



Northeastern Clinton Central School District

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November 3rd, 2021

CHAMPLAIN, NEW YORK 12919-4833

To Whom It May Concern:

Northeastern Clinton Central School District's Response and Corrective Action Plan for the Financial Report and Management Letter for the 2020-2021 school year is as follows:

SECTION II – FINANCIAL STATEMENTS

21-001 Excess Fund Balance

Condition: The Districts Unassigned General Fund Balance is 10.45% of next year's budget.

Effect: The District's Unassigned General Fund Balance was 6.45% or \$1,992,396 over the amount allowable by law.

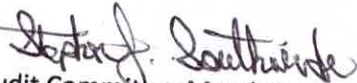
Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed and amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

Corrective Action: The District has seen an increase in its allowable Fund Balance amount due to the Federal and State Funds that were provided in response to the COVID-19 Pandemic. These funds were awarded after the 2020-21 budgets were adopted. Prior to the award of these funds the district operated on the premise that out State Aid would be reduced 20% and were operating with limited staff and programs. After the award of the ARP (American Rescue Plan) Grants and an increase in our Foundation Aid the district now has, for the short term, an opportunity to fund staff and programs as the recovery process begins. However, the district will be doing its due diligence when allocating these funds as to not create a funding cliff in 2024-25 once these funds are exhausted. Therefore, the district's Fund Balance number may be temporarily inflated and with the intent to be used to cushion the transition from recovery back to operations under limited funding sources of State Aid and Local Tax Revenue.

The Board of Education President, Steve Southwick, and the additional 6 School Board Members, as part of their budget development and adoption responsibilities, will work towards the goal of a 4% Fund Balance by the close of each Fiscal Year, including June 30th, 2022, letting this Correction Action Plan reflect the Board of Education recognition of this audit finding.

Sincerely,

Steve Southwick 
BOE President/Audit Committee Member