

July 19, 2022

Melissa A. Myers,
Chief Examiner
Office of the New York State Comptroller
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Re: Clarence Central School District Corrective Action Plan for Financial Condition
Management Report of Examination for the period July 1, 2018 through June 30, 2021.

Dear Ms. Myers:

This letter is in response to the *Financial Condition Management* report dated July 2022, which was reviewed and discussed at an exit conference held on May 12, 2022. On behalf of the District, I want to thank the representatives of the Office of the State Comptroller for their hard work and professionalism throughout the process.

Below you will find information on how the District has already begun taking steps to address the recommendations found in this report. However, please do not hesitate to contact me directly if you have further questions or concerns.

Recommendation: Develop and adopt budgets that include reasonable estimates for appropriations, including technology purchases, and the amount of fund balance that will be used to fund operations.

Response: The District will work with building and department level administrators to build responsible budgets based on anticipated annual needs. In the future we will fund appropriations based on the needs of the current year. Limiting carry over expenditures. Technology purchases, and other annual purchases shall be accounted for in the budget year in which they are to be purchased and used.

Implementation date: June 2022

Person responsible: The Assistant Superintendent for Finance and Operations

Recommendation: Discontinue the practice of appropriating fund balance that is not needed.

Response: The District will formulate budgets that are based on anticipated annual expenditures. The District will not appropriate fund balance unless it is assumed to be needed

for annual operations. The District will create a five-year plan, updated annually, to estimate expenditures using historical data, trend data and actual costs factors.

Implementation date: December 2022

Person responsible: Assistant Superintendent for Finances

Recommendation: Analyze fiscal year end encumbrances to ensure that they represent actual unfilled obligations for the current fiscal year.

Response: The District will work with building and department level administrators to build responsible budgets based on anticipated annual needs, and will make purchases in the fiscal year in which they are budgeted.

Implementation date: July 1, 2022

Person responsible: Assistant Superintendent for Finances and Operations and the District Treasurer

Recommendation: Develop a plan to reduce surplus fund balance to comply with the statutory limit. Surplus funds can be used for: reduction of District property taxes, funding one- time expenditures, funding needed reserves, and paying off debt.

Response: The District has been historically using some of these funds for one-time expenditures and will continue to do so as needs arise. We have begun creating and funding reserves, and will continue to fund these much needed reserves. We recognize our fiduciary responsibility to the community and have stayed within the 2% tax cap since its implementation in the 2012-13 school year. This year we have decreased our budget-to-budget spending by .36% We will continue to focus on presenting budgets that are both conservative and support what is best for our students.

Implementation date: Phased in beginning May 2022

Person responsible: Assistant Superintendent of Finance and Operations

Again, the District would like to thank the representatives of the Office of the State Comptroller for their insight and assistance. We are fortunate to have a faculty and staff committed to ensuring that the Clarence Central School District is a high performing district. Our community benefits not only from our exemplary educational programs for our children, but also enjoys one of the lowest tax rates in the region. We will use these recommendations to enhance our current practices, policies, and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Frahm', written in a cursive style.

Matthew Frahm, Ed.D.
Superintendent of Schools