

Raul Hernandez & Company, P.C.

Certified Public Accountants
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April 10, 2019

Board of Trustees
Ben Bolt-Palito Blanco Independent School District

We are pleased to confirm our understanding of the services we are to provide Ben Bolt-Palito Blanco Independent School District for the fiscal year ended August 31, 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Ben Bolt-Palito Blanco Independent School District as of and for the year ended August 31, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany Ben Bolt-Palito Blanco Independent School District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Ben Bolt-Palito Blanco Independent School District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (and all major special revenue funds with legally adopted budgets)(if these are in Required Supplementary Information (G-1) and not in the Basic Financial Statements (C-5)).

We have also been engaged to report on supplementary information other than RSI that accompanies Ben Bolt-Palito Blanco Independent School District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, [in a separate written report accompanying our auditor's report on the financial statements OR in a report combined with our auditor's report on the financial statements]:

- 1) Schedule of Expenditures of Federal Awards, if applicable.
- 2) Schedule of Delinquent Taxes Receivable
- 3) Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – National School Breakfast and Lunch Program
- 4) Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund

Professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), the Government Accountability Office (GAO), and other require that auditors be independent of the clients for whom they perform attest services and that they document their independence. These standards apply to the services we will be providing Ben Bolt-Palito Blanco Independent School District. They may restrict some of the non-audit services we can do for you (such as your bookkeeping), but they allow us to provide numerous other services as long as you agree to perform the following services:

- Make all management decisions and perform all management functions:
- Designate an individual (preferably in senior management) who possesses suitable skill, knowledge, and/or experience to oversee the preparation of suggested adjustments and the draft of financial statements, including the adjustments needed to convert fund information to government-wide information in the annual financial statements, and to oversee the filing of statements with appropriate regulatory or funding agencies:
- Evaluate the adequacy and results of the services performed by us;
- Accept responsibility for:
 - The District's accounting and information systems;
 - Adjustments we have suggested and you have approved;
 - The financial statements and other reports we have helped you prepare and you have approved, such as the audit data feed;
 - The submission of those financial statements and report to TEA and other appropriate oversight or granting agencies;
 - Establish and maintain internal controls over the budgeting and bookkeeping process and over the data and report submission processes required by TEA, the Office of Management and Budget, and others.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), if applicable.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose

of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, if applicable. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our single audit, if applicable. Our reports will be addressed to the Board of Trustees of Ben Bolt-Palito Blanco Independent School District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the single audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

If applicable, as required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Ben Bolt-Palito Blanco Independent School District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

If applicable, the Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Ben Bolt-Palito Blanco Independent School District's major programs. The purpose of these procedures will be to express an opinion on Ben Bolt-Palito Blanco Independent School District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will assist you in preparing the financial statement that TEA requires for the fiscal year ended, including the Electronic Annual Financial Report (AFR pdf file) submission and the GASB Audit Data Feed (TXT File). In addition, we will assist in developing and maintaining the appropriate adjustments and worksheets that convert and consolidate the fund financial statements to government-wide financial statements. (To do this, we may ask your business office and other parties for information that has not been required in prior years. The request for information may involve queries on your computer and data processing system, and the support of your information technology personnel).

We will also assist you in preparing statements or reports that are primarily the responsibility of the District's administrators, such as management's discussion and analysis and the letter of transmittal, if required. While these reports are not covered in audited information, we are required to review them for consistency with the statements we audit and reasonableness of claims.

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Ben Bolt-Palito Blanco Independent School District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance, if applicable, based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements).

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally and if applicable, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

If applicable, you are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the School District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Raul Hernandez & Company, P.C., and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any State Agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Raul Hernandez & Company, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by any State or Federal Agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit during August and to issue our reports during December assuming no problems arise. Raul Hernandez is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$21,000 and \$3,800 is due upon signing of this letter. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 5 days or more overdue and may not be resumed until

your account is paid in full. If we elect to terminate our services, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

the audit fee estimate is premised on the following assumptions:

- Ben Bolt-Palito Blanco Independent School District will have available those individuals necessary to answer questions that will arise during the course of the work.
- Ben Bolt-Palito Blanco Independent School District has maintained its system of internal accounting controls.
- Ben Bolt-Palito Blanco Independent School District will prepare schedules and provide assistance to enable us to efficiently and successfully complete the engagement.
- No significant unanticipated accounting or auditing problems or changes will arise prior to our conducting this audit.

Audit Approach

Our approach to client service is to recognize each client's unique and specific needs within the scope of our engagement, match those needs with our strongest resources, and deliver our services in a timely and responsive manner.

The audit approach used will consider Ben Bolt-Palito Blanco Independent School District's unique accounting system and reporting requirements. Our approach is directed toward constant inter-action and communication between Ben Bolt-Palito Blanco Independent School District's personnel and Raul Hernandez & Company, P.C.

Planning Phase-Estimated Hours 40 - 2 CPA's and 1 staff auditor

We consider the planning phase to be critical for engagements of this scope and complexity. Careful planning helps ensure a successful engagement - from your viewpoint and ours. The following outlines the more significant elements of this phase:

Develop an in-depth understanding of the District's operations through meetings with key management members and review of internal reports, financial statements, budgets and minutes.

Identify major audit areas, based on an analytical review of the information obtained from the previous steps.

Develop an understanding of Ben Bolt-Palito Blanco Independent School District's internal controls and accounting system, particularly in the major audit areas. This will be accomplished through discussion with accounting personnel.

Identify internal control strengths and weaknesses, which have a bearing on audit objectives in the major audit areas.

Perform analytical reviews of interim financial information to highlight those areas, which should be reviewed at an early date to avoid any last minute questions of an accounting or reporting nature.

Develop a tailored audit program for Ben Bolt-Palito Blanco Independent School District which is responsive to the major audit areas that reflects our evaluation of the internal controls in those areas and the results of our analytical review.

Finalize with Ben Bolt-Palito Blanco Independent School District’s personnel a schedule for completion of the audit based on the required filing deadlines.

Our audit plan will be structured to minimize disruptions to Ben Bolt-Palito Blanco Independent School District. As your prior year auditor, our working papers will allow for a smooth and efficient audit and will help to minimize duplication of effort and to further develop our understanding of Ben Bolt-Palito Blanco Independent School District’s operations and accounting system. We would plan to accomplish this review as soon as possible after appointment, as this data collection effort is most efficiently performed, and is most cost-effective, when it is completed during the transition phase.

Interim Phase-Estimated Hours 60- 2 CPA’s and 1 staff auditor

During this phase, we will begin to implement the audit plan developed during the planning phase. Our personnel will perform appropriate substantive audit procedures, such as balancing of detail records and mailing of confirmations. In addition, we will perform compliance tests on Ben Bolt-Palito Blanco Independent School District’s policies and procedures identified in the planning phase.

Final Phase-Estimated Hours 40- 2 CPA’s and 1 staff auditor

During the final phase, we will perform such additional test and account analyses as are necessary to formulate an opinion on the financial statements of Ben Bolt-Palito Blanco Independent School District. In addition to rendering an opinion on the financial statements, we will provide a letter to the Administration on internal control and accounting procedures, identifying areas in Ben Bolt-Palito Blanco Independent School District’s system of internal control which would appear to need strengthening. Any material weaknesses will be brought to the attention of the Administration immediately. We will provide (20) copies of the financial audit that meets the requirements of Texas Education Agency Financial Accountability System Resource Guide, (1) copy in .pdf format We will also provide fifteen (15) copies of a management letter.

We will be available to meet with the Administration at their request during the course of the audit and throughout the year. These meetings are beneficial in fulfilling our responsibilities and giving us insight as to any Ben Bolt-Palito Blanco Independent School District’s concerns.

Timing of the Engagement

This section outlines proposed dates for planning the engagement, performing interim and final examinations, and delivering the final reports. The dates are based on our discussions with Ben Bolt-Palito Blanco Independent School District’s personnel and our understanding of Ben Bolt-Palito Blanco Independent School District’s preparedness for the engagement. We remain flexible with respect to the timing of the engagement.

**Major Events Related to Completion
of the Examination of the Financial Statements**

<u>Event</u>	<u>Period</u>
Timing of appointment	Sept
Meeting with Management to discuss planning matters	Sept
Preliminary Examination	Sept
Interim Examination	Oct
Final Examination	Nov
Preliminary Draft	Dec
Present Report and Management Letter	Dec

Raul Hernandez & Company, P.C. accepts responsibility for ensuring that the audit is conducted by personnel who collectively have the necessary skills, that independence is maintained, that applicable standards are followed in conducting the audit, that the firm has an appropriate internal quality system in place, and maintains participation in an external quality control review program. Raul Hernandez is enrolled in the American Institute of Certified Public Accountants external review program. These programs require an external quality control review every three years. The firm's internal quality control systems include the requirement that all staff receives a minimum of 20 hours per year and a total of 120 hours over a three-year period of continuing professional education. Additionally, all staff responsible for planning, directing or conducting substantial portions of a governmental audit will be required to have minimum of 24 hours every two years of continuing education directly related to governmental auditing. We confirm that Raul Hernandez & Company, P.C. is independent with respect to Ben Bolt-Palito Blanco Independent School District. No one in the firm has any direct or indirect financial interest in Ben Bolt-Palito Blanco Independent School District's contracts and no one assigned to the audit is related within a prohibited degree (as defined by nepotism law) to any employee of Ben Bolt-Palito Blanco Independent School District's or to any of the members of the Board. Our firm is not under the terms of any reprimands either public or private by the Texas State Board of Public Accountancy or any other licensing Boards.

In the event the aforementioned matters are substantially altered or other unusual circumstances or problems arise during the audit, we will first discuss the situation with you before proceeding, and any necessary revisions to the audit plan or fee will be mutually agreed to.

We will bill Ben Bolt-Palito Blanco Independent School District periodically as the field-work progresses as determined by Ben Bolt-Palito Blanco Independent School District. Upon approval of this engagement, we will work with Ben Bolt-Palito Blanco Independent School District's personnel to establish specific timetables for our work, progress billings, and payments.

Workpapers prepared by and Raul Hernandez & Company, P.C. during the audit will be the sole property of the firm. However, we will furnish Ben Bolt-Palito Blanco Independent School District with copies of selected workpapers, as requested by Ben Bolt-Palito Blanco Independent School District, including workpapers pertaining to any questioned costs determined in the audit. The workpapers will be retained for at least three years from the end of the audit period. Furthermore, the workpapers will be made available for review by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, or when legal proceedings order their release.

Confidentiality: We agree to keep the information related to all contracts in strict confidence. Other than the reports submitted to Ben Bolt-Palito Blanco Independent School District, we agree not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in our possession, to our staff who must have the information on a "need-to-know" basis. We agree to immediately notify, in writing, Ben Bolt-Palito Blanco Independent School District's Superintendent in the event we determine or have a reason to suspect a breach of this requirement.

We are prepared to assist you with a wide range of financial and management services. Please call on us for advice on accounting or for consultation in connection with other management concerns. We will keep you informed of major accounting issues as they arise. Any significant consultation services regarding special accounting or management matters will be billed separately in accordance with a mutual understanding and agreement of the nature and extent of the services involved.

We appreciate the opportunity to be of service to Ben Bolt-Palito Blanco Independent School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Raul Hernandez + Company, P.C.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____