Unit Name: **Office of the New York State Comptroller**

Audit Report Title: **Financial Management**

Audit Report Number: **2018M-110**

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

**Audit Recommendation:**

1. The Board should adopt annual budgets that contain reasonable estimates for appropriations and appropriated fund balance based on historical trends or other known factors.

**Implementation Plan of Action:**

The Board and District officials will continue to engage in a comprehensive budget development process that develops budget estimates based on realistic projections using new information available, as well as a reflection on what current spending patterns are along with spending patterns for the prior three fiscal years. The Board and District officials will also take into consideration the uncertainties and regulations that impact the budget development process for school districts.

**Implementation Date:**

May 1, 2019

**Person Responsible for Implementation:**

Joelle Woodward, School Business Administrator

**Audit Recommendation:**

1. The Board should ensure that the amount of unrestricted fund balance complies with the statutory limit and develop a plan to use excess unrestricted fund balance in a manner that benefits District taxpayers. Such uses can include, but are not limited to:
	* Funding one-time expenditures;
	* Funding needed reserves; and
	* Reducing District property taxes.

**Implementation Plan of Action:**

The District understands the importance of compliance with the statutory limit and as such will develop internal procedures that will assist us in achieving this goal while maintaining strong fiscal health as defined by the Office of the State Comptroller. District officials will continue to monitor fund balance projections throughout the year and thoroughly review monthly projections with the Board of Education beginning as early as December of each year.

**Implementation Date:**

June 30, 2019

**Person Responsible for Implementation:**

Joelle Woodward, School Business Administrator

**Audit Recommendation:**

1. The Board should adopt a more comprehensive reserve fund policy that includes how the reserves will be funded, the optimal funding levels for each reserve, the conditions under which reserves will be used to finance related costs, and how excess amounts may be used in accordance with applicable statutes in a manner that benefits taxpayers.

**Implementation Plan of Action:**

The Board and District officials understand the importance of developing a comprehensive reserve policy. As such during the latter part of the 2017-2018 fiscal year, Administration, with guidance from the Board of Education, developed a new plan that will assist the District to effectively establish, fund and allocate reserves in a manner consistent with finest fund balance practices.

**Implementation Date:**

July 9, 2018

**Person Responsible for Implementation:**

Joelle Woodward, School Business Administrator

**Audit Recommendation:**

1. The Board should consult with District’s legal counsel regarding the use of the employee benefit accrued liability reserve and determine what remedies are available to address the District’s circumstances.

**Implementation Plan of Action:**

The Board and District officials will consult with District’s legal counsel regarding the use of the employee benefit accrued liability reserve.

**Implementation Date:**

May 1, 2019

**Person Responsible for Implementation:**

Joelle Woodward, School Business Administrator

**Audit Recommendation:**

1. The Board and District officials should ensure revenue estimates developed and used during the budget process are reasonably accurate.

**Implementation Plan of Action:**

The Board and District officials will continue to engage in a comprehensive revenue budget development process that generates revenue estimates based on realistic projections. During this process all available information is taken into consideration. Projected State Aid will continue to be analyzed to determine what impact current year programming and operations may have on the validity of the information being released from the Governor’s office.

**Implementation Date:**

May 1, 2019

**Person Responsible for Implementation:**

Joelle Woodward, School Business Administrator

**Audit Recommendation:**

1. The Board and District officials should develop and implement a comprehensive written multiyear financial plan. The plan should be periodically reviewed and updated, as appropriate.

**Implementation Plan of Action:**

The Board and District officials understand the importance of developing a comprehensive written multiyear financial plan. The District has partnered with a third party to assist in that process.

**Implementation Date:**

June 30, 2020

**Person Responsible for Implementation:**

Joelle Woodward, School Business Administrator

Signed:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_

William Carlson

President, Board of Education