



PUBLIC SCHOOLS

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Allison Brown
Superintendent of Schools

Joseph C. Dragone
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June 9, 2021

Office of the NYS Comptroller
Office of Audit Services, NYS Education Department

We herewith provide our response to the management letter presented to us by our independent auditor, Cullen and Danowski. This response was submitted to our Audit Committee for their review at its meeting on May 19 and it formally approved by the Board of Education at its meeting on June 8, 2021. For your convenience, we reproduce below the pertinent recommendations made in that letter.

Extra-classroom Activity Funds

The extra-classroom 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 and our current year audit, we noted that the same District staff persons are involved in depositing funds, recording cash receipts and reconciling the bank account. We recommend that the District consider separating the functions of handling the financial transactions, recording the financial transactions and reconciling bank accounts among more than one staff person.

The position of Central Treasurer for each of the two Extra-classroom Activity Funds (High School and Middle School) is established through the collective bargaining agreement with the Roslyn Teachers Association. The compensation for that position is established with the understanding that the Central Treasurer has the responsibility to account for all financial transactions and to reconcile bank accounts with the books maintained by the Central Treasurer. As a mitigating control, we plan to select a sample of club activities and independently verify the accuracy of the transactions recorded by the Central Treasurer with the records of the Club Treasurers.

- 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 the District attempt to make deposits on a more timely basis.

We continue to work with the central treasurers at the high school and middle school to insure that deposits are made within one week of receipt.

School Food Service Fund Balance

The District's food service program serves breakfast, lunch and snacks 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 the type of meal sold: free, reduced or paid in full.

- During our current year audit, we noted that the food service program operated at a loss for the past year. Reduced meal sales as a result of the COVID-19 pandemic was the primary reason for the loss. The operating loss which approximated \$632,000 was offset by a budgetary transfer of \$450,000. At June 30, 2020, the fund balance deficit approximates \$181,000. We note that the District is in the process of resolving the deficit at June 30, 2020.

The pandemic has exacerbated the problem with respect to the financial viability of the school food service program. The state has mandated that food be provided at no charge to all children, leaving us

with the state reimbursement as our only source of revenue, but still requiring us to maintain the work force including their entire salary and benefits, without the possibility of gathering revenue from other sources such as ala carte meals, snacks, and catering services. We expect this to continue through the 2020-21 school year.

Reconciliation of Accounting Balances

The District maintains their accounting records using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are reported in the governmental funds to the extent they are available. Expenditures are recorded when the related fund liability is incurred except for compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured.

- During our current year audit, a number of entries were prepared by the auditor and accepted by the auditee, so that the account balances and financial statements would be reflective of these accounting methods. We note there was a transition in the accounting function. We recommend that the District continue to apply the criteria of these accounting methods to determine if account balances should be adjusted for year-end accounting and financial reporting purposes.

We hired a new accountant in the late spring of 2020. Although a very experienced CPA, she is new to fund accounting. We have provided her with additional training as necessary and expect that this will be resolved by June 2021.

Sincerely,

A handwritten signature in blue ink that reads "Meryl Waxman Ben-Levy". The signature is written in a cursive style.

Meryl Waxman Ben-Levy, President
Board of Education
Roslyn UFSD

