
**Blind Brook–Rye Union Free School District
School Business Office
390 North Ridge Street
Rye Brook, NY 10573**

TO: Mr. Stark

FROM: Jonathan Ross

RE: **Corrective Action Plan/Response to External Auditors' Management Letter:
Audit for the Year Ending June 30, 2011**

DATE: September 12, 2011

Enclosed herewith for your review is the management letter dated 9/1/11 that corresponds to the 2011 Financial Statement/Auditors' Report (also enclosed), submitted by the District's auditing firm, O'Connor Davies Munn Dobbins LLP (ODMD). I have carefully considered the recommendations set forth in the letter and prepared this response memo.

The auditors did not find any deficiencies with our general fund, capital fund, special aid fund, school lunch fund, permanent fund, or debt service fund operations for the period reported on. The ODMD management letter recommends one corrective action relative to inactive Agency and Special Purpose Fund accounts and one recommendation relative to inactive accounts within the Extra-classroom Activity Fund. The following is an outline of our planned corrective actions.

Addendum A

- **Agency and Special Purpose Fund**

1. Fiduciary funds are used to account for assets held by the School District in an agency capacity on behalf of others. The Agency Fund is primarily utilized to account for payroll tax withholdings and other deposits that are payable to other jurisdictions or individuals.
2. The Special Purpose Fund is used to account for assets held by the School District in accordance with terms of a trust or scholarship agreement.

Inactive accounts

Our review of the Agency Fund indicated that, for several of these accounts, there was no activity during the 2010-2011 year. Our review of the Special Purpose Fund indicated that, for several of these accounts, there was no activity in the 2010-2011 fiscal year, other than interest earnings.

Recommendation

We recommend that the School District examine the status of all inactive accounts and, if applicable, either transfer the monies into the General Fund or remit payments back to the appropriate depositor.

Response

The District Treasurer will examine the status of the inactive accounts and, if applicable, either ensure current year activity within the account or recommend Board action to close them out and transfer the monies into the General Fund.

- **Extraclassroom Activities**

Extraclassroom activity funds are defined as funds raised other than by taxation in the name of a school student body. These funds are operated by and for the students and are an integral part of the educational program of the School District. As part of our audit, we have reviewed, evaluated and tested the Extraclassroom Activity Funds. The results of our tests disclosed the following weaknesses:

Lack of financial activity

Our review indicated that several clubs reflected no financial activity during the current fiscal year.

Recommendation

We suggest that a determination of the status of the clubs with no financial activity be made to determine proper disposition of funds. If the club is determined to be no longer active, the funds should be transferred to the general student organization to be used in accordance with their guidelines.

Response

There were eight accounts with no activity during the 2010-2011 year. The Student Activity Treasurer will examine each of the accounts and make a recommendation by 10/31/11 as to whether or not the activities have ceased operations and balances should be transferred to the HS Student Senate account. The District Treasurer and Assistant Superintendent will review the recommendation and if in agreement will authorize a transfer of funds to the HS Student Senate account and close-out of the respective clubs.

In summary, I believe the financial statement and audit report prepared by ODMD for the year ending 6/30/11 represents that the District is in satisfactory financial condition and that it has effective internal controls in place in its business office. Notwithstanding this, I believe there is always room for improvement and during the next year our staff will continue to work diligently to ensure that we are complying with all board policies as well as the legal requirements associated with school finance and business office operations.

If you have any questions or suggestions that might help our business office function with greater operating efficiency please let me know.

Enclosure