

October 3, 2017

The Board of Education
Lafayette Central School District

Dear Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of LaFayette Central School District (the 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 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 30, 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 the District are described in Note 2 to the financial statements. During the year ended June 30, 2017, the District adopted the following accounting policies:

- **GASB Statement No. 77 Tax Abatement Disclosures.** This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues.

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.

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 District's financial statements were:

- Management's estimate of depreciation expense is based on the assignment of useful lives for each asset acquired or constructed by the District.
- Management's estimate of compensated absences is based on the accrued time at the end of the year per employee in accordance with the existing collective bargaining agreements in place at the time.

Significant Accounting Estimates (Continued)

- Management's estimate of the net pension asset (liability) and related deferred inflows/outflows of resources is based on actuarial assumptions utilized by an actuary applied to the pension plans' census information.
- Management's estimate of the Other Postemployment Benefits liability is based on an actuarial calculation from a third-party actuary.

We evaluated the key factors and assumptions used to develop each estimate in determining that they are 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 the District's long term debt in Note 9 to the financial statements describes all of the debt the District has outstanding at year end including the amounts that are due in the next fiscal year.
- The disclosure of the District's pension plans in Note 12 of the financial statements describes the plans and the related net pension asset or liability along with the deferred inflows/outflows of resources.
- The disclosure of the District's other postemployment benefits liability in Note 13 of the financial statements describes the net obligation the District has at year end.
- The disclosure of the District's contingencies in Note 16 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. Attached are the corrected misstatements.

There were no uncorrected misstatements identified by our audit.

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 this letter.

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.

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’s discussion and analysis, budgetary comparison information and schedules of funding progress-other post-employment benefits, local government contributions, and local government’s proportionate share of the net pension liability 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 engaged to report on the combining balance sheet and combining statement of revenues, expenditures, and change in fund balances, 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 schedule of change from original budget to revised budget and the real property tax limit - general fund; schedule of project expenditures - capital projects fund; and the schedule of net investment in capital assets, 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 and management of LaFayette Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BONADIO & CO., LLP

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.A - General Fund**
 Workpaper: **3200.A - Adjusting Journal Entries Report - General Fund A**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4152		
Audit entry - To adjust for client aje#565 to recognize the interfund revenue & principal ban pmt of \$2,383,149.				
A 9731.600-00	BAN PRINCIPAL		2,383,149.00	
A 5031	OTHER-INTERFUND TRANSFER			2,383,149.00
Total			2,383,149.00	2,383,149.00
Adjusting Journal Entries JE # 2		3501		
Audit adjustment - to reverse prior year accrued payroll				
A 601	ACCRUED LIABILITIES/RETIREE HEALTH		66,175.00	
A 1620.160-01	OPERATION OF PLANT - NON INSTR SALARY			20,092.00
A 1620.160-01-01	OPERATION OF PLANT - HOURLY & SUB			2,120.00
A 1621.160-01	MAINTENANCE OF PLANT - NON INSTR SALARY			7,688.00
A 2020.160-01-01	SUP REG SCH - CLER SAL HRLY RTE			993.00
A 2110.160-01-01	T REG SCHOOL - NON-INSTRUCT HRLY			630.00
A 2810.150-01	GUID - INSTRUCTIONAL SALARIES			1,059.00
A 2855.160-01	ATHLETICS			220.00
A 5510.162-01	TRANS - BUS AIDES SALARIES			754.00
A 5510.165-01	TRANS - DRIVER/MECH SAL			4,904.00
A 5510.185-01	TRANS - SUB BUS DR SAL			407.00
A 5510.187-01-0002	FIELD TRIPS			1,447.00
A 5510.187-01-0003	OUTSIDE ORGANIZATION			449.00
A 5510.187-01-0004	ACTIVITY RUNS			852.00
A 5510.188-01	TRANS - SCH BUS DRIVERS SAL			19,857.00
A 9030.830-01	EMPL BEN - SOCIAL SECURITY			4,703.00
Total			66,175.00	66,175.00
Adjusting Journal Entries JE # 3		6110.01		
Summary journal entry of ref#635-646 adjusting the health insurance retiree portion vs er portion for each month throughout the fiscal year.				
A 9060.840-01	EMPL BEN - HEALTH INSURANCE		61,540.00	
A 630TA	DUE TO TRUST & AGENCY			61,540.00
Total			61,540.00	61,540.00
Adjusting Journal Entries JE # 4		6110.01		
Prior period adjustment related to health insurance in TA220.				
A 909PYADJ	FUND BALANCE PPA		362,895.00	
A 630TA	DUE TO TRUST & AGENCY			362,895.00
Total			362,895.00	362,895.00
Adjusting Journal Entries JE # 5		3503		
Client aje (ref 648) to adjust native american tuition aid				
A 410	STATE& FEDERAL AID RECEIVABLE		184,552.00	
A 2389	TUITION NATIVE AMERICAN STUDENTS			184,552.00
Total			184,552.00	184,552.00
Adjusting Journal Entries JE # 6				
Bonadio only - rounding from importing TB				
A 960	APPROPRIATIONS		13.00	
A 5530.425-01	GAR BLDG - ELECTRICITY			13.00
Total			13.00	13.00
Adjusting Journal Entries JE # 7		3504		
Adjust TA219 Dental Insurance due to errors. Client recorded as aje#650				
A 391TA	DUE FROM TRUST & AGENCY		72,473.00	
A 909PYADJ	FUND BALANCE PPA			72,473.00
Total			72,473.00	72,473.00
Adjusting Journal Entries JE # 8		3505		
Adjust TA218 Vision Insurance due to errors. Client recorded as aje#651				
A 391TA	DUE FROM TRUST & AGENCY		14,593.00	
A 909PYADJ	FUND BALANCE PPA			14,593.00
Total			14,593.00	14,593.00
Adjusting Journal Entries JE # 10		3508		

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.A - General Fund**
 Workpaper: **3200.A - Adjusting Journal Entries Report - General Fund A**

Account	Description	W/P Ref	Debit	Credit
Client entry #654 to adjust property loss reserve accounts				
A 863	PROPERTY LOSS RESERVE		200,000.00	
A 861	Reserve for Property Loss			200,000.00
Total			<u><u>200,000.00</u></u>	<u><u>200,000.00</u></u>
Adjusting Journal Entries JE # 11				
client entry to ajust reserves				
		3509		
A 909	FUND BALANCE		120,934.00	
A 909	FUND BALANCE		227,218.00	
A 882	RESERVE FOR REPAIRS			120,934.00
A 882	RESERVE FOR REPAIRS			227,218.00
Total			<u><u>348,152.00</u></u>	<u><u>348,152.00</u></u>

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.C - School Lunch Fund**
 Workpaper: **3200.C - Adjusting Journal Entries Report - School Lunch C**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		3501		
Audit adjustment to reverse PY accrued payroll				
C 601	ACCRUED LIABILITIES		5,897.00	
C 2860.160-01	LCS SCHOOL LUNCH SALARIES			5,478.00
C 9030.830-01	LCS LUNCH SOCIAL SECURITY			419.00
Total			5,897.00	5,897.00
Adjusting Journal Entries JE # 2		6110.01		
Summary journal entry of ref#635-646 adjusting the health insurance retiree portion vs er portion for each month throughout the fiscal year.				
C 9060.840-01	LCS HEALTH INSURANCE		633.00	
C 630TA	DUE TO T&A			633.00
Total			633.00	633.00
Adjusting Journal Entries JE # 3		6110.01		
Prior period adjustment related to health insurance in TA220.				
C 909PYADJ	FUND BALANCE - PPA		9,735.00	
C 630TA	DUE TO T&A			9,735.00
Total			9,735.00	9,735.00
Adjusting Journal Entries JE # 4				
Bonadio only FS rounding entry				
C 960	APPROPRIATIONS		4.00	
C 2860.400-01	LCS LUNCH CONTRACTUAL			4.00
Total			4.00	4.00
Adjusting Journal Entries JE # 5		3504		
Adjust TA219 Dental Insurance due to errors. Client recorded as aje#650				
C 391TA	DUE FROM TA FUND		528.00	
C 909PYADJ	FUND BALANCE - PPA			528.00
Total			528.00	528.00

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.F - Federal Fund**
 Workpaper: **3200.F - Adjusting Journal Entries Report - Federal F**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
		4153		
Audit adjustment to reclassify revenue to interfund transfer per review of client aje#592.				
F 3289	OTHER STATE AID		15,357.00	
F 5031	INTERFUND TRANSFER SUMMER SP ED			15,357.00
Total			15,357.00	15,357.00
Adjusting Journal Entries JE # 2				
		3511		
Client entry #663 to adjust revenue/deferred for error.				
F 2770..1	THE ALLYN FOUNDATION GRANT		2,816.00	
F 2770..6	SUNY Cortland Parntership - GS		823.00	
F 691	DEFERRED REVENUE			2,816.00
F 691	DEFERRED REVENUE			823.00
Total			3,639.00	3,639.00
Total Adjusting Journal Entries			18,996.00	18,996.00
Total All Journal Entries			18,996.00	18,996.00

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.H - Capital Projects Fund**
 Workpaper: **3200.H - Adjusting Journal Entries Report - Capital Projects H**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		5252-5253		
Entry to accrue receivable and revenue for SS-BA project for claim #2 \$109,284 & #3 \$68,844.				
H 410	Due from State and Federal		68,844.00	
H 410	Due from State and Federal		109,284.00	
H 3297.SSB.A	Smart Schools Bond Act			68,844.00
H 3297.SSB.A	Smart Schools Bond Act			109,284.00
Total			<u>178,128.00</u>	<u>178,128.00</u>

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.R - Onondaga School Fund**
 Workpaper: **3200.R - Adjusting Journal Entries Report - Onondaga School R**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
Client entry #628 to net the unearned revenue against the gross A/R.				
R 691	DEFERRED REVENUE		1,103,658.00	
R 410	STATE AND FEDERAL AID RECEIVABLES			1,103,658.00
Total			1,103,658.00	1,103,658.00
Adjusting Journal Entries JE # 2				
Client entry #629 to adjust for expense/payables.				
R 1010.500-00	ONS BD OF ED - SPLY/MAT		70.00	
R 1620.400-00	ONS OPER - CONTRACTUAL		278.00	
R 1620.500-00	ONS OPER - SPLY/MAT		105.00	
R 1621.400-00	ONS MAINT - CONTRACTUAL		684.00	
R 600	ACCOUNTS PAYABLE			1,137.00
Total			1,137.00	1,137.00
Adjusting Journal Entries JE # 3				
Audit adjustment to reverse PY accrued payroll				
R 601	ACCRUED LIABILITIES	3501	11,045.00	
R 1620.161-00	ONS OPER - CUSTD SALARIES			9,012.00
R 1620.161-00-01	ONS OPER - CUSTD SAL HRLY RTE			148.00
R 2020.151-00	ONS SUP REG SCH - ADM SAL			1,020.00
R 2110.141-00	ONS TCH REG SCH - SUBS TCHRS			80.00
R 9030.830-00	ONS E B - SOCIAL SECURITY			785.00
Total			11,045.00	11,045.00
Adjusting Journal Entries JE # 4				
client entry related to audit adjustment to reverse PY accrued payroll				
R 3289	OTHER STATE AID	3501	11,045.00	
R 410	STATE AND FEDERAL AID RECEIVABLES			11,045.00
Total			11,045.00	11,045.00
Adjusting Journal Entries JE # 5				
Summary journal entry of reff#635-646 adjusting the health insurance retiree portion vs er portion for each month throughout the				
R 9060.840-00	ONS E B - HEALTH INSURANCE	6110.01	7,989.00	
R 630TA	DUE TO T&A			7,989.00
Total			7,989.00	7,989.00
Adjusting Journal Entries JE # 6				
Prior period adjustment related to health insurance in TA220.				
R 909PYADJ	FUND BALANCE - PPA	6110.01	115,497.00	
R 630TA	DUE TO T&A			115,497.00
Total			115,497.00	115,497.00
Adjusting Journal Entries JE # 7				
Adjust TA219 Dental Insurance due to errors. Client recorded as aje#650				
R 391TA	DUE FROM TA FUND	3504	24,593.00	
R 909PYADJ	FUND BALANCE - PPA			24,593.00
Total			24,593.00	24,593.00
Adjusting Journal Entries JE # 8				
Adjust TA218 Vision Insurance due to errors. Client recorded as aje#651				
R 391TA	DUE FROM TA FUND	3505	5,788.00	
R 909PYADJ	FUND BALANCE - PPA			5,788.00
Total			5,788.00	5,788.00
Adjusting Journal Entries JE # 9				
Client entry to adjust R fund budget				
R 410	STATE AND FEDERAL AID RECEIVABLES	3506	93,105.00	
R 3289	OTHER STATE AID			93,105.00
Total			93,105.00	93,105.00
Adjusting Journal Entries JE # 10				
Client entry 659 to adjust school lunch to zero.				
R 630S	DUE TO ONS S/L	3510	1,763.00	
R 9901.930-00	ONS TRANSFER/SCH LUNCH FUND			1,763.00
Total			1,763.00	1,763.00
Adjusting Journal Entries JE # 11				
Client entry to adjust R revenue to = expense				
R 3289	OTHER STATE AID	3512	1,763.00	
R 410	STATE AND FEDERAL AID RECEIVABLES			1,763.00
Total			1,763.00	1,763.00

Total Adjusting Journal Entries

1,377,383.00

1,377,383.00

Total All Journal Entries

1,377,383.00

1,377,383.00

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.S - Onondaga Nation School Lunch Fund**
 Workpaper: **3200.S - Adjusting Journal Entries - Onondaga Nation School Lunch S**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
Audit adjustment to reverse PY accrued payroll				
S 601	ACCRUED LIABILITIES		3,547.00	
S 2860.161-00	ONS S/L SALARIES			3,295.00
S 9030.830-00	ONS S/L SOCIAL SECURITY			252.00
Total			3,547.00	3,547.00
Adjusting Journal Entries JE # 2				
Summary journal entry of reff#635-646 adjusting the health insurance retiree portion vs er portion for each month throughout the				
S 9060.840-00	ONS S/L HEALTH INSURANCE	6110.01	242.00	
S 630TA	DUE TO T&A			242.00
Total			242.00	242.00
Adjusting Journal Entries JE # 3				
Prior period adjustment related to health insurance in TA220.				
S 909PYADJ	FUND BALANCE - PPA	6110.01	1,843.00	
S 630TA	DUE TO T&A			1,843.00
Total			1,843.00	1,843.00
Adjusting Journal Entries JE # 4				
Bonadio only - FS rounding				
S 960	APPROPRIATIONS		1.00	
S 2860.400-00	ONS S/L CONTRACTUAL			1.00
Total			1.00	1.00
Adjusting Journal Entries JE # 5				
Adjust TA219 Dental Insurance due to errors. Client recorded as aje#650				
S 391TA	DUE FROM TA FUND	3504	301.00	
S 909PYADJ	FUND BALANCE - PPA			301.00
Total			301.00	301.00
Adjusting Journal Entries JE # 6				
Client entry 659 to adjust school lunch to zero.				
S 5031	INTERFUND TRANSFER	3510	1,763.00	
S 391R	DUE FROM ONS			1,763.00
Total			1,763.00	1,763.00
Total Adjusting Journal Entries			7,697.00	7,697.00
Total All Journal Entries			7,697.00	7,697.00

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.TA - Trust and Agency**
 Workpaper: **3200.TA - Adjusting Journal Entries Report - Trust and Agency TA**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
		6110.01		
Summary journal entry of ref#635-646 adjusting the health insurance retiree portion vs er portion for each month throughout the fiscal year.				
TA 391A	DUE FROM A FUND		61,540.00	
TA 391C	DUE FROM SCHOOL LUNCH		633.00	
TA 391R	DUE FROM ONS		7,989.00	
TA 391S	DUE FROM S FUND		242.00	
TA 220	HEALTH INSURANCE			70,404.00
Total			70,404.00	70,404.00
Adjusting Journal Entries JE # 2				
		6110.01		
Prior period adjustment related to health insurance in TA220.				
TA 391A	DUE FROM A FUND		362,895.00	
TA 391C	DUE FROM SCHOOL LUNCH		9,735.00	
TA 391R	DUE FROM ONS		115,497.00	
TA 391S	DUE FROM S FUND		1,843.00	
TA 220	HEALTH INSURANCE			489,970.00
Total			489,970.00	489,970.00
Adjusting Journal Entries JE # 3				
		3502		
To adjust Extra Class Fund balances.				
TA 204	ELEMENTARY EXTRA CLASS ACCOUNTS		12,387.00	
TA 205	ONS EXTRA CLASS ACCOUNTS		4,955.00	
TA 655	JR/SR HIGH EXTRA CLASS ACCOUNTS		3,835.00	
TA 203	JR/SR HIGH EXTRA CLASS ACCOUNTS			3,835.00
TA 656	ELEMENTARY EXTRA CLASS ACCOUNTS			12,387.00
TA 657	ONS EXTRA CLASS ACCOUNTS			4,955.00
Total			21,177.00	21,177.00
Adjusting Journal Entries JE # 4				
		3504		
Adjust TA219 Dental Insurance due to errors. Client recorded as aje#650				
TA 219	DENTAL INSURANCE		97,895.00	
TA 630A	DUE TO GENERAL			72,473.00
TA 630C	DUE TO C FUND			528.00
TA 630R	DUE TO R FUND			24,593.00
TA 630S	DUE TO S FUND			301.00
Total			97,895.00	97,895.00
Adjusting Journal Entries JE # 5				
		3505		
Adjust TA218 Vision Insurance due to errors. Client recorded as aje#651				
TA 218	VISION INSURANCE		20,381.00	
TA 630A	DUE TO GENERAL			14,593.00
TA 630R	DUE TO R FUND			5,788.00
Total			20,381.00	20,381.00

Client: **LAF004 - Lafayette Central School District**
 Engagement: **2017 - LaFayette Central School District**
 Period Ending: **6/30/2017**
 Trial Balance: **3000.V - Debt Service Fund**
 Workpaper: **3200.V - Adjusting Journal Entries Report - Debt Service V**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4154		
Audit adjustment to adjust for client aje#452 to include the interfund transfer.				
V 9901.900-00	Transfers to Gen Fund		28,354.00	
V 909	UNRESERVED FUND BALANCE			28,354.00
Total			<u>28,354.00</u>	<u>28,354.00</u>