

AUDIT COMMUNICATIONS LETTER

**SOUTHERN BOONE COUNTY R-I
SCHOOL DISTRICT**

JUNE 30, 2021





GERDING, KORTE & CHITWOOD CPAS
Professional Corporation
Certified Public Accountants

December 8, 2021

To the Board of Education
Southern Boone County R-I School District
Ashland, Missouri

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In planning and performing our audit of the financial statements of the governmental activities and each major fund of Southern Boone County R-I School District (the "District") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Southern Boone County R-I School District's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southern Boone County R-I School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Boone County R-I School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

PARTNER EMERITUS

Robert A. Gerding

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the District's internal control presented in Section II of this letter to be significant deficiencies.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Material Weaknesses
- II. Deficiencies Considered to be Significant Deficiencies
- III. Other Matters
- IV. Status of Prior Year Comments
- V. Professional Standards Communication

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

We want to express our sincere appreciation to District personnel for the cooperation and assistance received during the audit engagement and for the opportunity to serve Southern Boone County R-I School District.

Sincerely,



Gerding, Korte & Chitwood
Certified Public Accountants

I. DEFICIENCIES CONSIDERED TO BE MATERIAL WEAKNESSES

We noted no deficiencies that are considered to be material weaknesses.

II. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT DEFICIENCIES

A. Segregation of Duties over Financial Reporting

The objectives of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded and the financial statements are reliable. When the duties of one employee involve complete control over most, or all, aspects of an accounting cycle, without the involvement of other intervening employees, conflicts with the internal control objective may arise. This kind of conflict is generally referred to as a lack of segregation of duties. Southern Boone County R-I School District has potential conflicts with personnel who have the ability to adjust, record, reconcile and report financial activity.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

B. Verification of Free & Reduced Applications (NSLP)

The District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals by the required deadline. The initial deadline was November 15, 2020, but was extended to February 28, 2021. The District did not perform verification procedures until March 2, 2021, which is after the required deadline of February 28, 2021.

Recommendation: We recommend the District perform the verification of free & reduced price applications by the deadline, including any extensions.

III. OTHER MATTERS

A. Financial Data on District's Website

Section 166.066, RSMo requires the district to post, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media. We noted the financial data presented on the website at the time of audit fieldwork was outdated and related to the prior school year. The District was not in compliance with this requirement.

IV. STATUS OF PRIOR YEAR COMMENTS

A. Segregation of Duties

This item continues to be an issue and has been addressed in Section II, Item A.

V. PROFESSIONAL STANDARDS COMMUNICATION

A. Nature of Engagement

We were engaged to perform an opinion audit of Southern Boone County R-I School District's financial statements as of and for the year ended June 30, 2021.

B. Our Responsibility Under Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 14, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.

Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Southern Boone County R-I School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

C. Qualitative Aspects of Accounting Practices

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Southern Boone County R-I School District are described in Note 1 to the financial statements. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent and clear.

D. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements, identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed two journal entries for the year ended June 30, 2021. Management accepted and posted both proposed journal entries.

E. Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

F. Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2021.

G. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

H. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as Southern Boone County R-I School District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

I. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

J. Other Matters

With respect to the supplementary information accompanying the financial statements and the schedule of selected statistics, this information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

With respect to the other financial information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other financial information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.