

Accuity, LLC
Certified Public Accountants
330 Washington Street SW
P.O. Box 1072
Albany, Oregon 97321

We are providing this letter in connection with your audit of the financial statements of Sheridan School District No. 48J as of June 30, 2014, 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 respective financial position of the governmental activities, each major fund, and the remaining fund information of Sheridan School District No. 48J, and the respective changes in financial position and cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the aforementioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material 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.

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

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America, and include all properly classified funds and other financial information of the District required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the board of directors of Sheridan School District No. 48J or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, accounting, internal control, or financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
5. We are in agreement with the adjusting journal entries you have proposed, and they have been posted.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the District involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. 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.
11. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
12. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the District is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe that the estimates and measurements are reasonable in the circumstances.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; 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 or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
14. Except as disclosed to you, there are no:
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
15. As part of your audit, you assisted with preparation of the financial statements and related notes, and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, and schedule of expenditures of federal awards.
16. In regards to the depreciation calculation services performed by you, we have:
 - a. Made all management decisions and performed all management functions.
 - b. Designated an individual with suitable skill, knowledge, or experience to oversee the services performed.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services performed.
17. The 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.

18. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
20. 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.
21. The financial statements properly classify all funds and activities.
22. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
23. Components of net assets (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
24. Provisions for uncollectible receivables have been properly identified and recorded.
25. 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.
26. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. Deposits, investment securities, and derivative transactions are properly classified as to risk and are properly disclosed.
29. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
30. The possibility exists that the value of specific significant capital assets or certain identifiable intangibles may be impaired. We have reviewed capital assets, including certain identifiable intangibles for impairment, whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable, and have appropriately recorded the adjustment.
31. We have appropriately disclosed the District'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 assets are available and have determined that net assets were properly recognized under the policy.

32. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
33. With respect to the management's discussion and analysis and budgetary comparison information:
 - a. We acknowledge our responsibility for presenting the management's discussion and analysis and budgetary comparison information in accordance with accounting principles generally accepted in the United States of America, and we believe this information, 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 of the management's discussion and analysis and budgetary comparison information 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.
34. We have evaluated the District's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
35. With respect to federal 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*, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have included and disclosed in the schedule, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the schedule 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 schedule of expenditures of federal awards.

- d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.
- e. 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 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 federal program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to our federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have not received requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements, including, when applicable, those set forth in the OMB Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- j. 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.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

- n. 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.
 - o. 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.
 - p. No changes have been made in internal control over compliance, or other factors that might significantly affect internal control, subsequent to the date as of which compliance was audited.
 - q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - s. We have charged costs to federal 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.
36. We have evaluated and classified any subsequent events as recognized or unrecognized through the date of signature of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of signature of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Finance Director

Date

Superintendent

Date