

GRANVILLE CENTRAL SCHOOL DISTRICT

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December 18, 2019

Schedule of Findings and Questioned Costs for the Year Ended June 30, 2019

Section II – Financial Statement Findings

Non-compliance Material to the Financial Statements

2019-001 – Compliance with New York State Real Property Tax Law

Criteria: NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund equity a District can have to no more than 4% of the General Fund budget for the ensuing fiscal year.

Condition: The unassigned fund balance of the General Fund exceeds 4% of the 2019-20 General Fund budget.

Context: As part of audit procedures, the compliance of the NYS Real Property Tax Law 1318 limits is reviewed

Effect: The District was not in compliance with NYS Real Property Tax Law

Cause: The cumulative effect of expenditures being significantly under budget.

Recommendation: The District should continue to implement the District plan to address and use the excess in future years

Management Response: Management has developed a corrective action plan. The unassigned fund balance will be used to 1) reduce future property taxes 2) to fund the Capital Reserve to be used to finance future building projects 3) to fund one time expenditures and 4) as a financing source instead of borrowing.

1.) ***Reduce future property taxes***

Actions Taken: A zero 0% increase to the tax levy was approved in 2016-2017, 2017-2018, 2018-2019 and 2019-2020.

Actions planned to be taken: The District plans to use the unassigned fund balance to reduce future property taxes – Future Dates –tax levy 2020-2021, 2021-2022 and beyond.

Responsible for Implementation: Business Manager, Superintendent of Schools, Board of Education

2) To Fund the Capital Reserve to be used to finance future building projects:

Actions Taken: The District through voter approval established a Capital Reserve. The Capital Reserve was set at \$5,000,000 for a probable term of ten years. Funds will be transferred from the unassigned fund balance on an annual basis. The current balance is \$3,541,006.12 after four years. The District voters approved the use of \$2,000,000 of the Capital Reserve to be used to finance the proposed building project approved by voters in May 2019.

Actions planned to be taken: Funds will be transferred from the unassigned fund balance on an annual basis. Additional fund transfers will occur up to the established \$5,000,000. Anticipated year of full funding is anticipated to occur prior to 2025-2026.

Responsible for Implementation: Business Manager, Superintendent of Schools, Board of Education and Voter Approval

3) To fund one time expenditures

Actions Taken: The District has used fund balance to complete many of the items on the last Building Condition Survey completed in 2015. Items included new water heaters, large repairs to the exterior of the buildings and improved lighting within the buildings. The District replaced boys and girls lockers that were over thirty and forty years old, replaced fencing on the football field and purchased a new bus lift replacing one that was in excess of thirty five years old and posed to be a safety issue by the Department of Transportation. In 2017-2018, the District purchased new bus cameras for the bus fleet, installed new upgraded security cameras for the interior of the school buildings, purchased a security entrance system, upgraded school lighting systems and purchased chrome books and chrome carts for students. In 2018-19, the District purchased a new mower machine for maintaining the grounds, a new serving line for the cafeteria, replaced a malfunctioning rotary lift for the bus garage, purchased computer equipment for students and security cameras for the interior and exterior of the school.

Actions Planned to be taken: The District plans to expend one- time expenditures for the purchase of a new dump truck that is over twenty years old as well as a new plow and sander. The District will be using funds to purchase new bus radios and a repeater system that will provide improved radio coverage throughout the district for the transportation fleet. The District will continue to use fund balance to address one time expenditures and financing costs related to repair, renovation and safety concerns as they arise.

Responsible for Implementation: Business Manager, Superintendent of Schools and Board of Education (approval)

4) Using Surplus as a funding source

Actions Taken: The District has appropriated surplus funds in previous years and used surplus funds as a financing source. (2012-13) (2013-14) (2014-2015)

Actions planned to be taken: The District will appropriate funds in subsequent budget years and will continue to do so based on budgeted expenditures and revenues.

Responsible for implementation: Business Manager, Superintendent of Schools, Board of Education (approval)

BOE Approved 01/13/2020

