

To the Board of Education and  
Ms. Maric Donnelly, School Business Official  
Island Park Union Free School District  
99 Radcliffe Road  
Island Park, New York 11558

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary funds of Island Park Union Free School District as of and for the fiscal year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Island Park Union Free School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Island Park Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Island Park Union Free School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning these matters. We have also included the status of prior year findings and recommendations.

## **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.

#### **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.

### **EXTRA CLASSROOM**

#### **Cash Receipts**

During our audit we noted five 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 recommend all receipts have supporting documentation indicating source of funds. We also recommend all receipts contain evidence of student involvement.

### **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*.

## 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 amount of unexpended surplus funds exceeded 4% of the 2017-2018 budget by \$975,444. However, we noted the District has designated \$975,444 for other post-employment benefits.

### CAPITAL ASSETS

#### Tagging

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

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

### EXTRACLASSROOM

#### Cash Disbursements

**FINDING:** During our prior year audit we noted five out of ten cash disbursements did not have the invoice cancelled (stamped or marked paid) to avoid duplicate payment. We recommended all invoices should be cancelled after payment to avoid payment.

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

TRUST AND AGENCY

Trust and Agency

**FINDING:** During our prior year audit we noted several accounts in the trust and agency fund with old prior year balances. We recommended that the District review the account detail to ensure the account balance was accurate.

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

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We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
September 27, 2017