

November __, 2018

To the Board of Directors
San Antonio Early Childhood Education
Municipal Development Corporation,
dba Pre-K 4 SA
San Antonio, Texas

Attention: Members of the Board of Directors

This letter is to inform the Members of the Board of Directors of San Antonio Early Childhood Education Municipal Development Corporation (the Corporation), a component unit of the City of San Antonio, Texas, about significant matters related to the conduct of our audit as of and for the year ended June 30, 2018, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated May 8, 2018. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated May 8, 2018, regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Corporation's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Allowance for uncollectible accounts
- Liability for compensated absences
- Revenue recognition financial statement disclosures

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Audit Adjustments

Audit adjustments proposed by us and recorded by the Corporation are as follows:

- To record accrued vacation at year-end as an increase in liabilities and expenses of \$841,120.

Uncorrected Misstatements

We identified the following uncorrected misstatement that management has concluded are not individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

- To recognize the effect of a prior year factual error of \$53 and a prior year projected error of \$54,830.
- To correct for missing accrued vacation in the prior year as a reduction in current year expense and beginning net position of \$896,610.

Internal Control Matters

We have separately communicated, within the compliance section of the financial report, the significant deficiencies in internal control over financial reporting identified during our audit of the financial statements and major awards, as required by *Government Auditing Standards* and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance).

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed or Subject to Correspondence With Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in performing the audit.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to San Antonio Early Childhood Education Municipal Development Corporation.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

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