



TOYER, DIETRICH & ASSOCIATES

A Division of Dietrich & Associates, P.S.

CERTIFIED PUBLIC ACCOUNTANTS

May 22, 2014

% Darla Van Duren
Board of Trustees
Everett School Employee Benefit Trust
3715 Oakes Avenue
Everett, WA 98201

To the Board of Trustees:

We are pleased to propose our understanding of the services we are to provide for Everett School Employee Benefit Trust for the year ended June 30, 2014.

We will audit the financial statements of Everett School Employee Benefit Trust, which comprise the statement of benefit obligations and net assets available for benefits as of June 30, 2014, the related statements of changes in benefit obligations and net assets available for benefits, activities, and cash flows for the year then ended.

Audit Objective

The objective of our audit is the expression of an opinion about whether the organization's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the organization's accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Everett School Employee Benefit Trust's financial statements. Our report will be addressed to the board of trustees of Everett School Employee Benefit Trust. If our opinion is other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables, certain other assets, and liabilities by correspondence with selected funding sources, creditors, or financial institutions, where applicable. We will also request written representations from the organization's attorneys as part of the engagement, and they may bill the organization for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors are limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization 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. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Management Responsibilities

You are responsible for establishing and maintaining internal controls, including monitoring

ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within the organization from who, we determine it necessary to obtain audit evidence. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of management's knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the organization complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Engagement Administration, Fees, and Other

We understand that the organization's employees will prepare all cash, and other confirmations we request and will locate any documents selected by us for testing.

Bruce Dietrich is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit late in July 2014 and to issue our report no later than September 30, 2014.

We estimate that our fees for these services will be approximately \$8,775.00 for the audit, including meeting with the State of Washington auditor to review our work papers. The organization will also be billed for travel and other out-of-pocket costs such as report production, typing, postage, etc. The fee estimate is based on anticipated cooperation from the organization's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Any invoice not paid by the 25th of the month following the invoice date is subject to a monthly charge of 1 percent per month. If we elect to terminate our services for nonpayment, the organization will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Bruce N. Dietrich, CPA, CGMA
President
Toyer, Dietrich & Associates CPAs

RESPONSE:

This letter correctly sets forth the understanding of Everett School Employee Benefit Trust

Officer's Signature: _____

Title: _____

Date: _____