

September 22, 2015

Town Council
Town of Cape Elizabeth, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. No other accounting policies were adopted and the application of existing policies was not changed during 2015. We have communicated such information in our meeting with the Chair of the Finance Committee on July 14, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and OMB Circular A-133

As stated in our engagement letter dated May 22, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Town of Cape Elizabeth, Maine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Town of Cape Elizabeth, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Town of Cape Elizabeth, Maine's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Town of Cape Elizabeth, Maine's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Town of Cape Elizabeth, Maine's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Cape Elizabeth, Maine are described in the notes to the financial statements. As described in the notes to the financial statements, the Town of Cape Elizabeth, Maine changed accounting policies related to the reporting of pension liabilities by adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in 2015. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in the Statement of Net Position and the Statement of Activities. No other accounting principles were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Town of Cape Elizabeth, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements was management's estimate of depreciation expense, which is based on historical cost and estimated useful lives of assets. We evaluated the key factors and assumptions used to develop the historical cost information and depreciation expense in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached list of *Adjusting Journal Entries* represents misstatements detected as a result of audit procedures, some of which were material, and that were corrected by management. In addition, the attached list of *Passed Adjustments* summarizes an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2015, which we have attached to this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Cape Elizabeth, Maine's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Cape Elizabeth, Maine's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress for the Retiree Healthcare Plan, the Schedule of Changes in the Town's Net Pension Liability and Related Ratios, the Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Contributions, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical tables, which accompany the financial statements, nor on the schedule of expenditures of federal awards, that are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R' and 'O'.

Town of Cape Elizabeth, Maine
Adjusting Journal Entries
6/30/2015

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To move a transfer that took place within the same fund from revenues.			
04-R1211	LOCAL APPROP K-12	50,942.25	
1-0799	SCHOOL SURPLUS		50,942.25
Total		<u><u>50,942.25</u></u>	<u><u>50,942.25</u></u>
Adjusting Journal Entries JE # 2			
To move bond proceeds to the related capital projects fund.			
1-R0316	2015 BOND PROCEEDS	4,047,511.72	
86-8630	LIBRARY PROJ-DUE TO/FROM GF	4,047,511.72	
1-0153	GF DUE TO/FR LIBRARY PROJECT		4,047,511.72
86-R3000	BOND PROCEEDS-2008-		4,047,511.72
Total		<u><u>8,095,023.44</u></u>	<u><u>8,095,023.44</u></u>
Adjusting Journal Entries JE # 3			
To book a transfer from the library project fund to repay the interfund advance.			
1-0153	GF DUE TO/FR LIBRARY PROJECT	100,000.00	
1-0153	GF DUE TO/FR LIBRARY PROJECT	240,810.00	
42-4330	DUE TO/FROM GF-INFRASTR/ROU TR	100,000.00	
86-8256013	BOND MISCELLANEOUS	340,810.00	
1-0152	GF DUE TO/FROM INFRASTRUCTURE		100,000.00
1-7155241	LIBRARY PROJECT DESIGN		240,810.00
42-7505270	LOAN TO LIBRARY PROJECT FU		100,000.00
86-8630	LIBRARY PROJ-DUE TO/FROM GF		340,810.00
Total		<u><u>781,620.00</u></u>	<u><u>781,620.00</u></u>
Adjusting Journal Entries JE # 4			
To move school project amounts to the capital projects.			
1-0142	G F DUE TO/FROM SCH. CAT.	1,770,386.40	
1-0148	G F DUE TO/FROM SCH BOILER PRO	36,984.83	
20-2142	SCH CATAGOR.DUE TO/FROM G F	36,984.83	
20-R2002	2015 SCHOOL BOND PROCEEDS	1,770,386.40	
80-4142	BOILER PROJ. DUE TO/FROM GF	1,770,386.40	
80-90924300	BOILER REPLACEMENT	36,984.83	
1-0142	G F DUE TO/FROM SCH. CAT.		36,984.83
1-0148	G F DUE TO/FROM SCH BOILER PRO		1,770,386.40
20-2142	SCH CATAGOR.DUE TO/FROM G F		1,770,386.40
20-98703400	PROFESSIONAL SERVICES		20,968.33
20-98703460	BOND FEES		12,837.50
20-98704300	HS PRIMARY SERVICE		540.00
20-98704301	HS ROOF A1		1,340.00
20-98704306	HS ROOF J		1,299.00
80-4142	BOILER PROJ. DUE TO/FROM GF		36,984.83
80-R2045	SCHOOL LEASE PROCEEDS		1,770,386.40
Total		<u><u>5,422,113.69</u></u>	<u><u>5,422,113.69</u></u>

Town of Cape Elizabeth, Maine
Adjusting Journal Entries
6/30/2015

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
Reclass between GF investment accounts from last year's DTF entry.			
1-0132	PEOPLE'S UNITED CD	24,201.02	
1-0133	PEOPLES CD-SCHOLARSHIP		24,201.02
Total		<u><u>24,201.02</u></u>	<u><u>24,201.02</u></u>
Adjusting Journal Entries JE # 7			
To book an AR for the Title II deficit (draw down will not be done for a while).			
20-2100	A/R SCHOOL CATEGORICALS	7,994.85	
20-2100	A/R SCHOOL CATEGORICALS	16,329.64	
20-R2020	TITLE II A		7,994.85
20-R2020	TITLE II A		16,329.64
Total		<u><u>24,324.49</u></u>	<u><u>24,324.49</u></u>
Adjusting Journal Entries JE # 8			
To book a transfer to cover the school lunch fund's deficit.			
1-90749100	School Lunch Transfer	57,000.00	
30-2143	SCHOOL LUNCH DUE TO/FROM GF	57,000.00	
1-0143	G F DUE TO/FROM SCHOOL LUNCH		57,000.00
30-R3322	CAFE REVENUES/TRANSFER		57,000.00
Total		<u><u>114,000.00</u></u>	<u><u>114,000.00</u></u>
Adjusting Journal Entries JE # 9			
To adjust fund balance categories to actual.			
1-0899	UNDESIGNATED SURLPUS	328,259.00	
1-0799	SCHOOL SURPLUS		202,087.00
1-0800	CARRYFORWARD ACCOUNT		126,172.00
Total		<u><u>328,259.00</u></u>	<u><u>328,259.00</u></u>
Adjusting Journal Entries JE # 10			
To adjust the TB for late cash entries posted by client.			
1-0147	G F DUE TO/FROM PORT.H.LIGHT	615.39	
1-1102088	COMPUTER MAINTENANCE	50.00	
1-1102088	COMPUTER MAINTENANCE	317.03	
1-1102300	BANK FEES	992.36	
1-3202062	MISCELLANOUS CONTRACTUAL	69.84	
1-R0318	EXCISE TAXES	0.05	
70-8704010	GIFT SHOP COSTS	615.39	
1-0010	CASH REGULAR CHECKING ACCOUNT		0.05
1-0010	CASH REGULAR CHECKING ACCOUNT		50.00
1-0010	CASH REGULAR CHECKING ACCOUNT		69.84
1-0010	CASH REGULAR CHECKING ACCOUNT		317.03
1-0010	CASH REGULAR CHECKING ACCOUNT		615.39
1-0010	CASH REGULAR CHECKING ACCOUNT		992.36
70-3143	DUE FROM GF		615.39
Total		<u><u>2,660.06</u></u>	<u><u>2,660.06</u></u>

Town of Cape Elizabeth, Maine
Adjusting Journal Entries
6/30/2015

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 11			
To adjust the unavailable taxes to the estimated amount.			
1-R0387	REAL ESTATE TAXES	35,000.00	
1-0300	DEFERRED REVENUE		35,000.00
Total		<u>35,000.00</u>	<u>35,000.00</u>
Adjusting Journal Entries JE # 13			
To book a receivable for Homestead Reimbursements received in July.			
1-0129	ACCTS. RECEIVABLE/TOWN	98,026.00	
1-R0529	HOMESTEAD REVENUE		98,026.00
Total		<u>98,026.00</u>	<u>98,026.00</u>
Adjusting Journal Entries JE # 14			
To adjust rescue receivables to actual year end balance.			
75-7500	A/R AMBULANCE FUND	16,731.85	
75-R0620	AMBULANCE BILLING-FEE INCOME		16,731.85
Total		<u>16,731.85</u>	<u>16,731.85</u>
Adjusting Journal Entries JE # 15			
To move abatements and the tax commitment to the income statement.			
1-0550	TAX COMMITMENT	7,335,151.74	
1-0899	UNDESIGNATED SURLPUS	14,962.08	
1-0404	ABATEMENTS		13,041.84
1-0405	ABATE		1,920.24
1-R0387	REAL ESTATE TAXES		7,335,151.74
Total		<u>7,350,113.82</u>	<u>7,350,113.82</u>

Town of Cape Elizabeth, Maine
Passed Adjustments
6/30/2015

Account	Description	Debit	Credit
Proposed JE # 300			
To adjust the general fund operating cash account for items on the bank statement but not booked on the general ledger.			
1-1102300	BANK FEES	9,802.01	
1-0010	CASH REGULAR CHECKING ACCOUNT		9,802.01
Total		<u><u>9,802.01</u></u>	<u><u>9,802.01</u></u>



TOWN OF CAPE ELIZABETH

P.O. BOX 6260
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CAPE ELIZABETH, MAINE 04107-0060

MICHAEL K. McGOVERN
Town Manager

September 22, 2015

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Website: www.capeelizabeth.com

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, ME 04016

This representation letter is provided in connection with your audit of the financial statements of the Town of Cape Elizabeth, Maine, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements 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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 22, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 22, 2015, including our responsibility for the fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 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) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Town's accounts (see attachment Adjusting Journal Entries).
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) 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, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

- 13) 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.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Town 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.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Town's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe 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.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with the preparation of the financial statements and related notes, including the adjustments to convert the financial statements to the entity-wide statements, and schedule of expenditures of federal awards. In addition, you also assisted with the calculations for unearned revenue-taxes and the OPEB liability. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, including the calculations and adjustments for those financial statements, and schedule of expenditures of federal awards.
- 29) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 34) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
- 42) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

- 46) With respect to supplementary information other than RSI on which an in relation to opinion is issued, (schedule of expenditures of federal awards, combining and individual fund financial statements):
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 47) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule of expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - d) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

- e) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- f) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- g) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- h) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- i) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- j) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- k) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) 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.

- m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- n) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- o) We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- q) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- r) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the date as of which compliance was audited.
- s) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- t) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- u) We have charged costs to federal awards in accordance with applicable cost principles.
- v) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

Runyon Kersteen Ouellette
September 22, 2015
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- x) We are responsible for preparing and implementing a corrective action plan for each audit finding.



Signed