

Forvis Mazars Report to the Board of Education and Management

Urbana School District No. 116

Results of the 2024 Financial Statement Audit, Including Required Communications

June 30, 2024



Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Scope of Our Audit & Inherent Limitation to *Reasonable Assurance*

Your & Our Responsibilities

Extent of Our Communication & Distribution Restriction

Independence Matters

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements and supplementary information</p> <ul style="list-style-type: none"> • As of and for the year ended June 30, 2024 • Conducted in accordance with our contract dated March 19, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), except for the GAAP departure resulting from the failure to present government-wide financial statements and to display each major fund and aggregating nonmajor funds in the fund financial statements.</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Uniform Guidance that could have a direct and material effect on a major federal award program occurred. The scope of our audit tests was established in relation to the combined financial statements taken as a whole and did not include a detailed audit of all transactions.</p>

Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Education and Management

Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	<p>We also provided reports as of June 30, 2024, on the following as required by GAGAS:</p> <ul style="list-style-type: none"> • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	<p>Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.</p>

Uniform Guidance Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>We also provided reports as of June 30, 2024, on the following as required by U.S. Office of Management and Budget OMB Uniform Guidance:</p> <ul style="list-style-type: none"> • Opinion on compliance for each major federal award programs • Report on internal control over compliance • Schedule of Federal Awards
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>A compliance audit performed in accordance with OMB Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on a major federal award program occurred.</p>

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

We call to your attention the following topic:

- The District financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America due to the failure to present government-wide financial statements and to display each major fund and aggregate nonmajor funds in the financial statements.

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- No matters are reportable

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Basis of accounting and presentation of financial statements
- Over expenditure of budget or deficit fund balances by certain funds

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- The District financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America due to the failure to present government-wide financial statements and to display each major fund and aggregate nonmajor funds in the financial statements.

Required Communications Regarding Internal Control (AU-C 265)

Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Urbana School District No. 116, as of and for the year ended June 30, 2024, in accordance with GAAS and GAGAS, we considered the District's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:

- The Board of Education and Management

Categorizing Deficiencies by Severity

Deficiency

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 significant deficiency is 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 material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.



Identified Deficiencies

We identified certain deficiencies in internal control that we consider to be deficiencies.

Deficiencies

- Segregation of accounting duties is an essential element of effective internal controls, involving the separation of custody of assets from related recording of transactions. Segregation of conflicting duties within the District's accounting department is difficult because of the limited number of personnel. However, there are compensating controls management could implement to reduce the possibility of errors or irregularities going undetected in the normal course of business. We encourage you to limit, to the extent possible, performance of incompatible duties by individuals in the District's accounting department. Following are the incompatible duties that we noted with management's response to our comments.
- The Accounting Manager and Payroll Processor have the ability to access, record and monitor payroll. This creates a situation where errors or fraud within payroll could occur and not be detected in a timely manner.

Management's Response:

The Chief Financial Officer reviews the general ledger monthly and all journal entries. The Treasurer (an independent person) signs all payroll checks. The Chief Financial Officer reviews the payroll register for each payroll. The Chief Financial Officer and the Board of Education review the financial statements monthly. It should also be noted the Accounting Manager does not generate the payroll unless the primary person is unavailable to do so. The Chief Financial Officer also reviews all bank reconciliations monthly.

Management's written responses to the deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on those responses.

We observed matters that we consider to be deficiencies that we communicated to management orally.

Other Matters

Although not considered material weaknesses, significant deficiencies, or deficiencies in internal control over compliance, we also observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist.

However, these other matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures.

We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

- **Property and Equipment Records**

The largest single investment that the District maintains is its land, buildings and equipment. The District has done an adequate job of maintaining the financial records over the general fixed asset additions. However, detailed information for property and equipment is not readily available.

We recommend the District update the capital inventory listing for the District. In addition, we suggest that the District establish procedures to ensure all deletions of capital assets (sales, trade-in, theft, destruction, obsolescence, etc.) be reported to accounting. An accurate record of all property and equipment would provide the information necessary for adequate insurance coverage and minimizing the risk of loss by the District.



- **Disaster Recovery Plan**

The District does not have a formalized, written technology disaster recovery plan. A formal, written disaster recovery plan provides procedures for recovery and restart for both hardware and software, so that a company would be operational in a timely and efficient manner. In addition, the plan usually includes procedures for back-up, provisions for dealing with emergency situations, procedures for prioritizing applications to be restored, provisions for obtaining alternate support if a disaster should arise, provisions to convert rapidly to the alternate support and restoration methods to the normal operation environment.

We recommend establishment of a formal, written plan to allow recovery, should the District experience a disaster. A disaster recovery plan can be essential for protection of District assets and continuation of business operations.

- **Economic Interest Statements**

During our review of the economic interest statements, filed by Board members and employees, it was noted seven statements were not filed by the required due date of May 1.

We recommend the submission deadlines be monitored to ensure that all statements are filed in accordance with the regulations.



Attachments

Management Representation Letter (Attachment A)

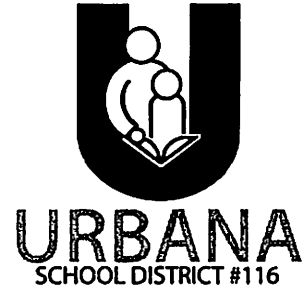
As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.



Attachment A

Management Representation Letter

Jean F. Burkholder Administrative Service Center
1101 E. University Ave., Suite B
Urbana, IL 61802
www.usd116.org



November 14, 2024

Representation of:
Urbana School District No.116
1101E. University Avenue
Urbana, Illinois 61802

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
225 N. Water Street, Suite 400
Decatur, IL 62523

The undersigned ("We") are providing this letter in connection with Forvis Mazars' audit of our financial statements as of and for the year ended June 30, 2024.

We are also providing this letter in connection with:

Our representations are current and effective as of the date of Forvis Mazars' report: November 14, 2024.

Our engagement with Forvis Mazars is based on our contract for services dated: March 19, 2024.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars' report in conformity with accounting principles generally accepted in the United States of America, except for the GAAP departure resulting from the failure to present government-wide financial statements and to display each major fund and aggregating nonmajor funds in the fund financial statements, which resulted in an adverse opinion..

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, except for the GAAP departure resulting from the failure to present government-wide financial statements and to display each major fund and aggregating nonmajor funds in the fund financial statements, which resulted in an adverse opinion.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of board of education meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board of education, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
7. We have identified and disclosed to you any violations or possible violations of laws, regulations, including those pertaining to adopting, approving, and amending budgets, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
11. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in

accordance with *Government Auditing Standards*.

Federal Awards Programs (Uniform Guidance)

12. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.
13. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
14. We have reconciled the schedule of expenditures of federal awards (SEFA) to the financial statements.
15. Federal awards-related revenues and expenditures are fairly presented, both in form and content, in accordance with the applicable criteria in the entity's financial statements.
16. We have evaluated all recipient organizations that received federal funding and have correctly identified all subrecipients on the schedule of expenditures of federal awards.
17. We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
18. We are responsible for complying, and have complied, with the requirements of Uniform Guidance.
19. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.
20. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
21. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
22. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.

23. The costs charged to federal awards are in accordance with applicable cost principles.
24. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system, or pass-through entity in the case of a subrecipient.
25. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
26. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
27. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.
28. Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
29. The reporting package does not contain any protected personally identifiable information.
30. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.

Misappropriation, Misstatements, & Fraud

31. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, or fund balance.
32. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
33. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, other regulators, citizens, suppliers, or others.
34. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

35. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.
36. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments, that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity.

Related Parties

37. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.
38. We understand that the term related party refers to:
- Affiliates
 - Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
 - Management and members of their immediate families
 - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Litigation, Laws, Rulings & Regulations

39. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
40. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
41. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
42. We have no reason to believe the entity owes any penalties or payments under the Employer

Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

43. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations:

Nonattest Services

44. You have provided nonattest services, including the following, during the period of this engagement:

- Preparing a draft of the financial statements and related notes and supplementary information
- Preparing a draft of the schedule of expenditures of federal awards
- Completing the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse
- Preparing entries to convert cash basis accounting records to accrual basis accounting records

45. With respect to these services:

- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
- b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
- c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
- d. We have evaluated the adequacy of the services performed and any findings that resulted.
- e. We have established and maintained internal controls, including monitoring ongoing activities.
- f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

46. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

47. With regard to supplementary information:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
- b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

- c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
48. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

Transactions, Records, & Adjustments

49. All transactions have been recorded in the accounting records and are reflected in the financial statements.
50. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
51. We have everything we need to keep our books and records.
52. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
53. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

Governmental Accounting & Disclosure Matters

54. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
55. With regard to deposit and investment activities:
- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
56. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
57. Components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
58. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.

59. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

Accounting & Disclosure

60. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.

61. Except as reflected in the financial statements, there are no:

- a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities or fund balances.
- b. Material transactions omitted or improperly recorded in the financial records.
- c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
- d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
- e. Agreements to purchase assets previously sold.
- f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
- g. Guarantees, whether written or oral, under which the entity is contingently liable.
- h. Known or anticipated asset retirement obligations.

62. Except as disclosed in the financial statements, the entity has:

- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
- b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

63. Adequate provisions and allowances have been accrued for any material losses from:

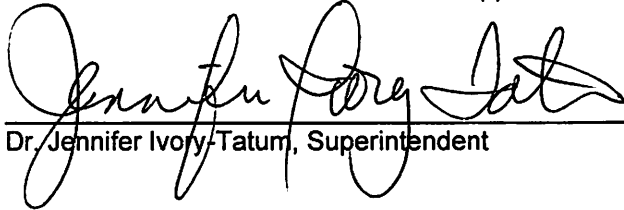
- a. Uncollectible receivables.
- b. Excess or obsolete inventories.

Estimates

64. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
65. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of revenues or available sources of supply, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Tax-Exempt Bonds

66. Tax-exempt bonds issued have retained their tax-exempt status.
67. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.



Dr. Jennifer Ivory Tatum, Superintendent



Mary Ann Schroz, Chief Financial Officer