

**ALASKA STUDENT LOAN CORPORATION**  
(a Component Unit of the State of Alaska)

Letter to the Board

October 1, 2015

# ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801  
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October 1, 2015

The Board of Directors  
Alaska Student Loan Corporation  
Juneau, Alaska

We have audited the financial statements of the Alaska Student Loan Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2015, and have issued our report thereon dated October 1, 2015. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 9, 2015, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimates of the allowance for doubtful loans and related interest.

Management's estimate of the allowance for doubtful loans and related interest are based on experience and represent the estimate of loans that will ultimately be uncollectible or forgiven. Management also charges off the portion of the federal loan balances not guaranteed and deemed uncollectible. We evaluated the key factors and assumptions used to develop the estimates of the allowance for doubtful loans and related interest and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all

material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We identified no misstatements as a result of our audit.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Corporation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management which are included in the attached letter dated October 1, 2015.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Corporation's auditors.

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

Sincerely,



October 1, 2015



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

## Alaska Student Loan Corporation

FINANCE OFFICE

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October 1, 2015

Elgee Rehfeld Mertz, LLC  
Certified Public Accountants  
9309 Glacier Highway, Suite B-200  
Juneau, Alaska 99801

This representation letter is provided in connection with your audits of the financial statements of the Alaska Student Loan Corporation (Corporation), a component unit of the State of Alaska, which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements of the Corporation are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters are not considered to be exceptions that require disclosure for the purpose of the following representations. The immaterial amounts are not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 1, 2015:

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 8, 2015, for the preparation and fair presentation of the financial statements of the Corporation referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. With regard to nonaudit services performed by you, we acknowledge our responsibility to:
  - a. Assume all management responsibilities;

- b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - c. Evaluate the adequacy and results of the services performed; and
  - d. Accept responsibility for the results of the services.
5. Significant assumptions used by us in making accounting estimates are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. There is no summary of unrecorded misstatements since all adjustments proposed by the auditor, material and immaterial, have been recorded.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
11. All activities are properly classified.
12. All net position component classifications have been properly reported.
13. All revenues within the statements of revenue, expense, and changes in net position have been properly classified.
14. All expenses have been properly classified in the statements of revenue, expense, and changes in net position.
15. All interfund and intra-entity transactions and balances have been properly classified and reported.

16. There were no special items or extraordinary items requiring presentation in the financial statements.
17. Deposit and investment risks have been properly and fully disclosed.
18. We have no capital assets, including infrastructure assets.
19. All required supplementary information is measured and presented within the prescribed guidelines.
20. We have no nonexchange or exchange financial guarantees, either written or oral.

Information Provided

21. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the Corporation referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
22. All transactions or guarantees have been recorded in the accounting records and are reflected or otherwise properly disclosed in the financial statements.
23. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
24. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements or other financial data significant to the audit objectives.
25. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that

warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.

26. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and loan agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
27. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
28. We have a process to track the status of audit findings and recommendations, if any.
29. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations, if any, have been implemented.
30. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
31. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
32. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices, except as disclosed to you.
33. The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
34. We have identified and disclosed to you the laws, regulations, and provisions of contracts and loan agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities.
35. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or loan agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
36. The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
37. We have complied with all aspects of loan agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
38. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

OMB Circular A-133

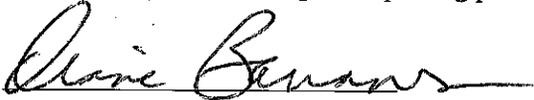
39. With respect to federal awards, we represent the following to you:

- a. We are responsible for understanding and complying with and have complied with the requirements of Circular A-133.
- b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with Circular A-133.
- c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with Circular A-133.
- d. The methods of measurement or presentation have not changed from those used in the prior period.
- e. We believe significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.

- g. We have notified you of federal awards and funding increments that were received before December 26, 2014, and differentiated those awards from awards and funding increments received on or after December 26, 2014, and the Uniform Guidance.
- h. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available upon request.
- i. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of loan guarantees and interest subsidies.
- j. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and loan agreements related to our federal program and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and loan agreements that are considered to have a direct and material effect on the major federal program; and we have complied, in all material respects, with these requirements.
- k. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- l. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and loan agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- m. We have made available to you all contracts and loan agreements (including amendments, if any) and any other correspondence with federal agencies relating to our federal program.
- n. We have received no requests from a federal agency to audit our major program, except as disclosed to you.
- o. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports.
- q. Federal program financial reports are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).

- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency, as applicable.
- s. We have no prior audit findings to report on the summary schedule of prior audit findings required to be included by OMB Circular A-133.
- t. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- u. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a correction action plan for each audit finding, if any.
- v. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations, if any.
- w. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

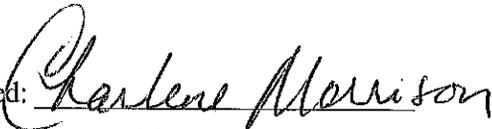
Signed:



Name: Diane Barrans

Title: Chief Executive Officer

Signed:



Name: Charlene Morrison

Title: Chief Financial Officer