



Mrs. Maureen Phippen Ladd
School Business Manager

October 6, 2022

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 6, 2022 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. This trend is becoming very common across all public schools. The current year actually resulted in an operating surplus of \$243,564. This has decreased the deficit to (\$518,600). Many factors are impacting school lunch programs across the country. The 2021-22 year, was the first full in-person year since the pandemic began. All Districts were given the opportunity to operate under the "Summer Option". All students were eligible to receive free lunch and breakfast. Even with increases in product pricing, labor shortages, and supply issues, the program was able to operate with a surplus. 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 2022-23 school year will return to the normal free and reduced application process; everyone will not eat for free. The general fund budget transfer has been increased to \$100,000. Due to retirement, the School Lunch Director position has been filled with a new person and the Assistant School Lunch Director position has been eliminated. This will result in savings to the program. Management continues to look at new and creative ways to increase revenues and stabilize expenditures.

Fund Balance

The Board of Education and Administration acknowledges that unassigned fund balance in the General Fund at June 30, 2022 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. \$3.5 million has been added to the district's much needed reserve balances. The voters

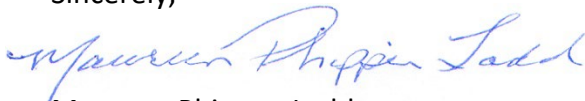
authorized a \$25 million Capital Project on May 17, 2022. This authorization included \$3.2 million to be used towards the project. The assigned fund balance has been decreased by \$1.5 million. These actions have resulted in a significant decrease in the unassigned fund balance.

The amount has gone from 5.8% down to 4.2%. The Board and administration will continue to make financial decisions that allow for the unassigned fund balance to remain at the recommended 4%.

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