HAYDEN ROSS

July 7, 2026

Board of Trustees
West Bonner County School District No. 83
Priest River, Idaho

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of West Bonner County School District No. 83 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 West Bonner County School District No. 83'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 West Bonner County School District No. 83's internal control. Accordingly, we do not express an opinion on the effectiveness of West Bonner County School District No. 83's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies in internal control presented in the schedule of findings and questioned costs attached to this letter to be significant deficiencies.

This communication is intended solely for the information and use of management, Board of Trustees, and others within West Bonner County School District No. 83, and is not intended to be and should not be used by anyone other than these specified parties.

315 S. ALMON ST | P.O. BOX 9043 | MOSCOW, ID 83843
MAIN 208.882.5547 | FAX 208.882.3724

Very truly yours,

HAYDEN ROSS, PLLC

Tony Matson

Tony Matson, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION II – FINANCIAL STATEMENT FINDINGS
June 30, 2024

Finding 2024-001 Lack of Proper Oversight on Year-end Closing Procedures

Type of finding: Material Weakness in Internal Control over Financial Reporting

Criteria An effective system of internal control over financial reporting should be in place to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP including the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements. Thus, management should have the adequate skill, knowledge and experience with financial reporting and governmental accounting to perform or properly oversee year-end closing procedures to prepare the financial statements.

Condition During our testing, we noted several areas where due to heavy turnover at the District there was a lack of adequate skill, knowledge or experience with financial reporting and governmental accounting nor adequate controls in place to properly oversee year-end closing procedures to prepare the financial statements prior to hiring a consultant for assistance.

Cause The District had turnover in several key areas and lacked formalized, documented procedures over year-end closing, journal entries and compensating control procedures to overcome lack of segregation of duties.

Potential effect of Condition Several audit adjustments were made due to material misstatements in the various financial statement accounts and a lack of internal controls to prevent and/or detect them.

Recommendation We recommend the District design procedures and controls to ensure adequate procedures are in place over year-end closing procedures, journal entry procedures and compensating controls to overcome lack of segregation of duties.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)
June 30, 2024

Finding 2024-001 Lack of Proper Oversight on Year-end Closing Procedures (Continued)

Management's Response

There is no disagreement with the audit finding. The Business Office will implement formal year-end procedures, which clearly assign responsibilities and proper support documentation. The business office plans to develop and implement a formal closing checklist to include an electronic Auditor Book which will store all backup documentation for all fiscal year end closing entries. The business office will develop office process documents which will clearly state all necessary tasks, responsible staff and any timeline information. Business office staff are currently training in governmental accounting, Microsoft Excel and other Microsoft and Google platforms to increase business operations competency and ensure accountability. The business office will continue to work with outside contract with school fund accounting experience for training and learning.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)
June 30, 2024

Finding 2024-002 Payroll Documentation

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria

Payroll expenditures should have proper documentation of authorized pay rates of all employees hired. Internal controls should be in place to ensure all the necessary and required documentation is obtained and recorded in the system accurately, including authorized pay rates.

Condition

During our testing, we noted not all employees had documentation of their authorized pay rate in the system and that no noted internal controls were in place to ensure documentation was obtained and recorded properly for any of the employees tested.

Cause

The District had turnover in several key areas and lacked formalized, documented procedures over payroll documentation.

Potential effect of Condition

This has the potential of payroll expenses being paid inappropriately and recorded inaccurately.

Recommendation

We recommend the District design procedures and controls to ensure that all necessary and required documentation is maintained including authorized pay rates for all employees.

Management's Response

There is no disagreement with the audit finding. The business office will develop a comprehensive checklist of all required hiring documents to include, but not limited to: application, approval to hire forms, pay rates, contract type, annual gross pay and monthly gross pay, pay start month and pay end month, hire dates, seniority dates, offer letter, background check clearance, W-4, I-9, direct deposit form, policy sign off, retirement, all applicable insurance plans, voluntary deductions, contracts, certificates, transcripts, evaluations, and any other pertinent human resources personnel file information. The checklist will begin when an offer is made and will be filed within the personnel file once all required documentation has been submitted and entered into the human resources database.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)
June 30, 2024

Finding 2024-003 Inaccurate Census Data

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria

To determine the amount for the other postemployment benefits (OPEB) asset/liability, the District utilized an actuary to perform the calculation. The actuary relies on payroll and financial data provided by the District in performing their calculation known as the census data. Internal controls should be in place to ensure information provided on the census data is complete and accurate.

Condition

During our discussions with management, the census data errors from FY2023 had not been corrected.

Cause

The District had turnover in several key areas and lacked formalized, documented procedures over reporting requirements.

Potential effect of Condition

This allows for the potential of the actuary calculation and District reporting of the OPEB asset/liability to be misstated.

Recommendation

We recommend the District design procedures and controls to ensure that payroll and financial data provided to the actuary is complete and accurate.

Management's Response

There is no disagreement with the audit finding. The business office will develop a comprehensive payroll reconciliation tool. This tool will help ensure payroll and financial data are accurately stated. Staff responsible for reviewing census data will receive training on the importance of accuracy and the impact on District financial statements. Supporting documents and approval signoffs will be retained to provide assurance of the integrity of the review process.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION III – MAJOR FEDERAL PROGRAMS
June 30, 2024

2024-004: Education Stabilization Fund (ESF) Equipment Inventory

Criteria

2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* require compliance with the provision of equipment management. These provisions require maintaining records of the property purchased including but not limited to source of the funding for the property, acquisition date and cost. The District should have internal controls designed to ensure compliance with those requirements.

Condition

During our testing, the District maintenance documentation did not include the source of the funding for the property. Thus, we were unable to verify any equipment inventory from prior years.

Questioned costs

None

Context

There were no equipment expenditures made with ESSER grants under the ESF program in the current year that would be subject to the equipment requirements.

Cause

The District had turnover in several key areas and lacked formalized, documented procedures and controls over inventory maintenance record documentation requirements.

Potential effect of Condition

The District was unable to provide documentation of compliance with the equipment requirements of the ESSER grant.

Recommendation

We recommend the District design procedures and controls to ensure that equipment requirements for federal grant programs are met and documented.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION III – MAJOR FEDERAL PROGRAMS (CONTINUED)
June 30, 2024

2024-004: Education Stabilization Fund (ESF) Equipment Inventory (Continued)

Management's Response

The District concurs with the audit finding and is taking immediate steps to strengthen internal controls regarding federal equipment inventory. The following corrective actions will be implemented:

- Collaboration & Compliance: The Business Office is currently working closely with the Federal Programs Director/Coordinator to ensure all federal compliance measures are rigorously met.
- Inventory Tracking System: The Business Office has developed and implemented a robust inventory tracking and asset-tagging system to accurately monitor all items purchased with federal funds. At a minimum, the system will track item descriptions, physical locations, useful lives, and disposal dates.
- Policy Review: The Board of Trustees will review and update current board policy to ensure full alignment with Uniform Guidance procurement and equipment standards.
- Annual Oversight: The Federal Programs Director will maintain all inventory records and provide them in their entirety to the Business Manager at the end of each fiscal year. The Business Manager will conduct a comprehensive review of these records to verify accuracy and completeness.