

THOMAS P. DiNAPOLI
STATE COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 23, 2007

Mr. Ronald E. Limoncelli
Superintendent of Schools
Members of the Board of Education
Greater Amsterdam School District
11 Liberty Street
Amsterdam, New York 12010

Report Number B5-7-13

Dear Superintendent Limoncelli and Members of the Board of Education:

Chapter 118 of the Laws of 2001 authorizes the Greater Amsterdam School District (District) to issue debt not to exceed \$6 million to liquidate the accumulated deficit in the District's general fund as of June 30, 2001. Chapter 118 requires the District's chief fiscal officer to submit the District's tentative budget to the State Comptroller within five days after its preparation. The State Comptroller must examine the tentative budget and make recommendations for any changes that are needed to bring the proposed budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the District prior to the approval of the budget.

Our office has recently completed an audit of the District's budget for the 2007-2008 fiscal year. The objective of the audit was to provide an independent evaluation of the tentative budget. Our audit addressed the following questions related to the District's budget for the 2007-2008 fiscal year:

- Are the District's revenue and expenditure projections in the proposed budget reasonable?

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS) with the exception of reporting views of responsible officials, which were not solicited for this report due to the necessity of providing the District with this time-sensitive information. However, the results of this audit have been discussed with District officials and their comments have been considered in preparing this report. GAGAS requires that we plan and perform our audit to adequately assess the estimates in the tentative budget. Further, those

standards require that we understand the District’s management controls and those laws, rules and regulations that are relevant to preparing estimates for the tentative budget.

To accomplish our objectives in this audit, we requested your tentative budget along with other pertinent information. We analyzed the composition of revenues and expenditures in order to determine if the revenue and expenditure estimates are reasonable. It was not our intent to comment on public policy decisions, such as the type and level of services to be provided, and we do not offer such comments.

The tentative budget package for the fiscal year ending June 30, 2008, submitted for audit consisted of the following:

- 2007-2008 Tentative Budget
- Supplementary Information

The tentative budget submitted to our office is summarized as follows:

| Fund | Appropriations and Provisions for Other Uses | Estimated Revenues | Appropriated Fund Balance | Real Property Taxes |
|-------------|---|---------------------------|----------------------------------|----------------------------|
| General | \$49,673,997 | \$30,508,483 | \$1,533,000 | \$17,632,514 |

The observations and recommendations resulting from our audit are, to a great extent, influenced by the quality and quantity of materials submitted, and the time between submission and budget adoption.

Based on the results of our audit, we found the significant revenue and expenditure projections in the tentative budget to be reasonable.

However, we noted that the \$1,533,000 appropriation of fund balance in the tentative 2007-2008 budget includes \$318,000 of “planned balance” as a funding source for the estimated expenditures. As in prior years, we restate our opinion that the “deferred revenue – planned balance” account established pursuant to Chapter 118 should not be considered part of the District’s fund balance available for reduction of the tax levy. Rather, it was intended to be a source to provide monies for cash flow for the beginning of each fiscal year. School districts may generally retain, at the end of each fiscal year, an unreserved fund balance in the general fund of up to 2 percent of the district budget for the ensuing year. These monies may be used to meet ordinary contingent expenses. If it is determined that the District has an amount of unreserved fund balance in excess of 2 percent of the 2007-2008 appropriations, we recommend that the District appropriate unreserved fund balance rather than the “planned balance.”

The Board of Education (Board) has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, the Board should prepare a plan of action that addresses the recommendations in this report and forward the plan to our office within ninety days. We encourage the Board to make this plan available for public review in the District Clerk’s office. For guidance in preparing your plan of action and filing this report, please refer to the attached documents. We also request that you provide us with a copy of the adopted budget.

We hope that this information is useful as you adopt a budget for your District. If you have any questions on the scope of our work, please contact the Glens Falls Regional Office at 518-793-0057.

Very truly yours,

Mark P. Pattison
Deputy Comptroller
Division of Local Government Services
and Economic Development

cc: Dorothy M. Phoenix, District Clerk
Roger Seward, Business Manager
Hon. Owen H. Johnson, Chair, Senate Finance Committee
Hon. Herman D. Farrell, Jr., Chair, Assembly Ways and Means Committee
Hon. Hugh T. Farley, State Senator
Hon. Paul Tonko, State Assembly Representative
Mr. Richard P. Mills, Commissioner of Education
Mr. Paul E. Francis, Director, Division of Budget
Mr. James Conway, Director, Office of Audit Services, State Education Department
Mr. Karl M. Smoczynski, Chief Examiner