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Richard C. Malone
Superintendent of Schools

October 11, 2018

New York State Education Department
Office of Audit Services
89 Washington Avenue, Room 524EB
Albany, New York 12234

Dear Sirs,

Please accept this response to the management letter addressed to the Board of Education of the Oysterponds Union Free School District in Orient as written by the firm EFPR Group, CPA's, PLLC. I have communicated with the Audit Committee, and Melissa Palermo, the District Treasurer and, having reviewed the contents of the aforementioned letter carefully, I respectfully submit the following as my response; the bold titles refer to the subsection of the aforementioned management letter, while the regular font reflects our response:

Fund Balance – Unassigned

The District, along with the Board of Education, makes every effort to develop budgets that will mirror actual expenditures and revenues as closely as possible. Due to declining enrollment numbers, the District established a Pre-Kindergarten program several years ago. The program allowed for district students to attend at no cost and non-resident students to attend for a minimal tuition cost. Since the establishment of the program, many non-resident students have continued their attendance at our school. Our Pre-Kindergarten program continues to evolve and we are experiencing a higher non-resident enrollment rate than expected over the last several years. At the end of the 2017-2018 school year we realized that we had underestimated the revenues received from non-resident student enrollment. The District will review the trends and make necessary adjustments when preparing the budget for the 2019-2020 school year. In addition, the District has experienced a reduction in the number of students with disabilities and the need for additional student support services. These expenses will be also be reviewed and adjusted during the 2019-2020 budget preparation. The District has planned to review and make the necessary adjustments to the appropriated fund balance to offset and reduce property taxes for the 2019-2020 school year. The District is aware that they need to improve their budgeting practices to ensure fund balance is reasonable.

With the approval of the Capital Reserve in May of 2014, the District continues to address capital improvements laid out in their long range plan in a manner that will not impact their budget or tax levy. The District makes every effort to avoid financing such projects by laying out a multi-year financial plan that makes it necessary for the District to allow fund balance to exceed statutory limits for a period of time while the planning phase is taking place.

Please contact me at 631-323-2410 if you have any questions regarding this response.

Respectfully submitted,

Richard C. Malone
Superintendent of Schools

cc: Board of Education
Ms. Palermo
EFPR Group, CPA's, PLLC