

**Rush-Henrietta Central School District**  
**BUSINESS OFFICE**

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MEMO TO: Dr. Pam Kissel

FROM: Andy Whitmore

RE: Audit Corrective Action Plan

DATE: September 12, 2022

Shown below is the management response to the Rush-Henrietta Central School District's "Communicating Internal Control Related Matters Identified in an Audit" for Year Ended June 30, 2022:

**Current Year Deficiencies in Internal Control:**

School Lunch Fund -

The auditors noted that the fund balance in the School Lunch Fund at year-end totaled \$1,201,006 which is in excess of the three months average expenditures level recommended by federal regulation #7CFR Part 210.09.

Average monthly expenditures in 2021-22 were about \$345,000 which would give an allowable fund balance of up to \$1,035,000. However, 2022-23 average monthly expenses are budgeted at \$412,000 that will provide for an allowable fund balance of \$1,236,000.

Given the significant increase in labor and supplies costs for 2022-23, combined with the elimination of the enhanced federal reimbursements for meals, it is anticipated that the school lunch program will operate at a break-even or loss this year. Last year saw an enhanced federal reimbursement rate for all meals served which enabled all meals to be given free. This year, free meals will only be given to students whose families qualify financially for free or reduced cost meals and the federal reimbursement rate will be lower than last year.

If the school lunch program does perform better financially than planned, the annual district subsidy of \$440,000 can be reduced to ensure we reduce the year-end fund balance to within three months of the actual 2022-23 expenditures. This will be determined and adjusted by June 30, 2023. If the district carries an excess fund balance for more than one year it runs the risk of having some of the federal reimbursements clawed back.

Please let me know if you have any questions regarding the Corrective Action Plan.