



**GREAT NECK PUBLIC SCHOOLS
BOARD OF EDUCATION**

345 Lakeville Road
Great Neck, New York 11020
Telephone (516) 441-4001

REBECCA SASSOUNI
President

DONNA PEIREZ
Vice President

BARBARA BERKOWITZ
Trustee

JEFFREY SHI
Trustee

GRANT TOCH
Trustee

DR. TERESA PRENDERGAST
Superintendent of Schools

CRISTINA CORTES
District Clerk

STACEY PEDONE
Treasurer

September 10, 2021

Office of the New York State Comptroller
Division of Local Government Services & Economic Development
Data Management Unit, 12th Floor
110 State Street
Albany, NY 12236

RE: Audit Reports, Fiscal Year Ended June 30, 2020

Dear Sir or Madam:

In regards to the year end audit comments and recommendations found with in the Management Letter from Cullen & Danowski, dated November 12, 2020, below please find the Districts Response to the comments:

STATUS OF PRIOR YEAR COMMENTS

School Food Service – Fund Balance

Comment & Recommendation:

The District's food service program serves meals to students and District employees. Except for free and reduced priced meals that are served to eligible students, meals are sold at a set price. Federal Regulation, 7CFR Part 210.14b, limits the net cash resources within the school food service fund to an amount that does not exceed three months average expenditures.

During our prior year audit and our current year audit, we noted that the school food service fund's fund balance was in excess of three month's average expenditures; the amount to be in compliance with Federal Regulation, 7CFR Part 210.14b. The fund balance at June 30, 2020 approximates \$1,256,000, which is in excess by approximately \$ 549,000.

We note that the District continues to monitor its school food service fund - fund balance in order to be in compliance with Federal Regulation, 7CFR Part 210.14b. The District also continues to evaluate the utilization of fund balance for equipment and food service program improvements.

Response:

Personnel in the Food Service and Business Offices will continue to monitor the fund balance in the School Food Service Fund. Appropriate uses of these funds will be made while maintaining an adequate balance for unbudgeted

expenditures, budgeted but unrealized revenues, or for any unforeseen circumstances requiring an outlay of funds.

Anticipated Completion Date: June 30, 2022

Extraclassroom Activity Funds

Comment & Recommendation:

The extraclassroom activity funds are the depository of student money. The New York State Education Department (SED) publishes the *Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds*. The guidelines contained therein recommend procedures for organizing these activities, controlling receipts and disbursements, as well as recording and reporting transactions.

During our prior year audit, we noted that:

1. Within the records maintained by one school, which has limited financial transactions, checks are signed by the treasurer, and a formal bank reconciliation is not prepared.

Current Year Update: Unchanged. Additionally, the information from this school was not provided in a timely manner.

2. A number of clubs / activities had no financial transactions.

Current Year Update: Unchanged. There are still a number of clubs that did not have any financial transactions during the year. This may be related to school closure as a result of the COVID-19 pandemic.

3. Activity profit and loss statements are not utilized for all sales / fundraising campaigns.

Current Year Update: Unchanged: Although profit and loss statements were available for some clubs, they were not available for all.

During our current year audit, we noted that the extraclassroom financial report for one school was prepared by the Central Treasurer and was not timely or properly reconciled at year end. Additionally, certain deposits received during the school closure were not allocated to the appropriate clubs until November 2020.

We recommend the District continue with staff training for extra classroom activity fund personnel. We also recommend that the faculty auditor at each building, document the procedures performed in their independent review of financial information.

Response:

Personnel in the Business Office will continue to provide guidance and materials to the staff in each building responsible for the accounting of these funds. This continues to be a work in progress with progress being made.

Anticipated Completion Date: June 30, 2022

Capital Assets Inventory Records

Comment & Recommendation:

During our prior year audit, we noted that the procedure for reconciling newly acquired assets, as well as those placed in service in prior years, to the capital asset inventory records (RAMI) did not take place.

Current Year Update: Unchanged. We received the Capital Asset report on November 12, 2020. There are inconsistencies in the capital asset reporting that require reconciliation.

We recommend that the District implement additional procedures with respect to maintaining the capital asset inventory records, as well as reconciling them in a timely manner.

Response:

The District is in the final stages of purchasing a new fixed (capital) asset and inventory reporting system that will address these comments and result in accurate and timely reporting of capital assets and inventory.

Anticipated Completion Date: June 30, 2022

CURRENT YEAR COMMENTS

Review of Open Purchase Orders

Comment & Recommendation:

The New York State Uniform System of Accounts (System) provides for the recording of encumbrances. Under encumbrance accounting, purchase orders, contracts and other commitments are recorded as a reservation against budget appropriations so that the funds are available when payment is due. Encumbrances at year end should consist of open purchase orders where the goods or services have not been received by year end.

During our current year audit, we tested encumbrances in the general fund and noted some were not properly liquidated.

We recommend that the District expand their review of open purchase orders/commitments during the year to ensure that encumbrances are properly accounted for and liquidated.

Response:

The District will review outstanding encumbrances at the end of each month to determine the validity of encumbered amounts. If an amount is encumbered and a valid purchase order is not outstanding, the encumbrance will be liquidated and the funds returned to the appropriation line indicating its availability for a future purchase(s). Instituting this practice will ensure more accurate predictions on funds availability and will assist in making more accurate forecasts of unspent money that will flow to Fund Balance after the close of the fiscal year for possible appropriation to fund the following year's budget.

Anticipated Completion Date: June 30, 2022

Summer Program for Students with Disabilities

Comment & Recommendation:

The District provides programs for students with disabilities under §4408 of the Education Law. The District is entitled to State reimbursements for a portion of qualified education, student maintenance and transportation costs for the program. The District provides the funding for the remaining costs, as well as any non-reimbursable costs. The aid is claimed through what is known as the STAC (System to Track and

Account for Children) process. In order to receive the aid, the District must also verify costs submitted through the STAC.

During our current year audit, we reviewed the summer 2019-20 §4408 program-related costs for the District and compared the overall costs of providing services for this program to identify the expected state-reimbursable costs vs. the non-reimbursable costs (or the general fund subsidy). Upon review, it was determined that the actual costs of providing services for this program have been trending higher and not all costs needed to provide services for the student needs are eligible as STAC approved costs for reimbursement by the state. In the current year, this resulted in an additional general fund subsidy of \$166,000 to cover the costs of providing these services.

We recommend that the District review the overall costs of providing the services needed for this program, and determine the likely state reimbursable costs vs. the non-reimbursable costs and adjust future estimates for the general fund subsidy needed.

Response:

The Great Neck Public School District is aware of the rising cost of special education services. Attempts at curbing costs is always an objective while at the same time providing the best special education services possible. We are committed to providing the least restrictive environment to our special education students. One of the cost savings initiatives we pursue annually is participation in a joint request for proposals with other public-school districts seeking similar services, that with economies of scale would result in the lowest fees which has saved the School District money. Participation will continue. District personnel will continue to try and find other cost reduction methodologies while maintaining the highest quality of services. Unfortunately, it is sometimes not possible to both provide the best educational services while containing costs but we will continue to try. It is unfortunate that the State Aid formula for the education of special education students sometimes do not allow a greater percentage of special education costs to be funded by state dollars.

Anticipated Completion Date: August 30, 2021

The District realizes that the above comments/findings were provided in an effort to strengthen internal controls, and to ensure the timely preparation of financial statements that assist administration and the Board of Education in making sound financial and educational decisions. All effort will be made to address these comments timely, and to ensure that this and any new comments do not appear, or if they do, they will be minimal in number and materiality in the future.

If you have any questions, please feel free to contact me.

Sincerely yours,

John T. Powell
Assistant Superintendent for Business

JTP: ed