



Pappas & Company

CERTIFIED PUBLIC ACCOUNTANTS

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September 2, 2005

Board of Education
Jericho Union Free School District
Jericho, New York

Dear Members of the Board:

We have completed the audit of the financial statements of the Jericho Union Free School District for the year ended June 30, 2005 and have issued our report thereon dated July 29, 2005. In connection with this audit we have made a study and evaluation of the District's system of internal accounting control, to the extent that we considered necessary, to evaluate the system, as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his audit of these statements.

The objective of internal accounting control is to provide reasonable, but not absolute assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management, either with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the preparation of financial schedules. Also, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because changes in conditions and the degree of compliance with procedures may deteriorate.

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Our study and evaluation of the District's system of internal accounting control for the year ended June 30, 2005 was made primarily for the purpose set forth in the first paragraph of this letter and would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. However, as a result of our study and evaluation, we are pleased to report that there were no material weaknesses in the system of internal accounting control. Nevertheless, during our audit we noted certain matters involving the internal control structure and other operational matters that we feel merit your consideration. These comments and recommendations, which have been discussed with appropriate members of the administration, are summarized in the sections which follow.

STATUS OF PRIOR YEAR COMMENTS

CAPITAL PROJECTS FUND:

We had recommend that the Board of Education, along with the Administration, deem the open projects in the Capital Projects Fund closed during the 2004-05 fiscal year in the amount of \$194,092 and transfer the residual balances back to the appropriate fund. We are pleased to note that this recommendation was addressed and resolved during this past fiscal year.

INTERNAL AUDITOR:

The District's Administration and Board of Education appointed a Public Accounting Firm to carry out the function of the District's Internal auditor. This appointment assigned an individual from this firm who is both independent of the external auditors and the District's Board of Education and Administration.

COMPENSATED ABSENCES:

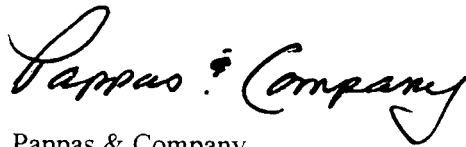
In our last year's letter to the Board of Education, we discussed the balance of accumulated funds in the Trust & Agency Fund of \$6,498,857 for the funded portion of Compensated Absences. We recommended that the Board and Administration consider moving this balance back to the General Fund where it was accrued and establish a reserve for this purpose entitled "Reserve for Employee Benefit Accrued Liability." We continue to feel that this is an appropriate means to reflect these monies.

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The comments contained in this letter were considered in determining the nature, timing and extent of audit tests applied in our audit of the District's financial statements, and do not modify our report on such financial statements.

We would like to express our appreciation for the cooperation and courtesy extended to us by the District's personnel during the audit. Should you have any questions concerning the foregoing comments, we shall be pleased to discuss them with you at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Pappas & Company". The signature is written in black ink and is positioned above the printed name of the company.

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