

**EDWARDS-KNOX  
CENTRAL SCHOOL DISTRICT**

**INTERNAL CONTROL  
AND COMPLIANCE REPORTS  
JUNE 30, 2019**

## **EDWARDS-KNOX CENTRAL SCHOOL DISTRICT**

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*Government Auditing Standards*

**AUDITOR'S COMMUNICATION LETTER**



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Board of Education  
Edwards-Knox Central School District  
Russell, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edwards-Knox Central School District for the year ended June 30, 2019. Professional standards require that we provide you with the 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 dated August 9, 2019. Professional standards also require that we provide to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards  
and Government Auditing Standards

As stated in our engagement letter dated August 9, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Edwards-Knox Central School District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Edwards-Knox Central School District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of 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 Edwards-Knox Central School District are described in Note 1 to the financial statements. As described in Notes 1 to the financial statements, the District changed accounting policies related to the adoption of GASB Statement 83 *Certain Asset Retirement Obligations* and Statement 88 *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in the Statement of Net Position. 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:

Management's estimates and assumptions used in determining fixed asset methods and lives, and collectability of various receivables. We evaluated the key factors and assumptions used to develop these items in determining that they are reasonable in relation to the financial statements taken as a whole.

Other significant estimates are the accrued OPEB liability and the pension plan proportionate share of plan assets and liabilities. These estimates are based on assumptions made by actuaries. We believe management has a reasonable basis for relying on the actuarial assumptions used in developing these amounts.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements are those regarding the OPEB, pension matters, and the District's long-term debt. Such information gives the reader important information as to current and future debt obligations.

#### *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. As a result of audit procedures, material misstatements communicated to management involved state aid receivables, the current OPEB liability, net pension assets/liabilities, and OPEB and pension related deferred inflows/outflows of resources. Management has corrected all such 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 4, 2019.

### *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.

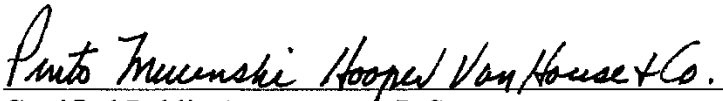
### *Other Matters*

We applied certain limited procedures to the Management’s Discussion and Analysis and Supplemental Schedules SS-1 through SS-4, 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 Supplemental Schedules SS-5 through SS-7, which accompanying 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, the Audit Committee, and management of the Edwards-Knox Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

  
Prato Trucinski Hooper Van House & Co.  
Certified Public Accountants, P.C.

October 4, 2019

**COMMUNICATION OF OTHER MATTERS**



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In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edwards-Knox Central School District as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; we considered Edwards-Knox Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Edwards-Knox Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edwards-Knox Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Education, Audit Committee, and management of the Edwards-Knox Central School District and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants, P.C.

October 4, 2019



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



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Board of Education  
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Russell, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edwards-Knox Central School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Edwards-Knox Central School District's basic financial statements, and have issued our report thereon dated October 4, 2019.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Edwards-Knox Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Edwards-Knox Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edwards-Knox Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

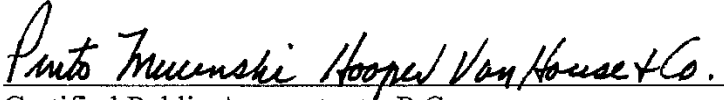
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Edwards-Knox Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
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Certified Public Accountants, P.C.

October 4, 2019