

MEADE SCHOOL DISTRICT NO. 46-1

Communication with Those
Charged with Governance

June 30, 2021

February 10, 2022

School Board
Meade School District No. 46-1
Sturgis, South Dakota

We have audited the financial statements of Meade School District No. 46-1 as of and for the year ended June 30, 2021, and have issued our report thereon dated February 10, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 28, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Meade School District No. 46-1 solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

As requested, we prepared the financial statements for the District. The statements have been reviewed in detail by District management. An additional review was also performed by a member of our audit team who was not involved in the audit.

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605.348.1930

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FAITH, SD 57626
605.791.3142

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Meade School District No. 46-1 is included in Note 1 to the financial statements. There have been no changes to the initial selection of accounting policies or their application during the year ended. The District did implement GASB 84, *Fiduciary Activities*, during the year ended June 30, 2021. The implementation of this standard required the review of custodial accounts and the restatement of equity in regard to these balances. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

Management's estimate of the proportionate net pension activity is based on audited financial statements and actuarial reports of the SD Retirement System and the System's estimate of the District's proportionate share of the annual contributions to the system. Management has allocated the pension activity to the District's functions based on the annual distribution of retirement payments among functions.

We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- An adjustment was proposed to record the disposal of capital assets.
- An adjustment was proposed to correct property taxes receivable and deferred inflows balances based on information provided by the Counties.
- An adjustment was proposed to adjust the premium amortization for financial statement presentation.

Disagreements with Management

For 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.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated February 10, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Meade School District No. 46-1, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Meade School District No. 46-1's auditor.

As previously noted, the District was required to implement GASB 84, *Fiduciary Activities*, in the current year. This standard requires the evaluation of custodial-type funds to ensure the District maintains no control over these funds. We did note several funds appear to be directed by staff at various buildings. The funds need to be controlled by students or parents or included in the General Fund of the District. Management will address these issues for proper reporting during 2022.

This report is intended solely for the information and use of those charged with governance and management of Meade School District No. 46-1 and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Casey Peterson, LTD

Rapid City, South Dakota