

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**INDEPENDENT AUDITORS' REPORTS ON COMMUNICATION
WITH THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT ADVISORY COMMENTS**

JUNE 30, 2024

D.C. EVEREST AREA SCHOOL DISTRICT
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**INDEPENDENT AUDITORS' REPORT ON
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To the Board of Education
D.C. Everest Area School District
Weston, Wisconsin

We have audited the financial statements of the D.C. Everest Area School District as of and for the year ended June 30, 2024, and have issued our report thereon dated December 6, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 3, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the D.C. Everest Area School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated December 6, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Management Override of Controls - professional standards require the auditor to address the risk that management is in a unique position to override controls that otherwise appear to be operating effectively.
- Improper Revenue Recognition - professional standards require the auditor to presume that risks of material misstatements exist in revenue recognition.

We have designed our audit procedures to adequately address the significant risks identified.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the D.C. Everest Area School District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the Wisconsin Retirement System pension was calculated by the State of Wisconsin Department of Employee Trust Funds' third party actuary.
- Management's estimate of the Wisconsin Retirement System local retiree life insurance fund was calculated by the State of Wisconsin Department of Employee Trust Funds' third-party actuary.
- Management's estimate of the other post employment benefit was calculated by the entity's third-party actuary.

We evaluated the factors and assumptions used to develop the estimates listed above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the D.C. Everest Area School District's financial statements relate to: revenue recognition, Wisconsin

Retirement System pension, Wisconsin Retirement System local retiree life insurance fund, other post employment benefit, and dental care claims.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We have not identified any significant unusual transactions during the audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the D.C. Everest Area School District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 6, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

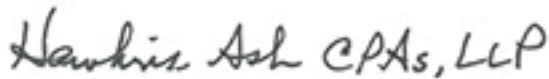
In the normal course of our professional association with the D.C. Everest Area School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the D.C. Everest Area School District's auditors.

Noncompliance with Laws and Regulations

We have identified the following matters involving noncompliance with laws and regulations that came to our attention during the course of the audit. The District spent \$3,051,453 more than their adopted budget. Wisconsin Statute 120.16(2) prohibits spending more than budgeted expenditures.

This report is intended solely for the information and use of the Board of Education, and management of the D.C. Everest Area School District and is not intended to be and should not be used by anyone other than these specified parties.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
December 6, 2024



INDEPENDENT AUDITORS' REPORT ON MANAGEMENT ADVISORY COMMENTS

To the Board of Education
D.C. Everest Area School District
Weston , Wisconsin

We have audited the general purpose financial statements of the D.C. Everest Area School District as of and for the year ended June 30, 2024 and have issued our report thereon dated December 6, 2024. We have also issued compliance reports and reports on the internal control structure in accordance with *Government Auditing Standards*. These reports disclosed any material instances of noncompliance, federal and state program findings and questioned cost, material weaknesses and significant deficiencies that were identified during the audit.

Other matters involving the internal control structure and the District's operations which came to our attention during the audit are reported on the following pages as management advisory comments.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the District's personnel during the course of our work. In particular, we would like to note the considerable assistance and cooperation provided to us by Kelley Strike and her staff.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
December 6, 2024

MANAGEMENT ADVISORY COMMENTS

Current Year Comments

New Standard - GASB Statement No. 101 - Compensated Absences

The statement establishes standards of accounting and financial reporting for compensated absences and associated salary related payments, including certain defined contribution pensions and defined contribution other postemployment benefits.

A liability should be recognized for leave that has not been used if all of the following are true:

- a. The leave is attributed to services already rendered
- b. The leave accumulates
- c. The leave is more likely than not (more than 50%) to be used for time off or otherwise paid in cash or settled through noncash means.

The leave should be evaluated by assessing relevant factors, including the following:

- a. The employment policies related to compensated absences
- b. Whether leave that has been earned is, or will become, eligible for use or payment in the future
- c. Historical information about the use, payment, or forfeiture of compensated absences
- d. Information known to the government that would indicate that historical information may not be representative of future trends or patterns.

Some leaves are excluded from the liability: military leave, parental leave, jury duty, unlimited leave, holiday leave, and leave more likely than not to be settled through conversion to defined benefit pension or other postemployment benefits.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023. Your June 30, 2025 financial statement will be updated for these new reporting requirements.

Status of Prior Year Findings

None.

APPENDIX A

Client: **0201873 - D.C. Everest Area School District**
 Engagement: **24 Audit - D.C. Everest Area School District**
 Period Ending: **6/30/2024**
 Trial Balance: **Database**
 Workpaper: **1501 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 46				
2024 - To reclassify various revenues to proper accounts.				
Single Audit				
10 R 809 619 500000 445 --- ---	DISTRICT WIDE		249.00	
10 R 809 730 500000 381 --- ---	DISTRICT WIDE		46,504.00	
10 R 809 969 500000 000 --- ---	DISTRICT WIDE		1,000.00	
10 A 000 000 715500 000 000 000	DUE FROM STATE GOVERNMENT			249.00
10 R 809 630 500000 246 --- ---	DISTRICT WIDE			1,000.00
10 R 809 730 500000 365 --- ---	DISTRICT WIDE			46,504.00
Total			47,753.00	47,753.00
Adjusting Journal Entries JE # 47				
2024 - Adjustment made per client subsequent to importing the trial balance.				
1501.01				
10 E --- 688 28--- --- ---	DEBT SERVICES		16.00	
10 E --- 678 28--- --- ---	DEBT SERVICES			16.00
Total			16.00	16.00
Adjusting Journal Entries JE # 48				
2024 - Adjustment made per client subsequent to importing the trial balance.				
5075.04				
10 E --- 551 12--- --- ---	REGULAR CURRICULUM		4,105,256.00	
10 E --- 551 12--- --- ---	REGULAR CURRICULUM		236,462.00	
10 R 809 878 500000 000 --- ---	DISTRICT WIDE			4,105,256.00
10 R 809 878 500000 000 --- ---	DISTRICT WIDE			236,462.00
Total			4,341,718.00	4,341,718.00
Adjusting Journal Entries JE # 49				
2024 - To record District office building rental in proper account and to account for closing out the 2018 Marco lease.				
5001				
10 E --- 328 25--- --- ---	BUSINESS ADMINISTRATION		47,796.00	
10 E --- 678 28--- --- ---	DEBT SERVICES			47,796.00
Total			47,796.00	47,796.00
Adjusting Journal Entries JE # 50				
2024 - To record new SBITAs.				
3204.015				
10 E --- 360 26--- --- ---	CENTRAL SERVICES		111,983.00	
10 E --- 676 28--- --- ---	SUBSCRIPTION-BASED IT AGREEMENT PRINCIPAL		31,041.00	
10 E --- 686 28--- --- ---	SUBSCRIPTION-BASED IT AGREEMENT INTEREST		5,708.00	
10 E --- 480 22--- --- ---	INST STAFF SERVICES			36,749.00
10 R 809 876 500000 000 --- ---	SUBSCRIPTION-BASED IT AGREEMENT PROCEEDS			111,983.00
Total			148,732.00	148,732.00
Adjusting Journal Entries JE # 52				
2024 - Adjustment made per client subsequent to importing the trial balance.				
1501.02				
46 E --- 327 25--- --- ---	BUSINESS ADMINISTRATION		180,080.00	
46 L 000 000 811200 000 000 000	ACCOUNTS PAYABLE			180,080.00
Total			180,080.00	180,080.00
Adjusting Journal Entries JE # 53				
2024 - Adjustment made per client subsequent to importing the trial balance.				
PBC				
10 E --- 846 41--- --- ---	INTERFUND/OPERATING TRANSFER		2,127,473.00	

46 A 000 000 714100 000 000 000	DUE FROM OTHER FUNDS	2,127,473.00	
10 L 000 000 812000 000 000 000	DUE TO OTHER FUNDS		2,127,473.00
46 R 809 110 411000 000 --- ---	OPER. TRANSFERS TO DIF FUND		2,127,473.00
Total		<u>4,254,946.00</u>	<u>4,254,946.00</u>
Adjusting Journal Entries JE # 54		1501.04	
2024 - Adjustment made per client subsequent to importing the trial balance.			
10 R 809 630 500000 297 --- ---	DISTRICT WIDE	582.00	
10 L 000 000 813500 000 000 000	Due to State		582.00
Total		<u>582.00</u>	<u>582.00</u>
Adjusting Journal Entries JE # 55		1501.05	
2024 - Adjustment made per client subsequent to importing the trial balance.			
10 A 000 000 715600 000 000 000	DUE FROM FED GOVERNMENT	3,585.00	
10 R 809 730 500000 381 --- ---	DISTRICT WIDE		3,585.00
Total		<u>3,585.00</u>	<u>3,585.00</u>
Adjusting Journal Entries JE # 56		1501.06	
2024 - Adjustment made per client subsequent to importing the trial balance.			
10 E --- 490 23--- --- --- ---	GENERAL ADMINISTARTION	7,275.00	
10 E --- 990 23--- --- --- ---	GENERAL ADMINISTARTION		7,275.00
Total		<u>7,275.00</u>	<u>7,275.00</u>
Adjusting Journal Entries JE # 57		1501.07	
2024 - Adjustment made per client subsequent to importing the trial balance.			
80 L 000 000 816900 000 000 000	DEFER.REV.-SCHL.AGE CARE	34,878.00	
80 A 000 000 713200 000 000 000	ACCOUNTS RECEIVABLE		34,878.00
Total		<u>34,878.00</u>	<u>34,878.00</u>
		<u>9,067,361.00</u>	<u>9,067,361.00</u>
Total Adjusting Journal Entries			
		<u>9,067,361.00</u>	<u>9,067,361.00</u>
Total All Journal Entries			
		<u>9,067,361.00</u>	<u>9,067,361.00</u>

APPENDIX B



D.C. Everest Area School District

6100 Alderson Street
Weston, WI 54476
Phone 715-359-4221
www.dce.k12.wi.us

MISSION STATEMENT

D.C. Everest Area School District, in partnership with the community, is committed to being an innovative educational leader in developing knowledgeable, productive, caring, creative, responsible individuals prepared to meet the challenges of an ever-changing global society.

December 6, 2024

Hawkins Ash CPAs, LLP
One East Waldo Blvd., Suite 5
Manitowoc, WI 54220-2912

Dear Hawkins Ash CPAs, LLP,

This representation letter is provided in connection with your audit of the D.C. Everest Area School District as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, and results of operations, of the various opinion units of D.C. Everest Area School District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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, there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 6, 2024.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 3, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility 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) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 9) All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- 12) We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards

- Codification 450, *Contingencies*), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 13) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
 - 14) All funds and activities are properly classified.
 - 15) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
 - 16) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
 - 17) Our 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 are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
 - 18) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - 19) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
 - 20) All interfund and intra-entity transactions and balances have been properly classified and reported.
 - 21) Special items and extraordinary items have been properly classified and reported.
 - 22) Deposit and investment risks have been properly and fully disclosed.
 - 23) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
 - 24) All required supplementary information is measured and presented within the prescribed guidelines.
 - 25) With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
 - 26) With respect to the nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.
 - 27) With respect to the supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplementary information with U.S. GAAP.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
 - We acknowledge our responsibility to include the auditors' report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.

- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditors' report thereon.
- 28) With respect to the required supplementary information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Information Provided

- 29) We have provided you with:
- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report, if applicable, and the planned timing and method of issuance of that annual report;
 - A final version of the annual report, if applicable, (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- 30) The financial statements and any other information included in the annual report, if applicable, are consistent with one another, and the other information does not contain any material misstatements.
- 31) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 32) 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.
- 33) We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 34) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- 35) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 36) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- 37) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 38) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 39) The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 40) We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.
- 41) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and*

Financial Reporting for Nonexchange Financial Guarantees, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

- 42) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 43) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 44) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 45) There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 46) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 47) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 48) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 49) We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

Federal and State Award Programs

- 50) We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance) and state regulatory audit requirements, including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA) and schedule of state financial assistance (SSFA), or we acknowledge our responsibility for presenting the SEFA and SSFA in accordance with the requirements and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and state regulatory requirements. The methods of measurement or 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 or presentation of the SEFA and SSFA.
- 51) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and state regulatory requirements and included in the SEFA and SSFA made during the audit period for all awards provided by federal and state agencies in the form of grants, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- 52) We are responsible for understanding and complying with, and have complied with, 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 that are considered to have a direct and material effect on each major program.
- 53) 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 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.
 - 54) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to federal and state programs and related activities.
 - 55) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
 - 56) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and state regulatory audit requirements relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal and state awards.
 - 57) We have disclosed 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.
 - 58) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or 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.
 - 59) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance and state regulatory audit requirements.
 - 60) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - 61) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
 - 62) 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.
 - 63) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - 64) 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 in internal control over compliance (including material weaknesses in internal control over compliance), subsequent to the date as of which compliance was audited.
 - 65) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - 66) 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 and state agency or pass-through entity, as applicable.
 - 67) We have charged costs to federal and state awards in accordance with applicable cost principles.
 - 68) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and state regulatory audit requirements and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
 - 69) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - 70) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Hawkins Ash CPAs, LLP
December 6, 2024
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Director of Finance



Assistant Superintendent