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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, 2020. 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 27, 2020. 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 2020. 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 6, 2020.

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.

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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 6, 2020

Rome, New York

Client:	***Arlington Central School District***
Engagement:	***2020 FS***
Period Ending:	***6/30/2020***
Trial Balance:	***3600.00 - TB***
Workpaper:	***AJE - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Conversion entry for bond principal payments for the current year.			
GW 0628	Bonds Payable	6,645,000.00	
GW 9711.600	Serial Bonds Principal. School Construction		6,645,000.00
Total		**6,645,000.00**	**6,645,000.00**
Adjusting Journal Entries JE # 2			
Conversion entry for accrued interest on serial bonds			
GW 0651	Accrued Interest Payable	6,101.00	
GW 9711.700	Serial Bonds Interest. School Construction		6,101.00
Total		**6,101.00**	**6,101.00**
Adjusting Journal Entries JE # 3			
Conversion entry for the CY net change in the GASB 75 OPEB liability.			
GW 0496.2	Deferred Outflows of Resources, OPEB	96,356,855.00	
GW 9060.800	Other OPEB Expense	55,815,644.00	
GW 0683	Other Postemployment Benefits (OPEB)		152,172,499.00
Total		**152,172,499.00**	**152,172,499.00**
Adjusting Journal Entries JE # 4			
Conversion entry for current year payments on energy performance contract.			
GW 0685	Lease Payable - EPC	1,220,966.00	
GW 9789.610	Energy Performance Contract Principal		1,220,966.00
Total		**1,220,966.00**	**1,220,966.00**
Adjusting Journal Entries JE # 5			
Conversion entry for additions to Construction in Progress.			
GW 0105	Construction Work in Progress	16,241,483.00	
GW 1999.100	General Support. Other		15,463,878.00
GW 2999.100	Instruction. Other		777,605.00
Total		**16,241,483.00**	**16,241,483.00**
Adjusting Journal Entries JE # 6			
Conversion entry for current year additions to fixed assets			
GW 0104	Equipment and Vehicles	2,239,883.00	
GW 1999.200	General Support. Equipment		318,567.00
GW 2999.200	Teach Reg School. Equipment		42,508.00
GW 5999.200	Transportation. Equipment		1,878,808.00
Total		**2,239,883.00**	**2,239,883.00**
Adjusting Journal Entries JE # 7			
Conversion entry for current year disposals.			
GW 0102	Buildings and Improvements	5,565,514.00	
GW 0114	Equipment and Vehicles Acc Depr	658,550.00	
GW 1999	LOSS ON DISPOSAL OF EQUIPMENT	38,450.00	
GW 0104	Equipment and Vehicles		697,000.00
GW 0105	Construction Work in Progress		5,565,514.00
Total		**6,262,514.00**	**6,262,514.00**

Adjusting Journal Entries JE # 8
Conversion entry to allocate employee benefits to functions.

GW 1999.900	General Support. Employee Benefit Allocation	9,971,523.00	
GW 2999.900	Instruction. Employee Benefit Allocation	103,953,764.00	
GW 5999.900	Transportation. Employee Benefit Allocation	10,056,527.00	
GW 6999.900	School Lunch. Employee Benefit Allocation	1,483,539.00	
GW 9098.900	Employee Benefits Allocation		125,465,353.00
Total		**125,465,353.00**	**125,465,353.00**

Adjusting Journal Entries JE # 9
Conversion entry for current year depreciation.

GW 1999.300	General Support. Depreciation	1,350,228.00	
GW 2999.300	Instruction. Depreciation	4,586,228.00	
GW 5999.300	Transportation. Depreciation	516,782.00	
GW 6999.300	School Lunch. Depreciation	98,162.00	
GW 0112	Buildings. Acc Depr		4,468,473.00
GW 0114	Equipment and Vehicles Acc Depr		2,082,927.00
Total		**6,551,400.00**	**6,551,400.00**

Adjusting Journal Entries JE # 10
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		**864,452.00**	**864,452.00**

Adjusting Journal Entries JE # 11
Conversion entry for TRS pension expense for GASB 68.

GW 0108	Net TRS Pension Asset – Proportionate Share	3,685,590.00	
GW 9020.800	Pension Expense, TRS	7,938,759.00	
GW 0496	Deferred Outflows of Resources, TRS		5,942,649.00
GW 0697	Deferred Inflow of Resources, TRS		5,681,700.00
Total		**11,624,349.00**	**11,624,349.00**

Adjusting Journal Entries JE # 12
Conversion entry for ERS pension expense for GASB 68.

GW 0496.1	Deferred Outflows of Resources, ERS	7,602,336.00	
GW 0697.	Deferred Inflow of Resources, ERS	1,062,177.00	
GW 9010.800	Pension Expense, ERS	2,932,076.00	
GW 0638.1	Net ERS Pension Liability – Proportionate Share		11,596,589.00
Total		**11,596,589.00**	**11,596,589.00**

Adjusting Journal Entries JE # 13
Conversion entry to adjust Compensated Absences per reports.

GW 0687	Compensated Absences	637,460.00	
GW 9089.800	Compensated Absence Expense		637,460.00
Total		**637,460.00**	**637,460.00**

Adjusting Journal Entries JE # 14
Conversion entry to reverse BAN redeemed from appropriations.

GW 5731	BANs Redeemed from Appropriations	3,019,500.00	
GW 9732.610	BAN Principal Paid		3,019,500.00
Total		**3,019,500.00**	**3,019,500.00**

Adjusting Journal Entries JE # 15
To adjust Due to TRS

A632	DUE TO TEACHER RETIREMENT	44,095.00	
A 9020.800-00-0000	TEACHERS' RETIREMENT		44,095.00
Total		**44,095.00**	**44,095.00**

Adjusting Journal Entries JE # 16
To adjust Extraclassroom to ending balances.

	T08510	EXTRACLASS ACTIVITIES	9,689.00	
	T20004	CASH IN EXTRACLASS		9,689.00
Total			**9,689.00**	**9,689.00**

Adjusting Journal Entries JE # 17
Conversion entry to reverse fund deferred inflows for grants and state aid.

	GW 0691	Deferred Inflow of Resources, Grants and State Aid	2,086,691.00	
	GW 3101	State Aid Deferred		976,534.00
	GW 3101.1	State Grants Deferred		1,110,157.00
Total			**2,086,691.00**	**2,086,691.00**

Adjusting Journal Entries JE # 18
Conversion entry to post CY retainage.

	GW 0105	Construction Work in Progress	489,526.00	
	GW 0605	Retainage Payable		489,526.00
Total			**489,526.00**	**489,526.00**

Adjusting Journal Entries JE # 19
Conversion entry for full accrual gain on sale of Raymond Ave property

	GW 2660	Sale of Real Property	2,100,000.00	
	GW 0107	Assets Held for Sale		339,817.00
	GW 1999.1	Gain on Disposal of Property		1,624,183.00
	GW 1999.100	General Support. Other		136,000.00
Total			**2,100,000.00**	**2,100,000.00**