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October 5, 2017

To the Board of Education and Management
Roslyn Union Free School District
Roslyn, New York

In planning and performing our audit of the financial statements of the Roslyn Union Free School District (District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During our audit, we noted certain opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated October 5, 2017, on the financial statements of the Roslyn Union Free School District.

We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Education, Audit Committee, management, others you deem appropriate within the District, and any governmental authorities you need to share this information with. It is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cullen & Danowski, LLP

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School Food Service Fund Balance

The District's food service program serves breakfast and lunch to students and District employees. Except for free and reduced price meals that are served to eligible students, meals are sold at a set price, and are subsidized in part by federal and student revenues at reimbursement amounts determined by type of meal sold: free, reduced or paid in full.

During our current year audit, we noted that the food service program has operated at a deficit for the past number of years. The operating deficit of \$456,000 in 2017 was offset by a budgetary transfer of \$400,000 and a Board authorized transfer of \$60,000. The following table sets forth a summary of the financial information for the most recent two years in the nearest hundred dollars:

	<u>2017</u>	<u>2016</u>
Revenues	\$ 901,300	\$ 934,900
Expenditures	<u>1,357,300</u>	<u>1,325,800</u>
Excess of Expenditures Over Revenues	<u>\$ (456,000)</u>	<u>\$ (390,900)</u>

We recommend that the District continue to evaluate the operational results of the food service program.

Extraclassroom Activity Funds

The extraclassroom activity funds are the depository of student money. The New York State Education Department publishes the *Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds*. These guidelines recommend procedures for organizing these activities, controlling receipts and disbursements, as well as recording and reporting transactions.

During our current year audit, we noted that:

- At one building, in the sample of cash receipts/deposits audited, we noted that for some transactions, deposits were not timely made.

We recommend that, even though receipts prior to deposit are safeguarded, that deposits be made on a more timely basis.

- A few Organizations of Class Council transactions were missing complete supporting documentation (invoice, transaction amount) and a receipt transaction did not have supporting documentation to determine purpose.

We recommend that cash disbursements and cash receipts transactions have supporting documentation for all transactions.

- Activity profit and loss statements are not maintained for all fundraising/sales campaigns.

We recommend that profit and loss statements be maintained for all fundraising/sales campaigns, and that the accounting transactions be reconciled to those statements.

- District staff are involved in depositing funds, preparing checks and signing them, and reconciling the bank account.

We recommend that the District utilize an individual to handle the financial transactions who is other than the individual responsible for recording financial transactions and reconciling bank accounts.

Capital Assets

The District's capital assets inventory records reflect assets that are capitalized at \$500 for insurance purposes and \$5,000 for financial reporting (GASB 34) purposes. The records are maintained on a District based system, Real Asset Management International (RAMI).

During our current year audit, we noted that:

- Some less recently acquired capital assets included in the RAMI inventory control records could not be located in the location that was indicated in the control records.
- Some capital assets observed at district-wide locations, although tagged with an identification number, could not be cross referenced back to the inventory control records.

We recommend that the District consider a full physical inventory, which has been performed on a periodic basis, and then consider the implementation of an alternative system and additional procedures, which would allow the District to more effectively maintain updated capital assets inventory records.

Workers' Compensation Reserve Fund

The District is a member of the Nassau County Cooperative Workers' Compensation Self-Insured Plan. Prior to joining the Cooperative, the District was self-insured for workers compensation. The District established a Workers' Compensation Reserve Fund authorized under General Municipal Law Section 6-j. At June 30, 2016, the Workers' Compensation Reserve Fund Balance had funding of approximately \$2,031,000 and a liability of reported and unreported claims of approximately \$829,000 had been determined by the plan's actuary for the District's self-insured plan.

The Workers' Compensation Reserve has funding at June 30, 2017 in the approximate amount of \$1,496,000. An actuary has determined that the liability for reported and unreported claims for the District's self-insured plan at June 30, 2017 approximates \$567,000.

We recommend that the District continue to evaluate the funding in the Workers' Compensation Reserve Fund in relation to the actuarially determined workers compensation liability.

Trust and Agency Funds

The District acts as an agent for individuals and other entities. There are subsidiary records maintained by the District to account for the transactions related to each of these agency arrangements. Some of the subsidiary accounts at June 30, 2016 had no financial activity for some time. A few of the subsidiary accounts might be deemed to be other than trust and agency fund accounts.

The District during fiscal year 2017 recorded the accounting transactions related to Horse Tamer, previously in the trust and agency fund, in the private purpose trust fund. Other accounts by the District held in an agency capacity with no activity require some additional researching in order to determine the most appropriate treatment of the balances.