



REQUIRED COMMUNICATIONS

December 9, 2021

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hickman Mills C-1 School District for the year ended June 30, 2021. 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 February 26, 2018. 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 the 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, 2021. 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 9, 2021.

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 and other operational matters that are presented for your consideration:

FEDERAL FUNDING PERIOD OF PERFORMANCE - During our audit of Federal programs, we noted that the District had unobligated funds of \$13,998 for the Perkins V Program and \$6,295 for the Title III-EL Program at June 30, 2021. Per the OMB Circular 2 CFR Part 200, Appendix IX Compliance Supplement, the Perkins V Program has a period of performance of 15 months and the Title III-EL Program has a period of performance of 27 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 insure 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.

PURCHASE ORDERS - The District’s disbursement procedures require a purchase order to be completed before making purchases. During our review of disbursement documentation, we noted several purchase orders that were completed after the purchase was made.

EMPLOYEE REIMBURSEMENTS - During our audit, we noted that the District reimbursed a substantial amount of mileage traveled by District personnel. We recommend that the District utilize the District’s vehicle vs. reimbursing mileage for use of the employee’s vehicle for District travel.

FUNDRAISING CONTROLS - During our audit, we reviewed the District’s procedures for fundraising activities. While there is a fund-raiser approval and reconciliation form utilized by the District, we noted no reconciliation of the fundraiser revenues and expenditures performed by the building tested. Fundraisers should be approved by a building administrator and should be reconciled to determine if net revenues were realized and whether the fundraiser should be continued. We recommend that the District complete the reconciliation section of the application with the revenues and expenditures. This will allow

for analysis of the fundraiser to determine if the fundraiser was successful and whether it should be continued in the future.

EXPENSE COMPENSATION - During our audit, we noted that the Superintendent's contract allowed for temporary living expenses. The Superintendent incurred expenses of \$8,250 during 2020. IRS regulations provide that if an employee receives more in reimbursements for travel than the Federal rates, those amounts should be included as additional compensation on Form W-2. We recommend that the District analyze the Federal rates for reimbursement for travel and any excess amounts should be reported on Form W-2 as required by IRS regulations.

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. We recommend that supporting documents for each purchase required to be competitively priced established in the board policy include either a copy of the competitive bid documentation if required, a listing 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 only one bid was received; a memo or other documentation should be included to support the lack of bid or quote documentation.

TRANSPORTATION OVERHEAD ALLOCATION - During our audit of transportation costs, we noted that the District did not allocate all allowable overhead costs to transportation. Overhead should be allocated to properly reflect the cost of the District's transportation and increase reimbursement from the State. As a result of our audit, \$85,772 of additional overhead costs were allocated to the transportation function, which will increase the District's reimbursement by approximately \$13,000.

ATTENDANCE - During our audit of attendance, we analyzed tuition payments to other Districts and traced student data reported on invoices to the District's attendance data. We noted that the District paid tuition of \$3,500 for one student who was not a District student. We recommend the District request a refund of these amounts paid. Additionally, we recommend the District implement review procedures to verify that tuition charges from other districts are valid.

PAYROLL - During our audit, we noted that that the District did not have all extra duty pay included on board approved salary schedules. All payroll amounts should be included on board approved salary schedules. We recommend that the District ensure all payroll amounts are included on salary schedules.

MILEAGE ALLOWANCE - During our audit, we noted that that the Superintendent receives a monthly mileage allowance. However, the Superintendent's contract states *"Superintendent shall be reimbursed at the then current mileage reimbursement rate as determined by the Internal Revenue Service ("IRS"), mileage incurred by him in furtherance of the business, goals, and objectives of HMC-I"*. We recommend that the District update the Superintendent's contract to allow compensation on a monthly mileage allowance, or pay the Superintendent by the current mileage reimbursement rate for all mileage incurred.

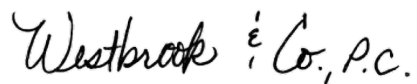
Other Matters

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.

A handwritten signature in black ink that reads "Westbrook & Co., P.C." in a cursive, slightly stylized font.

Westbrook & Co., P.C.

Client: 2064 - Hickman Mills C-1 School District
Engagement: 2064 - HICKMAN MILLS C-1 SCHOOL DISTRICT
Period Ending: 6/30/2021
Trial Balance: TB
Workpaper:

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entries

Adjusting Journal Entries JE # 1

901.22.3

To reclass Student Access Grant expenses to correct accounts

001-1111-6412-4010-42800-4-000	CARES ACT - ACCESS GRANT		803.93	
001-1111-6412-4015-42800-4-000	CARES ACT - ACCESS GRANT		803.93	
001-1111-6412-4030-42800-4-000	CARES ACT - ACCESS GRANT		803.93	
001-1111-6412-4035-42800-4-000	CARES ACT - ACCESS GRANT		803.93	
001-1111-6412-4045-42800-4-000	CARES ACT - ACCESS GRANT		803.94	
001-1111-6412-4050-42800-4-000	CARES ACT - ACCESS GRANT/INGELS		803.94	
001-1111-6412-4055-42800-4-000	CARES ACT - ACCESS GRANT		803.93	
001-1131-6412-3050-42800-4-000	CARES ACT - ACCESS GRANT/SMITH HALE		803.94	
001-1151-6412-1050-42800-4-000	CARES ACT - ACCESS GRANT/RUSKIN		803.92	
001-2542-6361-8110-00000-1-000	TELEPHONE - DISTRICT			7,235.39
Total			7,235.39	7,235.39

Adjusting Journal Entries JE # 2

530.01

To reclass the overpayment of interest received from BOK

003-0000-5141-0001-00000-1-000	EARNINGS ON INVESTMENTS		65,000.00	
003-5200-6621-8110-00000-1-000	DEBT SERVICE INTEREST 811			65,000.00
Total			65,000.00	65,000.00

Adjusting Journal Entries JE # 3

410.3

To record the self-insurance fund activity

007-0000-1116-0000-00000-0-000	CITIBANK - HEALTH INS ACCT		116,739.30	
007-0000-5198-0001-00000-1-000	HEALTH INSURANCE PREMIUMS			116,739.30
Total			116,739.30	116,739.30

Adjusting Journal Entries JE # 4

140.1.2

To allocate administrative costs to transportation

002-2551-6112-0000-00001-3-000	TRANSPORTATION - ADM SALARIES		11,000.00	
002-2551-6211-0000-00001-3-000	TRANSPORTATION - RETIREMENT		1,595.00	
002-2551-6232-0000-00001-3-000	TRANSPORTATION - MEDICARE		159.50	
002-2551-6241-0000-00001-3-000	TRANSPORTATION - BENEFITS		245.50	
002-2541-6112-0604-00001-3-000	EXECUTIVE DIRECTOR OF OPERATIONS			11,000.00
002-2541-6211-0604-00001-3-000	RETIREMENT			1,595.00
002-2541-6232-0604-00001-3-000	MEDICARE			159.50
002-2541-6241-0604-00001-3-000	BENEFITS			245.50
Total			13,000.00	13,000.00

Adjusting Journal Entries JE # 5

140.1.3

To allocate additional costs to transportation

002-2551-6112-0000-00001-3-000	TRANSPORTATION - ADM SALARIES		56,841.19	
002-2551-6211-0000-00001-3-000	TRANSPORTATION - RETIREMENT		8,575.73	
002-2551-6232-0000-00001-3-000	TRANSPORTATION - MEDICARE		845.61	
002-2551-6241-0000-00001-3-000	TRANSPORTATION - BENEFITS		6,509.47	
002-2321-6112-1000-00001-3-000	SUPERINTENDENT SALARY			25,033.19
002-2321-6211-1000-00001-3-000	TEACHER RETIREMENT			3,615.72
002-2321-6232-1000-00001-3-000	MEDICARE CERT			389.25
002-2321-6241-1000-00001-3-000	MED/LIFE/DENTL INSURANCE 001			4,110.33
002-2541-6112-0604-00001-3-000	EXECUTIVE DIRECTOR OF OPERATIONS			31,808.00

Client: 2064 - Hickman Mills C-1 School District
Engagement: 2064 - HICKMAN MILLS C-1 SCHOOL DISTRICT
Period Ending: 6/30/2021
Trial Balance: TB
Workpaper:

Account	Description	W/P Ref	Debit	Credit
002-2541-6112-0604-00001-3-000	EXECUTIVE DIRECTOR OF OPERATIONS			456.36
002-2541-6211-0604-00001-3-000	RETIREMENT			4,960.01
002-2541-6241-0604-00001-3-000	BENEFITS			2,399.14
Total			72,772.00	72,772.00
Adjusting Journal Entries JE # 6		500.61		
To adjust self-insurance contributions and distributions to actual				
007-2329-6391-8110-00000-1-000	HEALTH INSURANCE CLAIMS		891,455.97	
007-0000-5198-0001-00000-1-000	HEALTH INSURANCE PREMIUMS			891,455.97
Total			891,455.97	891,455.97
	Total Adjusting Journal Entries		1,166,202.66	1,166,202.66
	Total All Journal Entries		1,166,202.66	1,166,202.66