

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA



To the Board of Education
Ms. Lisa Rutkoske, CPA
Assistant Superintendent for Business
Herricks Union Free School District
999B Herricks Road
New Hyde Park, NY 11040

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Herricks Union Free School District (the "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 the District's internal controls over financial reporting (internal controls) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 controls 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 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. We have also included the status of prior year findings and recommendations.

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CURRENT YEAR FINDINGS & RECOMMENDATIONS

SCHOOL LUNCH FUND

During our audit, we noted the school lunch fund has a fund balance deficit in the amount of \$340,035. This is an increase of \$51,563 from the prior year deficit. The school lunch fund should maintain a three-month average expenditure level allowable by Federal Regulations 7CFR Part 2101(b). We recommend the District continue to monitor the school lunch fund.

STATUS OF PRIOR YEAR FINDINGS & RECOMMENDATIONS

FUND BALANCE

FINDING: During our prior year audit, we noted the general fund unassigned fund balance exceeded the allowable limit set by Section 1318 of the Real Property Tax Law of 4.0%, by approximately \$1,000,000 or 0.83% of the 2020-2021 budget. We recommended the District continuously monitor the general fund unassigned fund balance to ensure compliance with current property tax laws and regulations.

STATUS: Implemented.

EXTRACLASSROOM ACCOUNTS

FINDING: During our prior year audit of all the District's extraclassroom activity accounts we noted one out of twenty cash receipts tested from both the Middle School and High School did not have sufficient supporting documentation substantiating the cash receipt/deposit. We recommended the District review the extraclassroom accounts to improve the procedures for the extraclassroom accounts.

STATUS: Implemented.

SCHOOL LUNCH FUND

Fund Balance

FINDING: During our prior year audit, we noted the school lunch fund had a fund balance deficit in the amount of \$288,472. This was an increase of \$183,807 from the prior year deficit. The school lunch fund should maintain a three-month average expenditure level allowable by Federal Regulations 7CFR Part 2101(b). We recommended the District continue to monitor the school lunch fund.

STATUS: Not implemented.

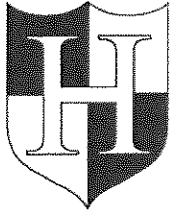
We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to 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, New York
October 14, 2021



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Assistant Superintendent for Business
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November 3, 2021

New York State Education Department
Office of Audit Services
89 Washington Avenue
Room 524 EB
Albany, New York 12234
Electronically: fsanda133@mail.nysed.gov

Office of the State Comptroller
Division of Local Government Services and Economic Development
Data Management Unit, 12th Floor
110 State Street
Albany, New York 12236
Electronically: afrfile@osc.state.ny.us

Re: Corrective Action Plan 2020-21 Financial Audit

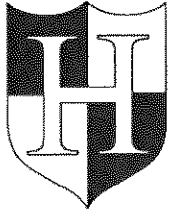
To Whom It May Concern:

In conjunction with the external audit of the Herricks Union Free School District as of and for the year ended June 30, 2021 by the independent public accounting firm, R.S. Abrams & Co., LLP, our auditors informed us of the following recommendations for strengthening our internal controls and operating efficiency. Below is our response and proposed corrective action plan to the prior and current year's recommendations.

Status of Prior Year Recommendations

Fund Balance

Audit Recommendation: During their audit, the auditor noted that the general fund unassigned fund balance exceeds the allowable limit set by Section 1318 of the Real Property Tax Law of 4.0%, by approximately \$1,000,000 or 0.83% of the 2020-2021 budget. The auditors recommend the District continuously monitor the general fund unassigned fund balance to ensure compliance with the current property tax laws and regulations.



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Implementation Plan of Action: The Board of Education authorized a special designation of fund balance as of June 30, 2020 to comply with the District's mandated COVID-19 reopening plan in the amount of \$1,000,000. The COVID-19 Pandemic has resulted in a number of unbudgeted expenditures to prepare district buildings for student and staff occupancy. The District acknowledges that for purposes of determining the 4% statutory limit, this fund balance assigned for special designation-COVID-19 Reopening Plan is included in the calculation of the limit. However, this designation was necessary to ensure the District has the necessary funds to comply with the mandatory requirements of the COVID-19 reopening plan and ensure the health and safety of students and staff.

Status: Implemented.

Extraclassroom Accounts

Audit Recommendation: The District has established extraclassroom activity fund accounts to maintain student activities and funds. The New York Education Department has published guidelines governing the proper procedures and policies governing the extraclassroom accounts and transactions.

During our audit of all the District's extraclassroom activity accounts we noted one out of twenty cash receipts selected for testing at the Middle School and High School did not contain sufficient supporting documentation substantiating the cash receipt/deposit.

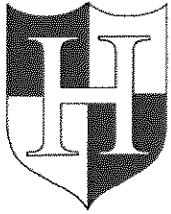
We recommend the District review the extraclassroom accounts to improve the procedures for the extraclassroom accounts.

Implementation Plan of Action: The District continues to make every effort to review the procedures and accounting for extra classroom accounts with the respective administration and advisors, in particular the District's Internal Auditors and provide training if necessary.

Status: Implemented.

School Lunch Fund - Fund Balance

Audit Recommendation: During our audit, we noted the school lunch fund has a fund balance deficit in the amount of \$288,472. This is an increase of \$183,807 from the deficit from the prior year. The school lunch fund balance should maintain a three-month average expenditure level allowable by Federal Regulations 7CFR Part 2101(b). We recommend the District continue to monitor the school lunch fund.



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Implementation Plan of Action: The increase in the deficit is related to the pandemic, COVID-19. Prior to the mandated closure of schools due to the pandemic in mid-March, the school lunch program was operating at profit and we continued to make progress to ensure this program is self-sustaining. Unfortunately, given the executive orders requiring the district to pay all employees including hourly through the end of the school year regardless of school closure and continue to offer a meal program remotely, the district reported a loss, offsetting the progress and profit from September through March.

In 2018-19, the school lunch fund reported an operating profit of \$130,803, pre-operating transfer in from the general fund. Food and overhead costs continue to rise particularly with the implementation of the more stringent Federal requirements. The District continues to make every effort to adhere to these requirements in the most cost effective and efficient manner, thereby reducing the school lunch deficit. Such efforts include (1) working with administration and advisors such as Internal Auditors (2) increasing price of school lunch in the 2017-18 school year (3) participating in the Long Island School Nutrition Director's Association purchasing cooperative and (3) partnering with the District's Nutrition Committee.

We continue to monitor in the ongoing pandemic and balance the executive mandates to provide meals to students and at the same time be self-sustaining.

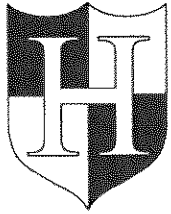
Status: Not implemented. Please refer to the current year plan of action related to School Lunch Fund-Fund Balance.

Current Year Recommendations

School Lunch Fund - Fund Balance

Audit Recommendation: During their audit, the auditors noted the school lunch fund has a fund balance deficit in the amount of \$340,035. This is an increase of \$51,563 from the prior year deficit. The school lunch fund should maintain a three-month average expenditure level allowable by Federal Regulations 7CFR Part 2101(b). We recommend the District continue to monitor the school lunch fund.

Implementation Plan of Action: The increase in the deficit is related to the pandemic. Prior to the mandated closure of schools due to the pandemic in mid-March 2020, the school lunch program was operating at a profit and we continued to make progress to ensure this program is self-sustaining. Unfortunately, the impact of the pandemic (reopening plan, increase in vendor prices, remote learning, social distancing) the district reported a loss, offsetting the progress made in the



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2018-19 school year. In 2018-19, the school lunch fund reported an operating profit of \$130,803, pre-operating transfer in from the general fund. Food and overhead costs continue to rise. The District continues to make every effort to adhere to these USDA requirements in the most cost effective and efficient manner, thereby reducing the school lunch deficit. Such efforts include:

- working with administration and advisors such as Internal Auditors
- increasing price of school lunch in the 2017-18 school year
- participating in the Long Island School Nutrition Director's Association purchasing cooperative partnering with the District's Nutrition Committee
- implementing an online ordering system
- providing lunch at no cost to all students for the 2020-2021 and 2021-2022 school year under the Seamless Summer Option Program (SSO)
- transfer to the school lunch fund from the general fund in 2021-22 school year, voter approved May 18, 2021

We continue to monitor in the ongoing pandemic and balance the executive mandates to provide meals to students and at the same time be self-sustaining.

Implementation Date: September 1, 2022, depending upon the status of the pandemic at that time, cost of supplies etc.

Person(s) Responsible for Implementation: Assistant Superintendent for Business and Food Service Director

Please do not hesitate to contact me should you need any further information.

Sincerely,

Lisa Rutkoske

Lisa A. Rutkoske
Assistant Superintendent for Business

cc: Dr. Fino Celano, Superintendent of Schools