

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 2017-2018 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 \$1,572,508 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 is working toward steadily reducing the excess fund balance. Our auditors noted this finding on prior audits, and the District stated its intention to reduce the figure gradually as to not create future spikes in the tax levy. We believe we have made progress toward 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 \$18,149 at June 30, 2017. 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 recognized additional salary expense in the 2016-2017 school year, due to the hiring of new personnel. The District has raised some of the prices for a la carte items, in an effort to increase revenue. Additionally, we will continue to review lunch prices and explore avenues to reduce expenditures and bring in additional revenues to move toward a self-sustaining lunch program.

EXTRA CLASSROOM

Cash Receipts

During our audit we noted five out of ten receipts did not have copies or lists of checks. We also noted one out of ten receipts tested had no evidence of student involvement. We recommend all receipts have supporting documentation indicating source of funds. We also recommend all receipts contain evidence of student involvement.

District Response: The District will provide additional training to the club advisors to ensure that all cash receipts received by the Business Office have the required documentation attached, as well as student involvement in each transaction. The submissions will be monitored closely by the Central Treasurer to ensure compliance.

COMPUTER CONTROLS

Audit Trail Reports

During our audit we noted that the District does 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 recommend the District review and document its review of the *Audit Trail Reports*.

District Response: Although the District and its internal auditors do not suspect unusual or unauthorized activity and was not advised previously that this type of report should be run and reviewed, it has been working with Nassau BOCES to identify a report that shows the information recommended. The District will make every effort to monitor all individual activity in the Finance Manager software. Additionally, we are going to contact our internal auditors to assist with an analysis of the system uses to ensure that all employees with permissions in the system are using it as prescribed by their respective job duties.

STATUS OF PRIOR YEAR RECOMMENDATIONS

FUND BALANCE MANAGEMENT

Fund Balance-Unreserved

FINDING: During our prior year audit we noted the District's unassigned fund balance exceeded 4% of the 2016-2017 budget by \$975,444. NYS Real Property Tax Law 1318 restricted the unassigned fund balance of the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year. However, we noted the District had designated \$975,444 for other post-employment benefits. This represented the amount in excess of the allowed 4%. It should be noted as per GASB standards and the Office of the State Comptroller, "local governments can designate a portion of the unreserved, unappropriated fund balances for OPEB purposes". Consistent with the OSC advice, the District planned on transferring these monies into an irrevocable trust for other post-employment benefits (OPEB) once the OPEB legislation was passed, to fund the OPEB liability which is approximately \$21,600,690.

STATUS: Not Implemented. During our current year audit, we again noted the District's unassigned fund balance exceeded 4% of the 2017-2018 budget by \$975,444. However, we noted the District has designated \$975,444 for other postemployment benefits.

District Response: The District is working toward reducing the excess fund balance figure to be within the 4% allowable range. We have reduced the OPEB allocation from \$2,150,306 to \$975,444 since our 2014-2015 audit. We will continue to work towards reducing the fund balance to be in compliance.

CAPITAL ASSETS

Tagging

During our audit we noted five instances where capital assets were not properly tagged when received to facilitate the tracking of inventory during the year. We recommend the District ensure that proper controls for tagging capital assets be in place to safeguard capital assets.

STATUS: Implemented.

EXTRA CLASSROOM

Disbursements

During our audit we noted five (5) out of ten (10) selections did not have the invoice cancelled (stamped or marked paid) to avoid duplicate payment. We recommend all invoices should be cancelled after payment to avoid duplicate payment.

STATUS: Implemented.

TRUST AND AGENCY

Trust and Agency

During our audit we noted several accounts in the trust and agency fund with old prior year balances. We recommend that the District review the account detail to ensure the account balance is accurate. This will improve internal controls over the Trust and Agency Accounts.

STATUS: Implemented.