

October 15, 2017

Mr. Michael Abbott  
NYS Education Department  
Office of Audit Services  
89 Washington Ave., Room 524EB  
Albany, NY 12234

RE: Corrective Action Plan for Management Letter Comments for Port Jefferson UFSD

Dear Mr. Abbott:

The following are the responses to the independent auditor's management letter comments. For your convenience each audit comment has been cited and District's action plan follows:

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### **Capital Assets**

#### **Monitoring Capital Assets**

During our audit we noted that although the District has properly reflected the current year additions and deletions in the capital accounting system, the District has not had a full capital asset appraisal by an outside company in several years. We recommend the District have an outside company prepare a full capital asset valuation for the 2017/2018 school year.

District's Action Plan: The district has retained the services of CBIZ as its asset valuation vendor for several years. This vendor operates in partnership with the district's insurance carrier NYSIR. CBIZ provides incremental updates annually and full valuations every five years. As part of this partnership, NYSIR pays the cost of the full valuation. The last full valuation was 6/30/2015. At this time the district does not feel the cost of a full valuation is warranted.

### **School Lunch**

#### **Fund Balance**

During our audit we noted that the school lunch fund balance exceeded the three-month average expenditure level allowed by Federal Regulations 7CFR Part 210.14(b). We recommend the District implementing additional measures to lower the school lunch fund balance for the 2017/2018 school year.

District's Action Plan: For a number of years the school lunch fund balance was quite low and at several points had reached negative levels. As a result it was necessary for the district general fund to subsidize the school lunch fund. In an effort to increase fund balance in the school lunch funds a number of initiatives were taken. One was to bid out the management portion of the program in an effort to minimize expenses. Lunch prices were raised to increase revenues. Both ventures were successful, so much so, that the fund balance grew to unacceptable levels.

To reduce the fund balance, the district will undertake the following steps:

- 1) Cease any subsidies from the general fund
- 2) Purchase additional equipment for the district cafeterias
- 3) Only increase school lunch prices at the level mandated by the Free and Reduced program regulation

## **Federal Fund**

### **Title I Grants to Local Educational Agencies**

During our audit we noted the District had an old Title I Grant to Local Educational Agencies receivable amount for 2013-2014 with an amount of \$5,407. We recommend the District review this receivable for collectability. If the receivable is determined to be uncollectable, it should be written off in the 2017/2018 school year.

District's Action Plan: The district has continued to monitor the receivable related to an overpayment and since it was not resolved by year end 2016/2017, the district will write off the receivable during the 2017/2018 school year.

## **Extra Classroom Accounts**

### **Cash Disbursements**

The District has established extra classroom activity accounts to maintain student activities and funds. The New York Education Department has published guidelines governing the proper procedures and policies governing the extra classroom accounts and transactions. During our audit of the District's extra classroom accounts we noted the following:

- Three out of twelve invoices tested were not properly cancelled after payment.
- One cash receipt tested had a two week time lag between the time received and deposited.

District's Action Plan: The district will review procedures with the High School extraclassroom treasurer.

If you have any questions or need further clarification, please do not hesitate to call my office at 631-791-4231.

Very truly yours,

Sean Leister  
Assistant Superintendent for Business

SL/np

cc: Dr. Paul Casciano  
Board of Education  
RS Abrams and Company