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October 15, 2012

Amy Larson  
Interlocal No. 615  
301 South First  
Hiawatha, KS 66434

Dear Amy:

Please review the enclosed draft of the Interlocal's audited financial statements for the year ended June 30, 2012. Let me know if you have any questions or changes. If you accept this draft as it is presented herein, please sign below and return this letter.

Thank you for the opportunity to be of service to your organization.

Cordially,

Audrey M. Odermann, CPA

RESPONSE:

I accept the draft of the June 30, 2012 audited financial statements for Interlocal No. 615 herein enclosed as ready for final.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Printed)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

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**INTERLOCAL NO. 615**

**Hiawatha, Kansas**

**Financial Statements**

**For the Year Ended June 30, 2012**

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INTERLOCAL NO. 615  
Hiawatha, Kansas  
Financial Statements  
For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Education  
Interlocal No. 615  
Hiawatha, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of Interlocal No. 615, Hiawatha, Kansas, (the District), as of and for the year ended June 30, 2012. This financial statement is the responsibility of the Interlocal No 615's management. Our responsibility is to express an opinion on the financial statement based on our audit. The prior year partial comparative information has been derived from the Interlocal's financial statements for the year ended June 30, 2011. In our report dated September 8, 2011, on those financial statements, we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Interlocal's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Interlocal has prepared this financial statement using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Interlocal No. 615, Hiawatha, Kansas, as of June 30, 2012, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Interlocal as of June 30, 2012, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

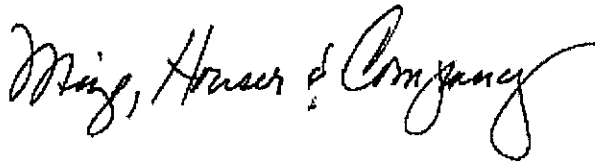
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The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas regulatory basis of accounting. Accordingly, such information should be read in conjunction with the Interlocal's financial statement for the year ended June 30, 2011, from which such partial information was derived.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget and the individual fund schedules of cash receipts and expenditures-actual and budget, (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.



October 14, 2012

INTERLOCAL NO. 615  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended June 30, 2012

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<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Current Year Ending Cash Balance</u>
Governmental Fund Types:							
General	\$ 1,091,542	\$ -	\$ 1,929,521	\$ 1,936,094	\$ 1,084,969	\$ -	\$ 1,084,969
Special Purpose Funds:							
Inservice Education	-	-	2,706	2,706	-	-	-
Title VI-B	264,296	-	850,043	755,486	358,853	-	358,853
Hiawatha Kiwanis Foundation Grant	702	-	-	185	517	-	517
Early Childhood Special Education	22,060	-	74,314	64,585	31,789	-	31,789
CSIP Grant	747	-	49,617	33,677	16,687	-	16,687
<b>Total</b>	<b>\$ 1,379,347</b>	<b>\$ -</b>	<b>\$ 2,906,201</b>	<b>\$ 2,792,733</b>	<b>\$ 1,492,815</b>	<b>\$ -</b>	<b>\$ 1,492,815</b>

**COMPOSITION OF CASH:**

Citizens State Bank	
Demand Accounts	\$ 1,282,305
Petty Cash Account	500
Less - Outstanding Checks	<u>(289,990)</u>
Sub-total Citizens State Bank	992,815
Horton National Bank - Certificate of Deposit	250,000
Morrill & Janes Bank - Certificate of Deposit	<u>250,000</u>
<b>Total Cash Balance</b>	<b>\$ 1,492,815</b>

INTERLOCAL NO. 615  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

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NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Brown County Kansas Special Education Interlocal No. 615 (Interlocal No. 615) is an interlocal agency organized pursuant to K.S.A. 72-8230 and is governed by an appointed six-member board. The board consists of members of participating Unified School Districts' Boards of Education. Those Districts are USD No. 415, Hiawatha and USD No. 430, South Brown County. These financial statements present only the transactions and balances of the General and Special Revenue Funds of Interlocal No. 615, in accordance with the basis of accounting noted below.

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAG regulatory basis of accounting involves the recognition of cash, cash equivalents, and marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis for accounting.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of Interlocal No. 615 for the year ended June 30, 2012:

Governmental Funds

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenues sources (other than Capital Projects and tax levies for long-term debt) that are intended for specified purposes.



INTERLOCAL NO. 615  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

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NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

All budgets are prepared utilizing the cash basis of accounting further modified by the recording of encumbrances that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

Original appropriations are modified by supplemental appropriations and transfers among budget categories. The Board of Education approves all significant changes.

Schedule 1 presents budgetary comparisons of the actual data on the budgetary basis, which includes encumbrances, with the adopted budget.

All revenues and expenditures are estimated on a twelve-month basis. Interlocal No. 615 does not levy taxes directly to fund operations, but instead charges an assessment to participating school districts based on services performed.

Budgets are prepared for internal use only, therefore, expenditures exceeding budgeted amounts do not constitute a violation in accordance with Kansas Statutes.

NOTE 2 - Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the Interlocal. The statute requires banks eligible to hold the Interlocal's funds have a main or branch bank in the county in which the Interlocal is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Interlocal has no other policies that would further limit interest rate risk.

NOTE 3 - Compensated Absences

Brown County Special Education Interlocal No. 615 pays out unused sick time to employees who have met the Kansas requirements for retirement. At June 30, 2012 the total amount owed to eligible employees is \$2,370.

NOTE 4 - Defined Benefit Pension Plan

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share. Estimated Kansas contributions to KPERS for the District employees for the years ending June 30, 2012, 2011, and 2010 were \$234,785, \$204,587, and \$194,761 respectively, equal to the required contributions for each year.

INTERLOCAL NO. 615  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 5 - Interfund Transactions

Transfers between funds were as follows for the year ended June 30, 2012:

From	To	Amount
General	Inservice Education	\$ 2,706
Total		\$ 2,706

Note 6 - Risk Management

Interlocal No. 615 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries insurance. Settled claims have not exceeded commercial coverage in any of the three preceding years.

NOTE 7 – Commitments and Contingencies

Interlocal No. 615 receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of Interlocal No. 615 at June 30, 2012.

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

INTERLOCAL NO. 615  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2012

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<u>Funds</u>	<u>Budget</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over [Under]</u>
<b>Governmental Fund Types:</b>			
General	\$ 2,909,987	\$ 1,936,094	\$ 973,893
<b>Special Purpose Funds:</b>			
Inservice Education	8,735	2,706	6,029
Title VI-B	1,097,760	755,486	342,274
Hiawatha Kiwanis Foundation Grant	702	185	517
Early Childhood Special Education	73,684	64,585	9,099
CSIP Grant	50,350	33,677	16,673

See independent auditor's report on the financial statements.

INTERLOCAL NO. 615  
General Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State aid	\$ 847,398	\$ 1,163,133	\$ 980,288	\$ 182,845
District payments	642,834	561,840	721,466	[159,626]
Investment income	7,447	7,881	7,600	281
Other income	<u>182,319</u>	<u>196,667</u>	<u>108,000</u>	<u>88,667</u>
Total Cash Receipts	<u>1,679,998</u>	<u>1,929,521</u>	<u>\$ 1,817,354</u>	<u>\$ 112,167</u>
Expenditures and Transfers				
Instruction	1,091,969	1,530,643	\$ 2,064,682	\$ 534,039
Student support services	155,181	99,372	108,167	8,795
General administration	197,298	232,445	557,380	324,935
Transportation	144,268	70,928	171,058	100,130
Transfers out	<u>4,016</u>	<u>2,706</u>	<u>8,700</u>	<u>5,994</u>
Total Expenditures and Transfers	<u>1,592,732</u>	<u>1,936,094</u>	<u>\$ 2,909,987</u>	<u>\$ 973,893</u>
Receipts Over [Under] Expenditures	87,266	[6,573]		
Unencumbered Cash, Beginning	<u>1,004,276</u>	<u>1,091,542</u>		
Unencumbered Cash, Ending	<u>\$ 1,091,542</u>	<u>\$ 1,084,969</u>		

See independent auditor's report on the financial statements.

INTERLOCAL NO. 615  
Inservice Education Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 4,016	\$ 2,706	\$ 8,735	\$ [6,029]
Total Cash Receipts	<u>4,016</u>	<u>2,706</u>	<u>\$ 8,735</u>	<u>\$ [6,029]</u>
Expenditures				
Instructional support services	<u>4,016</u>	<u>2,706</u>	<u>\$ 8,735</u>	<u>\$ 6,029</u>
Total Expenditures	<u>4,016</u>	<u>2,706</u>	<u>\$ 8,735</u>	<u>\$ 6,029</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

INTERLOCAL NO. 615  
Title VI - B Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Cash Receipts				
Federal aid	\$ 561,443	\$ 371,062	\$ 371,062	\$ -
State aid	656,593	478,981	462,400	16,581
Total Cash Receipts	<u>1,218,036</u>	<u>850,043</u>	<u>\$ 833,462</u>	<u>\$ 16,581</u>
Expenditures				
Instruction	1,071,557	755,486	\$ 1,097,760	\$ 342,274
Total Expenditures	<u>1,071,557</u>	<u>755,486</u>	<u>\$ 1,097,760</u>	<u>\$ 342,274</u>
Receipts Over [Under] Expenditures	146,479	94,557		
Unencumbered Cash, Beginning	<u>117,817</u>	<u>264,296</u>		
Unencumbered Cash, Ending	<u>\$ 264,296</u>	<u>\$ 358,853</u>		

See independent auditor's report on the financial statements.

INTERLOCAL NO. 615  
Hiawatha Kiwanis Foundation Grant Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local source	\$ -	\$ -	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Instruction	<u>394</u>	<u>185</u>	<u>\$ 702</u>	<u>\$ 517</u>
Total Expenditures	<u>394</u>	<u>185</u>	<u>\$ 702</u>	<u>\$ 517</u>
Receipts Over [Under] Expenditures	[394]	[185]		
Unencumbered Cash, Beginning	<u>1,096</u>	<u>702</u>		
Unencumbered Cash, Ending	<u>\$ 702</u>	<u>\$ 517</u>		

See independent auditor's report on the financial statements.

INTERLOCAL NO. 615  
Early Childhood Special Education Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal aid	\$ 30,419	\$ 45,419	\$ 22,725	\$ 22,694
State aid	<u>26,233</u>	<u>28,895</u>	<u>28,900</u>	<u>[5]</u>
Total Cash Receipts	<u>56,652</u>	<u>74,314</u>	<u>\$ 51,625</u>	<u>\$ 22,689</u>
Expenditures				
Instructional support services	<u>44,211</u>	<u>64,585</u>	<u>\$ 73,684</u>	<u>\$ 9,099</u>
Total Expenditures	<u>44,211</u>	<u>64,585</u>	<u>\$ 73,684</u>	<u>\$ 9,099</u>
Receipts Over [Under] Expenditures	12,441	9,729		
Unencumbered Cash, Beginning	<u>9,619</u>	<u>22,060</u>		
Unencumbered Cash, Ending	<u>\$ 22,060</u>	<u>\$ 31,789</u>		

See independent auditor's report on the financial statements.



INTERLOCAL NO. 615  
CSIP Grant Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State aid	\$ 8,749	\$ 28,914	\$ 28,900	14
Reimbursed expenses	<u>20,703</u>	<u>20,703</u>	<u>20,703</u>	-
Total Cash Receipts	<u>29,452</u>	<u>49,617</u>	<u>\$ 49,603</u>	<u>\$ 14</u>
Expenditures				
Instruction	38,514	31,677	\$ 48,350	\$ 16,673
Instructional support	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	-
Total Expenditures	<u>40,514</u>	<u>33,677</u>	<u>\$ 50,350</u>	<u>\$ 16,673</u>
Receipts Over [Under] Expenditures	[11,062]	15,940		
Unencumbered Cash, Beginning	<u>11,809</u>	<u>747</u>		
Unencumbered Cash, Ending	<u>\$ 747</u>	<u>\$ 16,687</u>		

See independent auditor's report on the financial statements.



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AUDITOR'S COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Board of Education  
Interlocal No. 615  
Hiawatha, Kansas

We have audited the financial statements of the Interlocal No. 615 for the year ended June 30, 2012, and have issued our report thereon dated October 14, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated, February 21, 2012, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and to express an opinion about whether the financial statements are fairly presented, in all material respects, in accordance with the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

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.

Our audit will include obtaining an understanding of the entity 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. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 12, 2012.

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Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Interlocal are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the year ended June 30, 2012. We noted no transactions entered into by the Interlocal during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Corrected 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, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For 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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2012.

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.

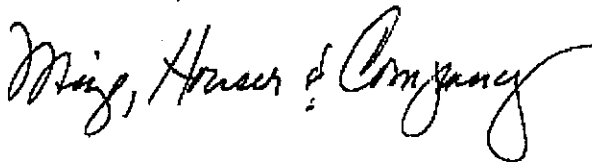
Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of the accounting principles and auditing standards, with management each year prior to retention as the Interlocal No. 615's auditors. However, this discussion occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

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

This information is intended solely for the information and use of the Board of Education and management of Interlocal No. 615, and is not intended to be and should not be used by anyone other than these specified parties.



October 14, 2012