



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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Members of the Board of Education
Caverna Independent School District
Cave City, Kentucky 42127

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caverna Independent School District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Caverna Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Caverna Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Caverna Independent 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 a 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.

A significant deficiency is a deficiency, or a 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.

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various governmental unit 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, Caverna Independent School District, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants
Glasgow, Kentucky

November 2, 2023

PRIOR YEAR FINDINGS

No uncorrected prior year findings.

CURRENT YEAR FINDINGS

2023-003

Caverna Elementary School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book)* sets forth accounting guidelines that stipulate no fund shall end the year in a deficit balance.

Condition: One of the activity funds ended the year in a deficit balance.

Cause: Annual review of fund balances was not conducted at the end of the year by the bookkeeper or principal.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book)* was not achieved.

Recommendation: We recommend that both the school principal and bookkeeper be reminded that this is a point of emphasis when they review and sign the monthly AFR.

Response: Annual training for *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book)* and current issues were brought to the attention of administrative personnel for emphasis. The District plans to internally audit this finding over the course of the next year to make sure it is not still occurring.

2023-004

Caverna Middle School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book)* sets forth accounting guidelines for the proper use of fundraising forms.

Condition: During the school year, the fundraising sponsor was not completing fundraising form F-SA-2B "Fundraising Worksheet" to determine the profitability of the fundraiser and the principal was not reviewing the details of the completed fundraiser.

Cause: Principal was unable to review the completed fundraiser and the profitability of the fundraiser was unknown.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book)* was not achieved.

Recommendation: We recommend that all fundraising forms be used to properly account for all receipts and expenditures and reviewed before submitting to the principal.

Response: Fundraising forms will be completed and submitted for review to school personnel.

2023-005

Caverna Middle School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) requires that multiple receipt forms be used when collecting money.

Condition: Issuers of the multiple receipt forms could not produce their copy of the multiple receipt forms.

Cause: Proper controls were not being maintained by the issuer of the multiple receipt form.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) was not achieved.

Recommendation: We recommend that the issuers maintain possession of the multiple receipt form.

Response: Annual training for *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) and current issues were brought to the attention of administrative personnel for emphasis. The District plans to internally audit this finding over the course of the next year to make sure it is not still occurring.

2023-006

Caverna Middle School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) sets forth accounting guidelines for inventory control.

Condition: During the school year, the school provided an inventory list of goods on hand for certain activity funds; however, it was noted that the school was not correctly completing form F-SA-5 "Inventory Control Worksheet" to reconcile ending inventory with beginning inventory, purchases, and sales. Furthermore, the Inventory Control Worksheet was not being completed in a consistent manner.

Cause: Incorrect amounts were being reported for inventory purchases and sales.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) was not achieved.

Recommendation: We recommend the Inventory Control Worksheet be completed at the end of the month and on a monthly basis to account for goods and services sold and receipts deposited. Furthermore, the Inventory Control Worksheet should be reviewed by the school Bookkeeper.

Response: The District identified the persistence of the issue prior to the end of the fiscal year. The District met with the Bookkeeper and Principal and explained specifically that beginning inventory, plus purchases, less sales, should reconcile to ending inventory. The school Bookkeeper will review this on a monthly basis as provided by the activity fund coordinator.

2023-007

Caverna Board of Education

Criteria:

In accordance with KRS 424.190, each District shall publish an advertisement containing the audit opinion letter, budgetary comparison schedule, and a statement that the complete audit report is available for the public.

Condition:

While performing our audit procedures relating to compliance with laws and regulations, we noted that the previous year's audit information had not been published to the public.

Cause:

The District unintentionally failed to publish an advertisement containing audit information.

Effect:

State law requiring the publication of audit information was not being followed.

Recommendation:

We recommend the District utilize a compliance checklist to ensure laws and regulations are being followed.

Management Response:

The District will utilize a compliance checklist to ensure laws and regulations are being followed.