

A photograph of three business professionals in a modern office setting. A woman with curly hair is on the left, a man with grey hair is in the middle, and a man with dark hair is on the right. They are seated on a white sofa with two large, red, modern chairs in front of them. A black briefcase sits on the floor next to the man on the right. Large windows in the background show green trees outside. A white diagonal graphic element separates the image from the text on the left.

REPORT TO BOROUGH ASSEMBLY

# ALEUTIANS EAST BOROUGH

2025 AUDIT RESULTS

JUNE 30, 2025

**BDO**<sup>®</sup>

# Welcome

March 5, 2026

Borough Assembly

Aleutians East Borough

We look forward to discussing with you the current year audit results for Aleutians East Borough (the Borough). On October 9, 2025, we presented an overview of our plan for the audit of the financial statements including the Schedule of Expenditures of Federal Awards, and State Schedule of Financial Assistance of Aleutians East Borough (the Borough) as of and for the year ended June 30, 2025.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Borough's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Borough is responsible.

We are pleased to be of service to the Borough and look forward to meeting with you on March 12, 2026, to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

*BDO USA*

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the Borough, and is not intended and should not be used by anyone other than these specified parties.

# Executive Summary



# Executive Summary

## Results of Our Audit

- Overview and Status - We have completed our audit work with respect to the financial statements for the year ended June 30, 2025.
- Quality of the Borough's Financial Reporting
- Significant Risk Overview & Discussion
- Corrected and Uncorrected Misstatements
- Internal Control Over Financial Reporting

## Required Communications

- No significant items

## Open Discussion and Questions



# Audit Results



# Overview & Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Plan communications.
- ▶ We issued an unmodified opinion on the financial statements and released our report on March 5, 2026.
- ▶ We have issued an unmodified opinion on the Borough's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA) and State Schedule of Financial Assistance (SSFA) and released our report on March 5, 2026.
- ▶ In planning and performing our audit of the SEFA and SSFA, we considered the Borough's internal control over compliance with requirements that could have a direct and material effect on its major federal and state program(s) to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of Alaska Audit Guide and Compliance Supplement for State Single Audits (State Audit Guide), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- ▶ Our responsibility for other information in documents containing the Borough's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Borough and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.



# Quality of the Borough's Financial Reporting

A discussion was will be held regarding the quality of the Borough's financial reporting, which will include the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our assessment of critical accounting estimates, accounting policies and practices
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments



# Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows.

Fraud Risk of Revenue recognition - Grant Revenue

IT- Segregation of Duties

Fraud Risk of Management Override of Controls

# Corrected and Uncorrected Misstatements

## Corrected and Uncorrected Misstatements

- ▶ There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.
- ▶ There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

# Internal Control Over Financial Reporting



# Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Borough's internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

# Internal Control Over Financial Reporting

- ▶ We have communicated to management of the Borough control deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies.

Control Deficiencies	Comments
ITGC - Superuser	Finance Director, Accounting Clerk, and Borough Administrator have superuser access to the financial accounting system.

# Internal Control Over Compliance Findings

In performing our compliance audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), we obtained an understanding of the Borough's internal control over compliance to design audit procedures and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over compliance. Accordingly, we did not express an opinion on the effectiveness of the Borough's internal control over compliance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing and in a timely manner, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Borough's internal control over compliance. The definitions of a material weakness, significant deficiency, and control deficiency in internal control over compliance are as follows:

Category	Definition
<b>Material Weakness</b>	A deficiency or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.
<b>Significant Deficiency</b>	A deficiency or a combination of deficiencies in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
<b>Control Deficiency</b>	A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis.
<b>Instances of Noncompliance with Laws and Regulations</b>	In accordance with GAS, matters that involve instances of noncompliance with laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

# Detail of Significant Accounting Practices, Policies, Estimates and Disclosures



# Significant Accounting Practices (including Policies, Estimates, and Disclosures)

## ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND DISCLOSURES

The following summarizes the more significant required communications related to our audit concerning the Borough's accounting practices, policies, estimates and significant unusual transactions:

The Borough's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with the applicable financial reporting framework and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 1 to the Borough's financial statements.
- ▶ There were no significant changes in accounting policies and practices during FY 2025.
- ▶ The Borough adopted GASB Statement No. 101, Compensated Balances. See Note 15 of the Districts' financial statements for changes related to the restatement and accrual of additional compensated sick leave.

Critical accounting estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Borough's critical accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

### Critical Accounting Estimates

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Allowance for Uncollectable Accounts

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Depreciation of Capital Assets

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Net Pension/ OPEB Assets and Liabilities

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Discount Rate - Leases

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- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the critical accounting estimates in 2025.

# Additional Required Communications



# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Borough:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Plan communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Borough's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Alternative accounting treatment	No alternative accounting treatments permissible under the applicable financial reporting framework for policies and practices related to material items were identified and discussed with management.
Significant unusual transactions	Our assessment of the significant unusual transactions has been included on page 19, including an understanding of the business purposes of the significant unusual transactions and the policies and practices management used to account for the transactions.

# Other Required Communications (cont.)

Following is a summary of other required items, along with specific discussion points as they pertain to the Borough:

Requirement	Discussion Point
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the Borough's related parties.	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

# Other Required Communications (cont.)

Following is a summary of other required items, along with specific discussion points as they pertain to the Borough:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Borough's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

# Independence

Our engagement letter to you dated September 3, 2025 describes our responsibilities in accordance with professional standards and certain regulatory authorities for audits performed under Government Auditing Standards, also include and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of the Borough with respect to independence as agreed to by the Borough. Please refer to that letter for further information.



# Other Topics



# BDO's System of Quality Management

An audit firm's effective system of quality management ("SoQM") is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a SoQM designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those standards and requirements. The firm's SoQM supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the SoQM and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our SoQM by providing guidance and input on audit quality initiatives.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of July 31, 2024, that, except for certain deficiencies related to the execution of its issuer audits, that system provides the reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements. BDO has either implemented or is designing remedial actions to address those deficiencies prior to our next evaluation.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality management within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

[CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >](#)

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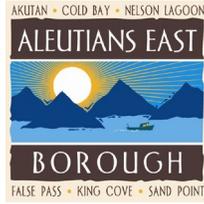
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Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

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March 5, 2026

BDO USA, P.C.  
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Ladies and gentlemen:

We are providing this letter in connection with your audit of the financial statements of Aleutians East Borough (the Government), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

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, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 3, 2025, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, 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) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.
- (4) We have made available to you:
  - (a) All financial records, and related data and federal awards (including amendments, if any, and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities), including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.
  - (b) All additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) Minutes of the meetings of Borough Assembly that were held from to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards (SEFA) and state schedule of financial assistance (SSFA).
- (7) You have identified and discussed with us in the course of the audit the deficiencies in our internal control over financial reporting listed immediately below.

**Control Deficiencies other than Material Weaknesses or Significant Deficiencies**

- ITGC - Segregation of Duties - Finance Director, Accounting Clerk, and Borough Administrator have superuser access to the financial accounting system.
- (8) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. 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 or noncompliance. We have no knowledge of any:
    - (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
    - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.

- (c) Allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
  - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (9) We have no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- (10) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of all related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements..
  - (c) Guarantees, whether written or oral, under which the Government is contingently liable..
  - (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance accounting principles generally accepted in the United States of America In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America..
  - (e) The effects of all known actual or possible litigation, claims, and 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, including:
    - Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
    - Written or oral guarantees, endorsements, or unused letters of credit;
    - Unusual guarantees; or
    - Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability

incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

- (f) Commitments, such as:
- Major capital asset purchase agreements;
  - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
  - Deferred compensation, bonuses, pensions plans, or severance pay; or
  - Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;
- (g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.
- (11) There are no:
- (a) Violations or possible violations of budget ordinances, laws or regulations (including those pertaining to adopting, approving, and amending budgets) and provisions of contracts and grant agreements (including the failure to file reports required by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities), tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- (b) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
- (c) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.
- (12) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value..
- (13) The Government 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.
- (14) We have appropriately disclosed the Government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.

- (15) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (16) No discussions have taken place with your firm's personnel regarding employment with the Government.
- (17) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds, 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.
- (18) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (19) 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. 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.
- (20) In regards to the preparation of the financial statements and related footnote disclosures for the year ended June 30, 2025, preparation and submission of the required Form SF-SAC Data Collection Form, and the GASB 68 and 75 entries and related footnote disclosures, performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (21) Required supplementary information is measured and presented in accordance with prescribed guidelines. We have omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.
- (22) With respect to federal and state award programs:
  - (a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Alaska Audit Guide and Compliance Supplement for State Single Audits (State Audit Guide), including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA) and state schedule of financial assistance (SSFA).
  - (b) We have, in accordance with the Uniform Guidance and State Audit Guide, identified and disclosed to you in the schedule of expenditures of federal awards (SEFA) and state schedule of financial assistance (SSFA), expenditures made during the audit period for all

government programs and related activities provided by federal and state agencies in the form of federal and state awards, grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- (c) We acknowledge our responsibility for the preparation of the SEFA and SSFA and related notes in accordance with the requirements of the Uniform Guidance and State Audit Guide, and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and State Audit Guide. 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 below.
- (d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance, as well as from those awards that are subject to the 2024 Revised Uniform Guidance.
- (e) We will include the auditor's report on the SEFA and SSFA in any document that contains the SEFA and SSFA and that indicates you have reported on such information.
- (g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions considered to have a direct and material effect on each federal and state program.
- (h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions 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. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.
- (i) We have made available to you all federal and state award contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to each major federal and state program and related activities that have taken place with federal agencies or pass-through entities.
- (j) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

- (k) We have complied with the direct and material compliance requirements and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- (l) We have disclosed to you any communications from federal and state awarding agencies 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.
- (m) Amounts claimed or used for cost-sharing (matching) were determined in accordance with relevant guidelines in the Uniform Guidance (2 CFR part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* subpart E) and State Audit Guide.
- (n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.
- (o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- (p) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- (q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- (r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards and state schedule of financial assistance.
- (s) The copies of federal and state 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.
- (t) We have charged costs to federal and state awards in accordance with applicable cost principles.
- (u) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance and we are responsible for and have reviewed the sections of the DCF that you have completed and ensured any uploads to the Federal Audit Clearinghouse (FAC) performed by you are correct. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.
- (v) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external

monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.

- (w) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- (23) We have a process to track the status of audit findings and recommendations.
- (24) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incident could have a material effect on the financial statements.
- (25) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- a) We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
  - b) If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
  - c) We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
  - d) We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
  - e) If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.
- (26) We agree with the findings of specialists in evaluating the Net Pension and OPEB Liability (Asset) and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- (27) Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.

- (28) We believe that the actuarial assumptions and methods used to measure pension and/or other postretirement liabilities and costs for financial accounting and disclosure purposes are appropriate in the circumstances.
- (29) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement No. 87.
- (30) We have appropriately disclosed or recognized conduit debt obligations and/or certain arrangement associated with conduit debt obligations in accordance with GASB Statement No. 91.
- (31) We have appropriately identified, recorded, and disclosed public-private and public-public partnerships and availability payment arrangements in accordance with GASB Statement No. 94.
- (32) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB Statement No. 96.
- (33) We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASB Statement No. 101.
- (34) We have considered climate-related events and conditions when preparing the financial statements and necessary disclosures, and have communicated to you such matters, if any, and their impact on our financial reporting.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,

*Anne Bailey*  
\_\_\_\_\_  
Anne Bailey, Administrator

*Jacki Brandell*  
\_\_\_\_\_  
Jacki Brandell, Finance Director

#### About BDO USA

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Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

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