

Amherst Central School District

Anthony J. Panella
Superintendent

Laura N. Bosinski
School Business Administrator

October 28, 2021

Revised January 31, 2022

New York State Education Department
Office of Audit Services
Room 524 EB
89 Washington Avenue
Albany, New York 12234

To whom it may concern,

Please receive this correspondence as submission of the Corrective Action Plan for the finding identified in the June 2021 External Audit completed by Drescher and Malecki, LLC for the Amherst Central School District.

Finding 2021-001:

Unrestricted Fund Balance Calculation Criteria: New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Condition and Context:

At June 30, 2021, available fund balance in the District's General Fund exceeded 4 percent of the subsequent year's budgeted appropriations.

Cause:

The District's unrestricted General Fund fund balance minus amounts assigned for the subsequent years' budget is in excess of the 4 percent limitation.

Effect or Potential Effect:

The District is not in compliance with New York State Real Property Tax Law §1318, which is subject to criticism from New York State and potential further repercussions.

Recommendation:

We suggest that the District consider appropriating the additional funds in future budgets or the establishment of certain restricted fund balance or increasing current restrictions which would set aside these "one-time" revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Description of actions taken/planned to be taken:

During these unprecedented times of the Coronavirus pandemic, the Board of Education and District Administration engaged in multiple public discussions related to year end fund balance. Because of the uncertainty of future financial pictures, both in revenues and expenditures, the decision was made to maintain any current year surplus funds in unappropriated fund balance. It is believed this step is the most fiscally responsible way to support our students, families, and instructional programs into the unknown future. The Board of Education and District Administration will continue to monitor both revenues and expenditures and openly discuss the District's financial status in relation to fund balance, reserves, and budgetary appropriations. These discussions are supported and documented with the Board of Education meeting minutes, the Amherst Central School District Reserve Plan, and the annual budget development presentations and related documentation.

The District feels it is important to note that while this is the second consecutive year of this finding, the amount of surplus funds was decreased in the 2021 year. During the year, the District used \$1,223,938 of fund balance, which was applied against and reduced unassigned fund balance. However, the District continues to be cautious on spending down available funds due to the lasting uncertainty surrounding the pandemic. The District appropriated \$806,000 of fund balance within the 2021-2022 budget, which will further reduce unassigned fund balance until compliance is met in future years. The District will continue to strive to maintain compliance in all laws and regulations while being fiscally responsible to its taxpayers.

Date actions completed or will be completed:

Throughout the 2021-2022 fiscal year and into future years for long range planning.

Name of responsible party/parties:

Amherst Central School District Board of Education; Anthony Panella, Superintendent of Schools; and Laura Bosinski, School Business Administrator

Recommendations regarding Capital Assets

We recommend that the District combine its existing capital assets ledgers into one comprehensive listing. The listing should include updated information for asset additions and deletions, and track the related depreciation. Further, the District should maintain a CIP listing for proper valuation and potential capitalization.

Description of actions taken/planned to be taken:

The District agrees with these recommendations. Our capital asset ledger has been updated over the past two years to include fixed asset additions and deletions as approved by the Board of Education. Prior to COVID, this task was assigned to an individual in the Business Office. That person resigned and we have been unsuccessful in filling the position. This resulted in the work on our capital assets being limited to additions and deletions. Moving forward, we will engage the services of a third party vendor to assist with our tracking, depreciation calculations and monitoring of our additions to our CIP listings for potential capitalization. We are also working with our liability insurance company to ensure our practices and procedures are aligned with best practices and common goals.

Date actions completed or will be completed:

Work will begin during the 2021-2022 fiscal year to be completed prior to the start of our 2022 external audit. Maintenance of the ledger will be maintained annually moving forward.

Name of responsible party/parties:

Laura Bosinski, School Business Administrator

Recommendations regarding Extraclassroom Activities

We recommend that all extraclassroom accounts be maintained separately and individually by student activity treasurers, along with separate records maintained by the central treasurer. Additionally, all cash receipts prepared for deposit should be signed or initialed by both the student treasurer and faculty advisor before being remitted to the central treasurer. We also recommend that the District review its' existing controls over the travel vouchers by limiting their access. Currently, the vouchers are in the District's name and could be used by any current or future faculty, staff or students.

Description of actions taken/planned to be taken:

The District agrees with these recommendations. The stresses of the COVID pandemic resulted in our procedures not being adhered to as closely as in prior years. We do require two sets of records for each club. Our District was engaged in a hybrid learning format, meaning students were only in the building a couple days per week. This made obtaining two signatures a bit more difficult. The receipt of travel vouchers was not desired, but it was the only way to recover funds paid when the Music Department student trip was unexpectedly cancelled due to the pandemic. The vouchers will only be used for the next Music Department trip, which will result in the cash being returned to the club accounts. As our COVID restrictions begin to lessen, we will resume in person meetings with our Club Advisors and Student Treasurers to remind them of the proper procedures for ledgers and deposits.

We will also resume our annual training meetings at the beginning of the school year as many advisors and student participants change from year to year.

Date actions completed or will be completed:

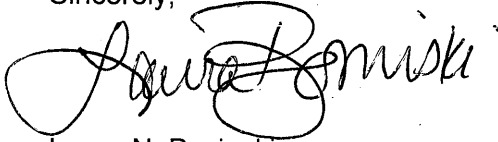
Work will resume during the 2021-2022 fiscal year to be completed prior to the start of our 2022 external audit and ongoing annually moving forward.

Name of responsible party/parties:

Laura Bosinski, School Business Administrator; Gregory Pigeon, High School Central Treasurer; John Griesmer, Middle School Central Treasurer

Please contact me with any questions regarding the information contained in this Corrective Action Plan for the June 2021 External Audit for the Amherst Central School District.

Sincerely,

A handwritten signature in black ink, appearing to read "Laura Bosinski". The signature is fluid and cursive, with the first name "Laura" and last name "Bosinski" clearly distinguishable.

Laura N. Bosinski
School Business Administrator