

REPORT SUMMARY SHEET

BOARD MEETING DATE: May 21, 2018

TITLE AND BRIEF DESCRIPTION: Graves and Associates Contract

ACTION DESIRED: Approval

BACKGROUND: The Eldon School District has used Graves and Associates the past 15 years for our district audit. We no longer have to bid our audits out due to policy change, so we would like to renew our contract with Graves and Associates.

RECOMMENDATION: Approval as presented.

SUPERINTENDENT'S APPROVAL: *Matt Davis*
For the purpose of submitting report



Audit Proposal for Eldon R-I School District

Eldon, Missouri

For the Year Ended June 30, 2018, 2019 and 2020

Prepared By:

GRAVES AND ASSOCIATES

Certified Public Accountants, LLC
3702 West Truman Boulevard, Suite 213
Jefferson City, Missouri 65109

Contact:

Lynn J. Graves, CPA

Lynn@gravescpas.com

(573) 893-7700 phone

(573) 893-6649 fax

3702 West Truman Boulevard, Suite 213 • Jefferson City, MO 65109
573-893-7700 • Fax 573-893-6649

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May 3, 2018

Eldon School District
112 South Pine Street
Eldon, MO 65026

SCOPE

We are pleased to confirm our understanding of the services we are to provide **Eldon R-I School District** for the years ended June 30, 2018, 2019, and 2020. We will audit the financial statements of the governmental activities and each major fund – modified cash basis, including the related notes to the financial statements, which collectively comprise the basic financial statements of **Eldon R-I School District (the “District”)** as of and for the years ended June 30, 2018, 2019, and 2020. The modified cash basis of accounting provides for certain required other information (OI), such as management’s discussion and analysis (MD&A), to supplement the District’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District’s OI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financials statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following OI is required by the modified cash basis of accounting and will be subjected to certain limited procedures, but will not be audited:

- 1) Management’s Discussion and analysis.
- 2) Budgetary Comparison Schedule – Modified Cash Basis:
 - a. General Fund
 - b. Special Revenue Fund
 - c. Notes to Budgetary Comparison Schedule

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We have also been engaged to report on supplementary information other than the information listed above that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1) **Federal Compliance Section**

- a. Schedule of Expenditures of Federal Awards
- b. Independent Auditors' Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*
- c. Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133
- d. Schedule of Findings and Questioned Costs

2) **State Compliance Section**

- a. Independent Accountant's Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations
- b. Schedule of Selected Statistics

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with the modified cash basis of accounting and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on –

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control

or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the district's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Education and Management of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the district or to acts by management or employees acting on behalf of the district. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing

standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, other assets by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the district and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a material effect on each of the District's major programs. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the district in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the district from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the district involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the district received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the district complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the onset of this engagement.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such

changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the

unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Graves and Associates, CPAs, LLC and constitutes confidential information.

Lynn Graves is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

A **preliminary draft** of the audit report will be sent to you prior to the release of the audit report. It is your responsibility to properly and timely review the report and let us know of any changes prior to the release of the report. If changes are asked to be made **after** the report has been cleared by your organization for release, additional charges may be incurred at our normal hourly rates.

We try to base our fee for audits on hours incurred, at our normal hourly rates. **Our all-inclusive fee to perform the audit will be as follows:**

2018	\$9,660
2019	\$10,050
2020	\$10,450

Upon acceptance of our proposal, a detailed checklist will be provided outlining items we anticipate needing to complete the audit. Our fees are based on the anticipated cooperation from your personnel and the timely receipt of the completed checklist along with any additional items requested during the audit process. If we encounter unforeseen problems, such as fraud or embezzlement, and significant additional time is necessary to complete the audit, we will discuss it with you before incurring any additional costs.

Significant time incurred for additional professional services such as phone conferences, emails, and meetings that are outside the scope of the normal audit process, as determined by Graves and Associates, will be billed at our standard hourly rates.

Our invoices for the fee will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. Service charges at the rate of 18% annually or 1.5% per month will be applied to all past-due balances. Termination of services for nonpayment will result in the engagement being deemed to have been completed upon written notification of termination, even if we have not completed our

report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

If you retain us to perform nonattest services, you must accept responsibility for making and performing all management decisions and functions, designating a competent employee to oversee the nonattest services, evaluating the adequacy and results of the services, accepting responsibility for the results, and maintaining appropriate controls. **The nonattest services do not constitute an audit.**

Work Products

Graves and Associates will supply the following:

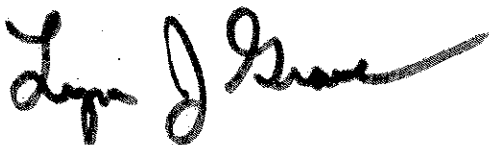
- ◆ One (1) electronic copy of a preliminary draft of the audit report, Management Letter and Communications of Audit Results letter
- ◆ One (1) complete electronic copy of the final audit report in PDF format
- ◆ One (1) electronic copy of the final Management Letter in PDF format
- ◆ One (1) electronic copy of the final Communication of Audit Results letter in PDF format

Please Note: Graves and Associates have implemented “paperless” audit work. We no longer provide bound copies of the reports unless under special circumstances.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

GRAVES AND ASSOCIATES, CPAs, LLC

A handwritten signature in black ink, appearing to read "Lynn J. Graves". The signature is written in a cursive, flowing style.

LYNN J. GRAVES, CPA

RESPONSE:

This letter correctly sets forth the understanding of the **Eldon R-I School District**.

Management Signature: _____

Title: _____ Date: _____

Governance Signature: _____

Title: _____ Date: _____

PROFILE OF THE FIRM

Lynn Graves has over forty years of accounting, auditing, tax, and consulting experience. He spent over fifteen years as an audit partner with his previous firm before founding Graves and Associates, CPAs, LLC on July 1, 2006. The firm specializes in federal and state income tax and audits of tax-exempt and government entities. **The firm represents ninety-nine tax-exempt and government clients.**

Continuing professional education is the “research and development” for any professional practice. Our professional staff is regularly evaluated for technical competence. This is accomplished through outside technical development programs and internal training.

PROFESSIONAL ASSOCIATIONS

Lynn has been active with the Missouri Society of Certified Public Accountants and has served for many years on the professional ethics committee. In addition, he is also a member of the American Institute of Certified Public Accountants and our firm is a member of the AICPA Private Company Practice Section.

ADDITIONAL PROFESSIONAL SERVICES

Our firm also has the following services to offer:

- Help in Interviewing and Selecting New Employees to Work in the Accounting Function (testing and interviewing)
- Tax Planning Advisory Services
- General Ledger Accounting System
- Consulting and Problem Solving Services on Topics Specifically Related to Not-For-Profit and Governmental Agencies Under the Requirements of the Single Audit Act
- Assistance with preparing the Comprehensive Annual Financial Report and the application for the GFOA Certificate of Conformance
- Litigation Support Services:
 - Providing support in public hearings and matters of litigation
- Retirement Plan tax and audit services
- QuickBooks software installation and support services

FIRM QUALITY CONTROL

In an effort to maintain the highest possible standards of quality control, our firm promotes continuing professional education programs and seminars. Our professional staff attends conferences and seminars dealing with new auditing standards as they are introduced, and participates in refresher courses to maintain an active, updated knowledge of the standards required by our industry.

We have regular in-house professional education sessions to introduce our entire firm members to any information learned in outside seminars.

Our audit department in particular, follows a strict program of continuing professional education that involves seminars to keep us knowledgeable in the latest changes in governmental and not-for-profit audit standards and the single audit act.

Our firm conducts a yearly Internal Inspection. Selected members of our firm review the audit and accounting procedures that we use on a day-to-day basis to determine if we adhere to the standards set forth by our profession.

Graves and Associates undergoes a **peer review** at least once every three years. It is a required procedure for any firm wishing to be a member of the Private Companies Practice Section. Many regulating agencies require peer reviews for firms who audit entities receiving Federal Funds.

The peer review involves an inspection of various accounting and auditing records selected by the peer review committee. These records and our procedures are reviewed to determine if our firm has complied with the standards set forth by our profession and those set forth by the audited industries regulating agencies.

Our effort to promote continued education for our professional employees, along with our firm's dedication to the highest standards of quality control, combine to provide your organization with the professional advice that they need, to insure that they follow the regulations set up specifically for their organizational type.

Our 2017 peer review report is the last attachment to this proposal.

PERSONNEL

LYNN J. GRAVES, CPA, CGFM – Owner

Lynn Graves is the founder of Graves and Associates, CPAs, LLC. He has over forty years public, corporate and governmental accounting experience and holds a Bachelor of Business Administration degree from Baylor University in Waco, Texas. Lynn is a member of the Missouri Society of Certified Public Accountants, the American Institute of Certified Public Accountants and the Missouri Society of Association Executives. He has been designated a Certified Government Financial Manager by the Association of Government Accountants. He is a well-known public speaker in the Central Missouri area regarding current tax and accounting issues. Lynn has been active with the professional ethics committee with the MSCPA.

Lynn currently specializes in the audits of political subdivisions and not-for-profit organizations with special emphasis on the **Single Audit Act Amendments of 1996, superseded by the Uniform Guidance, and application to federal grants**. He was a featured speaker at the 1993 winter meeting of the Association of Farmworker Opportunity Programs. He has extensive experience in accounting, auditing and federal income tax matters with special emphasis in real estate. He is also an AICPA qualified peer reviewer.

Early in his professional career, he served as semi-senior auditor under former Missouri State Auditor and Executive Director of the Governmental Accounting Standards Board, Dr. James Antonio. Prior to that he served as the comptroller for a closely held conglomerate of broadcasting and advertising companies in Little Rock, Arkansas.

PENNY B. SCHOENE, CPA – Auditor

Penny is a member of the audit staff of Graves and Associates, CPAs, LLC. She has over thirty years combined public and corporate accounting and consulting experience and holds a Bachelor of Science degree in Accountancy from Truman State University in Kirksville, Missouri.

Prior to joining the firm Penny worked as an auditor in both a National and Regional firm specializing in manufacturing, insurance and contractor clients; as a Chief Financial Officer for a local contractor and as an independent small business consultant. Penny is a Certified Quickbooks Pro Advisor.

Penny is a member of the American Institute of Certified Public Accountants and Missouri Society of Certified Public Accountants.

PERSONNEL

(Cont'd.)

C. LINDSAY GRAVES, CPA - Auditor

Lindsay is an auditor with Graves and Associates, CPAs, LLC. She has been in public accounting over nine years. She obtained a Bachelor of Science in Commerce (majored in Finance and minored in Accounting) from DePaul University in Chicago, Illinois, June 2005. Lindsay specializes in the audits of political subdivisions and not-for-profit organizations, with concentration on the **Single Audit Act Amendments of 1996, superseded by the Uniform Guidance, and application to federal grants**. She has extensive experience in the audits of public school districts in the State of Missouri. In addition, she also specializes in individual income tax and nonprofit tax returns. Prior to joining the firm, Lindsay worked in banking.

Lindsay is a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

ASHLEY ROBERTSON – Auditor

Ashley is an auditor with Graves and Associates, CPAs, LLC. She has been in public accounting for over seven years. She obtained a Bachelor of Science in Accounting from Maryville University in Saint Louis, Missouri in May 2008. After her undergraduate degree, she attended Columbia College in Columbia, Missouri, where she completed her 150 college credit hour requirement to sit for the CPA examination. Her experience includes audits of state and local governments and not-for-profit organizations. In addition, her experience includes preparation of individual, partnership, and corporate tax returns, payroll and sales tax returns, and financial accounting and reporting.

KYLE SCHENEWERK – Auditor

Kyle is an auditor with Graves and Associates, CPAs, LLC. He has almost two years of combined public and corporate audit experience. In 2015, he earned a Bachelor of Accountancy from Central Methodist University in Fayette, Missouri, and in 2016 earned his Master of Arts in Accountancy from the University of Central Missouri Warrensburg, Missouri. He is currently studying for the Certified Public Accountant examination. His experience includes audits of casino gaming, Medicaid cost reports, and not-for-profit organizations and local governments.

PERSONNEL

(Cont'd.)

DANIELLE HAYES – Accountant

Danielle has almost two years of public accounting experience. In May of 2017, Danielle graduated from Lincoln University with a Bachelor's degree in Accounting. Danielle is currently pursuing a Master's degree in Business Administration and plans to take the Certified Public Accountants exam once she is finished. Her past experience includes bookkeeping, preparation of individual and partnership tax returns, as well as, the preparation of client payroll and the preparation of necessary quarterly and yearly payroll reports for clients.

KRYSTAL JACOBS – Administrative Manager

Krystal is the administrative manager of Graves and Associates, CPAs, LLC. Prior to being employed by Graves and Associates she worked for a local non-profit organization for over 22 years. She has experience in bookkeeping, office management, administrative support, and both web and graphic design.

SYDNEY MASSMAN – Accountant

Sydney recently began her career in public accounting and will graduate from Lincoln University in May of 2018, with a Bachelor's degree in Accounting. Sydney also plans to acquire her Master's degree in Accounting and take the Certified Public Accountants exam. Her experience includes bookkeeping, preparation of individual and not-for-profit tax returns, and audits of not-for-profit organizations and local governments.



Report on the Firm's System of Quality Control

February 21, 2018

To Graves and Associates, CPAS, LLC and the Peer Review
Committee of the Missouri Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Graves and Associates, CPAs, LLC in effect for the year ended September 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firms' Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

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1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403
Member of The Leading Edge Alliance

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Graves and Associates, CPAs, LLC in effect for the year ended September 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Graves and Associates, CPAs, LLC has received a peer review rating of *pass*.

KPM CPAs, PC

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