

Clarence Central School District Corrective Action Plan for the External Audit October 15, 2026

Finding: Unassigned fund balance over 4% and use of appropriated reserves

The unassigned fund balance in the general fund was 7.6% of the 2026-2027 expenditure budget. The statutory limit as stated in property tax law is 4% of the ensuing year's expenditure budget.

Recommendation: Develop a plan to reduce surplus fund balance to comply with the statutory limit.

Response: We have created and funded 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. We will continue to focus on creating long-term plans that will provide long-term fiscal stability. This past year we used \$3,000,000 of the capital reserve on an upcoming project.

Implementation date: Planning will begin December 2026 and funds will be designated as of May 2027.

Persons Responsible: Assistant Superintendent for Finance and Operations, with Board of Education Approval

Finding: Excess fund balance in the food service fund

In accordance with regulations of the New York State Education Department, net cash resources in the food service fund should not exceed three months' average expenditures, as defined, at any time. NYSED requires that the District submit an excess fund balance spending plan when fund balance exceeds six months' average expenditures. Due to changes allowing reimbursement for meals for all students, the District CN fund has exceeded six months of reserves.

Recommendation: Reducing fund balance in CN fund.

Response: The District will meet with the Child Nutrition Director, quarterly, to ensure that we are spending down funds appropriately.

Implementation date: November 1, 2026

Persons Responsible: Assistant Superintendent for Finance and Operations and Child Nutrition Director

Finding: Low Capitalization Threshold

The District uses a third-party software company to maintain its capital asset inventory and historically capitalized assets \$500 and over which have remained on the inventory list.

Recommendations: The District should increase its capitalization threshold as \$500 is on the lower end of the Board of Education's \$5,000 maximum capitalization threshold.

Response: We will review our current capitalization threshold and reach out to other districts to research what threshold they are using to create the District's new capitalization threshold.

Implementation date: February 1, 2027

Persons Responsible: Assistant Superintendent for Finance and Operations, District Treasurer, and Accounts Payable/Inventory Clerk

Finding: Interfund receivables and payables reconciliation from prior years (due-to and due-from)

The District has long-term due-to and due-from borrowings in capital projects and grants.

Recommendation: Amounts owed between funds should be liquidated within one year of the borrowing. These amounts originate as short-term borrowings between funds and are not intended to be permanent in nature. These funds should be reconciled and closed out at the end of a project or grant fiscal year.

Response: We will reconcile outstanding interfund prior year due-to and due-from account balances to ensure that balances are closed correctly.

Implementation date: March 1, 2027

Persons Responsible: District Treasurer

Finding: Need for segregation of duties for journal entries and bank reconciliations

There is no multi-level review on journal entries and bank reconciliations.

Recommendation: Implementation of two levels of review for all journal entries and bank reconciliations.

Response: The District Treasurer and the Deputy Treasurer handle all bank reconciliations and journal entries. We will set up a system of approvals so that each entry and reconciliation is reviewed by a second person. The Assistant Superintendent for Finance and Operations will review all journal entries on a bi-weekly basis and bank reconciliations monthly.

Implementation date: November 1, 2026

Persons Responsible: Assistant Superintendent for Finance and Operations, District Treasurer, and Deputy Treasurer