

Central Islip Union Free School District



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Corrective Action Plan: Submitted in Response to Auditor's Management Letter for Fiscal Year Ending June 30, 2025

The following is submitted in response to the 2024-2025 external audit and management letter prepared by the accounting firm of R. S. Abrams & Co. The Central Islip Union Free School District hereby submits the following as a corrective action plan and response to the findings identified in these documents.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Fund Balance and Reserves:

Recommendation: During our current year audit, we noted the District does not have a formal Board of Education (the Board) approved Fund Balance and Reserves Plan (the Plan), as recommended by the Office of the New York State Comptroller. This Plan would outline the purpose, funding levels, and use of each of its reserve funds, and establish parameters for maintaining unrestricted fund balance within the limits prescribed by New York State Real Property Tax Law §1318. While the District has historically maintained healthy reserves and fund balance levels, there is no documented plan that governs how these funds are to be used, replenished, or evaluated on an ongoing basis.

Implementation Plan of Action: The District is currently in the process of drafting a Fund Balance and Reserves Plan to submit to the Board of Education for approval.

Responsible Individual: Frank Bacchi, Assistant Superintendent for Business

Expected Completion Date: June 30, 2026

Journal Entries:

Recommendation: During our current year audit, we noted the District could not provide support for two (2) out of ten (10) journal entry selections. We recommend the District retain supporting documentation for all journal entries in accordance with District policy and practice.

Implementation Plan of Action: The District will implement a new record keeping and filing process for journal entries to better keep them organized with proper support.

Responsible Individual: Jessica Mack, School District Auditor

Expected Completion Date: June 30, 2026

Budget Transfers:

Recommendation: During our current year audit, we noted the following:

- For seven (7) out of ten (10) budget transfers tested, the District made budget transfers between non-contingent areas of the budget, which is prohibited under New York State (NYS) Education Law.
- Two (2) out of ten (10) budget transfers tested that were greater than \$50,000 were not preapproved by the Board, in accordance with District policy.
- Ten (10) out of ten (10) budget transfers tested were not internally reviewed and approved by someone other than the preparer.

We recommend that the District review all proposed budget transfers during the fiscal year and ensure that all transfers are allowable under NYS Education Law and executed and recorded in accordance with District policy.

Implementation Plan of Action: The District has already put in place a new process for Budget Transfers that started on July 1, 2025. The process requires all transfers over \$50,000 to first be approved by the Board of Education. Every budget transfer will be reviewed by someone other than the preparer, and transfers into equipment codes will not be approved.

Responsible Individual: Frank Bacchi, Assistant Superintendent for Business

Expected Completion Date: Completed July 1, 2025

School Lunch Fund - Fund Balance:

Recommendation: During our current year audit, we noted that the District's fund balance in the school lunch fund exceeded the level allowable by Federal Regulations 7CFR Part 210.14(b) by \$418,288. We recommend the District monitor its fund balance in the school lunch fund and develop a formal plan to utilize the excess fund balance and invest back into the program for the following school year.

Implementation Plan of Action: Paul Carlozzo the School Nutrition Director has already written a plan for reducing the excess fund balance in the 25/26 school year. He will also monitor future revenue and expenditure levels to ensure levels do not exceed allowable limits in the future.

Responsible Individual: Paul Carlozzo, School Nutrition Director-Food Service

Expected Completion Date: Completed September 1, 2025

Capital Assets:

Recommendation: During our current year audit, we noted that capital outlay expenditure codes were not reviewed with an appropriate level of precision to ensure all additions were accurately reported to the outside appraisal company.

We recommend the District perform a reconciliation between the capital outlay expenditure codes and the capital asset additions captured by the outside appraisal company to ensure that all capitalizable items are captured. We also recommend the District monitor construction-in progress and completed capital projects to ensure they are reported to the outside appraisal company throughout the year. We acknowledge that the District has made the necessary edits to the appraisal report for the purposes of appropriate financial statement presentation at year-end.

Implementation Plan of Action: Going forward the district will reconcile between the capital outlay expenditure codes and capital asset additions captured by the outside appraisal company. In addition, we will periodically run the .200 codes within district throughout the year to keep up with equipment being purchased.

Responsible Individual: Jessica Mack, School District Auditor

Expected Completion Date: June 30, 2026

Capital Projects:

Recommendation: During our current year audit, we noted on the capital projects schedule two projects with unexpended balances for which there has not been expenditure activity in the past few years. We recommend the District review the status of these capital projects to determine if the projects have been completed or these projects are appropriately still open as of year-end. If the projects have been completed, the projects should be closed out and the remaining fund balance should be transferred back to the general fund or used to offset future debt service payments based on the source of revenues.

Implementation Plan of Action: Going forward the district will check for any completed projects at the end of the year and close out remaining fund balance to the General Fund.

Responsible Individual: Jessica Mack, School District Auditor

Expected Completion Date: June 30, 2026

Accounts Payable:

Recommendation: During our current year audit, we noted that the District did not appropriately capture all accounts payable balances at year-end for the miscellaneous special revenue fund. As a result, we proposed material audit adjustments that were recorded by management to properly reflect accounts payable as of year-end. We recommend the District implement formal procedures to ensure that payable balances are properly monitored, identified, and recorded in the appropriate accounting period.

Implementation Plan of Action: Going forward the district will assure payables are properly monitored and recorded in the correct year. The District will run a list of subsequent payments and look for any detailed with prior year expenses that should be recorded as payables that may have been missed.

Responsible Individual: Jessica Mack, School District Auditor

Expected Completion Date: June 30, 2026

Extraclassroom Activity Fund:

Recommendation: During our current year audit, we noted the following:

- Two (2) out of twelve (12) cash disbursements tested were missing evidence of student involvement.
- Nine (9) out of twelve (12) cash receipts tested were missing evidence of student or faculty involvement.
- Three (3) out of twelve (12) cash receipts tested had a time lag greater than 20 days between the cash receipt date and deposit date.

We recommend the District review extra classroom procedures to ensure all documentation is retained in accordance with District policy. In addition, we recommend the District establish procedures to deposit cash on a timelier basis.

Implementation Plan of Action: The District will send out an updated list of procedures reminding the club advisors of the process they need to follow with receipts and disbursements regarding their respective clubs. The communication will include a reminder to hand in their documentation in a timely fashion as to not let payments/checks lag.

Responsible Individual: Jessica Mack, School District Auditor

Expected Completion Date: June 30, 2026

Respectfully Submitted;

Frank Bacchi
Assistant Superintendent for Business
April 15, 2026

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

FINANCIAL STATEMENT AND

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Central Islip Union Free School District

Opinion

We have audited the accompanying cash basis financial statement of Central Islip Union Free School District's (the "District") Extraclassroom Activity Funds, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the District's Extraclassroom Activity Funds for the fiscal year ended June 30, 2025 in accordance with the cash basis of accounting described in Note 1B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District and its Extraclassroom Activity Funds, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1B of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1B, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's Extraclassroom Activity Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's Extraclassroom Activity Funds' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 12, 2025

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS - HIGH SCHOOL
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Extraclassroom Account	Balance July 1, 2024	Receipts	Disbursements	Balance June 30, 2025
Class of 2024	\$ 7,076	\$ -	\$ 7,076	\$ -
Class of 2025	787	69,139	51,232	18,694
Class of 2026	734	682	-	1,416
Class of 2027	-	549	216	333
Class of 2028	-	642	195	447
Drama Club	924	25	-	949
FBLA	353	336	250	439
French Club	286	8	-	294
Future Leaders of America	-	971	-	971
Legal Eagles	1,060	30	-	1,090
National Honor Society	2,164	265	-	2,429
Rapier	355	10	-	365
PPS	517	14	-	531
Spanish Club	280	7	-	287
Student Organization	82,600	3,817	5,526	80,891
Varsity Club	1,044	29	-	1,073
High School Yearbook	11,149	5,701	3,173	13,677
Miscellaneous	7,662	2,246	765	9,143
Total	\$ 116,991	\$ 84,471	\$ 68,433	\$ 133,029

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2025**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The extraclassroom activity funds represent funds of the students of the Central Islip Union Free School District (the "District"). Although the extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management, the Board of Education exercises general oversight of these funds. Based on this criterion, the extraclassroom activity funds are included in the District's reporting entity. The District reports these assets and their related activity in the miscellaneous special revenue fund.

B. Basis of Accounting

The accounts of the extraclassroom activity funds are maintained on a cash basis in accordance with New York State Education Department requirements, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statement. As a result, the accompanying financial statement and related notes may not be suitable for another purpose other than as noted above.

II. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

The District's extraclassroom activity fund's aggregate bank balances were covered by FDIC insurance or collateralized with securities pledged on the District's behalf at year end.