

**Morrisville-Eaton Central School District
2020-2021 Year End AUDIT
TRACKING REPORT FOR MANAGEMENT LETTER COMMENTS**

Observation	Recommendation	Management's Response	Assigned To	Target Date/ Completion
<p>During the audit the auditors noted the following regarding capital projects: The amount of the Bond Anticipation Notes for bus purchases has exceeded the amount needed by \$42,417.</p>	<p>Capital project expenditures should be authorized by the Board of Education. In addition, the amount of short-term debt issued for bus purchases should be adjusted to the actual expenditures. When possible, future debt issues should be made to equal the actual amount spent. Resolutions would be to move the excess funds into the Debt Service fund or reduce future borrowings for the excess amount. Effect or Potential Effect: The situation results in the increased risk of unauthorized expenditures and excess debt.</p>	<p>Management has reviewed the issue and will address the recommended changes. The Bus BAN issued during the 21-22 school year was for the actual cost of the buses. In the future if there is excess debt resulting from unexpected changes to the bus quotes the District will react accordingly and either adjust the debt or move excess funds to the Debt Service fund to use toward future borrowings. As for the \$42,417 the District will evaluate the best option for resolution considering the tax cap impact of either reducing the 22-23 Bus BAN or moving the funds to Debt Service and using them gradually.</p>	<p>Business Administrator</p>	<p>6/30/2022</p>
<p>During the audit the auditors noted the following regarding capital projects: During the 2018-19 fiscal year, the District purchased a tractor for \$58,528. The tractor was to be funded with a State DASNY Grant for \$50,000. However, the grant reimbursement was not finalized to receive the funds. In addition, the funding for the</p>	<p>The auditors recommended that the Board of Education be provided a capital project summary on a periodic basis. The summary should list the project authorization, expenses for the current and prior years, revenues, and reconciliation to fund balance for each project. This would improve the oversight of the financial status of each project and the capital fund as a whole.</p>	<p>Management has reviewed the issue and will address the recommended changes. In the current year, the District resolved the DASNY Grant issue and received the full amount of the \$50,000. The General Fund will have to fund the unfunded portion of the tractor, \$8528, by fiscal year end.</p>	<p>Business Administrator</p>	<p>6/30/2022</p>

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<p>remaining \$8,528 was not secured. The remaining \$8,528 for the purchase of the tractor remained unfunded at year end 6/30/2021.</p> <p>The District has reserve activity without Board of Education authorization or appropriation. During the current year, the following reserves were expended without board approval:</p> <p>Unemployment Reserve - \$109,137, Liability Reserve - \$58,629, and Employee Benefit Accrued Liability Reserve - \$31,250</p> <p>In general, the reserve funds listed above are established and funded by authorization of the Board of Education. Accordingly, the use of the reserves should be authorized through the budget process or a resolution of the Board. In addition, in 2016 the Education Law was amended by Chapter 514 (SS795/A7675A). The amendment requires that each year the District develop a schedule of reserve funds, setting forth the name of each reserve fund, a description of its purpose, the balance as of</p>	<p>The recommendation was that District create a written reserve plan. The plan should include information including the legal authority of the reserve, District specific reason for the reserve, funding limits, and planned utilization of the reserve. The plan should be updated each year and incorporated into the annual budget and required reporting to the State. If there is a need to use a reserve outside of this process, then the Board should authorize the use with a separate resolution.</p>	<p>Management has reviewed the issue and will address the recommended changes. The District waited for guidance from the Districts auditors prior to finalizing use of the reserves therefor the Board of Education approval was not until August 2021. The unemployment reserve ended up not being used. The District's plan is to have fund balance plan and a reserve plan assembled and approved by fiscal year end. Any future use of reserves will be supported by a Board resolution.</p>	<p>Business Administrator</p>	<p>6/30/2021</p>

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the close of the third quarter of the current school districts fiscal year, and a brief statement explaining any plans for the use of each reserve fund for the ensuing year.				
In the current year the reserves activity was approved in August 2021, the additions should be approved prior to the year end.				