

WHITMAN-HANSON REGIONAL SCHOOL DISTRICT

MANAGEMENT LETTER

JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
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Management
Whitman-Hanson Regional School District
Whitman, Massachusetts

In planning and performing our audit of the financial statements of the Whitman-Hanson Regional School District (District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control (other than significant deficiencies and material weaknesses) that are opportunities to strengthen your internal control and improve the efficiency of your operations. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated April 1, 2022, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the school committee and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
April 1, 2022



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WHITMAN-HANSON REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2021

	Page
Comments and Recommendations	1
Capital Assets	1
Manual of Financial Procedures	2
Accounts Receivable	3
Miscellaneous Fund	4
Lease Accounting and Financial Reporting (Informational Only).....	5

Comments and Recommendations

Capital Assets

Comment

The District maintains its capital asset activity and balances using spreadsheet software (Microsoft Excel). While Excel is an automated software program, it is not the most effective and efficient program for capital asset accounting. A relational database program is more effective and efficient to manage and account for capital asset inventory. The benefits of a relational database are as follows:

- Databases are designed to link tables of related data together, such as asset classes, additions, disposals, functions, departments, etc. Storing related data together in a single table or spreadsheet can be unwieldy and invite error.
- Databases are safer. Excel, for example, does everything in memory, so unsaved data may be lost if the District's computer system crashes. Databases write data to the hard drive immediately.

Because the District must add data and formulas each year to capture asset additions, disposals and depreciation, the complexity of the spreadsheets increases annually and is very susceptible to human error. The current process limits reporting capabilities.

Recommendation

We recommend the District consider using a database software to maintain and account for its capital asset inventory.

Implementation of this recommendation will strengthen internal controls over capital asset accounting and provide efficiencies in the perpetual maintenance of capital assets.

Management's Response

Management agrees with the recommendation. Fixed Asset Database Software has recently been purchased by the District and the database software will be in use in its Fiscal Year 2022 financial reporting.

Manual of Financial Procedures

Comment

The District does have a manual of financial procedures which covers the internal control policies along with the internal control procedures of the District. However, the manual has not been updated in several years to ensure that the procedures and policies documented are still accurate and address the changes within the District's operations.

The use of written policies, procedures with specific assignment of responsibilities would increase supervisory personnel's effectiveness. Such written documents would decrease the time spent on supervision of clerical personnel and in attempts to define job responsibilities on each occasion of employee turnover.

Recommendation

We recommend management review the current manual and make necessary updates and formally update the manual of financial procedures.

Management's Response

Management agrees with the recommendation. As this may be a lengthy process, this review will be started in Fiscal Year 2022 and will be completed by the end of Fiscal Year 2023.

Accounts Receivable

Comment

Approximately \$97,000 of tuition accounts receivable balances are over a year old. The District does report an allowance for uncollectible accounts for financial reporting purposes, however policies and procedures do not exist to review and write-off balance if they are determined to be uncollectible.

Recommendation

We recommend the District implement a policy regarding the collection of receivable and if determined to be uncollectible the amounts be written off in the general ledger.

Management's Response

Management agrees with this recommendation. In Fiscal Year 2022, management will begin formulating an accounts receivable review policy and formal write-off policy. The adoption and implementation of this policy is not likely to occur until Fiscal Year 2023.

Miscellaneous Fund

Comment

The District reported approximately \$20,000 in revenue to a miscellaneous fund that should have been reported in the general fund.

Recommendation

We recommend management review amounts posted to miscellaneous revenue accounts on a monthly basis to ensure revenue is reported in the correct funds.

Management's Response

Management agrees with the recommendation. The miscellaneous revolving fund will be closed at the end of Fiscal Year 2022 and its contents will be transferred to the General Fund.

Management will review the existing Revolving Funds systematically on a monthly and yearly basis to ensure that revenues and expenditures comply with applicable state and federal accounting rules.

Lease Accounting and Financial Reporting (Informational Only)

Comment

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which establishes new financial reporting requirements for governments that enter into lease contracts.

The implementation of this Statement will represent a significant change in the accounting and financial reporting of leased assets, as well as lease liabilities. The implementation of this statement requires:

- Leases previously classified as operating leases to be recognized as lease assets or lease liabilities.
- Lessees to recognize a lease liability and an intangible right-to-use lease asset.
- Lessors to recognize a lease receivable and a deferred inflow of resources.
- Expanded note disclosures.

The District's required implementation date is fiscal year 2022.

Recommendation

We recommend management familiarize itself with the requirements of GASB Statement No. 87 and prepare for its implementation.

Management's Response

Management will study GASB Statement No. 87 and ascertain the Statement's applicability to the District. The District will be ready to implement this Statement in its Fiscal Year 2022 financial reporting.

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