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October 4, 2021

To the Board of Education, Audit Committee and Management
Freeport Union Free School District
Freeport, New York

In planning and performing our audit of the financial statements of the Freeport Union Free 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 became aware of other matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated October 4, 2021, on the financial statements of the Freeport Union Free 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

STATUS OF PRIOR YEAR'S COMMENT

Uniform Guidance – Federal Grants Compliance

The Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations - 2CFR Part 200 - commonly called "Uniform Guidance") is an authoritative set of rules and requirements for Federal awards that synthesizes and supersedes guidance from earlier OMB circulars. The reforms that comprise the Uniform Guidance aim to reduce the administrative burden on award recipients and, at the same time, guard against the risk of waste and misuse of Federal funds. Under the Uniform Guidance, to help ensure compliance with Federal statutes and regulations, Federal awards recipients must maintain effective internal controls, which include having written policies and procedures, such as procurement policy that adheres to state and local laws as well as Federal statutes and regulations; procedures for documenting how costs are to be allocated to Federal awards, documenting actual time and effort for payroll costs charged to Federal awards; cash management procedures to minimize the time elapsed between the receipts and disbursements of Federal funds; subrecipient monitoring; and how to safeguard personally identifiable information.

During our prior year audit, we reviewed the District's policies and noted that the District's current procurement policy did not incorporate the Uniform Guidance procurement standards. Additionally we noted that the District has not adopted written procedures for documenting how costs are to be allocated to Federal awards, documenting actual time and effort for payroll costs charged to Federal awards; cash management procedures to minimize the time elapsed between the receipts and disbursements of Federal funds; subrecipient monitoring; and how to safeguard personally identifiable information.

During our current year audit, we noted that the District reviewed the Uniform Guidance requirements and updated the related policies and written procedures as applicable.

Unassigned Fund Balance - General Fund

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

We noted that the District's unassigned fund balance as of June 30, 2021 exceeded the statutory 4% limit established by New York State Real Property Tax Law (RPTL) §1318.

We recommend that the District continue to monitor its plan for utilizing and reducing the General Fund's unassigned fund balance.

Freeport Union Free School District

For the Year Ended June 30, 2021

CURRENT YEAR'S COMMENT

School Food Service Fund

The District's school food service program serves lunches to students and District employees. Except for free and reduced priced lunches that are served to eligible students, meals are sold at a set price. Federal Regulation, 7CFR Part 210.14b, limits the net cash resources within the school food service fund to an amount that does not exceed three months average expenditures.

During our current year audit, we noted that the school food service fund's fund balance was in excess of three month's average expenditures. This was a direct result of higher federal and state reimbursement rates paid to district for free meals provided during COVID-19.

We recommend that the District develop a plan to reduce the school food service fund's fund balance to comply with Federal Regulation, 7CFR Part 210.14b.
