

## REPORT TO THE BOARD

October 16, 2018

The Board of Education  
East Hampton Union Free School District  
East Hampton, New York:

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of the East Hampton Union Free School District (the District) for the year ended June 30, 2018 and have issued our report thereon dated October 16, 2018. 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 to you dated January 30, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Accounting Policies

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. As described in note 1(O) to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during the year ended June 30, 2018. 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

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:

- Useful life of capital assets - Management's estimate of the useful life of capital assets is based on the historical asset life information for the District's capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated.
- Compensated absences liability - Management's estimate of the liability for compensated absences is based on vested accumulated sick, vacation and/or leave payouts.
- Other postemployment benefits obligation - Management's estimate of the liability for other postemployment benefits is based on an actuarial valuation report prepared by an independent third party. We evaluated the key factors and assumptions used to develop the estimate for the purpose of determining that it is reasonable in relation to the financial statements taken as a whole.
- Workers' compensation payable - Management's estimate of the liability for workers' compensation payable is provided by an independent third party.

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

#### Significant 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 long-term debt obligations in note 11 to the financial statements.
- The disclosure of pension plans in note 12 to the financial statements.
- The disclosure of other postemployment benefits in note 13 to the financial statements.
- The disclosure of commitments and contingencies in note 15 to the financial statements.

#### 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. There were no material misstatements detected as a result of our audit procedures.

### Disagreements with Management

For purposes of this report, 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 auditors' 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.

### 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 auditors' 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 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 other supplementary information, which accompanies the financial statements but is not RSI. The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Guidance contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is 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.

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

Very truly yours,

*EFPR Group, CPAs, PLLC*  
EFPR GROUP, CPAs, PLLC