Amherst Central School District

Anthony J. Panella
Superintendent

Laura N. Bosinski
School Business Administrator

October 23, 2020

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 2020 External Audit completed by Drescher and Malecki, LLC for the Amherst Central School District.

Finding 2020-001:
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, 2020, 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 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:
Ongoing throughout the 2020-2021 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

Please contact me with any questions regarding the information contained in this Corrective Action Plan for the June 2020 External Audit for the Amherst Central School District.

Sincerely,

Laura Bosinski

Laura N. Bosinski
School Business Administrator