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April 18, 2008

Mr. Ronald E. Limoncelli, Superintendent
Members of the Board of Education
Greater Amsterdam School District
11 Liberty St.
Amsterdam, NY 12010

Report Number: B5-8-13

Dear Superintendent Limoncelli and Members of the Board of Education:

Pursuant to Chapter 118 of the Laws of 2001, the State Legislature authorized the Greater Amsterdam School District (District) to issue debt not to exceed \$6 million to liquidate an accumulated deficit in the District's general fund and to redeem certain revenue anticipation notes outstanding as of June 30, 2001. Local Finance Law Section 10.10 requires all local governments that have been authorized to issue obligations to fund operating deficits to submit to the State Comptroller each year, starting with the fiscal year during which the local government is authorized to issue obligations and for each subsequent fiscal year during which the deficit obligations are outstanding, their tentative or preliminary budget for the next succeeding fiscal year.

The budget must be submitted no later than 30 days before the date scheduled for the governing board's vote on the adoption of the budget or the last date on which the budget may be finally adopted, whichever is sooner. 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.

Our Office has recently completed an audit of the District's budget for the 2008-09 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 2008-2009 fiscal year:

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

- Did the District take appropriate action to implement or resolve recommendations contained in the budget review audit report issued in April 2007?

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS) with the exception of reporting views of responsible officials. Officials' views 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 require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions regarding the estimates in 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 to determine if the revenue and expenditure estimates are reasonable. We do not offer comments on public policy decisions, such as the type and level of services to be provided.

The tentative budget package for the fiscal year ending June 30, 2009, submitted for audit consisted of the following:

- 2008-09 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	\$53,052,213	\$33,886,008	\$1,584,121	\$17,582,084

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

In our prior budget review issued in April 2007, we reported that the \$1,533,000 appropriation of fund balance in the tentative 2007-08 budget included \$318,000 of "planned balance" as a funding source for the estimated expenditures. As in prior years, we restated 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 that is available for reducing the tax levy. Rather, it was intended to be a source to provide monies for cash flow for the beginning of each fiscal year. We recommended that the District appropriate unreserved fund balance rather than the "planned balance." The District made appropriate modifications to their 2007-08 budget in response to our audit. Furthermore, during our audit of the District's tentative budget for the 2008-09 fiscal year, we found that the \$1,584,121 appropriation of fund balance did not include "planned balance" as a funding source for the estimated expenditures.

We request that you provide us with a copy of the adopted budget.

We hope that this information is useful to you as you adopt a budget for the District. If you have any questions on the scope of our work, please feel free to contact Karl Smoczynski, Chief Examiner of our Glens Falls Regional Office, at (518) 793-0057.

Very truly yours,

Steven J. Hancox
Deputy Comptroller

cc: Dorothy M. Phoenix, District Clerk
Roger Seward, Business Manager
Dr. Geoffrey H. Davis, HFM BOCES Superintendent
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. George Amedore, State Assembly Representative
Mr. Richard P. Mills, Commissioner of Education
Ms. Laura L. Anglin, Director, Division of Budget
Mr. James Conway, Director, Office of Audit Services, State Education Department
Mr. Karl M. Smoczynski, Chief Examiner