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Board of Trustees
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Members of the Board of Trustees:

In planning and performing our audit of the financial statements of Mathis Independent School District for the year ended August 31, 2012, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report dated January 16, 2013, on the financial statements of Mathis Independent School District. Our comments and recommendations regarding those matters follow:

ACCOUNTS PAYABLE PROCESSING

Observation: We noted that a number of vendor invoices for 2011-2012 fiscal year were not paid timely. This situation resulted in the District having to pay late fees on the unpaid balances, or District credit cards being placed temporarily on hold until payment was received or the vendor putting the District on a "cash basis only." Management represents that these accounts have now been paid and are current.

FINANCIAL REPORTING INFORMATION

Observation: Prior to the close of fiscal year 2012, during the initial planning stage for this year's audit, we noted that the District's financial accounting records needed substantial adjustments, reclassifications, and account analysis in order for the District to be "ready for audit." This condition contributed to the delay in having the District's Annual Financial Report completed in a timely manner. Inaccurate account balances in the general ledger could cause the District's financial statements to be misstated during the year and at year end.

Recommendation: Vendor invoices should be processed, reconciled, approved, and paid in a timely manner. The District's financial information should be identified, captured, and distributed in a form and timeframe that supports the achievement of financial reporting objectives of the District. Consideration should be given to reviewing the adequacy of staffing of Business Office personnel. A shortage of personnel with strong accounting skills creates a barrier to establishing policies related to reliable financial reporting and implementing corresponding procedures resulting in management directives being carried out.

We have already discussed these comments and recommendation with management and will be pleased to discuss them in further detail at your convenience.

Lovvorn + Kieschnick, LLP

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January 16, 2013