



Mrs. Maureen Phippen Ladd
School Business Manager

September 30, 2021

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 4, 2021 from the school district's auditor, Mengel Metzger Barr & Co. LLP.

Corrective Action Items:

School Lunch Fund Loss/Deficit

The District is aware of the negative fund balance in school lunch and understands that it must be commented on every year. This trend is becoming very common across all public schools. The current year resulted in an operating loss of \$412,265. The closure of schools due to COVID-19 caused school lunch programs to operate differently by mandating that all students (whether in person or virtual) must be fed breakfast and lunch. This has been a challenge like no other. Finding ways to distribute these meals, make them in bulk, etc. has increased costs. The pandemic in general has caused increases in product pricing, labor shortages, and supply issues. School Lunch has done a great job meeting these new demands, while working to keep staff, buy product and follow all the nutrition guidelines. The District continues to look at new and creative ways to increase revenues and stabilize expenditures. We are hopeful that the 2021-22 school year will remain "in-person" only for the full year and give us better data to use to assess the operations moving forward.

Fund Balance

The Board of Education and Administration confirms that unassigned fund balance in the *General Fund* at June 30, 2021 exceeds the 4% maximum. At the close of the June 2020 fiscal year the Board of Education and Administration intentionally kept funds unassigned given the threat of financial hardships. This has now been resolved with Federal Stimulus Funds. The Board of Education, along with Administration is now following a fund balance management plan. Just over 3.5 million has been added to the districts much needed reserve balances. The remaining amount over 4% will be decreased with a plan to ask voters to authorize a Capital Reserve Fund in May 2022. The unassigned fund balance will then be appropriated to the Capital Reserve to be used to alleviate the taxable/unaided portion of the district's next capital project.

Other Items: Not deficiencies

Federal Programs

The District agrees with this recommendation and will look to enhance our written documentation procedures regarding grants.

Cyber Risk Management

The District agrees with this communication. Both public and private entities continue to be at risk in this new data security threat landscape. The IT department as well as the entire staff are being educated on Cyber Risk. The CNYRIC has taken the lead on system protections by many different means. The District utilizes Malware and Intrusion Prevention Services that are now available. This is a developing issue across the country. The District will continue to document, assess, monitor and communicate in this changing environment.

GASB Statement No. 87

The District is aware of the new requirement to implement GABS Statement No. 87. The Business Official and Treasurer will work with the auditors to determine if there are any leases that will require reporting.

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