



MATSON
& ISOM

METROPOLITAN EDUCATION DISTRICT

**County of Santa Clara
San Jose, California**

MANAGEMENT COMMENT LETTER

June 30, 2014



MATSON
& ISOM

To the Board of Trustees
Metropolitan Education District
San Jose, California

In planning and performing our audit of the financial statements of Metropolitan Education District (the District), as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses; and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 1, 2014, on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Capital Assets Inventory

During our audit over capital assets, we noted that the capital assets listing was not adequately maintained. The listing included assets that were no longer held by the District but which had been fully depreciated years ago. Without strengthening internal controls over capital assets, surplus assets, and physical inventory procedures, capital assets may be at risk for misappropriation. We recommend that procedures be implemented to strengthen internal controls over capital assets surplus and monitoring procedures.

We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

This communication is intended solely for the information and use of management, the Board of Trustees, and the audit committee and it is not intended to be, and should not be, used by anyone other than these specified parties.

December 11, 2014
Chico, California