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September 28, 2017

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, 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 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 28, 2017, 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 COMMENT

School Food Service 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 from \$225,000 to \$295,000. 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 2014-15 fiscal year.

As of June 30, 2017, the School Lunch Fund (now called "School Food Service Fund") had an operating surplus of approximately \$84,000; as a result, the Fund's assigned fund balance of \$468,577 exceeded the three-months-average-expenditures limit by approximately \$31,800. Although the District reduced the 2016-17 fiscal year's transfer from the General Fund by \$95,000, from \$295,000 in 2015-16 to \$200,000, the District received approximately \$36,800 more in federal reimbursements and surplus food, while sales from the cafeteria operations increased 2.4%, or about \$25,000, compared to the 2015-16 fiscal year.

We recommend that the District continue to closely monitor the monthly and year-to-date operating results of its school lunch operations during the 2017-18 fiscal year, and consider further reducing the General Fund subsidy to ensure the School Food Service Fund's fund balance at the end of the 2017-18 fiscal year would be in compliance with federal regulations.

CURRENT YEAR'S COMMENT

Grant Expenditures Recording

Federal and state-funded grant programs are accounted for in the District's Special Aid Fund. Expenditures related to these grant programs are recorded as they are incurred; the District requests final reimbursements from the State Education Department at the conclusion of the grant.

During our audit, we noted that the District's expenditures for students with special needs attending state-supported schools (\$4201 schools) were recorded in the General Fund during the year and transferred to the Special Aid Fund by journal entries at year end, while actual salary expenditures allocated throughout the year to another special education grant program were slightly higher than the grant's budget; the portion of salary expenditures not supported by the grant budget was then transferred back to the General Fund by journal entries.

Jericho Union Free School District
For the Year Ended June 30, 2017

We recommend that §4201 schools-related expenditures be recorded directly in the Special Aid Fund as they incur during the year, and that the allocation of grant-related expenditures be adjusted during the fiscal year as needed to reduce or eliminate the need for year end adjustments of those expenditures.

**BOARD OF EDUCATION
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**CHRISTINE COMEGNA
TREASURER**

September 26, 2017

Cullen & Danowski, LLP
Mr. Alan Yu
1650 Route 112
Port Jefferson Station, NY 11776-3060

Dear Mr. Yu,

This letter is to inform you of the Corrective Action Plan for the Jericho UFSD in response to your Management Letter comments associated with your audit of the District's financial statements as of June 30, 2017.

Prior Year Comment – We recommend that the District continue to closely monitor the monthly and year-to-date operating results of its school lunch operations during the 2017-18 fiscal year, and consider further reducing the General Fund subsidy to ensure the School Lunch Fund's fund balance at the end of the 2017-18 fiscal year would be in compliance with federal regulations.

The District reduced the 2016-17 fiscal years' transfer from General Fund by \$95,000 from \$295,000 in 2015-16 to \$200,000 in 2016-17. The District will continue to closely monitor the monthly and year-to-date operating results during the 2017-2018 school year and will consider further reducing the General Fund subsidy to ensure the School Lunch fund balance is in compliance with federal regulations. In addition, the District purchased equipment that was in need of replacement.

Current Year Comment – We recommend that Section 4201 schools related expenditures be recorded directly in the Special Aid Fund as they incur during the year, and that the allocation of grant-related expenditures be adjusted during the fiscal year as needed to reduce or eliminate the need for year-end adjustments of those expenditures.

The District has made the necessary changes to record Section 4201 schools related expenditures in the Special Aid Fund as they are being incurred. The District will monitor and adjust the allocation of grant-related expenditures during the fiscal year as needed to reduce or eliminate the need for year-end adjustments of those expenditures.

Sincerely,



Christine Comegna
Treasurer

cc: Mr. Henry Grishman, Superintendent

Mr. Victor Manuel, Assistant Superintendent Business Affairs ✓