

October 7, 2021

To the Board of Education and Management
Longwood Central School District
Middle Island, New York

In planning and performing our audit of the financial statements of the Longwood Central School District (District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, 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.

During our audit, we noted certain opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report, dated October 7, 2021, on the financial statements of the Longwood Central School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Education, Audit Committee, management, others you deem appropriate within the District, and any governmental authorities you need to share this information with. It 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

Comments from the Prior Year Addressed by Management

The following management letter comments were noted during the prior years' audits and were addressed by management:

Unassigned Fund Balance – General Fund

New York Real Property Tax Law §1318 limits a school district's general fund unassigned fund balance to an amount not greater than 4% of the upcoming year's budget.

As of June 30, 2020, the general fund's unassigned fund balance for the purpose of compliance with Real Property Tax Law §1318, was \$22,191,887, which is 8.68% of the upcoming year's budget and an excess of \$11,967,887 over the 4% limit set by Real Property Tax Law. As of June 30, 2021, the general fund's unassigned fund balance for the purpose of compliance with Real Property Tax Law §1318, was \$10,520,000, which is 4.00% of the upcoming year's budget and equal to the 4% limit set by Real Property Tax Law.

Special Aid Fund – Grants Management

Good business practice includes proper grants management related to the monitoring of carryover funds into the grants' subsequent fiscal year.

During our prior year audits of the grants, we found that some of the grants ended the fiscal year with a sizable amount of potential carryover funds into the next year. The District's management is aware of the potential risk of losing grant funding and will continue to monitor the grants to utilize them as appropriate.

Status of Prior Year Comment

The following comment included in the prior year management letter that remains pertinent for the year ended June 30, 2021, and current year's observations follow:

Food Service Fund – Fund Balance

Federal Regulation, 7CFR Part 210.14b, limits the net cash resources within the school food service fund to an amount that does not exceed the three-month average expenditures.

During our prior year audits, we noted that the school food service fund's fund balance amount is in excess of the three-month average expenditures. Based on the 2018-2019 school food service fund expenditures of \$4,230,132, the school food service fund's fund balance was limited to approximately \$1,269,000. The school food service fund – fund balance at June 30, 2019 was \$2,212,911. Based on 2019-2020 school food service fund expenditures of \$4,064,211, the school food service fund's fund balance would be limited to approximately \$1,219,000. The school food service fund – fund balance at June 30, 2020 was \$2,087,080.

Status: Unchanged. Based on 2020-2021 school food service fund expenditures of \$3,318,698, the school food service fund's fund balance would be limited to approximately \$995,600. The school food service fund – fund balance at June 30, 2020 was \$2,003,231. We noted that the District had plans to use excess funds for a kitchen expansion, but plans were put on hold due to the COVID-19 pandemic.

Longwood Central School District

For the Year Ended June 30, 2021

We recommend that the District continue monitoring the food service fund's fund balance excess to ensure compliance with Federal Regulation, 7CFR Part 210.14b. We understand that the District has developed a plan to utilize monies from the fund balance to reduce the amount below the three-month expenditures amount.