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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

To the Board of Education  
Homer Central School District  
Homer, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Homer Central School District (the School District) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *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 July 7, 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 School District are described in Note 1 to the financial statements. During the year ended June 30, 2015, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Other than the adoption of GASB Statement No. 68 and GASB Statement No. 71, no new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the 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 estimates affecting the School District's financial statements were: other postemployment benefits liability, compensated absences, depreciation expense and the School District's proportionate share of net pension (assets) liabilities.

Management's estimates of other postemployment benefits liability, compensated absences, depreciation expense and the School District's proportionate share of net pension (assets) liabilities are based on various assumptions. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability, compensated absences, depreciation expense, and proportionate share of net pension (assets) liabilities estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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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 disclosures of capital assets, long-term debt, pensions, other postemployment benefits and fund balances, the details of which are presented in Notes 6, 8, 10, 11, 13, and 14 of the financial statements.

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 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 the financial statements taken as a whole.

#### ***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 September 29, 2015.

#### ***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 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 the 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 applied certain limited procedures to Management's Discussion and Analysis, budgetary comparison information, the Schedule of Funding Progress, the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans, and the Schedules of the School District's Proportionate Share of the Net Pension (Asset) 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 Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures-Capital Projects Fund, and Net Investment in Capital Assets, which accompany the financial statements but are not RSI. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. 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 and performed other additional procedures in accordance with auditing standards generally accepted in the United States of America.

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

**Restriction on Use**

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

A handwritten signature in cursive script that reads "Liachni, Dietershagen, Little, Mikelsen & Company LLP".

September 29, 2015  
Ithaca, New York