



Baldwin Union Free School District

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www.baldwinschools.org



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November 2, 2022

Mr. Christopher V. Reino, CPA, CITP
Partner
Cullen & Danowski, LLP
1650 Route 112 Port Jefferson Station, NY 11776-3060

Re: Corrective Action Plan related to Year-End Audit, 2022

Dear Mr. Reino:

As a follow-up to the districts 2022 year-end audit findings, please note the following corrective action plan for the items reviewed.

STATUS OF PRIOR YEAR COMMENTS

Unassigned Fund Balance - General Fund

New York State 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.

The District's general fund unassigned fund balance at June 30, 2021 was 5.86% of the 2021-2022 budget amount. Management indicated they were in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit.

Current Status:

Corrected. As of June 30, 2022, the District's general fund unassigned fund balance was within the 4% limit as allowed by New York State Real Property Tax Law §1318.

We recommend that the District continue to monitor its unassigned fund balance to ensure compliance with Real Property Tax Law.

District Response:

The district concurs with this status and recommendation.

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CURRENT YEAR COMMENTS

Extraclassroom Activity Funds

The extraclassroom activity funds are the depository of student money. The primary purpose of these activities is to provide a learning experience to students. The New York State Education Department publishes guidelines titled Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds; these guidelines recommend procedures for organizing extraclassroom activities, controlling receipts and disbursements, as well as recording and reporting transactions.

We noted the following within the sample of transactions we tested:

High School:

- One disbursement for a purchase for which the club was not charged sales tax.
- Eight receipts which did not have adequate supporting documentation for the deposits.
- Two receipts did not have the club advisor signature and one receipt did not have the central treasurer signature on the Student Activity Deposit Form.
- Thirteen clubs had no cash transactions during the year.

Middle School:

- Two disbursements for purchases for which the club was not charged sales tax.
- Four disbursements were missing a student signature to exemplify their involvement in the transaction, one of which was also missing the club advisor signature.
- Eight clubs had no cash transactions during the year.

Current Status:

We recommend the District review the transactions for the extraclassroom activities to ensure they are in compliance with the recommended New York State Guidelines.

District Response:

The district's business office staff has reviewed the guidelines published by the New York State Education Department for the Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds and worked to develop an ECA Treasurer's Manual/Handbook. This handbook outlines recommended club accounting and internal control procedures to be used by the applicable staff involved in managing each club. These procedures and guidelines have been reviewed with the applicable ECA staff to ensure best practices in this area are maintained. The District will continue to work with the ECA Treasurer's to provide training and guidance.

Fund Balance – School Food Service Fund

Under Federal Regulation, 7CFR Part 210.14b, the District is to limit its net cash resources within the school food service fund to an amount that does not exceed three months average expenditures. If there are excessive cash resources available, the District must be in a position to describe the planned use of these funds.

During the current year's audit, we noted the assigned unappropriated fund balance in the school food service fund was \$525,766. This amount is in excess of three months average expenditures by approximately \$18,000.

Current Status:

We recommend the District monitor its assigned unappropriated fund balance in order to be in compliance with Federal Regulation, 7 CFR Part 210.14b.

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District Response:

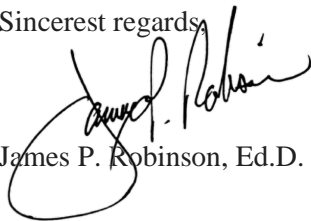
At the conclusion of the 2021-22 school year, the District was notified that a pre-packaged food provider used to provide meals in our five elementary buildings would be going out-of-business. As part of this service contract, this vendor also provided substantial equipment (i.e. Refrigerators, Freezers, Ovens, etc.). The District made immediate plans to re-invent the entire cafeteria program essentially bringing the entire operation “in-house” with existing staff, as opposed to the previously arranged, out-sourced program. As a result of this decision, the District was faced with making substantial investments in new equipment to replace that owned, and consequently removed by the contracted vendor.

In conclusion, the funding available at the conclusion of the 2021-22 school year was immediately re-invested in the program during the summer of 2022, purchasing the necessary equipment and ancillary materials needed to successfully transition our food service program to one solely operated by our own staff.

The District does not consider this finding an ongoing matter and is now working towards ensuring a self-sustaining business model for the cafeteria fund.

Please feel free to contact me with any questions or concerns.

Sincerest regards,



James P. Robinson, Ed.D.

Cc:
Joseph A. Crocco, CPA
Audit Manager
Cullen & Danowski, LLP
1650 Route 112 Port Jefferson Station, NY 11776-3060

Dr. Shari L. Camhi – Superintendent, Baldwin UFSD

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