

CANAJOHARIE CENTRAL SCHOOL DISTRICT

136 SCHOLASTIC WAY
CANAJOHARIE, NY 13317

MANAGEMENT LETTER RESPONSE FOR JUNE 30, 2019

Prior-Year Findings

(1) Extraclassroom Activity Funds

a) Activities

Prior Condition: Through prior review of Extraclassroom Activity Funds, we noted that there were dormant clubs in the Extraclassroom Activity Funds.

Status: This condition remains outstanding. There were numerous fiscally dormant clubs in the Extraclassroom Activity Funds as of June 30, 2019.

b) Sales Tax

Prior Condition: Clubs were not paying sales tax when purchasing taxable items from outside vendors, and not remitting sales tax on taxable fundraiser sales.

Status: This condition remains unchanged for the year ended June 30, 2019.

Recommendation: Clubs should pay sales tax when purchasing taxable items from outside vendors, unless a resale certificate has been filed with the vendor. Also, clubs should collect and remit sales tax when they sell taxable items.

Response: Following Board Policy 5520, the District will determine if the dormant clubs should cease to exist or if the club is to remain active and will have activity during the current school year. The District will also work with the club advisors and educate them as to when they should be paying or not paying sales tax.

(2) Unassigned General Fund Balance

Prior Condition: The District's unassigned General Fund balance at June 30, 2018, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

Status: This condition remains unchanged for the year ended June 30, 2019.

Recommendation: We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

Response: The District feels comfortable with the unassigned fund balance percentage given the volatility of State funding, and will continue to keep it at a reasonable level.

(3) Teachers' Retirement System Accrual

Prior Condition: During our June 30, 2018 audit, we noted that the District did not reconcile the balance due to the New York State Teachers' Retirement System to their year-end bill.

Status: This condition has improved as of June 30, 2019. As of June 30, 2019 the difference was \$16,160, compared with a difference of \$103,396 as of June 30, 2018.

Recommendation: We recommend that the District ensure that all year-end liabilities are properly recorded based on billings received from third parties.

Response: The District does not receive the year-end TRS invoice before the audit, but hopes to calculate a closer estimate.

(4) **Sales Tax**

Prior Condition: During our June 30, 2018 audit, we tested a random sample of 40 disbursements and noted that two of those selected had sales tax paid.

Status: This condition has been corrected as of June 30, 2019.