



To the Board of Education and
Ms. Rosemary Johnson,
Deputy Superintendent of Business and Finance
Manhasset Union Free School District
200 Memorial Place
Manhasset, New York 11030

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary fund of the Manhasset Union Free School District as of and for the fiscal year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Manhasset Union Free School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manhasset Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Manhasset Union Free School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our current year audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning these matters.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

FUND BALANCE MANAGEMENT

During our current year audit, we noted that the District's fund balance subject to Section 1318 of Real Property Tax Law exceeded 4% of the subsequent year's budget by \$925,000 as of June 30, 2021. It is noted that the District is aware and has taken this step so as to ensure that they are able to address the unique educational needs of students due to the COVID-19 crisis, and the recent cybersecurity attack. We recommend that the District comply with Section 1318 of the Real Property Tax Law for the 2021-2022 fiscal year.

Management's Response:

As noted in the comment above, the District determined to retain unassigned fund balance in the general fund of \$925,000 and assign and designate this amount to fund expenditures associated with the COVID-19 Reopening Plan for 2021-2022 and the cybersecurity attack. Anticipated expenditures for the 2021-2022 COVID-19 Reopening Plan include but may not be limited to: staff costs, repairs and maintenance of ventilation systems at all buildings, cleaning and disinfecting supplies, personal protective equipment for staff and students, daily health attestation software and health and emotional support services. With respect to the cyber security attack, incremental expenses will be incurred to cover policy deductibles, and the costs of several additional measures to enhance security in an effort to prevent an incident from recurring in the future.

This assigned and designated amount represents 0.90% of the 2021-2022 general fund budget. The unassigned fund balance of \$4,092,808 is 4% of the 2021-2022 general fund budget. It is the District's intent to comply with Section 1318 of the Real Property Tax Law at June 30, 2022, barring any further unforeseen circumstances resulting from the COVID-19 pandemic or the cybersecurity attack.

SCHOOL LUNCH

Fund Balance

During our current year audit, we noted the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b) by \$98,278. We recommend the District continue to monitor and take the necessary steps to utilize the excess fund balance in the school lunch operations.

Management's Response:

We agree with the recommendation. In the 2021-2022 school year the District will continue to lower the fund balance by utilizing fund balance to partially pay for school monitors to supervise lunch service at both elementary schools and will purchase additional equipment.

EXTRACLASSROOM ACTIVITY FUNDS

Inactive Clubs

During our audit we noted sixteen clubs that had no financial activity in 2020-2021. We recommend that these clubs be reviewed and closed out if warranted and the monies transferred to a Board designated club.

Management's Response:

We agree with the recommendation. Because of the COVID-19 pandemic, many clubs did not operate as they normally would have in 2020-2021. In 2021-2022, clubs have resumed normal

operations. Of the 16 clubs noted, two clubs are not running in 2021-2022, and will be closed out by December 31, 2021. The remaining 14 clubs are active and their accounts will remain open.

CASH MANAGEMENT

Investigating Old Outstanding Checks

During our audit we noted old outstanding checks for more than one year are being carried on the monthly bank reconciliations for the general fund checking account for immaterial amounts. We recommend that old outstanding checks be investigated and removed from the bank reconciliation and the accounting records be adjusted accordingly.

Management's Response:

We agree with the recommendation. The District actively investigates outstanding checks on a timely basis, and has repeatedly asked these payees to cash their checks. The District will promptly write-off any aged outstanding check that has not been cashed as of this writing by December 31, 2021.

STATUS OF PRIOR YEAR RECOMMENDATIONS

FUND BALANCE MANAGEMENT

FINDING: During our prior year audit, we noted that the District's fund balance subject to Section 1318 of Real Property Tax Law exceeded 4% of the subsequent year's budget by \$4,348,511 as of June 30, 2020. It was noted that the District was aware and has taken this step so as to ensure that they are able to address the unique educational needs of students due to COVID-19 crisis. We recommended that the District comply with Section 1318 of the Real Property Tax Law and monitor its financial activity with regards to fund balance during the year.

STATUS: **Not Implemented**

Management's Response:

As noted in the comment above, the District determined to retain unassigned fund balance in the general fund of \$4,348,511, and assign and designate this amount to fund expenditures associated with the COVID-19 Reopening Plan for 2020-21. Expenditures included staff costs, upgrades to ventilation systems at all buildings, cleaning and disinfecting equipment and supplies, personal protective equipment for staff and students, instructional materials and supplies, instructional technology equipment and related expenses and staff development and support. By retaining these funds at June 30, 2020, the District was able to meet the needs of our students and staff during the pandemic, as actual expenditures in 2020-2021 associated with the COVID-19 Reopening Plan were \$4,210,003.

It is the District's intent to comply with Section 1318 of the Real Property Tax Law at June 30, 2022, barring any further unforeseen circumstances resulting from the COVID-19 pandemic or the cybersecurity attack.

SCHOOL LUNCH

Fund Balance

FINDING: During our prior year audit, we noted the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b) by \$343,434. We recommended the District continue to monitor and take the necessary steps to utilize the excess fund balance in the school lunch operations.

STATUS: Not Implemented.

Management's Response:

We agree with the recommendation. In the 2020-2021 school year, the District lowered the school lunch fund balance from \$634,857 to \$390,969 by utilizing fund balance to partially pay for school monitors to supervise lunch service at both elementary schools and to purchase additional equipment. In addition, the program operated at a loss in 2020-2021 because of the impact of the COVID-19 pandemic.

EXTRACLASSROOM ACTIVITY FUNDS

Cash Receipts

FINDING: During our prior year audit, we noted that 1 out of 20 extraclassroom cash receipts tested did not have a listing of students who submitted cash receipts for the High School. We recommended that the District maintain a listing of students submitting cash receipts to support deposits in the bank to improve the internal controls over cash receipts for extraclassroom activities.

STATUS: Implemented.

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We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
November 15, 2021