

AUDIT COMMUNICATIONS LETTER
HALLSVILLE R-IV SCHOOL DISTRICT
JUNE 30, 2025



November 17, 2025

To the Board of Education
Hallsville R-IV School District
Hallsville, Missouri

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In planning and performing our audit of the financial statements of the governmental activities and each major fund of Hallsville R-IV School District (the “District”) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Hallsville R-IV School District’s internal control over financial reporting (internal control) as a basis for designing auditing 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 Hallsville R-IV School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Hallsville R-IV 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 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. *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.

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 significant deficiencies or 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 or significant deficiencies may exist that were not identified.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Material Weaknesses
- II. Other Current Year Matters
- III. Professional Standards Communication

This communication is intended solely for the information and use of management, the Board of Education and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We want to express our sincere appreciation to District personnel for the cooperation and assistance received during the audit engagement and for the opportunity to serve Hallsville R-IV School District.

Sincerely,

Gerding, Korte & Chitwood

Gerding, Korte & Chitwood
Certified Public Accountants
Columbia, Missouri

I. DEFICIENCIES CONSIDERED TO BE MATERIAL WEAKNESSES

We noted no deficiencies that are considered to be material weaknesses.

II. OTHER CURRENT YEAR MATTERS

A. Compliance with Lease Purchase Agreement – Principal Payment

During our audit, we noted a compliance issue related to a lease purchase agreement. The April 2025 interest payment was made, but the principal payment was not made. The bank's billing statement for the April 2025 payment did not include the principal amount as part of the invoice. While the District fulfilled its obligations per the invoices received from the bank, it remains the District's responsibility to ensure compliance with the terms of the lease purchase agreement. This includes making full payments that cover both the principal and interest components as stipulated in the agreement. Management discussed the issue with the bank, and the District will remit the 2025 principal payments during the school year ending June 30, 2025.

III. PROFESSIONAL STANDARDS COMMUNICATION

A. Nature of Engagement

We were engaged to perform an opinion audit of Hallsville R-IV School District's financial statements as of and for the year ended June 30, 2025.

B. Our Responsibility Under Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 21, 2025, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.

Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. As part of our audit, we considered the internal control of Hallsville R-IV School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

C. Qualitative Aspects of Accounting Practices

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Hallsville R-IV School District are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies were not changed during the fiscal year ended June 30, 2025. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus

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 District's financial reporting is maintained on the modified cash basis of accounting. Accordingly, accounting estimates are not a significant reporting issue.

The financial statement disclosures are neutral, consistent and clear.

D. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed one reclassification journal entry for the year ended June 30, 2025 to reclassify an expenditure from Fund 1 to Fund 4. The amount of the reclassification was \$81,901.

E. Disagreements with Management

For the purposes of this letter, a disagreement with management is 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.

F. Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2025.

G. 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 financial 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.

H. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as Hallsville R-IV School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

I. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

J. Other Matters

We were engaged to report on the supplementary information accompanying the financial statements and the Schedule of Expenditures of Federal Awards but are not required supplementary information ("RSI"). With respect to this supplementary information and the Schedule of Expenditures of Federal Awards 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, 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 and Schedule of Expenditures of Federal Awards to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other financial information and the Schedule of Selected Statistics, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.