We have audited the financial statements of the Community College District of St. Louis for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our letter to you dated May 20, 2020. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Community College District of St. Louis are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019-2020. We noted no transactions entered into by the College for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 assumption 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 most sensitive estimate affecting Community College District of St. Louis’ financial statements was:

Management’s estimate of the allowance for doubtful accounts for student accounts receivable, which is based on the aged accounts receivable balance. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

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

**Difficulties Encountered in Performing the Audit**

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

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements regarding assets or net position.
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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 13, 2020.

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 governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management discussion and analysis, pension information, and the schedule of changes in the total OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements and the schedule of expenditure of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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 to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.
Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Community College District of St. Louis and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KPM CPAs, PC
Springfield, Missouri
November 13, 2020
In planning and performing our audit of the basic financial statements of Community College District of St. Louis for the year ended June 30, 2020, we considered the College’s internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the College’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition to the 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, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments regarding these matters.

1. **Procurement Card Approvals**

   During our audit, we noted that there was not always proper approval prior to purchases on the procurement cards and instances of improper support. This does not adhere to the College’s purchasing policy and can result in improper purchases. The College does have a low limit on these cards to mitigate any potential loss that may occur, and other mitigating controls.

   **We Recommend:**

   The College create a policy requiring purchases on a procurement card go through the normal purchasing process including prior approval.

2. **New Pronouncements**

   The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that may affect the College in future years:
GASB Statement No. 84 – *Fiduciary Activities* – This Statement establishes criteria for identifying fiduciary activities. Activities meeting the criteria will be reported in a fiduciary fund in the basic financial statements. Specifically, custodial funds generally should report fiduciary activities if they meet specific criteria. The effective date is for fiscal year ending June 30, 2021, with earlier application encouraged.

GASB Statement No. 87 – *Leases* – This Statement establishes a single model for lease accounting. It changes the definition of a lease and requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The effective date is for fiscal year ending June 30, 2022, with earlier application encouraged.

*We Recommend:*

Management examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

**3. Salary Schedule**

During our prior audit, we noted instances of minor discrepancies between the Board approved salary schedule and the actual salary reviewed in the payroll system. This was primarily due to timing of employment and signed contracts in relation to annual pay increases.

*We Commend:*

The College for reviewing and implementing policies and procedures to ensure that all salary paid matches the amount approved by the Board.

We appreciate this opportunity to serve as Community College District of St. Louis’ independent auditor and the courtesies and assistance extended to us by the District’s employees.

Respectfully submitted,

KPM CPAs, PC
Springfield, Missouri
November 13, 2020