



# Greater Johnstown School District

Glebe Street • Pleasant Avenue • Warren Street • Jansen Avenue • Knox Junior High • Johnstown High

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December 21, 2018

Ms. Amy Pedrick, CPA  
West & Company, CPAs, PC  
96 North Main Street  
PO Box 1219  
Gloversville, New York 12078

Re: 2017/18 Audit and Management Comments

Dear Ms. Pedrick

This letter is in response to the Management Letter which relates to the Greater Johnstown School District Audited Financial Statements and Supplemental Schedules, dated June 30, 2018.

Following each finding is the District's response to the finding and its corrective action plan, including the status of the implementation of the corrective plan.

## **Prior Year Findings**

**School Lunch Fund Deficit:** The School Lunch Fund should be self-supportive and not require substantial loans or transfers from other funds to operate. It is recommended that management and the Board review this situation and develop a plan to eliminate the existing fund equity deficit and reduce the interfund loan balance.

## **District Response:**

The District has worked diligently to significantly decrease the deficit in the School Lunch Fund. We have made tremendous strides but recognize the need to continually review and analyze the Lunch Program to find ways to work toward the goal of a profitable School Lunch Program. We have reduced staff hours where appropriate and continue to find ways to encourage greater participation in the School Lunch Program. In addition, no interfund transfer was made from the general fund to the lunch fund in 2017/18 and none is anticipated in the subsequent school year.

**Extraclassroom Activity Funds:** We recommend that the District and all the clubs review the NYS Pamphlet #2 and ensure all Extraclassroom Activity Funds are in compliance with these regulations.

**District Response:**

There were a few inactive clubs. After one year of inactivity, individual extra-classroom treasurers and the extra-classroom auditor will review those clubs to determine whether they will be active in the current school year. After two years of inactivity, the Board of Education will review and take appropriate action, if necessary.

Annually, training is conducted to inform advisors of the requirement of NYS Pamphlet #2, and that document is distributed to each advisor at the training. In addition, forms are provided for use for fundraising, which include a profit and loss statement and inventory control forms. Administration has had conversations with the Treasurers, reminding those individuals of the requirements. The School Business Manager will continue to monitor the situation.

**Confirming Purchase Orders:** We recommend that the District ensure all purchases are made from proper purchase orders.

**District Response:**

Steps have been taken to closely review all purchase orders and Administration has reviewed its purchasing procedures with all departments. Employees are reminded that they do not have authority to purchase for the District without prior approval.

**Funding of Reserves:** We recommend that the District transfer these amounts to unassigned fund balance.

**District Response:** The district will close out its current capital project in the 2018-2019 school year. The district will have a plan to use those reserve funds to offset some of the local share of the debt for the capital project.

**Fixed Asset Additions:** This condition has been corrected as of June 30, 2018.

**Purchasing Procedures:** This condition has been corrected as of June 30, 2018.

## **Current Year Findings**

**General Fund – Unassigned Fund Balance:** We recommend that the Board of Education take the necessary actions to reduce the District's General Fund unassigned fund balance to statutory limits.

**District Response:** Some expenditures planned for the 2017-2018 school year were not needed, particularly in the area of Special Education, which resulted in a higher unassigned fund balance than anticipated at the end of the year. The district continues to operate at a deficit with budgeted expenditures exceeding budgeted revenues. The additional fund balance will be used to offset the deficit costs as the district works to bring the expenditure budget in line with the revenue budget.

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We appreciate the courtesy and assistance offered by your firm before, during and subsequent to review of our financial statements.

Sincerely,

A handwritten signature in blue ink that reads "Melissa L. Baker". The signature is written in a cursive style with a large, stylized initial 'M'.

Melissa L. Baker  
School Business Manager