Bonadio & Co., LLP
Certified Public Accountants

REQUIRED COMMUNICATIONS

October 13, 2020

To the Board of Education
Newburgh Enlarged City School District

Dear Board Members:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Newburgh Enlarged City School District (School District) for the year ended June 30, 2020. 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 April 21, 2020. 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 the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. 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.

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 School District's financial statements were:

- Management's estimate of depreciation expense is based on the assignment of useful lives for assets acquired or constructed by the School District.
- Management's estimate of other post-employment benefits (OPEB) liability and related deferred inflows/outflows of resources is based on the use of assumptions utilized by an actuary applied to the School District's census information.
- 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.
- Management's estimate of the net pension asset, net pension liability, and related deferred inflows/outflows of resources is based on actuarial assumptions utilized by an actuary applied to the pension plans' census information.

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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 School District's long-term debt describes all of the debt the School District has outstanding at year end including the amounts that are due in the next fiscal year.
- The disclosure of the School District's pension plans describes the plans and the related pension asset or liability along with the deferred inflows/outflows of resources.
- The disclosure of the School District's OPEB liability in the footnotes to the financial statements describes the total OPEB liability along with the deferred inflows/outflows of resources related to OPEB.
- The disclosure of the School District's contingencies describes the School 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 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. Management has corrected all such misstatements. The attached schedule *Attachment A – Material Audit Adjustments* summarizes corrected misstatements of the financial statements.

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 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 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 the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability (asset), schedule of contributions – pension plans, and schedule of changes in total OPEB liability and related ratios 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 expenditures of federal awards, 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 Uniform Guidance, 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 schedule of change from original budget to revised budget, Real Property tax limit – General Fund, schedule of project expenditures – Capital Projects Fund, and schedule of net investment in capital assets, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and 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 Newburgh Enlarged City 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

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Newburgh City School District
Attachment A - Material Audit Adjustments
6/30/2020

Material Audit Adjustments

General Fund	**DR**	**CR**
Adjust deferred tax revenue to equal schedule		
Real Property Taxes	1,065,225	
Deferred Tax Revenue		1,065,225
	$ 1,065,225	$ 1,065,225
Record 20% NYS aid withheld as deferred inflow		
Excess Cost Aid	704,667	
Deferred Inflow		704,667
	$ 704,667	$ 704,667
Capital Project Fund		
To adjust accounts payable for unprocessed invoices for the 2019-2020 FY		
Capital expenditures	5,507,955	
Accounts Payable		5,507,955
	$ 5,507,955	$ 5,507,955
Record deferred inflow for State Aid		
State Aid	517,375	
Deferred Inflow		517,375
	$ 517,375	$ 517,375