

September 9, 2015

The Board of Education of  
Greenville Central School District

**REQUIRED COMMUNICATIONS**

Dear Board Members:

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Greenville Central School District for the year ended June 30, 2015, and have issued our report on the date of this letter. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 March 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*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.

As discussed in the footnotes to the financial statements, the District adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. This new accounting pronouncement also led to a restatement of beginning net position and is described in Note 16. 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

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## **Significant Audit Findings (Continued)**

### *Significant Accounting Estimates*

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:

Management's estimate of the depreciable lives of property and equipment are based on judgments regarding the length of time an asset will provide value to the District.

Management's estimate of the other postemployment benefits is based on an actuarial calculation from a third party actuary.

Management's estimate of compensated absences are based upon accumulated sick days, rates of pay, and estimates of retirement dates.

Management's estimate of retirement sick time conversions are based on years of service and the probability of retirement.

Management's estimates related to the net pension asset, deferred outflows, net pension liability, and deferred inflows are based up actuarial information from audited financial statements of the pensions.

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

### *Financial Statement Disclosures*

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 capital assets in Note 6 to the financial statements describes the historical cost of the buildings, furniture and equipment, and improvements. Note 6 also disclose the current year activity for these classifications.
- The disclosure related to long-term debt in Note 8 to the financial statements describes the types of debt taken on by the District showing the current year activity relating to each form of debt. Note 8 also identifies the current portion, interest rate and maturity of each debt balance.
- The disclosures in Note 10 to the financial statements describe the estimates used in the calculation of the pension information
- The disclosure of other post-employment benefits in Note 11 to the financial statements describes the assumptions used and the components of the actuarial determined obligation.

### **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 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, professional standards define a disagreement with management as 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 representations letter dated as of the date of this letter.

### **Management Consultations with Other Independent Auditors**

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 governmental unit'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 Greenville 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.

This information is intended solely for the use of the board of education and management of Greenville Central School District and is not intended and should not be used by anyone other than these specified parties.

Very truly yours,

BONADIO & CO., LLP