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November 18, 2019

The Board of Directors
Okaloosa County District School Board

We are pleased to present the results of our audit of the fiscal year 2019 financial statement of the Okaloosa County District School Board School Internal Funds ("the District").

This report to the School Board and Management summarizes our audit, the report issued and various analyses and observations related to the District's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the District's 2019 fiduciary financial statement. We considered the District's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of District personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the School Board, Management and others within the District and should not be used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 850-837-3141 or ajowers@cricpa.com.

Very truly yours,

A handwritten signature in blue ink that reads "Alan Jowers".

K. Alan Jowers
Partner

Required Communications

As discussed with the School Board and Management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the District. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the School Board, 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, in order to express an opinion on the District's financial statements for the year ended June 30, 2019;
- Communicate directly with the School Board and Management regarding the results of our procedures;
- Address with the School Board and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the School Board and Management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of Okaloosa County District School Board School Internal Funds for the year ended June 30, 2019, and have issued our report thereon dated November 18, 2019. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Auditor's responsibility under Generally Accepted Auditing Standards and <i>Government Auditing Standards</i></p>	<p>As stated in our engagement letter dated June 17, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the fiduciary financial statement prepared by management with your oversight is fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statement does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the District's school internal funds. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p> <p>As part of obtaining reasonable assurance about whether the fiduciary financial statement is free of material misstatements, we also performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation of the fiduciary financial statement. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial plan was not significantly altered during our fieldwork.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Significant accounting policies, sensitive estimates, and significant disclosures	None.
Significant difficulties encountered in the audit	None.
Disagreements with management	None.
Other findings or issues	See pages 49 – 55 of the financial statement package.
Corrected and uncorrected misstatements	See the following section titled “Summary of Audit Adjustments”.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management	None.
Consultations with other accountants	None of which we are aware.
Written representations	We have requested certain representations from management that are included in the management representation letter dated November 18, 2019.

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the District and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the District or passed (uncorrected). As a result of our audit procedures, we identified certain audit adjustments totaling approximately \$95,000 related to the accrual of unrecorded liabilities. These were recorded by the District.

We did not identify any uncorrected adjustments.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the District's operating environment that has been identified as playing a significant role in the District's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.