

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

September 20, 2016

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

In planning and performing our audit of the financial statements of the Jericho Union Free School District (District) as of and for the year ended June 30, 2016, 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 opportunity for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comment and suggestion concerning this matter. This letter does not affect our report dated September 20, 2016, on the financial statements of the Jericho Union Free School District.

We have already discussed our comment and suggestion with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

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
Cullen & Danowski, LLP

STATUS OF PRIOR YEAR'S COMMENTS

We did not have any new recommendations last year.

CURRENT YEAR'S COMMENT

School Lunch Fund Fund Balance

Federal Regulations, 7 CFR Part 210.14 (b), limit the net cash resources of a school district's school lunch operation to an amount that does not exceed three months' average expenditures. If there are excessive cash resources available, the District must be in a position to describe the planned use of these funds.

As of June 30, 2016, the District was in compliance with the aforementioned federal regulations. The District's School Lunch Fund fund balance increased \$100,992 from June 30, 2015, to \$429,067 as of June 30, 2016, and was approximately \$12,600 below the three-months-average-expenditures limit of \$441,636. We noted that this operating surplus was due to a 15%, or approximately \$133,000, increase in school lunch sales and a \$70,000 increase in budgeted transfer from the General Fund. In response to the operating deficit of almost \$110,000 the cafeteria operation experienced in the 2014-15 fiscal year, the District initiated broad changes to its cafeteria services in order to increase student participation, and increased the General Fund transfer budget for 2015-16. The result was a \$210,000 change in operating results compared to the previous year.

We commend the District for vastly improving the financial condition of the school lunch operation. We recommend that the District continue to closely monitor the monthly and year-to-date operating results of its school lunch operations during the 2016-17 fiscal year, and adjust the actual General Fund subsidy as needed to ensure the School Lunch Fund's fund balance at the end of the 2016-17 fiscal year would continue to be in compliance with federal regulations.
