

September 25, 2017

To the Board of Education of the
Peekskill City School District
1031 Elm St.
Peekskill, New York 10566

In planning and performing our audit of the financial statements of the Peekskill City School District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Peekskill City 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 Peekskill City 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 September 25, 2017 on the financial statements of the Peekskill City 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 federal Title I program, we noted that the Middle School did not retain copies of the notification of services letters sent to parents in accordance with the program's compliance requirements. We don't feel that this had any effect on the District's ability to deliver the services related to the Title I program, but we recommend that the District put procedures in place to make sure that all notification of services letters are retained.

District's Response - The District will make sure service letters are kept in students' permanent record file.

INTERNAL CONTROL PROCEDURES

During our review of the activity in the Trust and Agency Fund, we noted two accounts that were not being reconciled to the figures in the accounting records. The District performs reconciliations on the bank accounts but does not compare the amount on the reconciliation to the amount on the trial balance, which is the necessary step to identify any errors or omissions. Additionally, the District prepares monthly reports calculating the amount of health insurance premiums contributed by retirees and the amount paid by the General Fund, but the amounts are not reconciled with the activity in the general ledger to identify any errors or omissions. We recommend that the District reconcile these supporting documents to the accounting records on a monthly basis.

District's Response - The District will implement a system of dual control account reconciliation to avoid errors in the future. The initial reconciliation will be performed by the payroll clerk and the second reconciliation will be performed by the Finance Staff Assistant for both the Trust and Agency and health insurance.

PREVIOUS RECOMMENDATIONS

During our review of the District's extraclassroom activities we noted that clubs are not preparing profit and loss reports at the conclusion of fundraising activities. A profit and loss report should be completed and kept with the accounting records at the conclusion of all fundraising activities.

District's Response - All advisors are trained annually in the proper handling and safeguarding of extra classroom accounts. A portfolio is also given to each advisor with all necessary forms for the accounting function; this also includes the profit and loss statement template to be used for each fundraiser. This portfolio should be turned over to the auditor during the external audit for their review. Additional training will be held with the Central Treasurers to reinforce the process.

The District has addressed our other previous recommendations.

We would like to thank the staff that assisted us during our examination and provided us with all the necessary records.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Cooper Arias" followed by a stylized "LLP".

COOPER ARIAS, LLP