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## REQUIRED COMMUNICATIONS

December 2, 2025

To the Board of Education  
Hickman Mills C-1 School District

We have audited the financial statements of the governmental activities and each major fund of Hickman Mills C-1 School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 13, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hickman Mills C-1 School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by the District during the year 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.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements included on the attached schedule.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 2, 2025.

“Consistently Exceeding Expectations”

### *Management 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 statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

Although not considered material weaknesses or significant deficiencies in internal control over financial reporting, during our audit, we noted the following matters involving internal control, compliance and other operational matters that are presented for your consideration:

**ATTENDANCE DATA CHANGES** - The District has not developed procedures to limit the time period when attendance data changes can be made. Further, District personnel independent of the attendance data entry process do not review changes made to attendance records. We recommend the District implement additional controls and procedures to ensure student attendance data is accurately recorded and reported, including restricting the time frame during which changes can be made. The District should also require documentation of changes made to attendance data be reviewed by an independent District official.

**BUDGET** - Section 67.010 RSMo. requires the District’s prepare an annual budget. “*The annual budget shall present a complete financial plan for the ensuing budget year, and shall include at least the following information: (1) a budget message describing the important features of the budget and major changes from the preceding year; (2) estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund, and source; (3) proposed expenditures for each department, office, commission, and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity, and object; (4) the amount required for the payment of interest, amortization, and redemption charges on the debt of the political subdivision; and (5) a general budget summary.*” During our audit, we noted that the budget message was not included with the budget document. We recommend that the District include all of the required components in their original budget document.

**CASH BALANCES** - During our audit, we noted that there was an account balance that was significantly overdrawn at June 30, 2025. We recommend that the District reconcile the bank accounts and then compare the reconciled balance to the balance sheets on a monthly basis to ensure that all transactions are properly reported on the general ledger.

**CREDIT CARDS** - During our audit, we analyzed the credit card activity for one month and noted various purchases that were not supported by adequate documentation. Also, there were certain transactions that appeared to not be aligned with the District’s mission. These purchases included the following:

1. Monthly subscriptions, including google photos back and edit, New York Times, Microsoft 365 Personal, iCloud monthly storage, YouTube TV, NFL Sunday Ticket, monthly car wash subscriptions, testlify, Babbel, blue mountain, and chat GPT plus
2. Meal purchases that did not have supporting documentation attached
3. Ice machine monthly lease payments
4. Basketball camp expenses, including photographer, speaker, shirts, food, travel reimbursement and camp director totaling \$24,527. Of the 123 camp attendees, 81 were District students and 42 were non-District students.

5. Purchase of alcohol while traveling
6. Payment of parking citation with City of Kansas City
7. Sales tax on purchases

On the ice machine lease payments noted in #3 above, we recommend that the District perform a cost benefit analysis for leasing the machine vs. purchasing the machine.

The credit card checkout request document that is utilized by the District indicates that a central office staff member will approve all expenditures over \$500. During our audit, we noted numerous credit card transactions exceeding the \$500 threshold that did not include an approval from a central office employee. We recommend that the District follow its credit card checkout request as documented and require central office approval on all credit card purchases over \$500.

While reviewing the Superintendent's credit card activity, we noted that there is no secondary approval of the purchasing card activity log. All purchasing card holders have a supervisor approval after they have completed the purchasing card activity log. We recommend that the Board President review and approve the Superintendent's purchasing card activity log.

**FEDERAL FUNDING PERIOD OF PERFORMANCE** - During our audit of Federal programs, we noted that the District had unobligated funds of \$13,516 for the Perkins V Program at June 30, 2025. Per the OMB Circular 2 CFR Part 200, Appendix IX Compliance Supplement, the Perkins V Program has a period of performance of 15 months. Once the period of performance of Federal funds has passed, the District is no longer able to carryover any of the unobligated funds and the District will lose those unused funds. We recommend that the District maintain spreadsheets for each Federal program and analyze expenditures on a monthly basis to ensure that they comply with the ePeGS budget and are properly coded in the general ledger as expenditures under the applicable program. Additionally, for every Federal program where the District's expenditures come in under budget, the District should analyze the period of availability of the unobligated funds to ensure that the District will actually be able to utilize the funds. As a result of our audit, the District reclassified expenditures and recovered \$7,485 in Perkins V Program funding.

**GIFT CARDS** - During our audit, we noted that the District distributed gift cards to certain individuals throughout the year. The District did not document who received these gift cards or have documentation to prove the individuals received them. There was not a reconciliation maintained of the gift cards purchased to the gift cards distributed. We recommend that the District keep a detailed listing of the individuals who received the gift cards which includes the individuals' signatures to prove the gift cards were received. We also recommend that the District reconcile the amount of gift cards received to the amount of cards distributed.

**JOURNAL ENTRIES** - During our audit, we noted that journal entries are prepared and approved by either the Director or the Business Coordinator. The lack of review procedures could provide an opportunity for fraud to occur. Additionally, sufficient support for the entries could not be produced on two of the three entries that we tested. We recommend that the District implement updated procedures to require that all journal entries prepared be reviewed and approved by another administrative employee.

**MOSIP 2008 BOND ACCOUNT** - During our audit, we noted the MOSIP bank account for the 2008 Bond Proceeds has a remaining balance of \$2,848.77 as of June 30, 2025. This account appears to be inactive and we recommend the District close this account.

**PAYROLL** - During our audit, we analyzed the quarterly and annual payroll reports filed with the Internal Revenue Service. We noted the Federal taxable wages and the taxable Medicare wages reported on the quarterly Form 941 did not reconcile to the district federal salary reconciliation. These amounts should be

reconciled when the Federal Form W-3 is filed to ensure accuracy. We recommend the District implement a review procedure to ensure accurate information is filed with the Internal Revenue Service.

**PURCHASING DOCUMENTATION** - During our audit, we selected a sample of expenditures to review for compliance with state statute, board policy and purchasing procedures. While we noted no unusual or unsupported expenditures, support for the bid acquisition or quote comparison was not attached to the invoice. Additionally, we noted four expenditures exceeding the threshold for requiring three (3) bids or quotes and the District was unable to provide the required number of bids/quotes or written documentation of the reason for absence of such bids as required by board policy. We recommend that supporting documents for each purchase exceeding the dollar thresholds established in the board policy include either a copy of the competitive bid documentation if required, a list of the bids received in a bid tabulation format or notes from telephone calls requesting quotes. Additionally, if the purchase is from a sole source provider, occurs in an emergency situation, or where less than three (3) bids were received; a memo or other documentation should be included to support the lack of bid or quote documentation.

**TRAVEL POLICY** - During our audit, we noted that there were two international trips paid for by the District during the year as part of the District's *'Around the Globe'* learning initiative plan; however, the District's travel policy does not specifically address international travel nor approval requirements. Per the District's policy, District employees must obtain prior authorization from a supervisor for District-related travel before the employee is allowed to incur travel costs. In addition, the District's policy states that: *"In general, the Board authorizes the superintendent to attend meetings and conferences in Missouri as long as the travel expenses are within the District's budget. However, the Board reserves the right to question all travel expenditures and, if necessary, limit future travel. The Board or the Board president must first approve the superintendent's out-of-state travel if such travel is at the District's expense unless the issue is otherwise addressed in the superintendent's contract."* We recommend that the District update its travel policy to address international travel, including approval requirements.

**TRAVEL EXPENSES** - During our audit, we noted that the District spent \$61,959 on a trip to Ghana during the year as part of the District's *'Around the Globe'* learning initiative plan. The trip was for 8 individuals, only 3 of which were students, costing approximately \$7,745 per person, totaling \$23,235 for the students and \$38,724 for the staff. We recommend that the District perform a cost-benefit analysis for any future international travel for reasonableness, as well as whether the travel is oriented more towards students or staff.

**TRAVEL REIMBURSEMENT POLICY** - During our audit, we analyzed employee reimbursements and the travel reimbursement policy and noted that employees are being paid a daily meal per diem rate of \$45 in state (Missouri and Kansas) and \$55 out of state. The District does not require receipts to be submitted in order to receive this reimbursement. Additionally, per the District's policy we noted that sales tax, snacks, and alcoholic beverages are not listed as reimbursable expenses. A detailed receipt should be submitted to the District so that it can be determined if the meal reimbursement is allowable. Without having a receipt submitted to the District for the reimbursement, the District is unable to determine if the meal reimbursement was allowable. Lastly, best business practice would be to reimburse the employee for the lesser of the actual cost of the meals or the per diem. We recommend that the District update its travel policy to reflect that employees receive the lesser of the meal per diem or actual meal costs based upon detailed receipts provided to the District.

#### Other Matters

We were engaged to report on the supplementary information which accompanies the financial statements. With respect to this supplementary information, 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, 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 supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on management's discussion and analysis, which accompanies the financial statements and is also not required supplementary information. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the administration and the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Westbrook & Co., P.C.*

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Client: 2064 - Hickman Mills C-1 School District  
 Engagement: 2064 - HICKMAN MILLS C-1 SCHOOL DISTRICT  
 Period Ending: 6/30/2025  
 Trial Balance: TB  
 Workpaper: 140.1 - AJE Report

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
			<b>900.51.2</b>	
To reclass unallowable costs out of Title I School Improvement (a) [FOCUS] grant				
001-2211-6343-1050-00000-1-000	TRAVEL - RUSKIN HS		68,458.11	
001-2211-6491-1050-00000-1-000	OTHER SUPPLIES/MATERIALS - RUSKIN HS		51.73	
001-2211-6343-1050-45102-4-000	FOCUS - TRAVEL/RUSKIN			68,458.11
001-2211-6491-1050-45102-4-000	FOCUS - OTHER SUPPLIES/MATERIALS - RUSKIN			51.73
<b>Total</b>			<b><u>68,509.84</u></b>	<b><u>68,509.84</u></b>
<b>Adjusting Journal Entries JE # 2</b>				
			<b>140.1.02</b>	
To reclass refund from construction company as bond expenditures.				
041-0000-5611-0001-02022-1-000	BOND ISSUANCE PROCEEDS		95,817.84	
041-4051-6521-8110-02022-1-000	2022 BOND - RENOVATIONS/PURCHASES			95,817.84
<b>Total</b>			<b><u>95,817.84</u></b>	<b><u>95,817.84</u></b>
<b>Adjusting Journal Entries JE # 3</b>				
			<b>901.01 &amp; 140.1.03</b>	
To reclass preschool start-up grant expenses to correct accounts				
001-3512-6412-7500-42100-4-000	PRESCHOOL STARTUP- OTHER MATERIALS & SUPPLIES		775.66	
001-3512-6412-7500-42100-4-000	PRESCHOOL STARTUP- OTHER MATERIALS & SUPPLIES		452.76	
001-3512-6412-7500-42100-4-000	PRESCHOOL STARTUP- OTHER MATERIALS & SUPPLIES		130.79	
004-3512-6541-7500-42100-4-000	CAPITAL PRESCHOOL START-UP		13,716.40	
004-3512-6541-7500-42100-4-000	CAPITAL PRESCHOOL START-UP		9,128.71	
004-3512-6541-7500-42100-4-000	CAPITAL PRESCHOOL START-UP		2,823.31	
001-2222-6441-7500-00000-1-000	LIBRARY BOOKS - FREDA			775.66
001-2222-6441-7500-00000-1-000	LIBRARY BOOKS - FREDA			130.79
001-2222-6491-7500-00000-1-000	MEDIA CENTER - OTHER SUPPLIES/MATLS - FMECC			452.76
004-4051-6521-0604-00000-1-000	DISTRICT CAPITAL BUILDING REPAIRS			9,128.71
004-4051-6521-7500-00000-1-000	BUILDING IMPROVEMENTS - FREDA			13,716.40
004-4051-6521-7500-00000-1-000	BUILDING IMPROVEMENTS - FREDA			2,823.31
<b>Total</b>			<b><u>27,027.63</u></b>	<b><u>27,027.63</u></b>
<b>Adjusting Journal Entries JE # 4</b>				
			<b>140.1.04</b>	
To correct coding of health insurance claims, fees and premiums				
007-2329-6371-8110-00000-1-000	HEALTH INSURANCE FEES		1,332,841.38	
007-2329-6391-8110-00000-1-000	HEALTH INSURANCE CLAIMS		6,352,806.87	
007-0000-5198-0001-00000-1-000	HEALTH INSURANCE PREMIUMS			6,352,806.87
007-0000-5198-0001-00000-1-000	HEALTH INSURANCE PREMIUMS			1,332,841.38
<b>Total</b>			<b><u>7,685,648.25</u></b>	<b><u>7,685,648.25</u></b>
<b>Total Adjusting Journal Entries</b>			<b><u>7,877,003.56</u></b>	<b><u>7,877,003.56</u></b>
<b>Total All Journal Entries</b>			<b><u>7,877,003.56</u></b>	<b><u>7,877,003.56</u></b>