

PEMBROKE CENTRAL SCHOOL DISTRICT
REPORT TO THE BOARD OF EDUCATION
JUNE 30, 2017



September 19, 2017

To the President and Members of the Board of Education
Pembroke Central School District
Corfu, New York 14036

Members of the Board:

We are pleased to present this report related to our audit of the basic financial statements of the Pembroke Central School District, (the District) as of and for the year ended June 30, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the District.

This report is intended solely for the information and use of the Board of Education, Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Freed Maxick CPAs, P.C.
Freed Maxick CPAs, P.C.

Contents

Required Communications	1 - 2
Summary of Significant Accounting Estimates	3 - 4
Summary of Recorded Audit Adjustments	5
Recently Issued Accounting Standards	6 - 7
Exhibit A – Letter Communicating Operational Matters	8 - 10
Exhibit B - Significant Written Communication Between Management and our Firm	11
Representation Letter	

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States; the provisions of the Single Audit Act; and the <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200</i> (Uniform Guidance); has been described to you in our arrangement letter dated May 2, 2017. Our 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 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.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. In the current year the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefits and Other Pensions</i> . Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."

Basis of Accounting

The financial statements were prepared on assumption that the entity will continue as a going concern.

Audit Adjustments

The audit adjustments proposed by us and recorded by the District are shown on the attached "Summary of Recorded Audit Adjustments."

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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.

Consultations with Other Accountants

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

Significant Issues Discussed with Management

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

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Letter Communicating Operational Matters

We have separately communicated operational matters identified during our audit of the financial statements. This communication is attached as Exhibit A.

Significant Written Communication Between Management and Our Firm

Copies of material written communications between our firm and the management of the District, including the representation letter provided to us by management, are attached as Exhibit B.

**Pembroke Central School District
Summary of Significant Accounting Estimates
Year Ended June 30, 2017**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2017 financial statements:

Area	Accounting Policy	Management's Estimation Process	Basis of our conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment	Management depreciates property, plant and equipment over the estimated lives of the assets.	Useful lives were assigned based on the District's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Compensated Absences Liability	Management estimates compensated absences liability using the unpaid sick days.	At the end of the year management reviews time sheets and payroll registers to calculate unpaid sick days. Management then multiplies the unpaid hours by the employee's pay rate to estimate the liability.	Management's process to estimate compensated absences liability appears reasonable.
Postemployment Benefits Liability, Deferred Outflows and Deferred Inflows of Resources	Management estimates the long-term postemployment benefit liability, deferred outflows and deferred inflows of resources based on information obtained from an actuarial valuation of the District's postemployment benefit liabilities. Management estimates deferred outflows of resources contributions subsequent to the measurement date based on payments made by the District for retiree health insurance subsequent to the measurement date.	Management receives an actuarial valuation every two years. Management's most recent valuation was completed as of June 30, 2017. Estimates for postemployment benefits liabilities are based on the actuarial report along with actual contributions made during the year.	Management's process to estimate postemployment benefits liability appears reasonable.

**Pembroke Central School District
 Summary of Significant Accounting Estimates
 Year Ended June 30, 2017 (Continued)**

Area	Accounting Policy	Management's Estimation Process	Basis of our conclusions on Reasonableness of Estimate
Retirement System Liabilities and Deferred Outflows and Deferred Inflows of Resources	Management estimates the long-term retirement system liability, deferred outflows and deferred inflows of resources based on information provided by the New York State Teachers' Retirement System (TRS) and the New York State Employees' Retirement System (ERS). Management estimates deferred outflows of resources, contributions subsequent to the measurement date, based on eligible salaries subsequent to the most recent measurement date multiplied by the current contribution rate.	Estimates are based upon the annual invoice provided by the New York State Teachers' and Employees' Retirement Systems and additional information provided by the Systems.	Management's process to estimate retirement system assets, liabilities and deferred outflows and deferred inflows of resources appears reasonable.

Pembroke Central School District: Governmental Funds

Year End: June 30, 2017

Summary of Recorded Audit Adjustments

Date: 7/1/2016 To 6/30/2017

Date	Name	Account No	Debit	Credit
6/30/2017	Accounts Payable	01-A00-20-0600-000 GF01		83,925
6/30/2017	Reserve for Employment Benefits	01-A00-34-0888-000 GF01	83,925	
6/30/2017	Unappropriated Fund Balance	01-A00-34-0911-000 GF01		83,925
6/30/2017	Hdcp Students(Medicaid)-Contractual	01-A00-60-2250-400 GF01	83,925	

To adjust AP and the EBALR reserve
for contractually obligated amounts due to the
resignation of a former employee.

Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement all standards by the required dates. The Statements which might impact the District are as follows:

Summary of GASB Statement No. 84, *Fiduciary Activities*

This Statement issued in January 2017 will be effective for the District beginning with its fiscal year ending January 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Summary of GASB Statement No. 85, *Omnibus 2017*

This Statement issued in March 2016 will be effective for the District beginning with its fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.

Specifically, this Statement addresses topics regarding (1) blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, (2) reporting amount previously reported as goodwill and "negative" goodwill, (3) classifying real estate held by insurance entities, (4) measuring certain money market investments and participating interest earning investment contracts at amortized cost, (5) timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, (6) recognizing on-behalf payments for pensions or OPEB in employer financial statements, (7) classifying employer-paid member contributions for OPEB, (8) simplifying certain aspects of the alternative measurement method for OPEB, and (9) accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Summary of GASB Statement No. 86, *Certain Debt Extinguishment Issues*

This Statement was issued in May 2017 and will be effective for the District beginning with its fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of GASB Statement No. 86 are effective for periods beginning after June 15, 2017. Earlier application is encouraged.

Summary of GASB Statement No. 87, *Leases*

This Statement was issued in June 2017 and will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of GASB Statement No. 87 are effective for financial periods beginning after December 15, 2019. Earlier application is encouraged.

EXHIBIT A - LETTER COMMUNICATING OPERATIONAL MATTERS

Letter Communicating Operational Matters

To the President and Members of the Board of Education
Pembroke Central School District
Corfu, New York

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Pembroke Central School District (the District) as of and for the year ended June 30, 2017. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the District's practices and procedures.

OPERATIONAL MATTERS

District Policies over Federal Awards

Observation

During our review of District policies during our single audit testing, it was noted that the District updated their policies to reflect Federal control over special education and other like federal awards, however explicit applicability to all terms and conditions surrounding federal awards under the Uniform Guidance was not apparent.

Recommendation

We recommend the District review and update their policies and procedures manual to ensure their procurement policies are in compliance with Uniform Guidance Code of Federal Regulation Section 200.318 through 200.326; and suspension and debarment concerns at section 200.213.

Specifically, all contracts made by the District under the Federal award must contain provisions covering, but not limited to the following:

- Contracts for more than the simplified acquisition threshold (\$150,000) must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- All contracts in excess of \$10,000 must address termination for cause and for convenience by the District including the manner by which it will be effected and the basis for settlement.
- Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" must include the equal opportunity clause provided under 41 CFR 60-1.4(b).
- Debarment and Suspension. A contract award must not be made to parties listed on the government-wide Excluded Parties List System for Award Management (SAM).

Other provisions include Davis Bacon, Energy efficiency and contract hours and safety standards.

Further, we recommend that the District become more familiar with the Uniform Guidance and specifically enhanced oversight over subrecipients. Although subrecipient monitoring was not an area of audit in the current year, it could impact future audits. See Uniform Guidance Code of Federal Regulation Section 200.330 for guidance on subrecipient monitoring.

Cybersecurity

Observation

The District currently does not have a comprehensive cybersecurity program with a formal technology vulnerability management and penetration testing process to protect itself from cybersecurity threats. New vulnerabilities and new attacker exploits occur almost daily, thus the District could be susceptible to attack which could cause significant disruption or loss of sensitive and valuable data. In addition, it can be difficult for IT departments to keep systems current on frequent security upgrades released by hardware and software vendors.

Recommendation

A formal cybersecurity testing program helps assure the proper security layers and controls are in place. We recommend performing periodic cybersecurity reviews including internal and external vulnerability and penetration testing. This should be performed at least annually or whenever a significant change is made to the IT environment, so that identified potential vulnerabilities can be monitored and the security of your network can be improved, reducing the District's risk exposures from being compromised.

Financial Reporting and Auditing Developments

Observation

According to Chapter 514 of the Laws of New York – 2016 – effective July 1, 2017, school districts must include in the property tax report card a schedule of reserve funds setting forth the name of each reserve fund, a description of its purpose, the balance at the close of the third quarter of the current school year and a brief statement explaining the plans for the use of each reserve fund for the ensuing fiscal year. In addition, the external audit report and any corrective action plan prepared in response to any audit findings contained in the external audit report or management letter or any final audit report issued by the State Comptroller must be posted to the District website. Lastly, a final annual budget and any multi-year financial plan adopted by the Board of Education must be posted to the District website effective July 1, 2017.

Recommendation

We recommend management and the Board review the provisions of Chapter 514 of the Laws of New York State – 2016 to ensure compliance with its public disclosure requirements. With respect to inclusion in the property tax report card the balances of the District's reserve funds as of the end of the third quarter, we recommend the District consider adopting a reserve policy that specifically addresses when reserves are considered to be funded (i.e. upon Board resolution) and when reserve funds are considered to be spent (i.e. upon payment of an invoice or upon budget adoption).

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

Freed Maxick CPAs, P.C.

Batavia, New York
September 19, 2017

**EXHIBIT B - SIGNIFICANT WRITTEN COMMUNICATIONS
BETWEEN MANAGEMENT AND OUR FIRM**

**Pembroke Central School District
Routes 5 & 77
Corfu, New York 14036**

September 19, 2017

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

This representation letter is provided in connection with your audit of the basic financial statements of the Pembroke Central School District, (the District) as of and for the year ended June 30, 2017 for the purpose of expressing an opinion on 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).

We confirm, to the best of our knowledge and belief, as of the date of the auditor's report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 2, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions, including those with other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting of the District's financial statements to be misleading or incomplete, including interfund transactions, interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the U.S. GAAP.
6. 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.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net positions and fund balance classifications.
 - b. Debt issue provisions.

- c. All significant estimates and material concentrations known to management which are required to be disclosed.
 - d. Risk financing activities.
 - e. The effect on the financial statements of Governmental Accounting Standards Board Pronouncements, which have been issued, but which we have not yet adopted.
 - f. Deposits and investment securities category of risk.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are subject to the requirements of the Single Audit Act, because we have received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.
12. We agree with the findings of specialists in evaluating the liability for postemployment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
13. We have adequately considered the qualifications of other auditors in determining the disclosures included in the financial statements with respect to certain pension information provided for the New York State and Local Employees' Retirement System and New York State Teachers' Retirement System.

Information Provided

14. 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;
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of allegations of fraud or suspected fraud affecting the District's financial statements involving:
- a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.
23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

25. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - e. When 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 of issuance of the supplementary information and the auditor's report thereon.
26. With respect to the management's discussion and analysis, the budgetary comparison schedules, the schedule of the District's proportionate share of net pension liability and schedule of District pension contributions presented as required by GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines presented by U.S. GAAP.
 - c. The methods of measurement and presentation have changed from those used in the prior period due to implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits other than Pensions*.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

Compliance Considerations

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

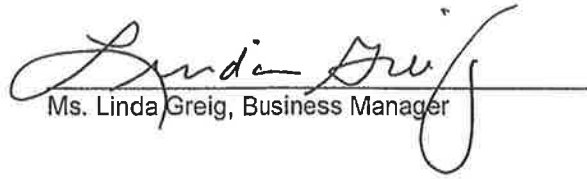
3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
6. Is responsible 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.
7. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
8. Has a process to track the status of audit findings and recommendations.
9. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented, if applicable.
10. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating Linda Greig, Business Manager, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

1. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
2. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
3. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
4. Management has reviewed the schedule of expenditures of federal awards in accordance with Uniform Guidance prepared by the auditor and ensures it includes all expenditures made during the period being audited 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.
5. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
6. Management has identified and disclosed to the auditor the requirements of federal statutes, laws, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
7. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

8. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such non-compliance.
9. Management believes that the auditee has complied with the direct and material compliance requirements.
10. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
11. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
12. Management has disclosed to the auditor any communications from federal awarding agencies 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.
13. Management has disclosed to the auditor 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, if applicable.
14. Management has disclosed 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.
15. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
16. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
17. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
18. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
19. If applicable, management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
20. If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
21. If applicable, management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
22. Management has charged costs to federal awards in accordance with applicable cost principles.
23. The reporting package does not contain protected personally identifiable information.
24. Management has accurately completed the appropriate sections of the data collection form.
25. If applicable, management has disclosed all contracts or other agreements with service organizations.

26. If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.



Ms. Linda Greig, Business Manager