

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

September 13, 2010

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, 2010, and have issued our report thereon dated September 13, 2010. 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 22, 2009, 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 May 13, 2010.

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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. 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 communicate 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 (which were accepted and recorded by the District), in our judgment, 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 13, 2010.

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.

Future Accounting Pronouncements

GASB has issued Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions* (GASB 54). The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and by increasing the consistency between information reported in the government-wide financial statements and information in the governmental fund financial statements. Currently, fund balance is reported as *reserved and unreserved*; GASB 54 will require fund balance to be reported as *nonspendable, restricted, committed, assigned, and unassigned*, based on the relative strength of the constraints that control how specific amounts can be spent. Fund balance classification policies and procedures must also be disclosed in the notes to the financial statements. GASB 54 will be effective for the District's June 30, 2011 financial statements.

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.

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 - 28100 - 06/10
 Period Ending: 6/30/2010
 Trial Balance: TB 00 - Trial Balance
 Workpaper: A0102 - Adjusting JE Report- All Funds

9/14/2010

Account	Description	W/P Ref	Debit	Credit
Adjusting JE JE # 1				
General Fund - To adjust 6/30/10 Excess Cost Aid receivable @ 6/30/10.				
A.1040.0410.000	Due from Other Gov'ts/State & Federal	4090-1	210,996.15	
A.4090.3101.001	State Sources/Excess Cost Aid			210,996.15
Total			210,996.15	210,996.15
Adjusting JE JE # 2				
General Fund - To re-classify excess cost aid and federal medicaid reimbursement to proper ST-3 codes				
A.4090.3101.000	State Sources/General Aid	4090-1	1,576,139.35	
A.4090.3101.001	State Sources/Excess Cost Aid			1,519,083.85
A.4095.4601.000	Medicaid Reimbursement			57,055.50
Total			1,576,139.35	1,576,139.35
Adjusting JE JE # 3				
General Fund - To record liability due to NYS for overpayment of 2009/10 General Aid.				
A.4090.3101.000	State Sources/General Aid	4090-1	236,032.99	
A.2100.0631.000	Due to Other Governments			236,032.99
Total			236,032.99	236,032.99
Adjusting JE JE # 4				
General Fund - To reclass Homeless Aid from prior years to Other State Aid.				
A.4070.2703.000	Miscellaneous/Refund of Prior Year Expense	4090-3	110,714.00	
A.4090.3289.000	State Sources/Other State Aid			110,714.00
Total			110,714.00	110,714.00
Adjusting JE JE # 5				
General Fund - To reclassify 2nd Qtr 2010 MTA Tax reimbursement to Deferred Revenues. Refund will not be received until end of next fiscal school year.				
A.4070.2730.000	Miscellaneous/Reimbursement of MTA Payroll Tax	4070-3	72,696.01	
A.2180.0691.000	Deferred Revenues			72,696.01
Total			72,696.01	72,696.01
Adjusting JE JE # 6				
General Fund - To adjust TRS accrual @ 6/30/10.				
A.2110.0632.000	Due to TRS <= 1 Yr.	2110	88,786.79	
A.5130.9020.800	Employee Benefits/Teachers Retirement			88,786.79
Total			88,786.79	88,786.79
Adjusting JE JE # 7				
General Fund - To reduce encumbrances @ 6/30/10.				
A.3010.0821.000	Reserved-Encumbrances	3010	43,267.90	
A.3310.0911.000	Unreserved-Undesignated			43,267.90
Total			43,267.90	43,267.90
Adjusting JE JE # 8				
General Fund - To record additional accounts payable @ 6/30/10.				
A.5095.2630.220	Computer Assisted Instruction/State-Aided Computer Hardware	2000	43,267.90	
A.2000.0600.000	Accounts Payable			43,267.90
Total			43,267.90	43,267.90
Adjusting JE JE # 9				
General Fund - To recognize portion of 2009/10 Tutoring & Special Services revenue..				
A.2180.0691.000	Deferred Revenues	4030-2	90,000.00	
A.4030.2230.000	Charges for Services/Day School Tuition-Other Dist			30,000.00
A.4030.2389.000	Charges for Services/Special Services			60,000.00
Total			90,000.00	90,000.00
Adjusting JE JE # 10				
C4100				

Client: 28100 - Jericho Union Free School District
 Engagement: AUD - 28100 - 06/10
 Period Ending: 6/30/2010
 Trial Balance: TB 00 - Trial Balance
 Workpaper: A0102 - Adjusting JE Report- All Funds

9/14/2010

Account	Description	W/P Ref	Debit	Credit
School Lunch Fund - To record warehousing fee and to reclass Federal Reimbursement Aid.				
C.4090.3190.000	State Sources/Lunch Aid		79,618.00	
C.5155.2860.410	Food Service Program/Food Purchases		979.00	
C.4100.3190.000	Federal Sources/Lunch Aid			80,597.00
Total			80,597.00	80,597.00
Adjusting JE JE # 11				
Capital Fund - To record acquisition of new copiers.				
		H4250		
H.5070.2110.200	Teaching - Regular School/Equipment		973,742.00	
H.4250.5785.000	Proceeds from Debt/Installment Purchase Debt			973,742.00
Total			973,742.00	973,742.00
GASB 34 JE # 1				
Fixed Assets - To adjust fixed asset additions @ 6/30/10				
	Construction In Process		288,100.00	
	Buildings & Equipment		224,468.00	
	Investment In Fixed Asset			512,568.00
Total			512,568.00	512,568.00