



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, 2024, 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Caverna Independent School District, 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

Glasgow, Kentucky

January 23, 2025

PRIOR YEAR FINDINGS

2023-003

Caverna Elementary School

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

Current year observation: No activity funds ended the year in a deficit balance.

2023-004

Caverna Middle School

Prior year condition: Form SA-2B, "Fundraising Worksheet" required by the Uniform Program of Accounting for School Activity Funds in Kentucky Schools to determine the profitability of fundraisers was not being completed.

Current year observation: Fundraising forms were properly completed and reviewed by school personnel.

2023-005

Caverna Middle School

Prior year condition: Issuers of the multiple receipt forms could not produce their copy of the multiple receipt forms.

Current year observation: Issuers of the multiple receipt form retained and produced their copy of the multiple receipt forms.

2023-006

Caverna Middle School

Prior year condition: Form F-SA-5, "Inventory Control Worksheet" required by the Uniform Program of Accounting for School Activity Funds in Kentucky Schools to account for inventory purchases, sales and ending inventory was not being completed.

Current year observation: Form F-SA-5 "Inventory Control Worksheet" was completed properly.

2023-007

Caverna Board of Education

Prior year condition: Annual audit information was not published in accordance with KRS 160.463.

Current year observation: Annual audit information was published to the public in accordance with KRS 160.463.

CURRENT YEAR FINDINGS

2024-004

Caverna High 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: 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 fundraising forms are completed.

2024-005

Caverna High School

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

Condition: Expenditures were paid without prior approval on a purchase order.

Cause: Purchase orders were not completed and submitted for approval prior to purchases.

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 principal and treasurer advise all staff that purchase orders must be approved before expenditures are incurred.

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 purchase orders are submitted for approval prior to purchases.

2024-006 Caverna High School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) sets forth guidelines that require a donation acknowledgement form for donations to school activity funds from outside sources.

Condition: School activity funds received outside donations; however, Form F-SA-18 "Donation Acknowledgement Form" was not available to substantiate donations received.

Cause: School staff did not complete donation acknowledgement forms.

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 donation acknowledgement form be completed when receiving outside donations.

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 donation acknowledgement forms are completed.

2024-007 Caverna High School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) sets forth guidelines that state that no school activity funds shall end the fiscal year with a deficit balance.

Condition: The Caverna High School had multiple activity funds that ended the school year in a deficit balance.

Cause: Expenditures of multiple activity funds exceeded receipts and beginning fund balance for the year.

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 school principal and school secretary be reminded of the compliance aspects of the Red Book and that additional review should be conducted of the financials.

Response: The District Finance Officer met with the School Principal and reminded them of Red Book Compliance. The school Principal will make future staffing adjustments in order to allow the school secretary to complete their duties.

2024-008 Caverna High 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 keep 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 multiple receipt forms are retained by issuers.

2024-009 Caverna High School

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

Condition: School staff did not maintain proper records of inventory purchases, sales and ending balances.

Cause: The school was not correctly completing form F-SA-5 "Inventory Control Worksheet" to reconcile ending inventory with beginning 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: 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 the inventory control worksheet is completed.

