



Mrs. Maureen Phippen Ladd
School Business Manager

October 3, 2023

To Whom It May Concern:

I would like to offer the following corrective actions and responses in reply to the matters addressed in the Management Letter, dated October 3, 2023 from the school district's auditor, Mengel Metzger Barr & Co. LLP.

Corrective Action Items:

School Lunch Fund Deficit

The District is aware of the negative fund balance in school lunch and understands that it must be commented on every year. The deficit continues to decline. The School Lunch Manager has applied and received acceptance on July 10, 2023 to the USDA Community Eligibility Provision (CEP). The regulatory changes for the 2023-24 school year make the district eligible to participate. This allows for increased student access and participation, no-cost meals, eliminates unpaid meal charges while streamlining program operations. Management expects that this change will bring an end to the deficits that were experienced in past years.

Fund Balance

The Board of Education and Administration acknowledges that unassigned fund balance in the General Fund at June 30, 2023 exceeds the 4% maximum. The Board of Education and Administration intentionally kept funds unassigned given the end of Federal Stimulus Funds in June 2024. The Board of Education, along with Administration, will use fund balance over the next couple years to support initiatives and positions funded through these grants that are successful.

Managing fund balance is a mechanism to help with stabilization of future deficits.

Encumbrances

The Business Official met with the District Treasurer, Purchasing Clerk and Business Office staff on August 1, 2023 to review processes in place regarding purchasing and the year end. Although the processes and procedures exist and are followed within the accounting software regarding proper authorizations, bidding, shipping and receiving, and payment; the timeline backs up and causes a back log of orders at year end. Meetings have been held with Cabinet and Administrators. New timelines have been implemented. Textbook, software, and library

requests will be due by February 2024. All other purchasing requests will need to be submitted to the Purchasing Clerk by March 1, 2024. Stricter dates will allow for orders to be complete and processed by year end. The review of the 6-30-2023 outstanding purchase orders was also completed during the August 1, 2023 meeting. The Purchasing Clerk liquidated PO's; as decided. The Business Official has corresponded with purchasing authorizers regarding items that still have not arrived, ensuring the items are still expected to arrive.

Budget Amendments

The Business Official reviewed this recommendation with the external auditor during the audit. The District agrees and will not make budget transfers from contingent account codes to non-contingent account codes.

The District feels that appropriate processes and procedures are being implemented in response to the independent auditor's management letter comments.

Please feel free to contact me if you have any further questions.

Sincerely,



Maureen Phippen Ladd
School Business Manager

MPL/jb