

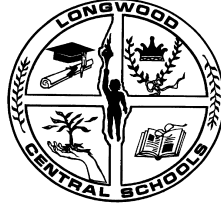
LONGWOOD CENTRAL SCHOOLS

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Corrective Action Plan – Independent Audit Report 2019-20 Financial Reporting (Internal Control)

Unassigned Fund Balance – General Fund:

Recommendation #1: New York Real Property Tax Law §1318 limits a school district's general fund unassigned fund balance to an amount not greater than 4% of the upcoming year's budget. As of June 30, 2020, the general fund's unassigned fund balance for the purpose of compliance with Real Property Tax Law §1318, was \$22,191,887, which is 8.68% of the upcoming year's budget and an excess of \$11,967,887 over the 4% limit set by Real Tax Law.

We recommend that the District continue to monitor its general fund – fund balance in order to be in compliance with Real Property Tax Law §1318.

Districts Response: The District continuously monitors our general fund – fund balance. This has been an unprecedented year with the uncertainty of how much state aid we will, or will not be paid. We will continue to monitor fund balance for this current year and subsequent years.

Special Aid Fund – Grants Management:

Recommendation #2: Good business practice includes proper grants management related to the monitoring of carryover funds into the grants' subsequent fiscal year. During our prior year audit of the 2018-19 grants, we found that some of the grants ended the fiscal year with a sizable amount of potential carryover funds into the 2019-20 year.

Status: Unchanged. During the current year audit of the 2019-20 grants, we found that some of the grants ended the year with a sizable amount of potential carryover funds into the 2020-21 year. We recommend that the District improve oversight of the grants to ensure that the respective programs expend the available funds in the same year due to the risk that potential carryover funds may not be approved resulting in a loss of grant funding for the District.

Districts Response: The District monitors all of our grants. Many times our grants are not approved until well into the fiscal year and cannot be fully expended causing carryover. In addition, the shutdown of the District in March limited our ability to expend the grants as proposed. We will continue to monitor our grants in the future.

Food Service Balance – Fund Balance:

Recommendation #1: Federal Regulation, 7 CFR Part 210.14b, limits the net cash resources within the school food service fund to an amount that does not exceed the three-month average expenditures. During our prior year audit, we noted that the school food service fund's fund balance amount is in excess of the three-month average expenditures. Based on the 2018-19 school food service fund expenditures of \$4,230,132, the school food service fund's fund balance was limited to approximately \$1,269,000. The school food service fund-fund balance at June 30, 2019 was \$2,212,911.

Status: Improved. Based on 2019-20 school food service fund expenditures of \$4,064,211, the school food service fund's fund balance would be limited to approximately \$1,219,000. The school food service fund-fund balance at June 30, 2020 was \$2,087,080. We noted that the District had plans to use excess funds in 2019-20 for a kitchen expansion, but plans were put on hold due to the COVID-19 pandemic.

We recommend that the District continue monitoring the food service fund's fund balance excess to ensure compliance with Federal Regulation, 7 CFR Part 210.14b. We understand that the District has developed a plan to utilize monies from the fund balance to reduce the amount below the three-month expenditure amount.

Districts Response: As noted above the District would have expended the excess fund balance but was shutdown in March. The capital improvements planned to improve the kitchen in the District will be completed as soon as practicable.