

To the Board of Education
Northwest Public Schools
Grand Island, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the fiduciary funds of Northwest Public Schools for the year ended August 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 June 21, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Northwest Public Schools are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended August 31, 2016. We noted no transactions entered into by the School District 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.

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 estimate affecting the financial statements was depreciation of capital assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump

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. Four audit adjustments increased the fund balances of the School District's governmental funds by \$128,668. The following material misstatements detected as a result of audit procedures were corrected by management:

- 1) The county treasurer cash balance and property taxes were increased by \$239,398 on the General Fund, decreased by \$50,207 on the Bond Fund, decreased by \$65,901 on the Qualified Capital Purpose Undertaking (QCPU) Fund, and increased by \$5,377 on the Special Building Fund to reflect August 31, 2016 balances held by the County.
- 2) Principal and interest expense was decreased and Due from QCPU Fund was increased \$51,671 on the General Fund to remove the QCPU Fund debt service payments from the General Fund. An interfund liability and principal and interest expense totaling \$51,671 were also recorded on the QCPU Fund.

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 5, 2016.

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 School District'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 of the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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 School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with our audit of the financial statements of Northwest Public Schools as of August 31, 2016, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

1. At August 31, 2016, the Athletics Activity Fund had a negative fund balance, of \$(60,651). We recommend continuing to work toward eliminating this negative fund balance in the near future.
2. The disbursements in the Qualified Capital Purpose Undertaking Fund exceeded budgeted appropriations by \$50,266. We recommend amending the budget if necessary in the future.
3. The QCPU Fund owed \$51,671 to the General Fund at August 31, 2016 for limited tax obligation bond payments made by the General Fund in error. We recommend paying back this interfund loan as soon as possible.
4. The Northwest Education Foundation had assets totaling \$116,506 at August 31, 2016. Their receipts were approximately \$86,500 and their disbursements were approximately \$51,500 during the year ended August 31, 2016. The Foundation is not included under the scope of the Northwest Public Schools audit. We recommend considering whether to expand the scope of the audit to include this component unit in future years.

Other Matters

We were engaged to report on the management's discussion and analysis, budgetary comparison schedules, fiduciary fund statements, general fund departmental disbursements compared to budget, and the schedule of expenditures of federal awards, which accompany the financial statements but are not required supplementary information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the county treasurer statements of receipts and disbursements, and additional analytical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Education and Administration of Northwest Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Amquist, Maltzahn,
Galloway & Luth, P.C.

Grand Island, Nebraska
October 5, 2016