



Mrs. Maureen Phippen Ladd
School Business Manager

H.1e

October 7, 2024

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 7, 2027 from the school district's auditor, Mengel Metzger Barr & Co. LLP.

Corrective Action Items:

Fund Balance

The Board of Education and Administration acknowledges that unassigned fund balance in the General Fund at June 30, 2024 exceeds the 4% maximum. The Board of Education and Administration continues to intentionally leave funds unassigned given the end of Federal Stimulus Funds as well as the unknown future of Foundation Aid. 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

We recognize the importance of maintaining accurate and timely documentation for all encumbrances. The instances you noted were primarily due to end-of-year processing requirements. We have and 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 met with the District Treasurer, Purchasing Clerk and Business Office staff to review 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 will continue to be held with Cabinet and Administrators. New timelines have been implemented. Textbook, software, and library requests will be due by February. All other purchasing requests will need to be submitted to the Purchasing Clerk by March. Stricter dates for orders to be complete and processed by year end. The review of the 6-30-2024 outstanding purchase orders shows improvement. The year-end encumbrance balance decreased by \$626,285 from June 2023 due to these changes that have been implemented.

Budget Amendments

We acknowledge the board's authority to transfer funds between noncontingent account codes and the restrictions surrounding contingent account codes. The increase of \$10,689 in noncontingent budget codes was made in alignment with our understanding of allowable expenditures and to support essential services.

Moving forward, we will ensure that all fund transfers are closely monitored and documented to remain compliant with the regulations. We appreciate your guidance on this matter.

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/tm