



# **Ardsley Union Free School District**

---

## **Financial Management**

**2024M-13 | June 2024**

# Contents

---

- Report Highlights . . . . . 1**
  
- Financial Management. . . . . 2**
  - How Should a Board and District Officials Effectively Manage Fund Balance?. . . . . 2
  
  - The Board and District Officials Appropriated Fund Balance That Was Not Needed. . . . . 2
  
  - How Should a Board and District Officials Effectively and Transparently Manage Reserves?. . . . . 5
  
  - Certain Reserves Were Not Reasonably Funded or Used . . . . . 6
  
  - What Do We Recommend? . . . . . 7
  
- Appendix A – Response From District Officials . . . . . 9**
  
- Appendix B – OSC Comments on the District’s Response . . . . . 14**
  
- Appendix C – Audit Methodology and Standards . . . . . 15**
  
- Appendix D – Resources and Services. . . . . 17**

# Report Highlights

## Ardley Union Free School District

### Audit Objective

Determine whether the Ardsley Union Free School District (District) Board of Education (Board) and officials effectively managed fund balance and reserves.

### Key Findings

The Board and District officials did not effectively manage the District's fund balance and reserves. The Board and District officials' consistent budgeting practices of appropriating fund balance that is not needed and maintaining unreasonable reserve balances circumvents the statutory limit on surplus fund balance and lacks transparency. As a result, the District levied more taxes than needed to fund operations.

- The Board and District officials overestimated appropriations from 2017-18 through 2021-22 (excluding 2018-19) by an average of \$4.1 million, totaling \$16.5 million.
- The District appropriated fund balance at an annual average of \$2.9 million from 2017-18 through 2021-22 while it had an operating surplus in each of those years averaging \$1.1 million. As a result, the appropriated fund balance was not used to fund operations and taxpayers were taxed more than necessary.
- Three reserves totaling \$9.6 million as of June 30, 2022, were not reasonably funded or used during the five-year audit period.

### Key Recommendations

- Adopt realistic budgets and appropriate fund balance only when needed to fund operations.
- Reduce surplus fund balance to comply with the statutory limit.
- Revise the reserve policy to include targeted funding levels and conditions under which each reserve will be used.

District officials disagreed with certain aspects of our findings but indicated they have initiated, or planned to initiate, corrective action. Appendix B includes our comments on the District's response letter.

### Audit Period

July 1, 2017 – August 24, 2022

### Background

The District is in the Village of Ardsley in Westchester County. The District is governed by an elected five-member Board that is responsible for the general management and control of the District's financial and educational affairs.

The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The Board, Superintendent and Assistant Superintendent for Business and Operations (Assistant Superintendent) are responsible for developing the annual budget.

#### Quick Facts

Enrollment	2,342
Employees	606
2021-22 Appropriations	\$74.7 million
Total Fund Balance as of June 30, 2022	\$22.7 million
Reserves as of June 30, 2022	\$17.1 million

# Financial Management

---

## **How Should a Board and District Officials Effectively Manage Fund Balance?**

A school district (district) may retain a portion of surplus fund balance for unexpected occurrences and fluctuations in cash flow.<sup>1</sup> Officials should comply with New York State Real Property Tax Law Section 1318 that limits the amount of surplus fund balance that a district can retain to no more than 4 percent of the next year's budgeted appropriations. Any surplus fund balance over this percentage must be used to reduce the next year's real property tax levy or fund needed reserves.

A school board (board) should adopt realistic and structurally balanced budgets based on historical data or known trends in which recurring revenues finance recurring expenditures to effectively manage a district's fund balance. In preparing the budget, a board and district officials must estimate the amounts a district will spend and receive, the amount of fund balance available for use at fiscal year-end to use toward the next year's budget and the expected real property tax levy needed to balance the budget. Reasonable estimates should be used to help ensure that the tax levy is not greater than necessary. When fund balance is appropriated to finance operations, there should be a reasonable expectation of an operating deficit equal to the amount of fund balance that was appropriated. In other words, the district is expected to use some, if not all, of the appropriated fund balance to finance budgeted appropriations.

The Board and District officials should also comply with the District's fund balance policy, which states that the Board, as part of the annual budget process, will strive to maintain an unassigned general fund balance of not more than 4 percent of the budgeted expenditures for the ensuing fiscal year, and the Superintendent or Business official shall be responsible for the enforcement of the policy.

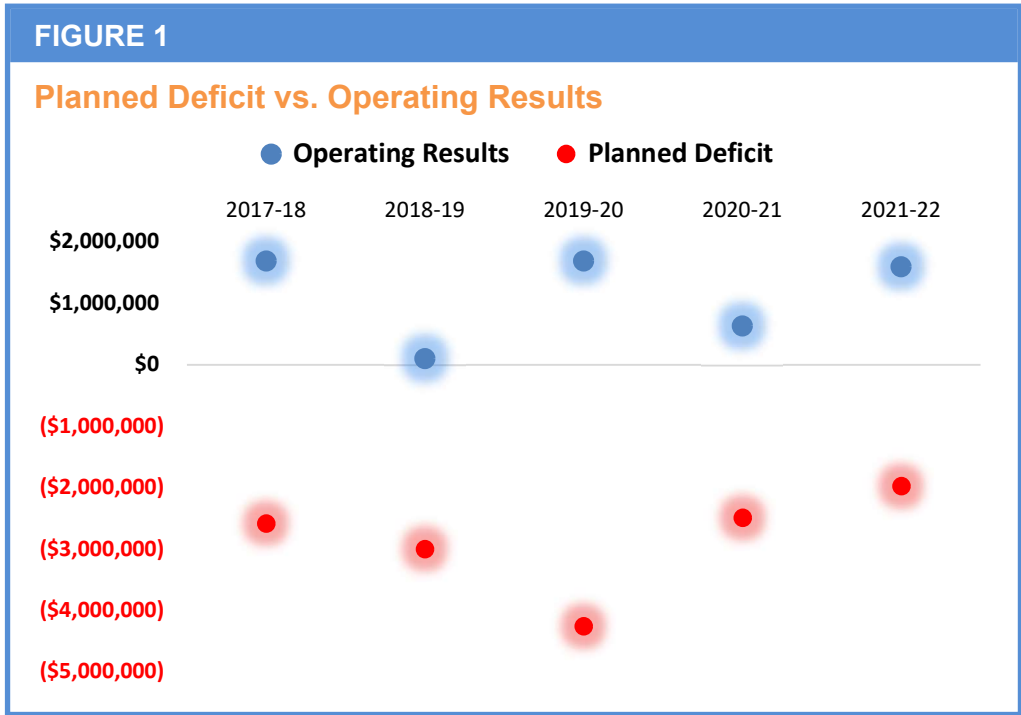
## **The Board and District Officials Appropriated Fund Balance That Was Not Needed**

The Board and District officials have generally maintained surplus fund balance levels in accordance with the statutory limit by appropriating fund balance that is not needed or used to finance operations. District officials appropriated fund balance at an annual average of \$2.9 million, from 2017-18 through 2021-22. This meant that District officials planned for deficits equal to the appropriated amounts

---

<sup>1</sup> Surplus fund balance is defined as unrestricted fund balance minus appropriated fund balance and encumbrances included in committed and assigned fund balance. Refer to our accounting bulletin at <https://www.osc.state.ny.us/files/local-government/publications/pdf/gasb54.pdf>.

of fund balance. However, the District had an operating surplus in each of those fiscal years, averaging \$1.1 million and totaling \$5.7 million. As a result, none of the appropriated fund balance was used (Figure 1).



In addition, we examined the District’s appropriations in the 2017-18 through 2021-22 fiscal years. We determined that, except for the 2018-19 fiscal year when appropriations were overestimated by \$1.6 million (2 percent), the Board consistently overestimated appropriations by an average of \$4.1 million (6 percent) per year, totaling \$16.5 million (Figure 2). Including the \$1.6 million for the 2018-19 fiscal year, the Board overestimated appropriations by \$18.1 million over the five-year audit period.

**Figure 2: Overestimated Appropriations (in Millions)**

	2017-18	2019-20	2020-21	2021-22	Totals
<b>Appropriations</b>	\$67.5	\$72.3	\$73.0	\$74.7	\$287.5
<b>Less: Expenditures</b>	63.5	66.9	68.8	71.8	271.0
<b>Overestimated Appropriations</b>	\$4.0	\$5.4	\$4.2	\$2.9	\$16.5
<b>Percentage Overestimated</b>	5.9%	7.5%	5.8%	3.9%	
<b>Average Percentage Overestimated</b>					<b>5.7%</b>

---

We evaluated which specific appropriations were most significantly overestimated during our audit period and determined:

- Teacher and substitute teacher salaries were overestimated by an average of \$821,258, with variances ranging from \$567,603 to \$1.1 million.
- Teacher retirement contributions were overestimated by an average of \$644,052, with variances ranging from \$358,338 to \$1.1 million.
- Contractual services were overestimated by an average of \$412,279, with variances ranging from \$239,611 to \$645,116.
- Employer retirement contributions were overestimated by an average of \$98,626, with variances ranging from \$99,700 to \$160,499.

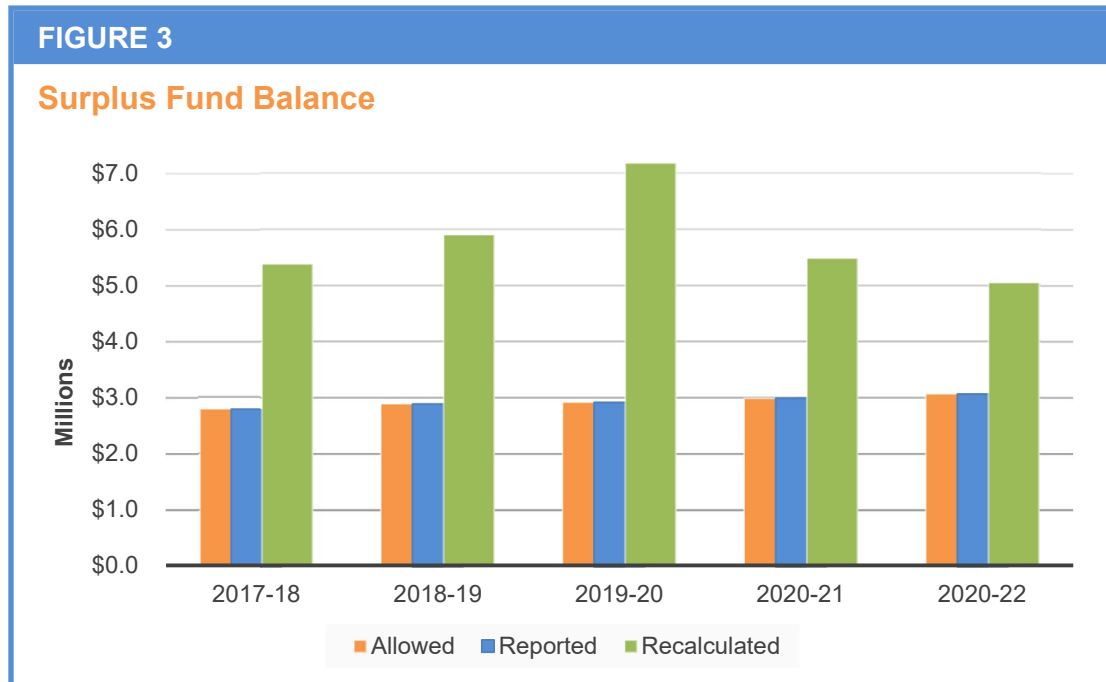
These variances significantly contributed to the surplus fund balance between 2017-18 and 2021-22.

The Assistant Superintendent stated that during the COVID-19 pandemic, the New York State (State) budget was going to be late in 2020 and there were warnings from the Governor's office that State aid could be cut as much as 15 percent, which could have led to a potential deficit. Therefore, District officials had to plan for the potential cut by appropriating fund balance. When State aid was subsequently received, the District did not have to use the appropriated fund balance. However, the Board and officials have continually overestimated appropriations prior to, during and after the pandemic. Furthermore, overestimating expenditures was not an appropriate method to address concerns for any reductions in State aid. Officials should have reduced the State aid estimate and offset the reduction by reducing appropriations.

The Superintendent also told us that they were trying to be financially conservative and healthy. He explained that employee turnover contributed to the actual expenditures being less than the budgeted appropriations. For example, when experienced, higher paid teachers and administrators retired or separated from the District and new, less experienced people were hired and paid lower salaries, the District spent less on salaries. The Superintendent said that annually, between 10 and 20 employees leave District service and are replaced by new employees. However, salaries are determined by contractual agreements and historical turnover numbers are known. Therefore, officials should have been able to reasonably estimate these amounts in the annual budgets.

Overestimating appropriations created the appearance that more revenue and financing sources were needed to maintain a balanced budget and address planned operating deficits, resulting in more taxes being levied than necessary. The Board's and District officials' practice of historically appropriating unneeded fund balance is, in effect, a reservation of fund balance that is not provided for by statute and circumvents the statutory limit on surplus fund balance.

Additionally, appropriating fund balance that is not needed artificially reduces the amount of surplus fund balance subject to the statutory limit. For perspective, when unused appropriated fund balance is included in surplus fund balance, the District's surplus fund balance exceeds the statutory limit from \$2.0 million to \$4.3 million, resulting in recalculated surplus fund balances ranging from approximately \$5.1 million (7 percent) to \$7.2 million (10 percent) (Figure 3).



This issue occurred because the Board and District officials did not follow the Board-adopted fund balance policy. By continually appropriating fund balance that was not needed and overestimating appropriations, the Board and officials did not present the District's surplus fund balance or budget in a transparent manner, maintained real property taxes at a level higher than necessary for operations and missed opportunities to lower real property taxes.

### How Should a Board and District Officials Effectively and Transparently Manage Reserves?

District officials are legally allowed to set aside, or reserve, portions of fund balance to finance future costs for specific purposes (e.g., capital projects or retirement expenditures). A board should develop a formal written policy for reserves that includes the rationale for establishing a reserve, optimal or targeted funding levels and conditions under which the reserves will be funded and used. A board should also periodically analyze the reasonableness of the balances in the reserves and take appropriate actions needed to ensure the reserves are

---

maintained at reasonable levels. Combining a reasonable level of surplus fund balance with specific legally established reserves provides both for unanticipated events and for other identified or planned needs to help ensure that tax levies are not greater than necessary.

### **Certain Reserves Were Not Reasonably Funded or Used**

We analyzed the six reserves reported in the general fund totaling approximately \$17 million for reasonableness as of June 30, 2022. We determined that the employee benefit and liability reserve, teachers' retirement contribution reserve and capital reserve were reasonably funded. However, the tax certiorari reserve, employer retirement contribution reserve and unemployment insurance reserve were not reasonably funded or have not been used. We compared the balance of these three reserves to the five-year average historical expenditures related to the purpose of each reserve. We determined that they were not reasonably funded or have not been used as follows:

Tax Certiorari Reserve – The Board established this reserve to pay for the judgments or claims challenging real property tax assessments. The \$5.2 million in this reserve as of June 30, 2022 was sufficient to cover 19 years of the District's annual tax certiorari expenditures, which averaged approximately \$268,000 over the five years of our audit period. In addition, the District did not consistently use the reserve to make tax certiorari payments. During the audit period, the District paid a total of \$1.4 million for tax certiorari payments. However, while the District used the reserve for \$683,595 (51 percent) of the payments made, the remaining \$655,046 (49 percent) of tax certiorari expenditures were paid using budgeted appropriations. The Superintendent stated that the reserve was maintained at this level because the tax certiorari payment was much higher in the past. However, because these tax certiorari estimates are not based on recent expenditures, maintaining the reserve at this level does not appear reasonable.

Retirement Contribution Reserve – The Board established this reserve to fund retirement contributions to the New York State and Local Retirement System (ERS). The \$4.1 million in this reserve, as of June 30, 2022, was sufficient to cover six years of ERS expenditures, which averaged approximately \$692,000 over the five years of our audit period. The balance in this reserve increased in each of the last four years of the audit period although the employer contribution rate decreased each year. District officials did not use this reserve to pay for ERS expenditures, which were instead paid for with budgeted appropriations. The Assistant Superintendent stated that the retirement contribution reserve was maintained at this level because the District was considering converting several contracts (e.g., the janitorial contract) to in-house staffing work and hiring more bus drivers, both of which would increase retirement contribution expenditures.



---

However, because the retirement contribution reserve was not used during the audit period, maintaining the reserve at this level does not appear reasonable.

Unemployment Insurance Reserve – The Board established this reserve to reimburse the New York State Unemployment Fund for payments made to claimants on the District’s behalf. This reserve was flat at \$250,000 during the entire audit period. The reserve was not used during the audit period because unemployment claims were reimbursed through budgeted appropriations. The amount in this reserve, as of June 30, 2022, was sufficient to pay 86 times the annual average of reimbursed unemployment claims that was approximately \$2,900 during the audit period.

The issues above occurred partly because the Board’s reserve policy did not address key aspects for maintaining the District’s reserves, such as the optimal funding levels of each reserve or conditions under which each reserve should be used or replenished. The Superintendent stated that they were planning to update the District’s policies, including the policy for reserves. Additionally, District officials did not use funds from these reserves because they were able to pay for the related expenditures from the operating budget while still generating operating surpluses during the last five fiscal years.

Although it is prudent to plan and save for unforeseen circumstances, overfunding and/or not using reserves for their intended purpose results in real property taxes being higher than necessary because the funds are not being used to fund related expenditures.

## **What Do We Recommend?**

The Board and District officials should:

1. Develop and adopt budgets that include reasonable estimates for appropriations and the amount of fund balance that will be used to fund operations.
2. Discontinue the practice of appropriating fund balance that is not needed or used to fund operations.
3. Develop a plan to reduce surplus fund balance in a manner that benefits District taxpayers. Surplus funds can be used to:
  - Fund one-time expenditures such as capital improvements,
  - Funding needed reserves,
  - Pay off debt, or
  - Reduce District real property taxes.

- 
4. Adhere to the fund balance policy in conjunction with the annual budget process.
  5. Review reserve fund balances and develop a plan to reduce balances to reasonable levels or use them to fund operations in accordance with applicable statutes.
  6. Amend the District's reserve policy to include optimal or targeted funding levels and conditions under which each reserve will be used or replenished.

# Appendix A: Response From District Officials

---



**ARDSLEY**  
SCHOOL DISTRICT

May 16, 2024

NYS Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 102  
New Windsor, NY 12553  
ATTN: Dara Disko-McCagg

Re: District Response to Comptroller's Audit Report

Dear Chief Examiner Disko-McCagg:

The Ardsley School District (the "District") is in receipt of the Draft Audit Report – Financial Management for the period July 1, 2017 through August 24, 2022.

On behalf of the Board of Education and the District's administration, we would like to thank the local field staff of the Comptroller's Office. They were professional and courteous in conducting their duties associated with this audit. The District is pleased that the extensive work of the auditors from your office resulted in no findings of operational improprieties, fraud, waste or abuse.

We have carefully examined the report furnished by your office. It is crucial to note that a substantial portion of the audit period coincided with the challenging circumstances of the COVID-19 pandemic. Like other districts across the state, we encountered years of uncertainty regarding expenditures and potential reductions in state aid. During this period, we sought to address the diverse needs of our learning community while responsibly managing the District's fiscal condition.

We would like to highlight our visible and transparent approach to budgeting. The District shares detailed information with the public regarding the underlying assumptions driving budget projections. Our budget development occurs well in advance of the actual school year, which inherently entails the potential for staffing changes due to retirements, resignations, and other developments after the budget is developed and presented to voters for approval.

500 Farm Road · Ardsley, NY 10502 | 914-295-5500 | [Ardsleyschools.org](https://www.ardsleyschools.org)

Despite the challenges posed by the pandemic, the District has consistently mitigated the burden on taxpayers. The audit report's suggestion that the District raised property taxes beyond necessary levels is inaccurate. Since the 2018-2019 fiscal year, the Board has consistently proposed, and voters have adopted, budgets with a tax levy below the maximum limit each year. The District's management team works diligently to ensure effective fiscal management throughout the year, even when fund balance has been appropriated for the budget. Over the course of many years, we have demonstrated our commitment to responsible financial oversight while funding our most important educational priorities.

See  
Note 1  
Page 14

The administration and Board have maintained a high level of transparency in our budget process by openly disclosing the need for, and utilization of, reserves. While the audit report asserts that three different reserves were maintained at unreasonable levels, during our exit conference, we repeatedly sought further clarification on what would constitute "reasonable" funding levels. Despite our repeated efforts, we were unable to elicit guidance or clarification on this point. The District respectfully disagrees with the assertion that the reserves are not reasonably funded.

See  
Note 2  
Page 14

We would like to thank the Comptroller's Office for their thoroughness and professionalism during their time spent in the District. The audit report included three key findings and six recommendations for the District. The following is the District's response to those findings and recommendations:

**OSC Key Finding #1:** The Board and District officials overestimated appropriations from 2017-18 through 2021-22 (excluding 2018-19) by an average of \$4.1 million, totaling \$16.5 million.

**District Response:** The District respectfully disagrees that the reasonableness of its expense projections can be fairly assessed solely by means of a post hoc review of operating results. The District is obligated to budget not simply for *known* or *expected* expenditures, but also for *foreseeable* contingencies (not all of which may materialize in a given year). In addition, the District closely monitors and manages discretionary spending throughout the year, which is consistent with our commitment to serve as responsible stewards of the District's tax dollars. While abandoning either of these approaches may have yielded smaller operating surpluses (or even operating deficits), we do not agree that doing so would have served the interests of District taxpayers.

See  
Note 1  
Page 14

**OSC Key Finding #2:** The District appropriated fund balance at an annual average of \$2.9 million from 2017-18 through 2021-22 while it had an operating surplus in each of those years averaging \$1.1 million. As a result, the appropriated fund balance was not used to fund operations and taxpayers were taxed more than necessary.

**District Response:** The District reiterates its position that the reasonableness of the District's approach cannot simply be assessed in hindsight. As noted above, the District budgets not merely for *known* expenditures, but also for *foreseeable* contingencies (including budgeting for current employees who have not notified the District of any change in status at the time of budgeting). As we shared during our exit conference, the audit

---

period coincided with a period in which the District consistently adopted a tax levy below the cap. The appropriated fund balance allowed us to budget for *foreseeable* contingencies (which did not always materialize) while taking affirmative steps to *reduce* the burden on taxpayers. We respectfully disagree with the Comptroller’s view that a different approach (e.g., increasing the tax levy to reduce the appropriated fund balance, or increasing discretionary spending to reduce operating surpluses) would have benefited District taxpayers.

See  
Note 1  
Page 14

**OSC Key Finding #3:** Three reserves totaling \$9.6 million as of June 30, 2022, were not reasonably funded or used during the five year audit period.

**District Response:** During our exit conference, we noted the report’s findings that certain reserve levels do “not appear reasonable” based on recent expenditures. We repeatedly sought clarification or guidance on what a “reasonable” level would be, or for an example of a reserve policy that reflected such an approach. Each time we inquired, we were unable to elicit any specific guidance. Following the exit conference, we independently reviewed the policies of several neighboring districts. Based on this review, we respectfully disagree that the District’s approach has been unreasonable or atypical by any objective measure.

See  
Note 2  
Page 14

**OSC Recommendation #1:** The Board and District officials should develop and adopt budgets that include reasonable estimates for appropriations and the amount of fund balance that will be used to fund operations.

**District Response:** The District’s budget development process is detailed and transparent. Over the course of the audit period, we have shared extensive information with the public, including reviewing the prior year’s actual expenditures, the current year’s budgeted expenditures, the current year’s latest projected expenditures, and the following year’s projected expenditures. We believe this approach is reasonable and responsible.

See  
Note 1  
Page 14

**OSC Recommendation #2:** The Board and District officials should discontinue the practice of appropriating fund balance that is not needed or used to fund operations.

**District Response:** As noted above, the District budgets not simply for *known* expenditures but also for foreseeable contingencies. While appropriating a portion of the fund balance into the budget, we have also been able to maintain our tax levy consistently below the cap for several years. The appropriated fund balance allows the District to budget for unlikely, albeit foreseeable, contingencies – including with respect to staffing changes, retirements, utility costs, environmental conditions, and contractual services. Our rigorous management of expenses throughout the year has enabled us to remain within our budgeted expenditures, which is to the benefit (not the detriment) of District taxpayers.

See  
Note 1  
Page 14

---

**OSC Recommendation #3:** The Board and District officials should develop a plan to reduce surplus fund balance in a manner that benefits District taxpayers.

**District Response:** The District agrees that the fund balance should be used in ways that benefit District taxpayers. For example, our proposed capital project, which voters will decide next week, contemplates using \$3.5 million from the capital reserve. We will continue to evaluate fiscally responsible options for managing our fund balance that allow us to (1) mitigate tax levy increases, (2) plan for major, non-recurring, or unforeseeable expenses, and (3) fund rising program costs through sustainable revenue sources.

**OSC Recommendation #4:** The Board and District officials should adhere to the fund balance policy in conjunction with the annual budget process.

**District Response:** The District has followed, and will continue to follow, its policies with respect to reserve funds and fund balance in connection with its annual budget process.

**OSC Recommendation #5:** The Board and District officials should review reserve fund balances and develop a plan to reduce balances to reasonable levels or use them to fund operations in accordance with applicable statutes.

**District Response:** As noted above, the District is currently placing a proposition before voters to use \$3.5 million from the capital reserve to defray the cost of a potential capital project. The Board and District administration will continue to evaluate responsible and sustainable uses for our fund balances that benefit District taxpayers.

**OSC Recommendation #6:** The Board and District officials should amend the District's reserve policy to include optimal or targeted funding levels and conditions under which each reserve will be used or replenished.

**District Response:** During our exit conference, we repeatedly sought guidance on what an "optimal" or "reasonable" funding level should be. We also asked for examples of any comparable district that had adopted such a policy that we could reference. In both cases, we did not receive the guidance we sought. Having subsequently evaluated the policies of several comparable districts, we believe that our approach and policies are reasonable and consistent with those of such other districts.

Thank you again for the professionalism and courtesy shown by your office throughout this process. While we understand the Comptroller's view, based on a post hoc review of our appropriations, that the District levied more taxes than needed, we believe the facts and circumstances of our budget process support a different conclusion. By closely evaluating both actual and projected expenditures during our public budget discussions,

See  
Note 1 &  
Note 2  
Page 14

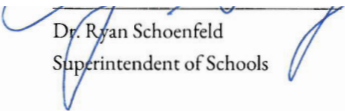
See  
Note 2  
Page 14


---

the District has consistently maintained a tax levy below the cap, funded rising program costs through sustainable revenue sources, and utilized past surpluses to fund foreseeable and unforeseeable contingencies.

Sincerely,

ARDSLEY SCHOOL DISTRICT

  
Dr. Ryan Schoenfeld  
Superintendent of Schools

  
Hrishikesh Karthikeyan  
President, Board of Education

## Appendix B: OSC Comments on the District's Response

---

### Note 1

Consistently proposing budgets that include tax levy increases below the maximum limit each year does not mean a district's budget is reasonable or limited to actual need. For example, when District officials consistently plan for operating deficits and appropriate fund balance that is not needed to fund operations, officials artificially reduce the District's available fund balance, resulting in a perception that fund balance is closer to or within statutory limits. This practice, in effect, is a reservation of fund balance that is not provided for by statute, circumvents the statutory limit on surplus fund balance and results in taxpayers paying higher taxes than necessary. In addition, budgeting for contingencies within the actual budget line items does not provide transparency to District taxpayers. Unrestricted fund balance is designated to be used for contingencies. By overestimating expenditures, the District generated surpluses totaling \$16.5 million during our audit period, which officials did not use to fund District operations or reduce taxes.

### Note 2

The District's reserve policy states, "In accordance with the limits imposed by New York State Real Property Tax Law 1318, the Board of Education will strive to maintain an unassigned general fund balance of not more than 4% of the budget expenditures for the ensuing fiscal year." We previously shared with District officials that it is their responsibility to determine the optimal funding levels for the District's reserve funds. Contrary to officials' statements, we referred officials to our *Local Government Management Guide: Reserve Funds*<sup>2</sup> for guidance on managing the District's reserves and encouraged them to reach out to neighboring districts to discuss how they determine optimal reserve funding levels.

---

<sup>2</sup> <https://www.osc.ny.gov/files/local-government/publications/pdf/reserve-funds.pdf>



## Appendix C: Audit Methodology and Standards

---

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed budgeting information posted to the District's website (e.g., budget workshop materials) and Board meeting minutes, resolutions and policies to gain an understanding of the District's financial planning and budgeting procedures.
- We compared appropriations to actual expenditures for 2017-18 through 2021-22 to determine the significant budget-to-actual variances. We analyzed the variances by object of expenditure to determine which expenditure categories were overestimated and by how much. Within the object of expenditures with the significant overestimates, we determined and documented up to four drivers of the overestimates with the largest variances after discussing with District officials.
- We calculated the results of operations for 2017-18 through 2021-22 to determine whether there was an operating surplus or operating deficit and appropriated fund balance was used.
- We calculated surplus fund balance as a percentage of the next year's budgeted appropriations for 2017-18 through 2021-22 to determine whether it was within the statutory limit. We recalculated surplus fund balance as a percentage of the next year's budgeted appropriations after adding back unused appropriated fund balance.
- We reviewed the District's reserve balances to assess whether they were properly established, compliant with applicable statutes, used and reasonably funded based on historical expenditures and anticipated uses.
- We obtained the employer contribution rate for ERS for the audit period to determine whether the rate was increasing or decreasing.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results

---

onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

## Appendix D: Resources and Services

---

### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

**NEWBURGH REGIONAL OFFICE** – Dara Disko-McCagg, Chief of Municipal Audits

33 Airport Center Drive, Suite 102 • New Windsor, New York 12553-4725

Tel (845) 567-0858 • Fax (845) 567-0080 • Email: [Muni-Newburgh@osc.ny.gov](mailto:Muni-Newburgh@osc.ny.gov)

Serving: Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester counties