

**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, 2019. 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 May 22, 2019. 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 2019. 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 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 9, 2019.

#### *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 9, 2019

Rome, New York

**ARLINGTON CENTRAL SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2019**

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**1. Material Weakness**

None.

**2. Significant Deficiencies**

None.

**3. Other Matters Not Considered Material or Significant**

None.

**ARLINGTON CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended June 30, 2019**

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**1. Material Weakness**

None.

**2. Significant Deficiencies**

None.

**3. Other Matters Not Considered Material or Significant**

None.

Client: 04391 - Arlington Central School District  
Engagement: 2019 FS - Arlington CSD  
Period Ending: 6/30/2019  
Trial Balance: TB  
Workpaper: Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
	Conversion entry for bond principal payments for the current year.	5300.05		
GW 0628	Bonds Payable		6,365,000.00	
GW 9711.600	Serial Bonds Principal.School Construction			6,365,000.00
Total			<u>6,365,000.00</u>	<u>6,365,000.00</u>
<b>Adjusting Journal Entries JE # 2</b>				
	Conversion entry for accrued interest on serial bonds	5300.20		
GW 0651	Accrued Interest Payable		22,325.00	
GW 9711.700	Serial Bonds Interest.School Construction			22,325.00
Total			<u>22,325.00</u>	<u>22,325.00</u>
<b>Adjusting Journal Entries JE # 3</b>				
	Conversion entry for the CY net change in the GASB 75 OPEB liability.	5600.40		
GW 0496.2	Deferred Outflows of Resources, OPEB		168,125,583.00	
GW 9060.800	Other OPEB Expense		37,491,531.00	
GW 0683	Other Postemployment Benefits (OPEB)			205,617,114.00
Total			<u>205,617,114.00</u>	<u>205,617,114.00</u>
<b>Adjusting Journal Entries JE # 4</b>				
	Conversion entry for current year payments on energy performance contract.	5300.05		
GW 0685	Lease Payable - EPC		1,187,910.00	
GW 9789.610	Energy Performance Contract Principal			1,187,910.00
Total			<u>1,187,910.00</u>	<u>1,187,910.00</u>
<b>Adjusting Journal Entries JE # 5</b>				
	Conversion entry for additions to Construction in Progress.	4600.01		
GW 0105	Construction Work in Progress		4,020,064.00	
GW 1999.100	General Support. Other			3,648,526.00
GW 2999.100	Instruction. Other			371,538.00
Total			<u>4,020,064.00</u>	<u>4,020,064.00</u>
<b>Adjusting Journal Entries JE # 6</b>				
	Conversion entry for current year additions to fixed assets	4600.01		
GW 0101	Land		193,600.00	
GW 0104	Equipment		2,193,705.00	
GW 1999.200	General Support. Equipment			194,709.00
GW 2705	Gifts and Donations			193,600.00
GW 2999.200	Teach Reg School.Equipment			97,371.00
GW 5999.200	Transportation. Equipment			1,901,625.00
Total			<u>2,387,305.00</u>	<u>2,387,305.00</u>
<b>Adjusting Journal Entries JE # 7</b>				
	Conversion entry for current year disposals.	4600.01		
GW 0114	Equipment. Acc Depr		2,464,573.00	
GW 1999	LOSS ON DISPOSAL OF EQUIPMENT		56,444.00	
GW 0104	Equipment			2,521,017.00
Total			<u>2,521,017.00</u>	<u>2,521,017.00</u>

Adjusting Journal Entries JE # 8		1225.55	
Conversion entry to allocate employee benefits to functions.			
GW 1999.900	General Support. Employee Benefit Allocation	7,236,594.00	
GW 2999.900	Instruction. Employee Benefit Allocation	79,495,627.00	
GW 5999.900	Transportation. Employee Benefit Allocation	7,885,886.00	
GW 6999.900	School Lunch. Employee Benefit Allocation	1,146,858.00	
GW 9098.900	Employee Benefits Allocation		95,764,965.00
Total		<u>95,764,965.00</u>	<u>95,764,965.00</u>

Adjusting Journal Entries JE # 9		4600.01	
Conversion entry for current year depreciation.			
GW 1999.300	General Support. Depreciation	839,519.00	
GW 2999.300	Instruction. Depreciation	5,025,515.00	
GW 5999.300	Transportation. Depreciation	579,510.00	
GW 6999.300	School Lunch. Depreciation	122,341.00	
GW 0112	Buildings. Acc Depr		4,523,472.00
GW 0114	Equipment. Acc Depr		2,043,413.00
Total		<u>6,566,885.00</u>	<u>6,566,885.00</u>

Adjusting Journal Entries JE # 10		5300.30	
Conversion entry for current year amortization of deferred charge and bond premiums.			
GW 0689	Unamortized Bond Premium	864,452.00	
GW 0489	Deferred Outflow of Resources - Loss on Refunding		320,509.00
GW 9711.700	Serial Bonds Interest.School Construction		543,943.00
Total		<u>864,452.00</u>	<u>864,452.00</u>

Adjusting Journal Entries JE # 11		5700.00	
Conversion entry for TRS pension expense for GASB 68			
GW 0108	Net TRS Pension Asset – Proportionate Share	4,861,680.00	
GW 0496	Deferred Outflows of Resources, TRS		2,641,286.00
GW 0697	Deferred Inflow of Resources, TRS		682,546.00
GW 9020.800	Pension Expense, TRS		1,537,848.00
Total		<u>4,861,680.00</u>	<u>4,861,680.00</u>

Adjusting Journal Entries JE # 12		5700.00	
Conversion entry for ERS pension expense for GASB 68.			
GW 0697.	Deferred Inflow of Resources, ERS	5,290,887.00	
GW 9010.800	Pension Expense, ERS	469,522.00	
GW 0496.1	Deferred Outflows of Resources, ERS		3,223,482.00
GW 0638.1	Net ERS Pension Liability – Proportionate Share		2,536,927.00
Total		<u>5,760,409.00</u>	<u>5,760,409.00</u>

Adjusting Journal Entries JE # 13		5600.20	
Conversion entry to adjust Compensated Absences per reports.			
GW 9089.800	Compensated Absence Expense	1,032,988.00	
GW 0687	Compensated Absences		1,032,988.00
Total		<u>1,032,988.00</u>	<u>1,032,988.00</u>

Adjusting Journal Entries JE # 14			
Conversion entry to reverse BAN redeemed from appropriations.			
GW 5731	BANs Redeemed from Appropriations	2,993,700.00	
GW 9732.610	BAN Principal Paid		2,993,700.00
Total		<u>2,993,700.00</u>	<u>2,993,700.00</u>

Adjusting Journal Entries JE # 15		4100.33	
To reverse chk 2335 posted 6/30/19 but written in July for invoice and PO receiving copy dated 7/9/19.			
H201	CASH IN 5TH BOA INV ACCT	302,105.00	
H 1620.293	GENERAL CONSTRUCTION		302,105.00
Total		<u>302,105.00</u>	<u>302,105.00</u>

<b>Adjusting Journal Entries JE # 16</b>		5100.25		
To adjust encumbrances to actual detail.				
F909	FUND BALANCE UNRESERVED	17,048.00		
F821	RESERVE FOR ENCUMBRANCES		17,048.00	
Total		<u>17,048.00</u>	<u>17,048.00</u>	
<b>Adjusting Journal Entries JE # 17</b>		4200.11		
To reclass school lunch receivable to 2019-20.				
C 1445	OTHER CAFETERIA SALES	11,836.00		
C380	ACCOUNT RECEIVABLE		11,836.00	
Total		<u>11,836.00</u>	<u>11,836.00</u>	
<b>Adjusting Journal Entries JE # 18</b>		5100.25		
To liquidate open purchase order from prior year				
C821	RESERVE FOR ENCUMBRANCES	26,000.00		
C909	FUND BALANCE UNRESERVED		26,000.00	
Total		<u>26,000.00</u>	<u>26,000.00</u>	
<b>Adjusting Journal Entries JE # 19</b>		5100.70		
To record payable for June tuition costs.				
A 2250.472-00-0000	HC CHILD TUIT OTHER	47,173.00		
A821	RESERVE FOR ENCUMBRANCES	47,173.00		
A601	ACCRUED LIABILITIES		47,173.00	
A909	FUND BALANCE UNRESERVED		47,173.00	
Total		<u>94,346.00</u>	<u>94,346.00</u>	
<b>Adjusting Journal Entries JE # 20</b>				
To match SSBA grant revenues with expenses on capital grant.				
H410	DUE FROM STATE AND FEDERAL	1,610,973.00		
H691	DEFERRED INFLOWS OF RESOURCES		1,610,973.00	
Total		<u>1,610,973.00</u>	<u>1,610,973.00</u>	
<b>Adjusting Journal Entries JE # 21</b>		7900.14		
To adjust extraclassroom cash/balances to bank recs and detail.				
T08510	EXTRACLASS ACTIVITIES	48,601.00		
T20004	CASH IN EXTRACLASS		48,601.00	
Total		<u>48,601.00</u>	<u>48,601.00</u>	
<b>Adjusting Journal Entries JE # 22</b>		4600.45		
Conversion entry for deletions from Construction in Progress due to completed projects.				
GW 0102	Buildings and Improvements	13,615,825.00		
GW 0105	Construction Work in Progress		13,496,419.00	
GW 1999.100	General Support. Other		119,406.00	
Total		<u>13,615,825.00</u>	<u>13,615,825.00</u>	
<b>Adjusting Journal Entries JE # 23</b>				
Conversion entry for capital project fund grants (SSBA)				
GW 0691	Deferred Inflow of Resources	1,610,973.00		
GW 3101	State Aid Deferred		1,610,973.00	
Total		<u>1,610,973.00</u>	<u>1,610,973.00</u>	
Total Adjusting Journal Entries		<u>357,303,521.00</u>	<u>357,303,521.00</u>	
Total All Journal Entries		<u>357,303,521.00</u>	<u>357,303,521.00</u>	