



TO: Board of Education

FROM: Katy Buzzetti, School Business Administrator *KB*

DATE: September 24, 2015

RE: Corrective Action Plan – Financial Statements

Below is the Corrective Action Plan (CAP) for the Audited Financial Statements for the year ending June 30, 2015.

**Financial Condition –**

- A. As of June 30, 2015, the District utilized various committed fund balances which resulted in the District exceeding the 4% maximum unassigned fund balance as required by Section 1318 of the real property law.

*The District acknowledges the excess unreserved fund balance. The District will continue to develop and implement a reserve plan as part of a long range plan and integrate the various committed fund balances into the appropriate reserves.*

- B. The District is appropriating \$4,535,128 of fund balance to support the 2015-16 operating budget which is approximately 6.1% of the 15-16 operating budget. Maintaining appropriated fund balances at this level will require the District to closely monitor their budget as fund balance will decline rapidly if surpluses are not generated equal to the appropriated fund balance.

*The District will continue to monitor its budget and reliance on fund balance. The District is trending downward in its use of fund balance to support its budget, reducing appropriated fund balance by \$1,464,872 over the last two years, and anticipates continuing to do so with the restoration of the GAP elimination adjustment and increasing state aid revenue.*

**Banking Procedures –**

The Office of the State Comptroller is recommending that districts create and implement comprehensive written policies for online banking operations. However, the District does not currently have an online banking policy.

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**Quality Education for All**

The Mission of the Horseheads Central School Community is to provide a quality education for all within a nurturing environment which promotes excellence, growth, and a sense of civic responsibility.

*The District will research and develop a written online banking policy.*

**Investment Policy –**

During our examination of the District's investment policy, we noted that there is currently no maximum amount which can be on deposit at each of the authorized financial institutions. In addition, we noted that two of the financial institutions the District utilizes are not authorized depositories.

*The District will review its investment policy on an annual basis to ensure compliance with General Municipal Law. The BOE will authorize current depositories and establish maximum amounts for deposit.*

**Offsite Cash Collections –**

During our examination of cash receipts and collection procedures, we noted the individual responsible for preparing deposit slips for athletic admissions will take the collections home overnight after the completions of the event. In addition, receipts for admissions are not always turned over to the District Treasurer in a timely manner.

*The District will make the effort to deposit these funds in a more timely manner, as well as develop procedures for holding funds in a locked location overnight until funds can be deposited in the bank.*

**Other Item:**

**Affordable Care Act –**

As the phase in of the Affordable Care Act begins, there are many new compliance and reporting issues which will impact the school district. New reporting requirements include tracking of employee hours over specific measurement periods, gathering enrollment information, and filing new IRS Forms 1094 and 1095.

*The District has engaged the services of an independent consulting firm to aid its compliance with the Affordable Care Act.*

Thank you.

C: Dr. Thomas J. Douglas, Superintendent of Schools  
Tom Zuber, External Auditor  
Linda Klievoneit, District Treasurer  
Julie Kephart, Internal Auditor  
Scott Arnold, CBO Controller  
Ann Pirozzolo, CBO Accounting Manager