



October 23, 2024

To the Board of Education
Huntington Union Free School District
Huntington Station, New York

Dear Members of the Board:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary fund of Huntington Union Free School District (District) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. 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. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated October 23, 2024, on the financial statements of Huntington Union Free School District.

During our audit, we noted certain other matters that are 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 23, 2024, on the financial statements of Huntington Union Free School District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with 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, and others you deem appropriate within the District, as well as any governmental authorities you need to share this information with, and it is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cullen & Danowski, LLP

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STATUS OF PRIOR YEAR'S COMMENTS

Extraclassroom Activities Fund - Transactions

The extraclassroom activities fund are the depository of student money. The New York State Education Department publishes the *Safeguarding, Accounting and Auditing of Extraclassroom Activities Fund*. These guidelines recommend procedures for organizing these activities, controlling receipts and disbursements, as well as recording and reporting transactions.

During the current year audit, in the sample of cash disbursements we tested, we noted that there were some instances where sales tax was not paid, as well as instances where detailed supporting documentation was not present.

We recommend that sales tax be evaluated for goods purchased, and that detailed supporting documentation be present for all purchases.

Calculation of Collateral for Deposits with Financial Institutions

The Districts investment policies are governed by state statutes and district policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Collateral of a type authorized by the Board, and in accordance with General Municipal Law, is required for deposits not covered by FDIC insurance.

During the prior year audit and the current year audit, in the sample of transactions we tested, we noted that the collateral schedule maintained by the District did not reflect the proper required coverage amounts. Our test of the collateral pledged, indicated that the bank pledged adequate collateral to cover deposits.

We recommend that the District use these amounts of the bank balances, offset by the proper amount of FDIC Insurance coverage available, to calculate the adequacy of the collateral pledged to cover the District's bank deposits, as indicated by Board policy.

Financial Accounting Software Computer Permissions

The District utilizes a financial accounting software package to maintain its books and records. The District utilizes that program to also process its payroll. The District employs an Information Technology Director who assists with controls within the computer function.

During the prior year audit and the current year audit, in the sample of transactions we tested, we noted that certain individuals have computer permissions to access areas within the financial accounting software package that are not necessary to perform their job.

We recommend that individuals be granted computer permissions to access only those areas within the accounting software that are necessary to perform their job.

CURRENT YEAR'S COMMENTS

Budget Transfers

Section 170.2 of the Commissioner of Education's Regulations provides for budget transfers and permits the Board of Education to facilitate the procedure by authorizing the Chief School Officer to make transfers within limits as established by the Board. Regulations do not allow budget transfers to be made from contingent expenditure codes to non-contingent expenditure codes, or between non-contingent expenditure.

During the current year audit, in the sample of budget transfers we tested, we noted that there were budget transfers between non-contingent expenditure codes.

We recommend that the District monitor budget transfers as they relate to non-contingent expenditure codes.

Review of Open Encumbrances and Accounts Payable

The New York State Uniform System of Accounts provides for the recording of encumbrances. Under encumbrance accounting, purchase orders, and commitments are recorded as a reservation against budget appropriations so that the funds are available when payment is due. Encumbrances are relieved and recorded as expenditures and accounts payable when the goods or services are received.

During the current year audit, in the sample of transactions we tested, we noted that the District did not have a systematic review process for encumbrances and accounts payable. We proposed an audit adjustment to reduce accounts payable, which approximated \$540,000.

We recommend the District implement procedures to review open purchase orders and accounts payable on a systematic basis.

Interfund Receivables and Payables

The operations of the District include transactions between funds. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year.

During the current year audit, in the sample of transactions we tested, we noted that interfund balances are at a high level and repayments had not taken place.

We recommend that the District use their current financial resources to repay interfund balances throughout the year.
