

**Harrisville Central School District
Corrective Action Plan
(External Audit for Fiscal Year Ending June 30, 2024)**

Condition: The District Did Not Have Enough Fund Balance as of June 30, 2024 to Meet Assignments Made Through the 2024-2025 Budget Vote to Finance the Subsequent Years' Budget Appropriations.

The District did not have enough fund balance available within the General Fund to ensure that assigned balances were available for appropriation as approved in the 2024-2025 budget. Furthermore, we noted five budget expenditures line items that were over appropriated during the year ended June 30, 2024.

Recommendation:

- Management should update the reserve plan on annual basis to ensure that reserve balances remain available and appropriate to meet the needs of the District.
- Management should develop procedures to ensure assigned fund balances remain available for their designated purposes.
- Management should review budget to actual expenditures in the General Fund and transfer appropriations between budget line items as deemed necessary.

Management's Response

- Management has updated the reserve plan yearly since 2022-2023. Management has signed up for Professional Development trainings through Office of Comptrollers & Queststar III to understand the process of using Reserve Accounts and making sure balances are appropriate for our District.
- Management needs to make sure that what is initially budgeted for Revenues is what the District will be receiving. The initial State Aid runs that the District budgets off are significantly higher than what the District receives; this is the affect from estimating too high in the ST3 of what expenditures will be for the following year. What this essentially does is The District is expending under budget, but because the District is not receiving the full revenues expected we are having a deficient Fund Balance for the General Fund. The District has now calculated better estimated costs for the next school year in the ST3 and updates the ST3 frequently to be sure the initial estimated runs are more accurate for The District to budget the next school year with.
- Management reviews budget to actual expenditures in the General Fund monthly and makes sure budget transfers between budget line items are done monthly as well. The (5) appropriation accounts that were overspent were BOCES appropriation accounts that were affected when trying to make beginning balances of accounts payable accurate to the 2023-2024 audit.

Person(s) Responsible & Probable Date of Completion

Business Manager & Superintendent- Amy Frost and Robert Finster

Date of Completion: On going throughout year: completion **06/30/2025**

Condition: The District has a Deficit Fund Balance in the School Food Service Fund Due to Escalating Costs of Operating the Food Service Program. The Deficit Fund Balance in the Special Aid Fund was Attributed to the Write-Off of Uncollectible Grant Receivables in a Prior Year. The Capital Projects 2021-2022 Fund Deficit was the Result of an Unanticipated Capital Outlay Project Expenditure.

The District has deficit balances in three funds that require a budgeted transfer from the General Fund in a future year to eliminate the deficits.

Recommendation:

The District should plan to eliminate the negative fund balances with an interfund transfer from the General Fund in the 2024-2025 budget. Additionally, management should update monitoring procedures to identify and resolve negative operational results prior to their occurrence.

Management's Response

- School Lunch Fund- The District monitored the School Lunch Fund, and with labor costs the School Lunch Fund will never breakeven without a General Fund Transfer. This year there was not enough in the General Fund to do more than the budgeted \$30,000. For the 2024-2025 school year \$60,000 was budgeted in hopes to breakeven or have a positive fund balance. This process will take several years to decrease the deficit fund balance of \$236,023.
- Federal Fund- The District will monitor uncollectable grant receivables and be sure they are cleaned up while also monitoring current grants in the current 2024-4025 school year.
- Capital Fund- The District will make sure all Capital Outlay Projects/Capital Projects are recording properly and that the revenues and expenditures match.

Person(s) Responsible & Probable Date of Completion

Business Manager and Superintendent- Amy Frost & Robert Finster

Date of Completion: On going throughout the year: completion **06/30/2025**

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Corrective Action Plan
(External Audit for Fiscal Year Ending June 30, 2024)**

Condition: Extra Classroom Activities

- **We noted that all cash receipts/deposit vouchers were not pre-numbered.**
- **1 of 5 profit and loss forms did not include actual activity results (estimated only).**
- **1 of 10 cash receipts were not deposited timely.**
- **2 of 10 cash disbursements were lacking a student activity treasurer signature**
- **1 of 10 cash disbursements lacked a packing slip or other receipt verification**

Recommendation

We suggest the treasurer and advisors review the NYS SED Publication, *The Safeguarding, Accounting and Auditing of Extra Classroom Activity Funds*, which outlines the procedures that should be followed regarding record keeping within the Extra Classroom Activity Fund. Student ledgers should be maintained and reconciled with the Central Treasurers records on a regular basis, and notably at year-end. The Publication requirements should be followed for all receipts and disbursements, ensuring supporting documentations is received, approved and retained for all transactions and signed off by the applicable signatories.

Management's Response

The CBO will work with the Central Treasurer, advisors and student treasurers to follow the procedures outlined in the NYSED pamphlet. The CBO placed an order for numbered treasurer receipts for the Central Treasurer for deposits for the 2024-2025 fiscal year and will ensure that the number is transferred to the deposit vouchers.

Person(s) Responsible & Probable Date of Completion

Business Manager & Central Treasurer- Amy Frost and Alicia Mera

Date of Completion: On going throughout year: completion **06/30/2025**