinery and Equipment		726,366.00	
GW 5788	Proceeds of Leases		651,771.00	
GW 0682	Lease Liability			651,771.00
GW 2999.200	Teach Reg School Equipment			726,366.00
Total			<u>1,378,137.00</u>	<u>1,378,137.00</u>
Adjusting Journal Entries JE # 23		5360.10		
Conversion entry for GASB 87 current year lease amortization				
GW 0682	Lease Liability		798,545.00	
GW 2999.350	Instruction - Amortization		915,838.00	
GW 0134	Accumulated Amortization - Intangible Lease Asset - Machinery and Equipment			915,838.00
GW 9788.610	Leases - Principal			798,545.00
Total			<u>1,714,383.00</u>	<u>1,714,383.00</u>
Adjusting Journal Entries JE # 24				
Conversion entry to reverse SSBA revenues.				
GW 3101.2	Capital Grants Deferred		933,905.00	
GW 0691	Deferred Inflow of Resources, Grants and State Aid			933,905.00
Total			<u>933,905.00</u>	<u>933,905.00</u>
Total Adjusting Journal Entries			<u>326,363,586.00</u>	<u>326,363,586.00</u>
Total All Journal Entries			<u>326,363,586.00</u>	<u>326,363,586.00</u>