



Northeastern Clinton Central School District

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December 6th, 2023

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 2022-2023 school year is as follows:

SECTION II – FINANCIAL STATEMENTS

2023-001 Excess Fund Balance

Condition: The Districts Unassigned General Fund Balance is 14.2% of the 2023-2024 budget.

Effect: The District's Unassigned General Fund Balance was 10.2% or \$3,718,250 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 continues to see an increase in its unassigned Fund Balance amount due to the Federal and State Funds that were provided in response to the COVID-19 Pandemic. After the award of the ARP (American Rescue Plan) Grants the district also saw an increase in Foundation Aid due to the district being fully funded after years of being under funded. The district now has, for the short term; an opportunity to fund staff and programs as the recovery process begins from the COVID Pandemic. However, the district will be doing its due diligence when allocating these funds as to not create a funding cliff in 2024-25 once the temporary funding is exhausted. The district for 2024-25 needs to add 7 Teaching, 1 Administrative, 1 Teaching Assistant and 2 Teaching Aide Positions back to its General Fund Budget that has been paid through ARP Grant Funding. Therefore, the district's Fund Balance number may be temporarily inflated with the intent to be used to cushion to transition from recovery back to operations under limited funding sources of State Aid and Local Tax Revenue capped at 2%.

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, 2024, letting this Correction Action Plan reflect the Board of Education recognition of this audit finding.

Sincerely,
Stephen Southwick
BOE President/Audit Committee Member