

**Hermon Dekalb Central School District  
Corrective Action Plan  
External Audit for Fiscal Year Ending June 30, 2023**

For the condition included in the audit report, the following is the auditors' recommendation and the district's corrective action plan proposed or taken.

**Condition 1:**

The District did not comply with Section 1318 of the Real Property Tax Law which requires that no more than four percent of the subsequent year's expenditures be retained as unappropriated from the June 30, 2023 fund balance.

**Audit Recommendation:**

We recommend District officials review fund balance during the budget process to ensure compliance with Real Property Tax Law.

**Corrective Action:**

The District will continue to monitor fund balance to be in compliance with the Real Property Tax Law Section 1318 limitation of Unassigned Fund Balance at 4%. With the ending of the Federal Stimulus money, the District will look to use the excess Fund Balance to cover shortfall. This process has begun as of the 07/01/2023 and will continue through 06/30/2024 to ensure that the District is in compliance.

**Condition 2:**

All grants are to have an approved budget as well as approved amendments in the following situations:

- Personnel position, number and type
- Equipment items having a unit value of \$5,000 or more, number and type
- Minor remodeling
- Any increase in a budget subtotal (professional salaries, purchased services, travel, etc.) by more than 10 % or \$1,000, whichever is greater
- Any increase in the total budget amount

During the year ended June 30, 2023, it was noted that the District did not obtain amendments for certain multiyear grants where expenses exceeded the approved budget.

**Recommendation:**

We recommend the District review all grants periodically during the year to ensure they are obtaining amendments before expenses exceed the approved budget plus any amendments.

**Corrective Action:**

The District will make sure to review the Grants timely so that any amendments that are necessary will be completed before the expenses exceed the approved budgets. This process has been reinforced as of 07/01/2023 and will continue thru the 06/30/2024 school year.

