

# *Hoosic Valley Central School District*

CENTRAL OFFICES  
2 Pleasant Avenue  
Schaghticoke, New York 12154

*Heidi Pascarella*  
District Clerk

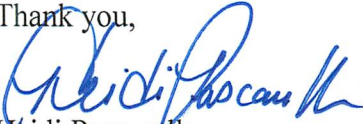
Telephone (518)753-4458 x 1506  
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April 17, 2019

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

Please find the Corrective Action Plan (CAP) for Hoosic Valley Central School District enclosed.

Thank you,



Heidi Pascarella

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2 Pleasant Avenue  
Schaghticoke, New York 12154

**G. Michael Apostol**  
Interim Superintendent of Schools

Telephone: (518) 753-4458  
Fax: (518) 753-7665

Unit Name: **Hoosic Valley Central School District**

Audit Report Title: **Financial Management**

Audit Report Number: **2018M-238**

### **Corrective Action Plan (CAP) April 4, 2019**

This report provides Hoosic Valley CSD an opportunity to continue to further improve its financial management into the future. The Board of Education understands their fiduciary responsibilities as guardian of public funds and, working together with the administrative team, the District will provide the State Comptroller's office with a corrective action plan to maintain the trust and confidence of our residents, staff and students. For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed.

#### Audit Recommendation:

1. Develop realistic estimates for appropriations based on historical trends or know factors and only appropriate fund balance actually needed and intended to fund operations.

#### Implementation Plan of Action(s):

In response to recommendation 1: The District's Administration recommended a reasonable budget plan of probable expenditures and anticipated income to the Board of Education each year based on the number of uncertainties and regulations that impact the budget development process for school districts that must be taken into consideration. These budgets were scrutinized, revised, publicly presented, and voted on as required by law. The community overwhelmingly supported and approved each of the last five (5) budgets with super-majority results each time. The District has routinely adopted budgets that are conservative, particularly in the area of special education and utilities. This is based on historical review, current actual cost, and projections of future student enrollments. The District has had several students whose educational programming was of a significantly high cost, move into the District and then leave the District, which could not be anticipated. Both situations can have significant impact on projected versus final appropriations. The budgeting for these areas is based on prudent, conservative planning. During the budget process the District must also project utility cost that go as far as 14 months into the future, without knowing the global economic events that may impact fuel prices, or the severity of weather we may endure impacting fuel consumption. This can also impact the projected versus final appropriations.

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The District has been working to narrow the budget to actual variance over the last three budget cycles by decreasing appropriation codes to accommodate increases in educational programs, staffing, and contractual obligations that have occurred while at the same time actively decreasing taxes by 1% each year. The 2018-2019 Budget brought before voters was based on the district's expense history ensuring projections for realistic estimates of appropriations for 2018-19 fiscal year. The District's development of the 2018-19 budget included the increase of eight full-time staff positions while also implementing savings in the health insurance appropriation code. The District will continue to narrow the projected to actual variance in future budgets utilizing the Employee Retirement System estimated future bill when budgeting for the yearly employee retirement system appropriation.

### Audit Recommendation:

2. Adopt a fund balance policy that establishes appropriate fund balance levels to be maintained.

### Implementation Plan of Action(s):

In response to recommendation 2: In the 2018-19 Fiscal Year working together the Board of Education Policy Committee, Finance & Audit Committee, and district administration will develop, review, and recommend a fund balance policy to be adopted by the Board of Education by September 30, 2019.

### Audit Recommendation:

3. Use surplus fund in a manner that benefits District taxpayer. Such uses could include but are not limited to: funding one-time expenditures, funding needed reserves, paying debt service costs, reducing district property taxes.

### Implementation Plan of Action(s):

In response to recommendation 3: The District Administration and Board of Education has utilized operating surplus funds in each of these manner over the years of the audit. An example of this is the 2018-19 budget included a total of \$529,000 of one-time expenditures, which utilized the appropriated fund balance for the purchase of buses, the purchase of a tractor, and paying off debt service. An additional example is the funding of the voter approved Capital Bus Purchase Reserve and Capital Construction Reserve. The District's Board of Education and its administration have worked diligently over the last five years to enhance programs that benefit students while cautiously acting to reduce its tax levy. For the years 2014-15 and 2015-16 there was a 0% increase in the tax levy and in the years 2016-17, 2017-18, and 2018-19 the tax levy decreased by 1 % each year. The District does recognize that additional continued improvements can also be made to narrow the projected to actual variance in future budgets,



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and will continue to make systematic decreases to the tax levy, respectively, in order to benefit our tax payers.

### Audit Recommendation:

4. Adopt a comprehensive reserve policy that clearly communicates the purpose and intent for establishing each reserve, the manner in which the Board will fund and maintain each reserve, the optimal or target funding level and conditions under which each fund's assets will be used or replenished.

### Implementation Plan of Action(s):

In response to recommendation 4: Currently a review of the district's reserve funds and balances are presented to the Board of Education during the budget development and also before the end of the fiscal year. The purpose of the each reserve and the balance is reviewed annually. The District will enhance the regular practice with adoption of a formal comprehensive reserve policy with in the fiscal year 2018-19. The Policy Committee, Finance & Audit Committee, and district administration will develop, review, and recommend to the Board of Education a comprehensive policy which outlines levels, targets, and conditions of reserves for adoption. This will enhance the current process to a more formal action.

### Audit Recommendation:

5. Review all reserves to determine whether balances are necessary and reasonable and use excess amounts in accordance with applicable statutes in a manner that benefits District taxpayers.

### Implementation Plan of Action(s):

In response to recommendation 5: The district administration has reviewed reserves with the school district's independent auditor, Stark & Basila CPA, P.C. The reserves reviewed by the independent auditors were deemed to be legal and necessary. The District Administration will continue to meet with the Finance and Audit Committee and Board of Education on a regular basis to review the status of each reserve as evident by the Board of Education meeting minutes.

### Audit Recommendation:

6. Develop a comprehensive multiyear financial plan that includes intended use of reserves and fund balance amounts to provide framework for future budgets and guide the District's management of financial condition. The plan should be periodically reviewed and updated as appropriate.

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### Implementation Plan of Action(s):

In response to recommendation 6: The Business Administrator prepares a three year budget forecast that includes revenues, appropriated fund balance, reserves, and reasonable estimated increases to expenditures. The three year financial plan was developed, updated and presented to the Board of Education on a regular basis as a method to forecast future budgets. The three year financial plan is presented, reviewed, and updated on an annual basis by the District Administration, Finance and Audit Committee, and Board of Education to assist in the development of reasonable budgets on an annual basis. The District will enhance the multi-year financial plan to include projected year end fund balances, and concluding the Business Administrators presentation to the Board of Education a formal resolution will be presented to approve the plan annually.



G. Michael Apostol

Interim Superintendent of Schools

4/16/19

Date



Anthony Cammarata

School Business Administrator

4/16/19

Date