



**R.S. ABRAMS & CO., LLP**

*Accountants & Consultants for Over 75 years*

Robert S. Abrams  
(1926–2014)

Marianne E. Van Duyne, CPA  
Alexandria M. Battaglia, CPA

October 13, 2020

To the Board of Education,  
Mr. Marco Pochintesta, Superintendent, and  
Ms. Ann Marie Tromer,  
Assistant Superintendent for Business  
Pearl River Union Free School District  
135 West Crooked Hill Road  
Pearl River, New York 10965

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary fund of the Pearl River Union Free School District as of and for the fiscal year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Pearl River Union Free School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pearl River Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pearl River Union Free School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal controls was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning these matters. We have also included the status of prior year findings and recommendations.

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## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### **SCHOOL LUNCH**

During our current year audit, we noted that cashiers do not perform a dual count of cash collected in their registers. We recommend that cashiers perform a dual count and both cashiers properly document their counts via a sign off on the deposit slip.

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### **EXTRA CLASSROOM ACCOUNTS**

During our current year audit of the District's extra classroom activity accounts we noted the following:

- 3 out of 20 disbursements sales tax was not paid.
- Club charters are not uniformly being prepared for each student club.
- Proper documentation and/or approvals were lacking for some of the receipts and disbursements.

We recommend the District review the extra classroom procedures and internal controls to address the items noted above.

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## **STATUS OF PRIOR YEAR RECOMMENDATIONS**

### **MATERIAL WEAKNESS**

#### **BUDGET MONITORING**

**FINDING:** During our prior year audit we noted the District overexpended their total budgeted appropriations by \$848,638, which was not permitted by Education Law, §1718. We recommended the District establish and enforce controls to monitor the voter approved budget more closely throughout the year and ensure the District was complying with Education Law §1718. In addition, we recommended the District review their budgeting procedures to ensure that the revenue and expenditure budgets were an accurate and realistic reflection of the District's needs and resources to fund the educational programs. An analysis of the budgeted appropriations accounts should be done on a continuing basis to enable the District to make any necessary adjustments to its appropriation function-object codes.

**STATUS:** Implemented.

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## **STATUS OF PRIOR YEAR RECOMMENDATIONS**

### **OTHER MATTERS**

#### **GOVERNANCE**

**FINDING:** During our prior year audit we noted that the Board was not provided with the monthly cash flow projections as recommended by the New York State Comptroller's office, as required by law. We recommended the Board receive monthly cash flow projections. This will assist in the monitoring of the District's finances.

**STATUS:** Implemented.

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**FINDING:** School Districts are permitted by State Education or General Municipal Laws to reserve funds for specific purposes. These reserves generally must be created through board resolution, and generally funded through board approved transfers from fund balance. During our prior year audit, we noted that the District had no fund balance or reserves plan or policy. We recommended that the District implement a policy pertaining to fund balance and reserves.

**STATUS:** Implemented.

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**FINDING:** During our prior year audit we noted seven out of ten instances where budget transfers were performed prior to obtaining Board of Education approval. Additionally, we noted transfers below \$3,000 per line item were being performed by the Assistant Superintendent of Business. However, per Board of Education Policy 6150 Budget Transfers: "The Superintendent of Schools, was authorized to make budget transfers between line item accounts, so long as the transfer for any one item did not exceed \$3,000. All transfers in excess of \$5,000 required prior Board approval." We recommended the District strictly adhere to all Board of Education Policies.

**STATUS:** Implemented.

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#### **SCHOOL LUNCH**

**FINDING:** During our prior year audit, we noted the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b) by approximately \$512,000. We recommended the District take necessary steps to utilize the excess portion of school lunch fund balance in the upcoming fiscal year.

**STATUS:** Implemented.

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**FINDING:** During our prior year audit we noted that cashiers do not perform a dual count of cash collected in their registers. We recommended that cashiers perform a dual count and both cashiers properly document their counts via a sign off on the deposit slip.



**STATUS: Not Implemented.**

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**EXTRA CLASSROOM ACCOUNTS**

**FINDING:** During our prior year audit of the District's extra classroom activity accounts we noted the following:

- Sales tax was not being monitored or remitted to New York State.
- Club charters were not uniformly being prepared for each student club.
- Proper documentation and/or approvals were lacking for a majority of receipts and disbursements.

We recommended the District review the extra classroom procedures and internal controls to address the items noted above.

**STATUS: Not Implemented.**

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We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 13, 2020



## *Pearl River School District*

Ann Marie Tromer  
Assistant Superintendent for Business  
135 West Crooked Hill Road  
Pearl River, New York 10965-2730  
TromerA@pearlriver.org  
Phone: 845-620-3999

October 8, 2020

Ms. Alexandria Battaglia  
R. S. Abrams & Co., LLP  
3033 Express Drive North, Suite 100  
Islandia, NY 11749

Dear Ali,

The Board of Education and the District's Administration extend a thank you to you and the R.S. Abrams team for the time and effort devoted to the audit of the Pearl River School District Financial Statements and the Extraclassroom Activity Fund Financial Statements. We accept your comments based on your review of our internal controls as documented in your Management Letter dated October 13, 2020.

Please accept this document as our Audit Response and Corrective Action Plan.

### **School Lunch:**

**R.S. Abrams Finding:** During our current year audit, we noted that cashiers do not perform a dual count of cash collected in their registers.

**R.S. Abrams Recommendation:** We recommend that cashiers perform a dual count and both cashiers properly document their counts via a sign off on the deposit slip.

**District Response:** The District will notify our Food Service Manager, Aramark, of the audit recommendation and request that they institute this new internal control feature. This was a finding and recommendation that was implemented last year, however; due to turnover in Aramark personnel, the recommendation needs to be brought to the attention of Aramark again.

### **Extraclassroom Activity Funds:**

**R.S. Abrams Finding:** The Auditors noted the following with the District's extra classroom activity accounts:

1. In 3 out of 20 disbursements sales tax was not paid.
2. Club charters are not uniformly being prepared for each student club.
3. Proper documentation and/or approvals were lacking for some of the receipts and disbursements.

R.S. Abrams Recommendation: We recommend the District review the Extraclassroom procedures and internal controls to address the items noted above.

District Response: The District transferred the High School Extraclassroom Treasurer position to a HS Teacher Stipend position in March 2020. It has been a learning process with the new treasurer and all the Advisors and student club members. We will continue to offer additional training on our Policies and Procedures. This training will ensure the Treasurer and all Advisors are only conducting appropriate activities as recommended by NYS Department of Education.

Thank you.

A handwritten signature in cursive script, appearing to read "Ann Marie Tromer".

Ann Marie Tromer