

Freeport Public Schools

2018-19 External Audit – Corrective Active Plan

Unassigned Fund Balance (General Fund) – Audit Comment

New York State Real Property Tax Law (RPTL) 1318 limits a school district's general fund unassigned fund balance to an amount not greater than 4% of the ensuing year's budget.

We noted that the District has been gradually reducing its General Fund unassigned fund balance. The unassigned fund balance has been reduced from 6.95% as of June 30, 2016, to 5.78% as of June 30, 2019.

We recommend that the District continue to monitor its plan for utilizing and reducing the General Fund's unassigned fund balance.

District's Corrective Active Plan:

As noted in the recommendation above, the District has been gradually lowering the unassigned fund balance. We have done this by funding our reserves to ensure we are well prepared for future years, purchased necessary one-time expenditures involving the IT infrastructure as well as tightened the expenditure side of the budget during the planning process. In this current year, the District with Board of Education approval established the TRS Sub-Reserve and funded this reserve appropriately. In the 2015-16 and 2016-17 years, in addition to refunding two existing bonds due to favorable market conditions, the District also paid down some of the existing debt to lower the remaining balances saving the District in interest costs. Although the District has been able to reduce the unassigned fund balance for the past few years, we believe the 4% limit should be reevaluated and increased. For our District, we are a high needs school district largely dependent on State Aid with a large population of unaccompanied minors, ENL and Special Needs students. With an increase in any or all of those areas, the net impact could cost the District millions and in addition, with the unpredictability of State Aid from year to year, the limit of 4% seems unrealistic and irresponsible to our students and community members. We have always and will continue to monitor the District's unassigned fund balance to ensure we are able to continue to provide a stable, competitive and strong education for our students.