



*Pleasant Avenue Elementary • Warren Street Elementary • Johnstown Junior-Senior High • The Knox Building*

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Ms. Amy Pedrick, CPA West & Company, CPAS, PC

96 North Main Street

PO Box 1219

Gloversville, New York 12078

**Re: 2020-2021 Audit and Management Comments - Corrective Action Plan**

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, 2021. 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 - Remain Unchanged for 2020-2021**

- I. **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 recognizes the dynamics at play in consideration of a self-supportive school lunch fund. Therefore, we continue to contract with Capital Region BOCES to shift costs to aided, shared services to create a State Aid revenue stream for the School Lunch Fund.

While we have taken diligent steps to improve in this area of school operations, we recognize the need to regularly review and analyze finances to incorporate ideas and strategies that may result in a more profitable School Lunch Program. In addition, we have reduced staff hours, where appropriate, and continue to find ways to encourage greater participation in the School Lunch Program for students and staff through healthy food choices and mutually beneficial marketing. With the changes that the District has made, we expect to reduce the operating deficit in the School Lunch Program by the 2021-2022 school year and eliminate the operating deficit by the 2022-2023 school year.

- II. **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:**

After one year of near inactivity (2020-2021), individual extra-classroom treasurers, the Assistant Principal at the Junior-Senior High School, and the extra-classroom auditor will review all extra-classroom accounts to determine whether they will be active in the current school year (2021-2022). Following two years of inactivity, the Superintendent of Schools will make recommendations to the Board of Education to continue funding extra-classroom adviser stipends. The health and safety of students and staff will affect any determination to continue funding, in any case. Special orientation meetings and reviews of extra-classroom procedures pertaining to NYS Pamphlet #2 will be conducted annually in the fall of the 2021-2022 school year by the Assistant Principal and School Business Manager. Included will be the extra-classroom treasurer and all advisers responsibly appointed by the Board of Education. Such meetings will continue annually in the fall of subsequent years.

In addition, forms are provided for use for fundraising, which include a profit and loss statement and inventory control forms. Administration has provided an end-use form for fundraising, which allows for the documentation of profit and loss, as well as inventory control. Expectations for the use of this form has been outlined for advisors. The extra-classroom treasurer will audit the activity of each club at least quarterly during the 2021-2022 school year to ensure that appropriate documentation is provided for all club-related activities. The School Business Manager will continue to perform quarterly audits of financial activity during the 2021-2022 school year.

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

**District Response:**

The District will continuously improve its close review of purchase orders, and has implemented additional training with the clerical staff and Administrators regarding the purchasing process for the fall of the 2021-2022 school year. The School Business Manager will update the claims review checklist used by the Internal Claims Auditor and conduct a

training session with the Internal Claims Auditor during the 2021-2022 school year and annually thereafter to ensure that all regulations are being followed. The Purchasing Agent will continue to communicate through an annual memo to all District employees, reminding them of their responsibility to purchase for the District only with prior approval.

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

**District Response:** The Superintendent, Assistant Superintendent, the District's Fiscal Advisor, and the BOE Audit Committee are reviewing the District's reserve plan. Recommendations will be made to the Board of Education to approve transfers of all unused funds from the Reserve for Debt and Reserve for Tax Reduction into strategic reserves prior to the end of the 2021-2022 school year to utilize for other legal purposes as authorized by our other reserves.

- V. **Unassigned General Fund Balance:** We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

**District Response:** The Superintendent, Assistant Superintendent, the District's Fiscal Advisor, and the BOE Audit Committee are reviewing the District's reserve and long range financial plan. Recommendations will be made to the Board of Education to fund strategic reserves using the excess fund balance on an annual basis, commencing with the 2021-2022 school year.

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

Sincerely,

***AD Koster***

Alicia D. Koster

Assistant Superintendent