

State Comptroller's Office Audit
Corrective Action Plan

Audit Recommendation #1:

Develop and adopt budgets that include realistic expenditure estimates based on contractual and historical data.

Implementation Plan of Action(s):

The District will review its budgeting processes in functional areas that have consistently shown annual unexpended appropriations in excess of 5% over a five-year period.

Implementation Date:

November 2015

Person Responsible for Implementation:

Richard Cunningham, Assistant Superintendent for Business

Audit Recommendation #2:

Discontinue appropriating fund balance that is not needed to fund District operations.

Implementation Plan of Action(s):

The District has adopted a budget philosophy whereby budgets are managed conservatively. Our long-term fiscal approach has always been to only spend where necessary and attempt to generate enough savings to replenish or restore existing fund balance levels. When Unexpended Surplus Funds are committed to fund a portion of the subsequent year's revenues, it directly reduces the tax levy. Since the inception of Tax Cap law in the 2012-2013 fiscal year, Plainview-Old Bethpage has set its tax levy ***below*** its allowable tax levy limit.

This OSC report states, "When fund balance is appropriated as a funding source, a planned operating deficit is expected in the ensuing fiscal year." This statement assumes the District will not carry the allowable 4% statutory fund balance limit. It assumes that school districts will not realize operational surpluses. Both of these instances are measured in OSC's Fiscal Stress Monitoring System. If Plainview-Old Bethpage did not have its 4% statutory fund balance and exhibited operational deficits, the District would move towards becoming Susceptible to Fiscal Stress as defined by the Fiscal Stress Monitoring Tool. All Fund Balance monies are disclosed to the community. This transparency is accomplished through budget presentations, publishing of the District's Annual Financial Statements; Reports filed with the State Education Department (ST-3), amount used or applied within our annual Revenue Budgets, etc.

The District will continue to make a concerted effort to assess and evaluate our budget development practices with the objective of ensuring the fiscal integrity of the District to fully support our educational programs.

Implementation Date:

November 2015

Person Responsible for Implementation:

Board of Education and District Administration

Audit Recommendation #3:

Develop a plan to use excess unexpended surplus funds in a manner that benefits District taxpayers. Such uses could include, but are not limited to:

- Paying off debt.
- Financing one-time expenditures.
- Reducing District property taxes.

Implementation Plan of Action(s):

The District believes that it has been using unexpended surplus funds to reduce property taxes. Since the inception of Tax Cap law in the 2012-2013 fiscal year, Plainview-Old Bethpage has set its tax levy *below* its allowable tax levy limit. This will become even more important in future years. The District notes that its Environmental Score in the 2014 Fiscal Stress Monitoring System is 30%. The OSC Environmental Indicator signals that Plainview-Old Bethpage is susceptible to revenue raising challenges due to declining property assessments. As noted by OSC, Environmental Indicators are beyond a district's control.

The Plainview-Old Bethpage School District will continue to leverage unexpended surplus funds to keep future tax levy increases to a minimum.

Implementation Date:

November 2015

Person Responsible for Implementation:

Board of Education and District Administration

Audit Recommendation #4:

Ensure that budgets presented to the voters for approval are transparent and include the Board's intent, if any, to increase reserve funds. The budget should quantify such intended increases as specific appropriation amounts.

Implementation Plan of Action(s):

The District notes that all transfers into restricted reserves were approved by District voters or the Board of Education as required. The District will continue to make a concerted effort to assess and evaluate our budget development practices with the objective of ensuring the fiscal integrity of the District to fully support our educational programs.

Implementation Date:

November 2015

Person Responsible for Implementation:

Board of Education and District Administration

Audit Recommendation #5:

Re-evaluate the funding limit established for the retirement contribution reserve fund to more closely reflect trends in the District's actual retirement contribution expenditures.

Implementation Plan of Action(s):

The District will re-evaluate the funding limit for the retirement contribution reserve fund and move forward with future budgets that put the plan into practice.

Implementation Date:

November 2015

Person Responsible for Implementation:

Board of Education and District Administration