

October 1, 2018

To the Board of Education of the  
Fallsburg Central School District  
115 Brickman Road  
Fallsburg, New York 12733

In planning and performing our audit of the financial statements of the Fallsburg Central School District as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Fallsburg Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements in accordance with *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The management of the Fallsburg Central School District is responsible for establishing and maintaining an internal control structure. An internal control system consists of five elements: the control environment, risk assessment, information and communication, monitoring, and control activities. Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 1, 2018 on the financial statements of the Fallsburg Central School District. Certain matters involving the internal control structure and its operation, of a more routine nature, have been discussed with the appropriate administrative personnel. Our comments are summarized as follows:

## COMPLIANCE

During our review of the District's payroll procedures, we noted two new employees who had an incomplete federal Form I-9. The Department of Homeland Security Form I-9 is a required form for all new employees that is used to determine eligibility for employment. We recommend that the District ensure that all Forms I-9 are filled out completely and signed by a representative of the District.

**Management's Response** - The Business Manager will periodically sample new employee's files to ensure completeness of all employment forms.

During our review of the District's federal programs, we noted two employees who only had one of the two required bi-annual payroll certifications to certify that they worked on federal programs. Both employees provided the certification for the July 2017 through December 2017 period, but had not yet completed the certification for the January 2018 through June 2018 period. We recommend that the District ensure that all payroll certifications are received when required.

**Management's Response** - The Business Manager will be verifying that any employee whose salary is funded by two or more federal programs or whose salary is only partially funded by a federal program is completing monthly payroll certifications.

### **PREVIOUS RECOMMENDATIONS**

During our review of the District's extraclassroom activities we noted an overall improvement in the accounting activities, but there were still issues that need to be addressed. We recommend that the District address the following items:

The extraclassroom bank balance at the end of the year did not reconcile with the ending balances of the individual clubs. The individual club ledgers should be reconciled monthly to the bank balance to insure that all transactions are being correctly posted into the accounting records.

The clubs should provide better documentation to support the cash receipts being deposited from various activities. Although most of the deposits contained a student signature as required, we recommend that the students provide better documentation to support the amount being deposited, such as number of items sold, number of tickets sold, number of participants, etc.

Club advisors should sign off on any inactive clubs during the year to confirm that the club had no activity but is still an active club that may have activity in the future.

**Management's Response** – The District has provided the central treasurer with additional training on the proper procedures for accounting for extraclassroom funds. District personnel will periodically verify the clubs are preparing profit and loss statements for all fundraising activities.

In conclusion, we would like to thank the staff that assisted us during our examination, and provided us with all the necessary records.

Very truly yours,

  

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COOPER ARIAS, LLP