



**Mrs. Maureen Phippen Ladd**  
School Business Manager

Item H1.e

October 6, 2025

To Whom It May Concern:

Please see the following corrective actions and responses in reply to the matters addressed in the Management Letter, dated October 6, 2025 from the school district's auditor, Mengel Metzger Barr & Co. LLP.

**No current year deficiencies found**

**Corrective Action items prior year:**

***Fund Balance***

The Board of Education and Administration continues to acknowledge that unassigned fund balance in the General Fund at June 30, 2025 exceeds the 4% maximum. The Board of Education and Administration intentionally leave funds unassigned given the end of Federal Stimulus Funds as well as the expected 2% hold harmless increases in future Foundation Aid amounts. State Aid is the District's largest revenue source. The Board of Education, along with Administration, plans to use the fund balance over the next couple years to support initiatives and fund positions that are successful; while ensuring enough short-term operating cash and/or equivalents in anticipation of possible revenue shortfalls in the near future. Fund balance management is a mechanism to help with stabilization of future deficits.

***Encumbrances***

The District recognizes the importance of maintaining accurate and timely documentation for all encumbrances. The instances noted are primarily due to end-of-year processing requirements. We will continue reviewing our procedures to ensure that all purchase orders have the necessary documentation prior to year-end, and we will reinforce training with staff to enhance compliance. The Business Official, District Treasurer, Purchasing Clerk and Business Office staff have reviewed processes in place regarding purchasing. 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 results in a back log of orders at year end. Meetings continue to be held with Cabinet and Administrators. Timelines have been implemented. Textbook, software, and library requests are due by February. All other purchasing requests are to be submitted to the Purchasing Clerk by March. Stricter dates for orders to be complete and processed are resulting in better year

end encumbrances. The review of the 6-30-2024 outstanding purchase orders shows improvement. The year-end encumbrance balance decreased by \$626,285 from 6-30-2023. Review of the 6-30-2025 outstanding purchase orders also shows continued improvement. Review of the 6-30-2025 outstanding purchase orders show a decrease of 44 PO's as compared to the prior year. There will always be encumbrances; ensuring accuracy and proper liquidation continues.

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

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