

We have now hired a new CFO (Chief Financial Officer) to provide timely guidance and a comprehensive review of our accounting system. This review will assure that the new system, if required, has the proper controls and that it is providing adequate financial management information for timely decisions.

With limited financial information, the school paid FY1999 obligations with FY2000 funds. In anticipation of revenue receipts, we continued to process payments at yearend. The anticipated funds were not received, resulting in an operating deficit in earmarked funds. To avoid this in the future, we have instituted a budget review process, combined with getting the budget entered into the management accounting system. A training effort has commenced to help the principal managers to operate within budget.

### **General Ledger**

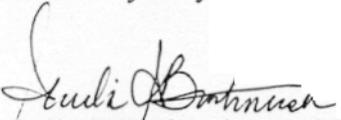
As stated in the Management Control Over Financial Operations section, the accounting system is currently under review. As part of this review, we will assure that all accounts are properly recorded in the General Ledger. We have added a budget analyst to the staff to ensure that the proper budget documentation and changes are recorded.

### **Reconciliation**

It is recognized that reconciliation is an integral part of any accounting procedure. With a full staff, this task has been properly assigned and is currently up to date. In the future, reconciliations will be performed in a timely manner.

I would like to express my appreciation to you and your staff for the advice and assistance provided. I am sure we will be working closely with you in developing procedures and methods that will avoid these types of findings in the future.

Yours very truly

  
Sheila S. Breitweiser, Ed.D.  
President