

Island Park UFSD  
Corrective Action Plan in Response  
External Audit Report of September 23, 2019 by R.S. Abrams, LLP

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**FUND BALANCE MANAGEMENT**

**Unexpended Surplus Funds**

During our audit we noted the District's amount of unexpended surplus funds exceeded 4% of the 2019-2020 budget. NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds within the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The unexpended surplus includes \$1,612,652 in unassigned-other fund balance and assigned-designated for other post-employment benefits in the amount of \$975,444. The amount designated for other post-employment benefits represents the amount in excess of the allowed 4% of the subsequent year's budget. We recommend the District review and evaluate the amount designated for other post-employment benefits.

**District Response:** The District continues to work towards steadily reducing the excess fund balance. Our auditors noted this finding on prior audits, and the District stated its intention to reduce the figure on a gradual basis so as to not create future spikes in the tax levy. We believe we have made progress towards achieving our goal, and will continue to strive to be within the allowable range.

**Fund Balance – Deficit**

During our audit we noted that the school lunch fund had a deficit fund balance of \$117,235 at June 30, 2019. We recommend the District review the financial operations of the school lunch fund and implement measures to ensure that the program becomes a self-sustaining program.

**District Response:** The District incurred additional costs, both in salaries and food, while simultaneously experiencing a decrease in revenue from Federal and State food service reimbursements, which were due to improve economics of families within Island Park. The District raised lunch prices by 25 cents beginning in the 2018-2019 school year, although the effort pale in light of the new deficit of \$117,235 in 2018-2019. The District Administration will continue to look into other possible means of reducing deficit.

**EXTRA CLASSROOM**

**Cash Receipts**

During our audit we noted three out of ten receipts tested did not have copies or lists of checks. We recommend all receipts have supporting documentation indicating source of funds.

**District Response:** The School Business Administrator has sent out a memo to all club advisors re-emphasizing the importance of documentation to support every transaction. In addition, the District will organize professional development in October 2019, where training will be provided to the club advisors to further strengthen adherence.

## **COMPUTER CONTROLS**

### **Permissions**

During our audit we noted that certain employees have the ability to delete journal entries. We recommend employee permissions prohibit the ability to delete journal entries.

**District Response:** To our knowledge, no individual has utilized the ability to delete a journal entry. However, we realize this as a potential problem, in that it is a shortfall in NVision system controls which requires corrective action by Finance Manager. The District got in touch with BOCES, our Nvision management firm, the feature had been disabled.

## **CAPITAL ASSETS**

### **Capital Asset Policy**

During our audit we noted that the District is not following the capitalization thresholds in their Capital Asset Policy. We recommend the District review their procedures for capitalization and Capital Asset Policy.

**District Response:** The District's bookkeeping company mistakenly used lower capitalization thresholds from previous policy. This was found to be incorrect; they are now referencing current policy. Going forward, all capital items will be inline within our capitalization threshold. A letter with a copy of the District's current Capital Asset Policy was provided to our bookkeeping firm to prevent a reoccurrence.

## **ACCOUNTS PAYABLE**

### **Accounts Payable Accounting**

During our audit we noted that the accounts payable balances in the general, school lunch and capital funds were not actively reviewed after year end. We recommend the District's review of accounts payable extend after year end to ensure all accounts payable are properly classified.

**District Response:** The school district rejects the finding that accounts payable balances were not reviewed at year-end. Reports from the NVision system clearly show that on at least three distinct dates prior to June 30th, purges of outstanding accounts payable balances were carried

out. In each case, Business Office staff contacted the appropriate personnel in the buildings and with their assistance, determined that certain outstanding purchase orders should be voided. As a result, over 100 purchase orders were cancelled during the month of June in anticipation of the fiscal close.

## **STATUS OF PRIOR YEAR RECOMMENDATIONS**

### **FUND BALANCE MANAGEMENT**

#### **Unexpended Surplus Funds**

**FINDING:** During our prior year audit we noted the District's amount of unexpended surplus funds exceeded 4% of the 2018-2019 budget. NYS Real Property Tax Law 1318 limited the amount of unexpended surplus funds within the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The unexpended surplus included \$1,549,964 in unassigned-other fund balance and assigned-designated for other post-employment benefits in the amount of \$975,444. The amount designated for other post-employment benefits represented the amount in excess of the allowed 4% of the subsequent year's budget. We recommended the District review and evaluate the amount designated for other post-employment benefits.

**STATUS:** **Not Implemented.**

**District Response:** The District continues to work towards steadily reducing the excess fund balance. Our auditors noted this finding on prior audits, and the District stated its intention to reduce the figure on gradual basis so as to not create future spikes in the tax levy. We believe we have made progress towards achieving our goal, and will continue to strive to be within the allowable range.

#### **Fund Balance – Deficit**

**FINDING:** During our prior year audit we noted that the school lunch fund had a deficit fund balance of \$76,179 at June 30, 2018. We recommended the District review the financial operations of the school lunch fund and implement measures to ensure that the program becomes a self-sustaining program.

**STATUS:** **Not Implemented.**

**District Response:** The District incurred additional costs, both in salaries and food, while simultaneously experiencing a decrease in revenue from Federal and State food service reimbursements, which were due to improve economics of families within Island Park. The District raised lunch prices by 25 cents beginning in the 2018-2019 school year, although the

effort seems pale in light of the new deficit of \$117,235 in 2018-2019. The District Administration will continue to look into other possible means of reducing deficit.

## EXTRA CLASSROOM

### Cash Receipts

**FINDING:** During our prior year audit we noted eight out of ten receipts tested did not have copies or lists of checks. We also noted one out of ten receipts tested had no evidence of student involvement. We recommended all receipts have supporting documentation indicating source of funds. We also recommended all receipts contain evidence of student involvement.

**STATUS:** **Partially Implemented.** During our current year audit we noted all cash receipts tested had evidence of student involvement.

**District Response:** The School Business Administrator will send out a memo to all club advisors re-emphasizing the importance of documentation and supports for every transaction. In addition, the District will organize professional development in October 2019, where training will be provided to the club advisors to further strengthen adherence.

## COMPUTER CONTROLS

### Audit Trail Reports

**FINDING:** During our prior year audit we noted that the District did not have formal procedures for review or documentation of review of the *Audit Trail Reports* from Finance Manager. *Audit Trail Reports* show user activity to help identify any activity that appears to be unusual. We recommended the District review and document its review of the *Audit Trail Reports*.

**STATUS:** **Implemented.**