

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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

To the Board of Education  
Morrisville-Eaton Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrisville-Eaton Central School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing*, 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 14, 2017. 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 Morrisville-Eaton 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 the year ended June 30, 2016. We noted no transactions entered into by Morrisville-Eaton 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 estimate(s) affecting the Morrisville-Eaton Central School District's financial statements were:

1. The District, in accordance with GASB No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* requires significant actuarial estimates to calculate the Districts' postemployment benefits liability.
2. The Districts' estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the Districts' 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.

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. 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. The attached Summary of Audit Differences summarizes the uncorrected misstatement of the financial statements. In addition, the attached schedules of Audit Adjustments represent corrected misstatements.

*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, 2017.

*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 Morrisville-Eaton 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 Morrisville-Eaton 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 were engaged to report on other 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.

We were not engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, 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, Administration of the Morrisville-Eaton 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, 2017

Rome, New York

**MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT**

**SUMMARY OF AUDIT DIFFERENCES**

**June 30, 2017**

<b>Statement of Activities Misstatements</b>	<b>Current Year Over (Under) Statement</b>
Accrued interest on Bus Bond Anticipation Note	\$ 5,113
<b>Cumulative effect (before effect of prior year differences)</b>	<b>\$ 5,113</b>
<b>Effect of unadjusted audit differences—prior year:</b>	<b>0</b>
<b>Cumulative effect (after effect of prior year differences)</b>	<b>\$ 5,113</b>
<b>Reclassification adjustments:</b>	<b>\$ 0</b>
Statement of financial position misstatements (including reclassifications):	
Total assets	\$ 0
Total liabilities	(5,113)
Net assets:	
Beginning	0
Ending	\$ 5,113

Client: 59190 - Morrisville-Eaton Central School District  
Engagement: 2017 - Morrisville-Eaton Central School District  
Period Ending: 6/30/2017  
Trial Balance:  
Workpaper: 1400.16 - Audit Adjustments

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>1210.999</b>		
GW - To record and allocate compensated absences and OPEB				
GW 0687	Compensated Absences		63,238.00	
GW 1999-900	General Support - Employee Benefit Allocation		304,955.00	
GW 2999-900	Instruction - Employee Benefit Allocation		2,113,005.00	
GW 5599-900	Transportation - Employee Benefit Allocation		236,430.00	
GW 6999-900	School Lunch - Employee Benefit Allocation		78,889.00	
GW 0689-000	OTHER LONG TERM DEBT EXPENSE-OPEB			2,796,517.00
<b>Total</b>			<b>2,796,517.00</b>	<b>2,796,517.00</b>
<b>Adjusting Journal Entries JE # 2</b>		<b>1210.55</b>		
GW - To allocate CY Employee Benefits				
GW 1999-900	General Support - Employee Benefit Allocation		477,488.00	
GW 2999-900	Instruction - Employee Benefit Allocation		3,308,472.00	
GW 5599-900	Transportation - Employee Benefit Allocation		370,194.00	
GW 6999-900	School Lunch - Employee Benefit Allocation		123,523.00	
GW 9098-900	Employee Benefits Allocation			4,279,677.00
<b>Total</b>			<b>4,279,677.00</b>	<b>4,279,677.00</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>5300.05</b>		
GW - To record the change in current year accrued interest - increase				
GW 9789-700	Other Debt Interest		6,438.00	
GW 0601	Accrued Liabilities			6,438.00
<b>Total</b>			<b>6,438.00</b>	<b>6,438.00</b>
<b>Adjusting Journal Entries JE # 4</b>		<b>1210.50</b>		
GW - To allocate CY depreciation				
GW 1999-300	General Support - Depreciation		128,353.00	
GW 2999-300	Instruction - Depreciation		142,604.00	
GW 5599-300	Transportation - Depreciation		171,829.00	
GW 6999-300	School Lunch - Depreciation		10,096.00	
GW 1989	Depreciation			452,882.00
<b>Total</b>			<b>452,882.00</b>	<b>452,882.00</b>
<b>Adjusting Journal Entries JE # 5</b>		<b>4600.05</b>		
GW - To record CY depreciation				
GW 1989	Depreciation		452,882.00	
GW 0112	Buildings - Acc Depr			197,808.00
GW 0113	Improv other than Bldg - Acc Depr			741.00
GW 0114	Equipment - Acc Depr			254,333.00
<b>Total</b>			<b>452,882.00</b>	<b>452,882.00</b>
<b>Adjusting Journal Entries JE # 6</b>		<b>4600.05</b>		
GW - To record current year fixed asset and deletions				
GW 0104	Equipment		348,405.00	
GW 0105	Construction Work in Progress		539,790.00	
GW 0114	Equipment - Acc Depr		227,523.00	
GW 9990	Gain/Loss on Sale of Assets		8,106.00	
GW 0104	Equipment			235,629.00
GW 1620-200	Operations of Plant-Equipment			539,790.00
GW 5511-210	Dist Transportation-Buses			348,405.00
<b>Total</b>			<b>1,123,824.00</b>	<b>1,123,824.00</b>

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 7</b>		<b>5300.10</b>		
GW - To record the principal paid on serial bonds				
GW 0623	Term Bonds Payable		1,450,000.00	
GW 9710-600	Serial Bonds Principal-Puplic Libr			1,450,000.00
<b>Total</b>			<b>1,450,000.00</b>	<b>1,450,000.00</b>
<b>Adjusting Journal Entries JE # 8</b>		<b>5300.10</b>		
GW - To record the payment of the bond issuance amortization				
GW 0623.1	Unamortized Premium on Bonds		27,188.00	
GW 9789-700	Other Debt Interest		779.00	
GW 0110	BOND ISSUANCE PREPAID AMORTIZATION			27,967.00
<b>Total</b>			<b>27,967.00</b>	<b>27,967.00</b>
<b>Adjusting Journal Entries JE # 9</b>		<b>4100.10</b>		
to record extra class cash in TA fund				
TA200	KEY BANK CHECKING		40,639.00	
TA 0085	Extraclassroom Activity Balances			40,639.00
<b>Total</b>			<b>40,639.00</b>	<b>40,639.00</b>
<b>Adjusting Journal Entries JE # 101</b>		<b>5400.85</b>		
To record TRS GASB 68 activity				
GW-C00-10-0496-00C	Deferred Outflows - Pensions		2,349,102.00	
GW-C00-20-0697-00C	Deferred Inflows - Pensions		924,955.00	
GW-C00-10-0108-00C	Net Pension Asset - Proportionate Share			2,967,538.00
GW-C00-20-0638-00C	Net Pension Liability - Proportionate Share			295,229.00
GW-C00-60-9020-80C	Pension Expense - TRS			11,290.00
<b>Total</b>			<b>3,274,057.00</b>	<b>3,274,057.00</b>
<b>Adjusting Journal Entries JE # 102</b>		<b>5400.85</b>		
To record GASB 68 ERS Activity				
GW-C00-20-0638-00C	Net Pension Liability - Proportionate Share		555,026.00	
GW-C00-20-0697-00C	Deferred Inflows - Pensions		27,409.00	
GW-C00-60-9010-80C	Pension Expense - ERS		99,040.00	
GW-C00-10-0496-00C	Deferred Outflows - Pensions			681,475.00
<b>Total</b>			<b>681,475.00</b>	<b>681,475.00</b>
<b>Adjusting Journal Entries JE # 103</b>		<b>1210.55</b>		
To allocate the GASB 68 expense				
GW 1999-900	General Support - Employee Benefit Allocation		9,790.00	
GW 2999-900	Instruction - Employee Benefit Allocation		67,837.00	
GW 5599-900	Transportation - Employee Benefit Allocation		7,590.00	
GW 6999-900	School Lunch - Employee Benefit Allocation		2,533.00	
GW 9098-900	Employee Benefits Allocation			87,750.00
<b>Total</b>			<b>87,750.00</b>	<b>87,750.00</b>