

Aleutians East Borough School District



AUDIT WRAP-UP

Year Ended June 30, 2015

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Company and is not intended and should not be used by anyone other than these specified parties.

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December 15, 2015

School Board
Aleutians East Borough School District

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On August 3, 2015 we presented an overview of our plan for the audit of the financial statements of Aleutians East Borough School District (the School District) as of and for the year ended June 30, 2015, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the School District's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the School District and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

	Page
Status of Our Audit	3
Results of Our Audit	4
Internal Control Over Financial Reporting	6
Other Required Communications	7
Independence Communication.....	8
Significant Accounting and Reporting Matters.....	Error! Bookmark not defined.
Get to Know BDO	10

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2015. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We issued an unmodified opinion on the financial statements and released our report on December 15, 2015.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of School District personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the School District's accounting practices, policies, estimates, and significant unusual transactions:

The School District's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- A summary of recently issued accounting pronouncements is included in Note 1 to the School District's financial statements.
- The School District adopted GASB 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015. This statement requires the School District to recognize its proportional share of net pension liability related to PERS participation in each of its full accrual financial statements (government-wide statements). Additionally, the statement requires that opening net position be restated to reflect the adoption of this new statement.
- There were no other changes in significant accounting policies and practices during fiscal year 2015.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The School District's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in fiscal year 2015, however the District did rely on the work of consultants hired by the State of Alaska to prepare the accounting data used to records amounts and disclosures for GASB Statement 68.
- We did not identify any significant or unusual transactions, or any transactions for which there was a lack of authoritative guidance.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were 13 corrected misstatements, of which 3 were considered significant, related to accounts and/or disclosures that we brought to our attention by management when we provided the trial balance to start the audit. "Please refer to the schedule of Adjusting Journal Entries (AJEs) attached.

There were no uncorrected misstatements related to accounts and/or disclosures that we presented to management.

Results of Our Audit

QUALITY OF THE SCHOOL DISTRICT'S FINANCIAL REPORTING

A discussion will be held regarding the quality of the School District's financial reporting, which included the following:

- Our conclusions regarding significant accounting estimates
- Significant unusual transactions
- Financial statement presentation
- New accounting pronouncements
- Alternative accounting treatments

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the School District’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in Internal Control	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School District’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the School District:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the School District's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the School District's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit. The audit finalization and delivery was delayed due to the late arrival of information relating to the PERS/TRS net pension liability. This delay has affected virtually every participating employer in the Plans.
Representations requested from management	Please refer to the management representation letter attached.

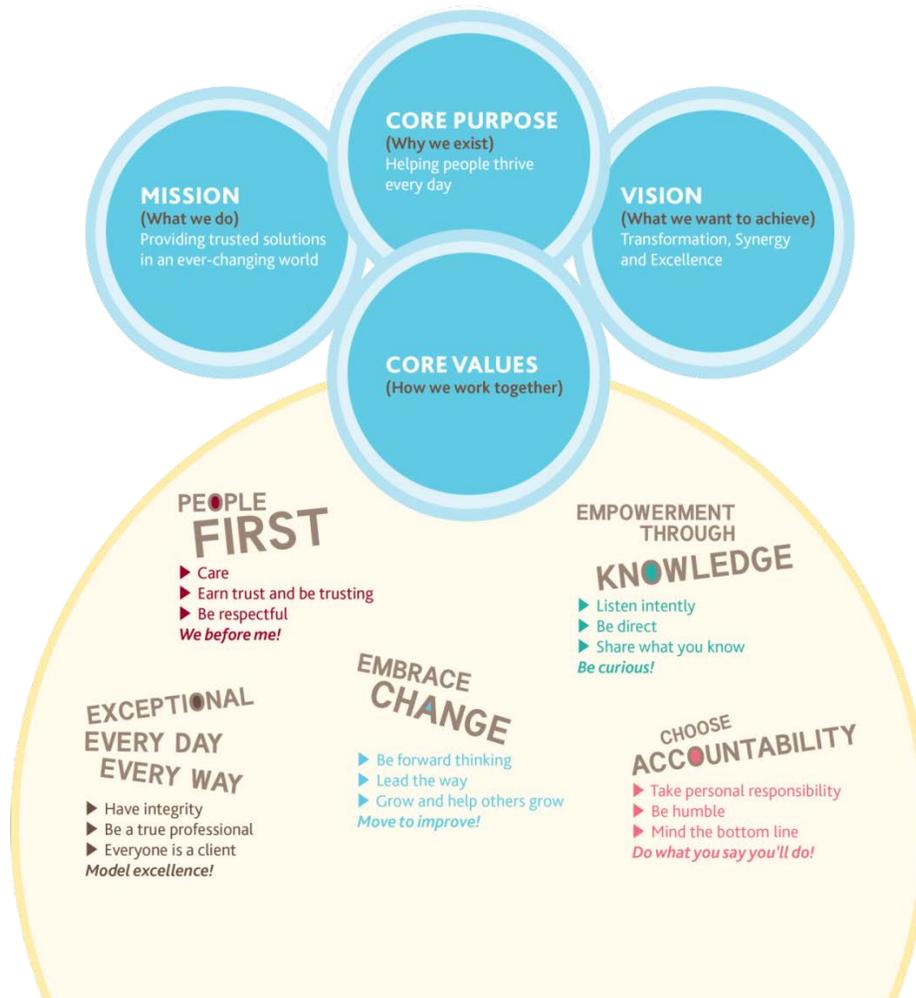
Independence Communication

Our engagement letter to you dated August 3, 2015 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the School District with respect to independence as agreed to by the School District. Please refer to that letter for further information.

Get to Know BDO

BDO delivers customized assurance, tax, financial advisory, and consulting services to clients of all sizes - across industries, throughout the country, and around the globe. We offer numerous industry-specific practices, world-class resources, and an unparalleled commitment to meeting the unique needs of every client, large or small. We serve more than 400 publicly traded domestic and international companies, among the thousands of companies we serve worldwide.

BDO's culture and values establish a set of standards embodied by our work, our relationships and our professionals. We are guided by our core values: put people first; be exceptional: every day, every way; embrace change; empower through knowledge; and choose accountability.



For more than 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

Get to Know BDO

The firm serves clients through 63 offices and more than 450 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,328+ offices in over 150 countries.



Spanning more than 152 countries worldwide, BDO is the fifth-largest global network of public accounting firms. Our seamless global approach allows us to serve clients through a central point of contact, granting access to relevant experience across borders - where and when our clients need us.

BDO's strength is derived from our structure as a cohesive global network and dedication to internal integration. In each country, BDO Member Firms are composed of people who are knowledgeable about national laws and business customs, and familiar with local and international business methods. As our clients expand globally, our access to our international network can help them do business with a depth of experience in international matters, significant resources and international client service capabilities.



Get to Know BDO

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments. Our thought leadership consists of quarterly email updates, publications, surveys, practice aids, and tools that span a broad spectrum of topics that impact financial reporting, as well as corporate governance. Our focus is not simply to announce changes in technical guidance, regulations or emerging business trends, but rather expound on how such changes may impact our clients' businesses. Through our various webinar offerings, we reach a broad audience and provide brief, engaging, just-in-time training that we make available in a variety of ways to meet the needs of your busy schedule. The following provides a sample of our offerings, all of which are readily available on our refreshed website at: <http://www.bdo.com>.

To begin receiving email notifications regarding BDO publications and event invitations (live and web-based), please visit <https://www.bdo.com/member/registration> and create a user profile. If you already have an account on BDO's website, visit the My Profile page to login and manage your account preferences: <https://www.bdo.com/member/my-profile>.

BDO KNOWLEDGE WEBINAR SERIES

An educational series designed to assist those charged with governance (e.g., Audit Committees) and financial executives in keeping up to date on the latest corporate governance, risk management and financial reporting developments. The program is multi-faceted and consists of complimentary CPE webinars, podcasts and archived self-study courses, covering both broad and specific topics of interest, publications and links to various BDO and external resources.

Additionally, consider our monthly tax series that provides insights and perspectives on the tax issues most important to our clients and their businesses. Visit our Event/Webinar page for a current listing of programming available.

BOARD REFLECTIONS

The [BDO Board Reflections](#) resources include BDO's proprietary studies, publications, practice aids, and educational programs to keep board members of both public and private companies up to date on emerging issues and trends to assist in fulfilling their corporate oversight responsibilities. Such resources contain customized information for the various committees of the board. For example, refer to our Effective Audit Committees in the Ever Changing Marketplace practical guide and related tools. Visit our Insights page on <http://www.bdo.com/>.

SIGNIFICANT ACCOUNTING AND REPORTING MATTERS

A quarterly digest of final and proposed financial accounting standards designed to help audit committees, boards and financial executives keep up to date on the latest corporate governance and financial reporting developments.

CLIENT ADVISORIES

Concise documents that provide timely commentary, analysis and insights on events and trends of interest to management and boards of directors.

Get to Know BDO

TAX NEWSLETTERS AND ALERTS

Updates with respect to federal, state, local, expatriate, and international developments, along with other specific tax planning and strategy considerations including specific practice areas such as compensation and benefits, private client and individual filer services, transfer pricing, Foreign Account Tax Compliance Act, etc.

TECHNICAL RESEARCH TOOLS

BDO uses Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to ARM, and a number of other research tools, provides each professional the technical research capability to respond immediately to client-specific technical issues.

BDO KNOWS FLASH REPORTS

Briefs about select technical and regulatory developments and emerging issues are made immediately available to BDO professionals and to clients.

BDO KNOWS FINANCIAL REPORTING LETTERS

Publications containing more in-depth discussions and practical guidance on technical guidance affecting both public and private entities.

INDUSTRY NEWSLETTERS, ALERTS, REPORTS, PROPRIETARY STUDIES AND SURVEYS

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INDUSTRY EXPERIENCE

Industry experience has emerged at the top of the list of what businesses need and expect from their accountants and advisors. The power of industry experience is perspective - perspective we bring to help you best leverage your own capabilities and resources.

BDO's industry focus is part of who we are and how we serve our clients, and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.

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- Government Contracting
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- Manufacturing & Distribution
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- Private Equity
- Public Sector
- Real Estate & Construction
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- Technology & Life Sciences



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December 15, 2015

BDO USA, LLP
3601 C Street, Suite 600
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audits of the financial statements of the Aleutians East Borough School District (a component unit of the Aleutians East Borough, Alaska) as of June 30, 2015 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, and changes in financial position, of the governmental activities, each major fund, and the aggregate remaining fund information of Aleutians East Borough School District in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position and changes in net position in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 3, 2015, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- (3) The financial statements include all assets and liabilities under the entity's control.
- (4) We have made available to you all:
 - (a) Financial records, and related data and all audit or relevant monitoring reports, if any, received from funding sources, as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) Minutes of the meetings of the school board that were held from July 1, 2014 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards or schedule of state financial assistance. All financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit (as listed in the attached schedule of audit adjustments) have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of any:
 - (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or other professionals.
- (8) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives, and whether related recommendations have been implemented.
- (9) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position balances.
- (10) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:

- (a) The identity of related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
- (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
- (c) All derivative instruments and any embedded derivative instruments that require bifurcation.
- (d) Guarantees, whether written or oral, under which the Aleutians East Borough School District is contingently liable.
- (e) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275-10, *Risk and Uncertainties- Overall*. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.
- (f) The effects of all known actual or possible litigation, claims, assessments, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*, including:
 - Pending or anticipated tax assessments or refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
 - Written or oral guarantees, endorsements, or unused letters of credit;
 - Unusual guarantees; or
 - Labor claims or negotiations.

FASB ASC 450-20, *Loss Contingencies*, requires loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

- (g) Commitments, such as:
 - Major fixed asset purchase agreements;
 - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;

- Deferred compensation, bonuses, pensions plans, or severance pay; or
- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;

(11) There are no:

- (a) Violations or possible violations of budget ordinances, laws, and regulations (including those pertaining to adopting, approving, and amending budgets), and provisions of contracts and grant agreements (including the failure to file reports required by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities) when the effects of failing to file could be material to the financial statements) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC 450.
- (c) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

(12) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.

(13) The Aleutians East Borough School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

(14) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance.

(15) No discussions have taken place with your firm's personnel regarding employment with the Aleutians East Borough School District.

(16) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.

(17) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

(18) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- (19) The financial statements properly classify all funds and activities.
- (20) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and resented as such and all other funds that are presented as major are particularly important to financial statement users.
- (21) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (22) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- (23) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- (24) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- (25) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- (26) With regard to the Net Pension Liability:
 - (a) We agree with the findings of specialists in evaluating the Net Pension Liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
 - (b) We believe that the actuarial assumptions and methods used to measure pension and/or other postretirement liabilities and costs for financial accounting and disclosure purposes are appropriate in the circumstances.
- (27) We have appropriately disclosed the Aleutians East Borough School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- (28) With respect to federal and state award programs:
 - (a) We are responsible for understanding and complying with, and have complied with, the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA) and the Schedule of State Financial Assistance (SSFA).

- (b) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and included in the SEFA and SSFA expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- (c) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards and the schedule of state financial assistance in accordance with the requirements of OMB Circular A-133 and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and we believe the SEFA and SSFA, including their form and content, are fairly presented in accordance with the Circular and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. The methods of measurement and presentation of the SEFA and SSFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SSFA.
- (d) If the SEFA and SSFA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SSFA no later than the date we issue the SEFA and SSFA and the auditor's reports thereon.
- (e) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements considered to have a direct and material effect on each federal and state program.
- (f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides a reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies (including material weaknesses) in internal control over compliance as reported in the schedule of findings and questioned costs.
- (g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to each major federal and state program.

- (h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- (i) We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the OMB Circular A-133 "Compliance Supplement" and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of federal and state awards, including the results of other audits or program reviews.
- (j) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal and external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- (l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-187, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- (m) We have disclosed to you our interpretations of compliance requirements that have varying interpretations, if any.
- (n) We have made available to you all documentation related to compliance with the direct and material requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- (o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- (p) There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- (q) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards and the schedule of state financial assistance.
- (r) The copies of federal and state program financial reports provided you are true copies of the reports submitted or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.

- (s) We have charged costs to federal and state awards in accordance with applicable cost principles.
 - (t) We are responsible for, and have accurately prepared, the auditee section of the Data Collection Form as required by OMB Circular A-133.
- (29) We acknowledge our responsibility for the presentation of the required supplementary information, and the required supplementary information is measured and presented in accordance with prescribed guidelines.

The methods of measurement or presentation have not changed from those used in the prior period.

- (30) We acknowledge our responsibility for the presentation of the Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules, in accordance with accounting principles generally accepted in the United States of America, and we believe Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation have not changed from those used in the prior period and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

If the Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

- (31) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
 - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.

- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.

To the best of our knowledge and belief, no events including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,



Michael Seifert, Superintendent



David Nielsen, Business Manager