

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2017

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION
Financial Statement With Independent Auditors' Report
For the Year Ended December 31, 2017

TABLE OF CONTENTS

Independent Auditors' Report	1
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	4
Notes to Financial Statement	5

Regulatory–Required Supplementary Information

Schedule 1 – Schedule of Receipts and Expenditures – Regulatory Basis
Individually presented by fund

Governmental Type Fund

Bond and Interest Fund

1-1 Public Works Facility Debt Service Fund	10
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Certified
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INDEPENDENT AUDITORS' REPORT

To the Commission
Reno County, Kansas Public Building Commission
Hutchinson, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Reno County, Kansas Public Building Commission**, a related municipal entity of Reno County, Kansas, as of and for the year ended December 31, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **Reno County, Kansas Public Building Commission** on the basis of the financial reporting provisions of the *Kansas Municipal Audit and*

Reno County, Kansas Public Building Commission

Page 2

Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Reno County, Kansas Public Building Commission** as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Reno County, Kansas Public Building Commission** as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The individual fund schedule of regulatory basis receipts and expenditures – actual and budget (Schedule 1 as listed in the table of contents) is presented for analysis and is not a required part of the basic financial statement; however, is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2016 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 1 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2016 basic financial statement upon which we rendered an unmodified opinion dated March 13, 2017. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself,

Reno County, Kansas Public Building Commission
Page 3

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chartered
ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

March 27, 2018

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2017

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds							
Bond and Interest Fund							
Public Works Facility Debt Service Fund	\$ 2,097	-	414,036	415,075	1,058	-	1,058
Composition of Cash					Checking Account	\$	1,058

The notes to the financial statement are an integral part of this statement.

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION
Notes to Financial Statement
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reno County, Kansas Public Building Commission has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The Commission is a municipal corporation of the State of Kansas under the authority of K.S.A. 12-1757 *et seq.* and Charter Resolution No. 98-4 of Reno County, Kansas. The Commission has been organized by the governing body of Reno County, Kansas for the purposes of acquiring a site or sites for and constructing, reconstructing, equipping and furnishing, or purchasing or otherwise acquiring, a building or buildings or other facilities of a revenue producing character and is governed by a three member committee. The accompanying financial statement includes all funds which are controlled by or are dependent on the Commission. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The Commission is a related municipal entity of Reno County, Kansas. The members are appointed by the Reno County Commissioners. The Commission has the power and authority to issue revenue bonds to provide funds for the purpose of paying all or a portion of the costs of the project.

Basis of Presentation – Fund Accounting

The accounts of the Commission are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following type of fund comprises the financial activities of the Commission for the year ended December 31, 2017.

Regulatory Basis Fund Type

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION

Notes to Financial Statement

December 31, 2017

recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Commission has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Commission to use the regulatory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the Commission are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts.

Reimbursements

The Commission records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

The Public Building Commission is not subject to the legal annual operating budget requirements.

NOTE 3 – DEPOSITS AND INVESTMENTS

Reno County, Kansas Public Building Commission follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the Commission. The statute requires banks eligible to hold the Commission's funds have a main or branch bank in the county in which the Commission is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Commission has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Commission's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes;

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION

Notes to Financial Statement

December 31, 2017

no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Commission has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the Commission may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. State statutes require the Commission's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Commission does not use "peak periods". All deposits were legally secured at December 31, 2017.

At December 31, 2017, the Commission's carrying amount of deposits was \$1,058 and the bank balance was \$1,058. The bank balance was held by one bank resulting in a concentration of credit risk. The bank balance was fully covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The Commission had no investments at December 31, 2017.

NOTE 4 – LITIGATION

Reno County, Kansas Public Building Commission is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the Commission.

NOTE 5 – LEASE RECEIVABLE

Reno County, Kansas Public Building Commission entered into the following lease agreement with Reno County, Kansas:

Public Works Facility 2014 Agreement

The County is obligated to make payments to the Commission equivalent to the debt that the Commission has assumed in order to pay its outstanding revenue bonds. The Commission covenants that unless the County is in default under the lease obligation, it will not, without the County's written consent unless required by law, sell or otherwise part with or encumber its fee or other ownership interest in the project at any time during the life of the lease. The County covenants and agrees that it will, during the term of the lease obligation, keep and maintain the project and all parts thereof in good condition and repair, including but not limited to, the furnishing of all parts, mechanisms and devices required to keep the machinery, equipment and personal property constituting a part of the project in good mechanical and working order, and that during said period of time it will keep the project and all parts thereof free from filth, nuisance or conditions unreasonably increasing the danger of fire. Total payments receivable are scheduled below.

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION
Notes to Financial Statement
December 31, 2017

<u>Years Ending December 31</u>	<u>Total</u>
2018	414,325
2019	411,725
2020	414,025
2021	411,125
2022	<u>87,125</u>
Total	\$ <u>1,738,325</u>

NOTE 6 – LONG-TERM DEBT

Reno County, Kansas Public Building Commission has the following type of long-term debt.

Revenue Bonds

On March 26, 2014, the Commission issued \$2,470,000 in Revenue Bonds - Series 2014 to retire \$2,355,000 of Revenue Bonds - Series 2007. The bonds have varying maturities with semiannual payments. Interest rates range from 2.00% to 2.50% depending on the maturity date.

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION

Notes to Financial Statement

December 31, 2017

Changes in long-term liabilities for the Commission for the year ended December 31, 2017, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Revenue Bonds									
Series 2014	2.0-2.5%	3/26/2014	\$ 2,470,000	10/1/2022	\$ 2,015,000	-	(370,000)	1,645,000	41,725

Current maturities of long-term debt and interest for the next five years through maturity are as follows:

Issue	YEAR					Total
	2018	2019	2020	2021	2022	
Principal						
Series 2014	\$ 380,000	385,000	395,000	400,000	85,000	1,645,000
Interest						
Series 2014	34,325	26,725	19,025	11,125	2,125	93,325
Total Principal and Interest \$	414,325	411,725	414,025	411,125	87,125	1,738,325

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION

Regulatory-Required Supplementary Information

RENO COUNTY, KANSAS PUBLIC BUILDING COMMISSION
Public Works Facility Debt Service Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2017
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Rental Income - County	\$ 414,025	414,025
Interest Income	20	11
Total Receipts	<u>414,045</u>	<u>414,036</u>
Expenditures		
Contractual Services	3,350	3,350
Debt Service Principal	365,000	370,000
Debt Service Interest and Fees	49,025	41,725
Total Expenditures	<u>417,375</u>	<u>415,075</u>
Receipts Over (Under) Expenditures	(3,330)	(1,039)
Unencumbered Cash - Beginning	<u>5,427</u>	<u>2,097</u>
Unencumbered Cash - Ending	<u>\$ 2,097</u>	<u>1,058</u>



Certified
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March 27, 2018

To the Commission
Reno County, Kansas Public Building Commission
Hutchinson, Kansas

Governance Letter

We have audited the financial statement of **Reno County, Kansas Public Building Commission** for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 26, 2018. Professional standards also require that we communicate to you the following information related to our audit.

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 **Reno County, Kansas Public Building Commission** are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2017. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

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.

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 statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Reno County, Kansas Public Building Commission

Page 2

March 27, 2018

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2018.

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 Commission's financial statement or a determination of the type of auditors' opinion that may be expressed on that statement, 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 Commission'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

With respect to the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, 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 statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

This information is intended solely for the use of the Commission and management of **Reno County, Kansas Public Building Commission** and is not intended to be, and should not be, used by anyone other than these specified parties.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

COPY

March 27, 2018

Adams, Brown, Beran & Ball, Chtd.
1701 Landon
Hutchinson, KS 67501

This representation letter is provided in connection with your audit of the financial statement of Reno County, Kansas Public Building Commission as of December 31, 2017 and for the year then ended, and the related notes to the financial statement, for the purpose of expressing an opinion as to whether the financial statement is fairly presented, in all material respects, in accordance with the regulatory basis of accounting.

We confirm, to the best of our knowledge and belief, as of March 27, 2018, the following representations made to you during your audit.

Financial Statement

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 26, 2018, including our responsibility for the preparation and fair presentation of the financial statement in accordance with the regulatory basis of accounting and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statement referred to above is fairly presented in conformity with the regulatory basis of accounting and includes all properly classified funds and other financial information of the reporting entity required by the regulatory basis of accounting 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 the financial statement that is 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 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 the regulatory basis of accounting.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statement that would require adjustment to or disclosure in the financial statement.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statement, and we have not consulted a lawyer concerning litigation, claims, or assessments.

9. Guarantees, whether written or oral, under which the Commission is contingently liable, if any, have been properly recorded or disclosed.

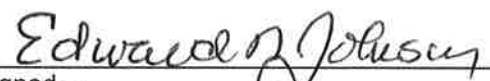

Information Provided

10. 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 statement, 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 Commission from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statement.
12. We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
13. 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 statement.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statement communicated by employees, former employees, regulators, or others.
15. 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 the financial statement.
16. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statement, and we have not consulted a lawyer concerning litigation, claims, or assessments.
17. We have disclosed to you the identity of the Commission's related parties and all the related party relationships and transactions of which we are aware.

Government – specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19. 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.
20. The Commission has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or unencumbered cash balances.
21. 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.
22. We have identified and disclosed to you all instances that 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 statement or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
23. 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.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statement or other financial data significant to the audit objectives.
25. 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 statement, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. The Commission 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.
27. The Commission has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
28. The financial statement properly classifies all funds and activities.
30. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
31. Deposits are properly classified as to risk and are properly disclosed.
32. 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.


Signed _____

Signed _____