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November 30, 2021

The Board of Supervisors
Okaloosa County District School Board

We are pleased to present the results of our audit of the 2021 financial statements of the Okaloosa County District School Board (“the District”).

This report to the Board of Supervisors 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 2021 fiduciary financial statements. 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 Board of Supervisors, 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 850-337-0760 or AJowers@CRIcpa.com.

Very truly yours,

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

K. Alan Jowers
Partner



As discussed with the Board of Supervisors 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 Board of Supervisors, 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, 2021;
- Communicate directly with the Board of Supervisors 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.



We have audited the financial statements of Okaloosa County District School Board for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Auditors' responsibility under Generally Accepted Auditing Standards and Government Auditing Standards</p>	<p>As stated in our engagement letter dated June 28, 2021, our responsibility as described by professional standards is to express an opinion about whether the fiduciary financial statements prepared by management with your oversight are 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 statements 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 audit plan was not significantly altered during our fieldwork.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Management judgments and accounting estimates	No significant judgments or estimates noted.
Potential effect on the financial statements of any significant risks and exposures	No such significant risks or exposures were noted.
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles.	<p>Significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 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 fiduciary financial statements in the proper period.</p> <p>The financial statement disclosures are neutral, consistent, and clear.</p>
Significant difficulties encountered in the audit	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Disagreements with management	We are pleased to report that no such disagreements arose during the course of our audit.
Other findings or issues	See pages 32 – 50 of the financial statement package.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management	None noted.
Corrected and uncorrected misstatements	Please see the following section titled "Summary of Audit Adjustments."
Major issues discussed with management prior to retention	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Consultations with other accountants	To our knowledge, there were no such consultations with other accountants.



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Written representations	We have requested certain representations from management that are included in the management representation letter dated November 30, 2021.
Internal control deficiencies	None noted.
Fraud and illegal acts	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
Other information in documents containing audited financial statements	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: such information is materially inconsistent with the financial statements; and we believe such information represents a material misstatement of fact.</p> <p>We have not been provided any such items to date.</p>
Significant unusual accounting transactions	No significant unusual accounting transactions were noted during the year.

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the District's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. 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 School Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. No sensitive estimates were noted during the year.



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).

In connection with our audit, we identified the following misstatements which were corrected by management:

- Entries totaling \$137,248 related to the accrual of fiscal year 2021 liabilities.

In connection with our audit, we did not identify any uncorrected misstatements.

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 involves concealment of an unlawful transaction.