

Ketchikan Gateway Borough School District

Letter to Governing Board

Year Ended June 30, 2009

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October 20, 2009

Members of the School Board
Ketchikan Gateway Borough School District
Ketchikan, Alaska

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ketchikan Gateway Borough School District for the year ended June 30, 2009, and have issued our report thereon dated October 20, 2009. Professional standards require that we provide you with information about our responsibilities under *Generally Accepted Auditing Standards*, OMB Circular A-133, and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 14, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Ketchikan Gateway Borough School District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Internal Control Matters

See the June 30, 2009 financial statements, compliance section for the definition and description of significant deficiencies, material weaknesses and any reported findings.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the collectibility of accounts receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the collectibility of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives and depreciation is based upon the expected life of an asset. We evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, we did have to propose a material journal entry to management to account for playground grant money that was received but not spent during the year.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our response were not a condition to our retention.

This information is intended solely for the use of the School Board and management of Ketchikan Gateway Borough School District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Altman, Rogers & Co.