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September 24, 2018

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, 2018, 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 September 24, 2018, 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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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 prior year audit, in the sample of transactions we tested, we noted that:
 - 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.
 - Activity profit and loss statements were not maintained for all fundraising/sales campaigns.

During our current year audit, we did not note these matters. We consider these comments closed.

- During our prior year audit and our current year audit, we noted that District staff are involved in depositing funds, preparing checks 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.

- During our prior year audit and our current year audit, in the sample of transactions we tested, some cash receipts were not timely deposited.

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

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 prior year audit and 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. Additionally, 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.

During our current year audit, we noted that the District contracted with a different third-party capital asset management company for purposes of conducting a district-wide capital asset inventory, and establishing the capital asset inventory records. The physical inventory was performed in April 2018. Unfortunately, the reports received by the District in August revealed that the capital asset information was not complete and that misclassifications and errors existed. After spending a great deal of time trying to reconcile records from the new capital asset inventory report to RAMI, it was determined that the information from the new records would not be sufficient to allow for the audit of the capital assets to be completed. The District subsequently updated the inventory records to RAMI for the year.

We recommend that the District continue to work with the capital asset management company to resolve the multiple reporting issues, so that the new reporting system can be used for fiscal year 2019.

Workers' Compensation Reserve Fund

The District is a member of the Nassau County Cooperative Workers' Compensation Self-Insured Plan. The District, as a self-insured entity for workers' compensation prior to joining that Plan, is liable for incidents that occurred between July 1, 2005 and June 30, 2014. The District established a Workers' Compensation Reserve Fund authorized under General Municipal Law Section 6-j. At June 30, 2017, the Workers' Compensation Reserve Fund had funding of approximately \$1,496,000 and a liability of reported and unreported claims of approximately \$567,000 as determined by the Plan's actuary for the District's self-insured plan.

At June 30, 2018, the Workers' Compensation Reserve Fund had funding of approximately \$516,000. This amount approximates the actuary determined liability for reported and unreported claims for the year.