

September 20, 2019

To the Board of Education of the
Dalton - Nunda Central School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dalton - Nunda Central School District (the 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, and *Government Auditing Standards*, 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 January 28, 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 the District are described in Note 2 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 District's financial statements were:

- ***Other Postemployment Benefits liability is based on an actuarial calculation from a third-party actuary.***
- ***Compensated absences are based upon accumulated sick days and rates of pay.***
- ***Net pension asset (liability) and related deferred inflows/outflows of resources is based on actuarial assumptions utilized by an actuary applied to pension plans' census information.***
- ***Depreciable lives of property are based on judgments regarding the length of time an asset will produce value to the District.***

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

SIGNIFICANT AUDIT MATTERS (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- *The disclosure of the District's long-term debt in Note 8 to the financial statements describes all of the debt the District has outstanding at year end including amounts due in the next fiscal year.*
- *The disclosure of the District's pension plans in Note 9 of the financial statements describes the plans and the related pension asset or liability along with the deferred inflows/outflows of resources as a result of the District's adoption of GASB Nos. 68 and 71.*
- *The disclosure of the District's Other Postemployment Benefits liability in Note 10 of the financial statements describes the net obligation the district has at year-end.*
- *The disclosure of the District's contingencies in Note 12 to the financial statements describes the District's possible litigation and other contingencies.*

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.

The misstatements identified during the audit, and corrected by management are displayed on exhibit A.

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 as of the date of our Independent Auditor's Report.

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 the 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.

SIGNIFICANT AUDIT MATTERS (Continued)

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 the 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 discussion and analysis, the schedule of revenue, expenditures, and changes in fund balance – budget and actual – general fund, the schedule of proportionate share of net pension liability (asset), the schedule of contributions – pension plans, the schedule of changes in the total OPEB liability and related ratios – other postemployment benefits which are 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 not engaged to report on the other information, as listed in the table of contents to the financial statements, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

DALTON - NUNDA CENTRAL SCHOOL DISTRICT

**SUMMARY OF AUDIT ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

General Fund

Change in fund balance - unaudited	615,915
Current year client adjustments:	
To correct compensated absences balance	(9,853)
To adjust the ERS accrual	246
To adjust the TRS accrual	4,376
To reduce pre-referendum expenses	<u>17,245</u>
Change in fund balance - audited	<u>\$ 627,929</u>

Capital Projects Fund

Change in fund balance - unaudited	839,372
Current year client adjustments:	
To correct accounts payable at year end	1,168,000
Current year audit adjustments:	
To record additional accounts payable at year end	(210,733)
To record pre-referendum expenses	<u>(17,245)</u>
Change in fund balance - audited	<u>\$ 1,779,394</u>