

A row of empty, modern office chairs in a conference room with large windows. The chairs are black with high backs and are arranged in a line. The room has large windows with a grid pattern, and the lighting is bright. A dark grey diagonal shape covers the top left portion of the image, and a red vertical bar is on the left side.

Report to Members of the School Board

PETERSBURG CITY SCHOOL DISTRICT

Audit Wrap Up:
Year Ended June 30, 2021

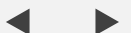
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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management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



Welcome

November 5, 2021

Members of the School Board

Petersburg School District

Petersburg, AK

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On **June 21, 2021** we presented an overview of our plan for the audit of the financial statements of Petersburg School District the **District** as of and for the year ended **June 30, 2021**, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

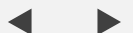
This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the District's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Petersburg School District and look forward to meeting with you 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, LLP

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Executive Summary

Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended June 30, 2021. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. We have also conducted an audit of compliance in accordance with the *Uniform Guidance* and the *State of Alaska Audit Guide and Compliance Supplement for State Audits*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ 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 Planning communications
- ▶ We expect to issue an unmodified opinions on the financial statements and release our report on November 9, 2021.
- ▶ We expect to issue a qualified opinion on the compliance requirements for Child Nutrition Cluster for Procurement and Suspension and Debarment. We expect to issue an unmodified opinion on all other compliance requirements that could have a direct and material effect on each major federal and state program.
- ▶ We have issued our report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
- ▶ Our responsibility for other information in documents containing the **Organization'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 **Organization** 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.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of **Organization** personnel throughout the course of our work.



Results of the Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES SIGNIFICANT UNUSUAL TRANSACTION

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

The District'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 generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within the Note 1 to the financial statements.

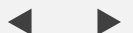
- ▶ A summary of recently issued accounting pronouncements is included in Note 11 to the District's financial statements.
- ▶ In 2021, the District Adopted GASB Statement No. 84 - Fiduciary Activities - Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities. The District will now treat Student Activities as a Special Revenue Fund.

Significant 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 Government's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed below.

Significant Estimates

Pension and Other Post Employee Benefit Assets and Liability - The pension liability is estimated based on actuarial and other actual contribution data provided to the District by PERS and TRS Plan Administrators

Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2021



Results of the Audit

QUALITY OF THE DISTRICT'S FINANCIAL REPORTING

A discussion was held regarding the quality of the District's financial reporting, which included the following:



Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There was one corrected misstatement to correct accounts receivable balance between two funds for \$72,027, 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 District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

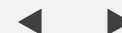
Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the District'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 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 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, such that there is a reasonable possibility that a material misstatement of the District'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 the following:

Material Weakness	Comments
Significant Deficiency in Internal Controls Over Compliance - Procurement and Suspension and Debarment	The District did not follow the procurement policy for the Child Nutrition Program in fiscal year 2021. Internal controls policies were not in place to ensure the District follows its own procurement requirements for the program.
Significant Deficiency	Comments
Significant Deficiency in Internal Controls Over Compliance - Eligibility	The District did not consistently maintain evidence of review of meal count sheets for eligibility requirements for the Child Nutrition Program.



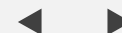


Additional Required Communications

Other Required Communications

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

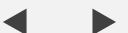
Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning 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; risks of material misstatement, including fraud risks; or tips or complaints regarding the District's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.



Other Required Communications

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

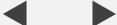
Requirement	Discussion Point
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with the District'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

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

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 Organization's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.



Other Required Communications

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


Requirement	Discussion Point
If applicable, other matters significant to the oversight of the District's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the District's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.



Independence

Our engagement letter to you dated June 21, 2021 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the District with respect to independence as agreed to by the District. Please refer to that letter for further information.





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