



## **CITY OF JONESBORO**

July 28, 2016

Thomas, Speight & Noble  
PO Box 17167  
Jonesboro, AR 72403-6721

This representation letter is provided in connection with your audit of the financial statements of the City of Jonesboro, Arkansas's federal grant funds for the year ended December 31, 2015, which collectively comprise the combined statement of net position – all fund types and account groups, and the respective statement of revenues, expenses and changes in net position and schedule of expenditures of federal awards and the related notes, for the purpose of expressing an opinion as to whether the schedule is 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 July 28, 2016, the following representations made to you during your audit.

### **Schedule of Expenditures of Federal Awards**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 6, 2016, including our responsibility for the preparation and fair presentation of the schedule in accordance with U.S. GAAP.
- 2) The schedule referred to above is fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules 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 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 schedule or in the schedule of findings and questioned costs.
- 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 schedule, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 9) Guarantees, whether written or oral, under which the organization 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 schedule, 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 organization from whom you determined it necessary to obtain audit evidence.
- 11) All material transactions have been recorded in the accounting records and are reflected in the schedule.
- 12) We have disclosed to you the results of our assessment of the risk that the schedule may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the organization 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 schedule.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's schedule 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 schedule.
- 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 schedule, and we have not consulted a lawyer concerning litigation, claims, or assessments.

- 17) We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- 18) We have made available to you all financial records and related data relative to the program and all audit or relevant monitoring reports, if any, received from funding sources.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices relative to the program.
- 20) We have identified to you any financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) 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.
- 24) 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.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the schedule, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the schedule of expenditures of federal awards and related notes. We acknowledge our responsibility as it relates to those nonattest/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 the schedule.
- 28) The organization 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.

29) With respect to the federal grant funds:

- a) We are responsible for understanding and complying with and have complied with the requirements 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), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have identified and included in the schedule, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, 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 and related notes in accordance with the requirements of the Uniform Guidance, and we believe the schedule, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the schedule have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the schedule.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of the federal award and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of the federal award that are considered to have a direct and material effect on the program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for the program that provides reasonable assurance that we are managing the program in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on the program. We believe the internal control system is adequate and is functioning as intended.
- f) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the program and related activities.
- g) 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 Compliance Supplement*, relating to the program and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal award.
- h) We have disclosed 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.

- i) 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 audit, including findings received and corrective actions taken from the end of the period covered by the audit to the date of the auditor's report.
- j) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and 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, if applicable OR and OMB Circular A-122, Cost Principles for Nonprofit Organizations, and Subpart C, Cost Sharing and Matching, OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, if applicable.
- k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- l) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to the program financial reports and claims for advances and reimbursements.
- m) 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.
- n) 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.
- o) 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 period covered by the auditor's report.
- p) The program financial reports and claims for advances and reimbursements are supported by the books and records from which the schedule of expenditures of federal awards has been prepared.
- q) The copies of 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.
- r) appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- s) We have charged costs to federal awards in accordance with applicable cost principles.

- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, 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.
- u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Signature: *Suzanne Allen*  
Title: *Chief Financial Officer*

Signature: *Kimberly Marshall*  
Title: *Grants Administrator*