



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2016

Board of Directors
Sheridan School District No. 48J
Sheridan, Oregon 97378

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Sheridan School District No. 48J as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Sheridan School District No. 48J's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies or material weaknesses that have not been identified. We consider the following deficiencies in the District's internal control to be significant deficiencies:

Financial Reporting

The staff and management of the District have not demonstrated the ability to draft the supporting footnotes of the financial statements in accordance with accounting principles generally accepted in the United States of America. This is considered to be a significant deficiency in internal control over financial reporting. Management has considered the cost of staffing to address this issue to outweigh the benefit and, accordingly, has determined that it is more beneficial to continue to outsource these matters to external experts.

Compliments

We would like to take the time to compliment DeAnn O'Neil, on her preparedness, cooperation, and assistance during the audit process. Accounting records are of high quality and her knowledge and experience allow for an efficient and organized audit to be performed.

This communication is intended solely for the information and use of management, the board of directors, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,


Accuity, LLC