

Lancaster Central School District

177 Central Avenue
Lancaster, NY 14086
(716) 686-3201

Michael J. Vallely, Ph.D.
Superintendent of Schools

October 2, 2022

REVISED

VIA EMAIL (caps@osc.state.ny.us)

Office of the State Comptroller
Division of Local Government & School Accountability
PSU-CAP Submission
110 State Street, 12th floor
Albany, NY 12236

**RE: Lancaster Central School District
Financial Management Report of Examination
Report number 2022M-37**

Dear Office of the State Comptroller Division of Local Government & School Accountability:

The Lancaster Central School District offers the following corrective actions to the recommendations set forth in the Financial Management Report of Examination dated July 2022:

Recommendation #1:

Develop and adopt budgets that include reasonable estimates for appropriations and the amount of fund balance and reserves that will be used to fund operations.

Implementation Plan of Action: The District will review past expenditures and revenues, current expenditure and revenue trends, and future expenditure liabilities and economic forecasts and make adjustments in its estimates in future budgets as it deems to be appropriate and fiscally responsible.

Implementation Date: April 18, 2023 and each subsequent annual budget approval date.

Person Responsible for Implementation: Administration and Board of Education

Recommendation #2:

Discontinue the practice of appropriating fund balance and reserves that are not needed or used to fund operations.

Implementation Plan of Action: Coupled with the implementation plan of action in recommendation #1, the District will appropriate fund balance and reserves as it deems to be appropriate, fiscally responsible, and necessary based on revenue and expenditure estimates.

Implementation Date: April 18, 2023 and each subsequent annual budget approval date.

Person Responsible for Implementation: Administration and Board of Education

Recommendation #3:

Ensure that the debt reserve is used to pay related debt as required.

Implementation Plan of Action: The District has a schedule that will utilize the debt service funds to the best benefit of our taxpayers. The District will use the reserve funds according to the schedule.

Implementation Date: June 30, 2022 and each subsequent June 30th.

Person Responsible for Implementation: Assistant Superintendent for Business

Recommendation #4:

Review the EBALR balance and develop a plan to reduce the balance to a reasonable level by using it for allowable expenditures in accordance with the statute.

Implementation Plan of Action: Funds have been paid out for 2021-22 retirement obligations and the 6/30/22 calculation will be updated with new compensated absence balances. The reserve balance will be adjusted to meet the new 6/30/22 compensated absence balance calculation and any excess balance remaining will be transferred to another reserve fund (as allowed by law).

Implementation Date: June 30, 2022

Person Responsible for Implementation: Assistant Superintendent for Business

Recommendation #5:

Return excess funds in the tax certiorari reserve to unrestricted fund balance in the general fund.

Implementation Plan of Action: Funds have been paid out for various 2021-22 certiorari settlements, some are ongoing, and new certiorari cases are being filed. The 6/30/22 balance will be adjusted to meet the new current potential liability of such cases and any excess balance remaining will be transferred as allowed by law.

Implementation Date: June 30, 2022

Person Responsible for Implementation: Assistant Superintendent for Business

Recommendation #6:

Conduct a more comprehensive review of all reserves at least annually to determine whether the amounts reserved are necessary, reasonable, and comply with the reserve plan. Any excess funds should be identified and transferred to unrestricted fund balance (where allowed by law) or to other needed reserves established and maintained in compliance with statutory directives.

Implementation Plan of Action: The District performs a review of reserve balances and future obligations annually each summer and makes determinations regarding the necessity and reasonableness of year end balances. Excess funds are transferred in accordance with the District's fund balance and reserve plan. The Board of Education annually approves the reserve transactions at one of their regular meetings.

Implementation Date: September 30, 2022 and each subsequent September 30th.

Person Responsible for Implementation: Assistant Superintendent for Business and Board of Education

The District is committed to taking the corrective actions stated above. Thank you for your time.

Sincerely,



Michael Sage
Board of Education President



Kevin Davenport
Audit Committee Chair



Michael J. Valley
Superintendent of Schools

Cc: Melissa Myers, OSC Chief Examiner, Buffalo Regional Office
NYSED Office of Audit Services