

October 20, 2020

To the President and Members  
of the Board of Education of the  
Schoharie Central School District

Dear President and Members of the Board of Education:

We have audited the financial statements of the governmental activities and each major fund of the Schoharie Central School District (the District) as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 17, 2020. Professional standards also require that we communicate 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 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 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:

1. 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.
2. Management's estimate of the compensated absences are based upon accumulated sick days, rates of pay and the probability of retirement.
3. Management's estimate of the other post employment benefits and related deferred outflows/inflows are based on an actuarial calculation provided by a third party.
4. Management's estimate of the net pension asset/liability and deferred outflows/inflows are based on actuarial assumptions provided by the individual state plans.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are those related to the other postemployment benefit and pension plans.

We evaluated the key factors and assumptions used to develop each of the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no 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 attached schedule is a listing of misstatements corrected by management.

*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 and received certain representations from management that are included in the management representation letter dated October 20, 2020.

*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 we believe our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedule of revenues, expenditures and changes in fund equity - budget and actual - general fund, schedule of changes in total OPEB liability, schedules of proportionate share of net pension liability (asset) and schedules of district contributions, 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 schedule of changes from adopted budget to final budget, schedule of the real property tax limit, schedule of project expenditures - capital projects fund, schedule of net investment in capital assets and schedule of expenditures of federal awards which accompany the financial statements but are not RSI. With respect to the 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 Schoharie Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Marvin and Company, P.C.*

**Schoharie Central School District  
Listing of Corrected Misstatements  
June 30, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>General Fund</b>			
To reverse prior year excess cost aid that was also booked as revenue in the current year and to tie beginning fund balance.			
A 3101.1	Basic Formula Aid - Excess Cost	316,967.00	
A691	Deferred Revenue		316,967.00
<b>Total</b>		<b><u>316,967.00</u></b>	<b><u>316,967.00</u></b>
To record item in accounts payable that wasn't recorded at year end			
A1480.490-00-0000	Public Information - BOCES	1,402.00	
A1620.490-00-0000	Plant Operations - BOCES	14,228.00	
A2110.490-00-0002	Instruction - BOCES (Dist Learning)	38,821.00	
A2630.490-00-0000	Computer - BOCES Services	30,905.00	
A600	Accounts Payable		85,356.00
<b>Total</b>		<b><u>85,356.00</u></b>	<b><u>85,356.00</u></b>
To reverse entry that was made backwards, and make the correct entry			
A691	Deferred Revenue	420,174.00	
A691	Deferred Revenue	420,174.00	
A 3103	BOCES Aid		420,174.00
A440	Due From Other Governments		420,174.00
<b>Total</b>		<b><u>840,348.00</u></b>	<b><u>840,348.00</u></b>
To reverse entry that was made backwards and record correct entry			
A 3101	Basic Formula Aid - Gen Aid	70,235.00	
A 3103	BOCES Aid	556,492.00	
A410	Due From State & Federal	70,235.00	
A440	Due From Other Governments	556,492.00	
A691	Deferred Revenue		626,727.00
A691	Deferred Revenue		626,727.00
<b>Total</b>		<b><u>1,253,454.00</u></b>	<b><u>1,253,454.00</u></b>
To reverse prior year entry that wasn't offset when funds were received in the current year			
A 4601	Medicaid Assistance-School Y	52,452.00	
A631	Due To Other Governments	52,452.00	
A380	Accounts Receivable		104,904.00
<b>Total</b>		<b><u>104,904.00</u></b>	<b><u>104,904.00</u></b>
To clear negative cash balances			
A391.1	Due From Other Funds - SL	123,292.00	
A200	Cash - Checking		123,292.00
<b>Total</b>		<b><u>123,292.00</u></b>	<b><u>123,292.00</u></b>
To record general fund entry to correct speical aid cash and interfund revenues			
A391	Due From Other Funds - Federal	279,642.00	

**Schoharie Central School District  
Listing of Corrected Misstatements  
June 30, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
A9901.950-00-0000	Interfund Transfer - Special Aid Fund	5,804.00	
A200	Cash - Checking		263,748.00
A2250.471-40-0000	Students w/ Disab - Tuition NYS (Public)		21,698.00
<b>Total</b>		<b><u>285,446.00</u></b>	<b><u>285,446.00</u></b>
to record additional 4408 transfer			
A9901.950-00-0000	Interfund Transfer - Special Aid Fund	14,999.00	
A630F	Due to Federal		14,999.00
<b>Total</b>		<b><u>14,999.00</u></b>	<b><u>14,999.00</u></b>

**Capital Projects Fund**

To record items in accounts payable that were not recorded

H1620.293-31-1019	General Construction - Recon HS	162,583.00	
H1620.293-31-1019	General Construction - Recon HS	2,375.00	
H1620.296-31-1019	Electrical - Recon HS	24,235.00	
H1620.296-31-1019	Electrical - Recon HS	12,998.00	
H2110.201-31-1019	Clerk of the Works - Recon HS	29,844.00	
H2110.245-31-1019	Architect - Recon HS	12,082.00	
H600	Account Payable		244,117.00
<b>Total</b>		<b><u>244,117.00</u></b>	<b><u>244,117.00</u></b>

To record contractor invoices for June

H1620.293-31-1019	General Construction - Recon HS	118,253.00	
H1620.293-31-1019	General Construction - Recon HS	18,309.00	
H1620.293-31-1019	General Construction - Recon HS	7,187.00	
H1620.293-31-1019	General Construction - Recon HS	186,750.00	
H1620.294-31-1019	Plumbing - Recon HS	23,589.00	
H1620.295-31-1019	Mechanical - HS (#2)	79,148.00	
H1620.296-31-1019	Electrical - Recon HS	1,243.00	
H1620.296-31-1019	Electrical - Recon HS	79,122.00	
H600	Account Payable		513,601.00
<b>Total</b>		<b><u>513,601.00</u></b>	<b><u>513,601.00</u></b>

**Special Aid Fund**

To correct revenue and accounts receivable

F 3289..20	19-20 - UPK Grant	35,342.00	
F 3289..21	19-20 - Summer School	47,215.00	
F 4289..21	19-20 - Title II A	1,669.00	
F 4256..20	19-20 - Sect 611		2.00
F 4256..21	"19-20 - Sect 619"		1.00
F 4289..20.17	19-20 Title V		7,600.00
F410	Due From State & Federal		76,623.00
<b>Total</b>		<b><u>84,226.00</u></b>	<b><u>84,226.00</u></b>

To correct interfund transfer from general fund

**Schoharie Central School District  
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June 30, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
F 5031..20	19-20 - Summer School Interfund	14,716.00	
F391A	Due From General Fund		14,716.00
<b>Total</b>		<b>14,716.00</b>	<b>14,716.00</b>
To correct accounts receivable and Cash balances			
F200	Cash - Checking	263,748.00	
F391A	Due From General Fund	15,894.00	
F410	Due From State & Federal		279,642.00
<b>Total</b>		<b>279,642.00</b>	<b>279,642.00</b>
To record additional expenditures in summer school program			
F5511.400-00-2005	19-20 Summer School Services	16,192.00	
F5511.800-00-2005	19-20 Summer School Benefits	14,651.00	
F 3289..21	19-20 - Summer School		23,218.00
F 5031..20	19-20 - Summer School Interfund		5,804.00
F5511.166-00-2005	"19-20 Summer School Bus Aide"		1,821.00
		<b>30,843.00</b>	<b>30,843.00</b>
to write off accounts receivable based on EFH670 report & record interfund - expenses were greater that STAC approved cost			
F 3289..21	19-20 - Summer School	7,190.00	
F 3289..9	Summer School 18/19	7,809.00	
F391A	Due From General Fund	14,999.00	
F 5031..20	19-20 - Summer School Interfund		7,190.00
F 5031..7	Summer School - Interfund 18/19		7,809.00
F410	Due From State & Federal		14,999.00
<b>Total</b>		<b>29,998.00</b>	<b>29,998.00</b>

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June 30, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>School Lunch Fund</b>			
To record deferred revenue			
C 1440	Sales Of Type A Lunches	7,110.00	
C691	DEFERRED REVENUES		7,110.00
<b>Total</b>		<b><u>7,110.00</u></b>	<b><u>7,110.00</u></b>
To clear negative balances at 6/30/20			
C200	Cash - Checking	123,292.00	
C630	Due To Other Funds		123,292.00
<b>Total</b>		<b><u>123,292.00</u></b>	<b><u>123,292.00</u></b>
<b>Private Purpose Trust Fund</b>			
To properly classify revenue received in the CY			
TE923.1	Scholarship - Swart	500.00	
TE 2705	Gifts And Donations - Swart		500.00
<b>Total</b>		<b><u>500.00</u></b>	<b><u>500.00</u></b>