

September 15, 2011

To the Board of Education and Audit Committee
Jericho Union Free School District
Jericho, New York

We have audited the financial statements of the governmental activities, each major fund and the fiduciary funds of the Jericho Union Free School District (District) for the year ended June 30, 2011, and have issued our report thereon dated September 15, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 24, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with *OMB Circular A-133*, we will examine, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our Responsibility for Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in our report and we have no professional obligation to perform procedures to corroborate such other information. In the event the financial statements are incorporated into a printed document, please forward a printer's proof for our approval before final production.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 16, 2011.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1.T of the financial statements, for the year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* (GASB 54). GASB 54 provides clearer fund balance classifications and increases the consistency between information reported in the government-wide financial statements and information in the governmental fund financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate(s) affecting the financial statements was (were):

- **Useful Life of Capital Assets** - Management's estimate of the useful life of capital assets is based on the historical asset life information for District capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated.
- **Compensated Absences Liability** - Management's estimate of the liability for compensated absences is based on historical information regarding employees who have separated from the District and their terminal payout amounts, in order to determine the probability and amount of future payouts to employees for vested accumulated sick, vacation and/or leave terminal payouts.
- **Actuarial Assumptions and Methods Underlying OPEB Liability** - Management's acceptance of various actuarial assumptions and methods underlying the calculation of the District's OPEB liability is based on the actuarial valuation prepared by the District's actuary.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The attached audit adjustments correcting misstatements were accepted and recorded by the District. In our judgment, none of the adjustments correcting misstatements that we proposed and that the District recorded, either individually or in the aggregate, indicate matters that could have a significant effect on the District's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 15, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Finding or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Jericho Union Free School District
For the Year Ended June 30, 2011

This information is intended solely for the use of the Board of Education, Audit Committee and management of Jericho Union Free School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cullen & Danowski, LLP

Cullen & Danowski, LLP

Client: **28100 - Jericho Union Free School District**
Engagement: **AUD - External Audit**
Period Ending: **6/30/2011**
Trial Balance:
Workpaper: **Audit Adjusting Journal Entries**

Account	Description	Debit	Credit
Adjusting JE JE # 1			
General Fund - To adjust Excess Cost Aid receivable @ 6/30/11, and to re-class Excess Cost Aid.			
A.1035.0410.000	Due from State & Federal	282,626.00	
A.4090.3101.000	State Sources/General Aid	1,497,274.00	
A.4090.3101.001	State Sources/Excess Cost Aid		1,779,900.00
Total		1,779,900.00	1,779,900.00
Adjusting JE JE # 2			
General Fund - To adjust ERS liability @ 6/30/11.			
A.5130.9010.800	Employee Benefits/Employees Retirement	220,411.38	
A.2120.0637.000	Due to ERS <= 1 Yr.		220,411.38
Total		220,411.38	220,411.38
Adjusting JE JE # 3			
School Lunch Fund - To reclass Surplus Food Revenue @ 6/30/11.			
C.4100.3190.000	Federal Sources/Lunch Aid	59,217.64	
C.4110.4190.000	Surplus Food/Surplus Food		59,217.64
Total		59,217.64	59,217.64
Adjusting JE JE # 4			
General Fund - To adjust receivable for charges for services revenue @ 6/30/11.			
A.1040.0440.000	Due from Other Govt's/Governments	35,238.30	
A.4030.2280.000	Charges for Services/Health Services for Other Dist		24,642.98
A.4030.2389.000	Charges for Services/Special Services		10,595.32
Total		35,238.30	35,238.30
Adjusting JE JE # 5			
General Fund - To record estimated 2010/11 District of Location services receivable and corresponding deferred revenue @ 6/30/11.			
A.1040.0440.000	Due from Other Govt's/Governments	300,000.00	
A.2180.0691.000	Deferred Revenues		300,000.00
Total		300,000.00	300,000.00
Adjusting JE JE # 6			
School Lunch Fund - To adjust inventory balance @ 6/30/11			
C.1060.0445.000	Inventories/Supplies	35,995.99	
C.3305.0915.000	Assigned: Unappropriated Fund Balance	35,995.99	
C.3010.0806.000	Nonspendable: Inventory		35,995.99
C.5155.2860.410	Food Service Program/Food Purchases		35,995.99
Total		71,991.98	71,991.98
Adjusting JE JE # 7			
Capital Fund - To adjust encumbrances @ 6/30/11.			
H.3305.0915.001	Assigned: Unappropriated/ Encumbrances	39,969.20	
H.3305.0915.000	Assigned: Unappropriated Fund Balance		39,969.20
Total		39,969.20	39,969.20
Adjusting JE JE # 8			
Trust & Agency - To record cash balance and related liability for Flex Plan.			
TA.1000.0204.000	Cash/State Bank Flex	73,140.27	
TA.2160.TA39.000	Other Liabilities/Flex		73,140.27
Total		73,140.27	73,140.27

Client: 28100 - Jericho Union Free School District
Engagement: AUD - External Audit
Period Ending: 6/30/2011
Trial Balance:
Workpaper: Audit Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting JE JE # 9			
Capital Fund - To reclass bus loop expenditures to General/Capital Fund.			
A.5040.1621.400	Maintenance of Plant/Contractual & Other	43,093.55	
H.1030.0391.000	Due from Other Funds/General Fund	42,733.39	
H.2090.0630.570	Due to Other Fund/General Fund	360.16	
A.1030.0391.000	Due from Other Fund/Other Funds		43,093.55
H.5170.9800.000	Capital Outlay		43,093.55
Total		86,187.10	86,187.10
Adjusting JE JE # 10			
General Fund - To reclass school lunch share of health Insurance expenditures, which was paid by General Fund on behalf of School Lunch Fund.			
A.1030.0391.000	Due from Other Fund/Other Funds	90,000.00	
TA.2160.TA20.T20	Other Liabilities/Group Health Insurance	90,000.00	
A.5130.9060.800	Employee Benefits/Hospital Medical & Dental Ins		90,000.00
TA.2090.0630.570	Due to Other Funds/Due to General Fund		90,000.00
Total		180,000.00	180,000.00
Adjusting JE JE # 11			
Special Aid Fund - To record additional liabilities (NSSA June Invoices) at 6/30/11 based on audit search.			
F.1035.0410.000	Due from State & Federal	17,943.75	
F.5080.2250.400	Program - Handicapped Children/Contractual & Other	17,943.75	
F.2000.0600.000	Accounts Payable		17,943.75
F.4100.4126.000	Federal Aid/ESEA Chapter 1, Basic Grant		17,943.75
Total		35,887.50	35,887.50
Adjusting JE JE # 12			
To correct allocation of payment to Scholastic Inc. Additional amount charged to IDEA 611 ARRA grant was Title I related but would exceed budget; thus charge back to general fund			
A.5080.2250.450	Program - Handicapped Children/Supplies & Materials	1,981.00	
F.2090.0630.570	Due to Other Fund/General Fund	1,981.00	
F.4100.4126.000	Federal Aid/ESEA Chapter 1, Basic Grant	1,981.00	
A.1030.0391.002	Due from Other Fund/Special Aid Fund		1,981.00
F.1035.0410.000	Due from State & Federal		1,981.00
F.5080.2250.450	Program - Handicapped Children/Supplies & Materials		1,981.00
Total		5,943.00	5,943.00
Adjusting JE JE # 13			
To reclass coding of small equipment (value <\$5,000 per unit) for FS-10F purposes.			
F.5080.2250.450	Program - Handicapped Children/Supplies & Materials	2,421.09	
F.5080.2250.450	Program - Handicapped Children/Supplies & Materials	18,010.70	
F.5080.2250.200	Program - Handicapped Children/Equipment		2,421.09
F.5080.2250.200	Program - Handicapped Children/Equipment		18,010.70
Total		20,431.79	20,431.79
GASB 34 JE # 1			
Fixed Assets - To adjust depreciation on Copier Lease Purchase.			
	Gasb 34 Depreciation/General Support	21,655.00	
	Gasb 34 Depreciation/Instruction	123,638.00	
	Gasb 34 Depreciation/School Lunch	1,024.00	
	Capital Assets/Accum Dep'n - Equipment		146,317.00
Total		146,317.00	146,317.00

Client: **28100 - Jericho Union Free School District**
 Engagement: **AUD - External Audit**
 Period Ending: **6/30/2011**
 Trial Balance:
 Workpaper: **Audit Adjusting Journal Entries**

Account	Description	Debit	Credit
GASB 34 JE # 2			
Statement of Net Assets - To recognized MTA tax reimbursement receivable as revenue, amount was defered in governmental fund financial statements.			
	Deferred Revenues	79,871.00	
	Miscellaneous Revenue		79,871.00
Total		<u><u>79,871.00</u></u>	<u><u>79,871.00</u></u>
 GASB 34 JE # 3			
Statement of Net Assets - To correct allocation of employee benefits for school lunch program.			
	Expenses - Food Service Program	274,243.00	
	Expenses - General Support		25,863.00
	Expenses - Instruction		245,890.00
	Expenses - Pupil Transportation		2,309.00
	Expenses - Community Service		181.00
Total		<u><u>274,243.00</u></u>	<u><u>274,243.00</u></u>