



Sweet Home Central School District of Amherst and Tonawanda

Business Office
1901 Sweet Home Road • Amherst, New York 14228
(716) 250-1406

Donald Feldmann, Director of Finance

Sweet Home Central School District CORRECTIVE ACTION PLAN Management Letter Comments YEAR ENDED JUNE 30, 2022

November 2, 2022

This Corrective Action Plan is in response to the recommendations made in the external audit report dated October 14, 2022 for the Sweet Home Central School District.

Unassigned fund balance over 4% and use of appropriated reserves

1. **Unassigned fund balance at year end June 30, 2022** – External audit noted unassigned fund balance in the general fund was \$5,092,000 on June 30, 2022, representing 5.7% of the 2022-23 budget. This balance exceeds the maximum 4% as required by the New York State Real Property Tax Law.

Excess fund balance in school lunch fund

1. **Fund balance exceeds three months' average expenditures at year end June 30, 2022** – In accordance with regulations of the New York State Education Department, fund balance in the school lunch fund should not exceed three months' average expenditures, as defined, at any time. As a result of COVID-related shutdowns and additional funding, the District exceeded this limit at year end.

Extraclassroom Activity Funds

1. **Missing Student Signatures** – External audit noted missing student signatures on some extraclassroom transactions that occurred near year end.
2. **Errors in Student Ledgers** – External audit noted errors in student ledgers which included missing check numbers, inconsistent or missing dates and missing receipt numbers.
3. **Clubs with no activity in prior year and high cash balances** – External audit noted twelve clubs with balances of \$6,588 that had no activity the prior year.

Corrective Actions Taken and Planned:

The District is aware of the unassigned fund balance brought forward and that it exceeds the maximum of 4% as required by the New York State Real Property Tax Law. This is a direct result of GASB Statement No. 84 that mandates that all 105h monies be moved from a trust and agency fund and into the General Fund. The District felt that this plan would provide the most financial flexibility in dealing

with costs as opposed to putting the monies into a reserve. Additional monies in the unassigned fund balance were to offset additional, unbudgeted costs for contracted transportation due to the District's own bus driver shortage. The District has established and funded reserves over the years as a result of conservative budgeting and prudent spending. The District will continue to monitor and fund reserves to permit the continuity of programs while having specific funds available to meet the needs of the District where costs are expected to rise. **Effective: Reserve Plan and Unassigned Fund Balance approved by the Board of Education August 23, 2022.**

The District does have plans to purchase equipment and furniture with the excess funds in the School Lunch Fund as noted in our spending plan that was submitted to the New York State Education Department on December 1, 2021 and subsequently approved on December 3, 2021. As requested, the District will submit an update to this plan to the New York State Education Department. **Date: The District will submit an updated purchasing plan to the New York State Education Department by December 31, 2022.**

The Assistant Superintendent for Finance & Plant Services, Donald Feldmann, and Central Treasurer have conducted trainings during the months of September and October 2022 with new student officers and faculty advisors to introduce more formalized reporting and account procedures for approval and execution of fundraising activities as well as disbursement of club funds, including three levels of signatures on pay requests (school administrator, club faculty advisor and student treasurer). Included in the training was the importance of maintaining accurate and complete ledgers for their clubs. Lastly, the District will continue its practice of a semi-annual review of ledgers with student officers and club advisors. **Effective: Extracurricular club trainings occur annually through the months of September and October. Beginning with the 2022-23 school year, semi-annual reviews of the extra-curricular ledgers will be done the months of January and May. All ledgers will be reviewed twice by the end of the 2022-23 fiscal year, June 30, 2023.**

The District did close five (5) of the twelve (12) club identified in the audit in July 2022. These five (5) clubs had cash balances of \$3,532 and had no activity for nearly two years. The District did opt to keep the remaining seven (7) open simply because many of them could not meet after school due to the District's bus driver shortage and lack of availability of after school buses. Accounts will continue to be reviewed at the end of each year and those clubs with no activity will be closed and funds will be transferred as per District policy. **Effective: Recommendations for closures of clubs will be made by June 30, 2023. Such recommendations will appear annually on the July Board of Education agenda.**