

**HORSEHEADS CENTRAL SCHOOL DISTRICT
NEW YORK**

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended June 30, 2024



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

September 17, 2024

To the Board of Education
Horseheads Central School District, New York

In planning and performing our audit of the financial statements of the Horseheads Central School 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 Horseheads Central School District, New York's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 17, 2024 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control, or result in other operating efficiencies. Our comments are summarized as follows:

Current Year Deficiencies in Internal Control:

Self-Funded Health Insurance –

As a result of challenges with the self-funded health insurance programs and significant unanticipated increases to claims which fell below the stop-loss insurance recoveries amount the District had to amend their budget by \$1,000,000 which assisted in reducing the surplus and total fund balance by \$1,234,751.

We recommend the District continue to monitor the health insurance program to ensure budgets and stop-loss insurance limits are adequate to support the program. In addition, the District should consider working with their State representative in order to expand the use of an insurance reserve to include self-funded health insurance claims.

Prior Year Recommendations:

The following prior year recommendations have been implemented to our satisfaction:

1. At June 30, 2024, the School Lunch Fund assigned fund balance was not in excess of the three-month average expenditures level recommended by Federal Regulation #7CFR Part 210.14.
2. Journal entries are reviewed and approved by an individual independent of the process.
3. Documentation used to submit meals claims for reimbursement is being kept by the District.

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We believe the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Rochester, New York
September 17, 2024

Mengel, Metzger, Barw & Co. LLP