

## Transmittal of External Audit Report

**Instructions:** Per Department of Finance & Management Policy #7.0: **External Audit Reports**, departments are required to complete and submit this **coversheet** with a copy of the external audit report to the Commissioner of Finance & Management within 30 days of issuance of the final audit report. This coversheet must be submitted by the department's business office to ensure their awareness and acknowledgment of any potential financial impact. Official department responses to the audit report, including corrective action plans (*if required*), must also be submitted to Commissioner of Finance & Management upon completion.

<b>Department</b>	DVHA
<b>Business Office Contact</b>	Anne Petrow
<b>Program/Activity Audited</b>	VHC Financial, CMS 45 CFR §155.1200
<b>Audit Agency</b>	Berry Dunn
<b>Audit Report Date</b>	May 17, 2022

**1. Does the audit report contain any findings or recommendations?**

YES  NO

➤ If YES continue to question #2; otherwise coversheet is complete.

**2. Does the report contain any repeat audit findings?**

YES  NO

**3. Please rate the findings and/or recommendations contained in the audit report using the following scale; for reports with multiple findings, this overall rating should be based on the most critical finding:**

**Insignificant:** Nominal violation of policies, procedures, rules, or regulations. Corrective action suggested but not required.

**Notable:** Minor violation of policies, procedures, rules, or regulations and/or weak internal controls; and/or opportunity to improve effectiveness and efficiency. Corrective action may be required.

**Significant:** Significant violation of policies, procedures, rules, regulations or laws; and/or poor internal controls; and/or significant opportunity to improve effectiveness and efficiency. Corrective action required.

**Major:** Major violation of policies, procedures, rules, regulations or laws; and/or unacceptable internal controls; and/or high risk for fraud, waste or abuse; and/or major opportunity to improve effectiveness and efficiency. Immediate corrective action required.

**4. Is the department required to develop a corrective action plan (or similar) to address the audit findings and/or recommendations?**

YES  NO

➤ If YES continue to next question; otherwise skip to question #8.

## Transmittal of External Audit Report

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**5. Has the corrective action plan been developed?**

YES  NO [provide status below]

❖ Status of corrective action plan:

**6. Does the department anticipate any inability or delay in implementing its corrective action plan?**

YES  NO,

➤ If YES continue to next question; otherwise skip to question #8.

**7. What fiscal and programmatic impact is this inability or delay likely to have?**

**8. Does the report contain any disallowed costs<sup>1</sup>?**

YES  NO

➤ If YES list the amount(s) and page reference(s) below; otherwise skip to question #11.

Disallowed Amount \$	Audit Report Page #

Disallowed Amount \$	Audit Report Page #

**9. Has the method and timing of repayment for all disallowed costs been agreed upon with the applicable organization?**

YES  NO

**10. Assess the impact this disallowance will have on the:**

- a. Program/Activity:  Major  Significant  Minimal  None
- b. Dept Overall Budget:  Major  Significant  Minimal  None

**11. Does the report contain any questioned costs<sup>2</sup>?**

YES  NO

➤ If YES list the amount(s) and page reference(s) below; otherwise form is complete.

Questioned Amount \$	Audit Report Page #

Questioned Amount \$	Audit Report Page #

**12. Assess the likelihood that the questioned costs will result in disallowances and/or reductions in future revenues:**

Very Likely  Likely  Somewhat Likely  Not Likely

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<sup>1</sup> Costs determined as unallowable under the applicable program/activity and not eligible for financial assistance; generally disallowed costs must be reimbursed to the awarding organization.

<sup>2</sup> Costs identified as potentially unallowable for financial assistance under the applicable program/activity.




# Vermont Health Connect

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30, 2021

With Independent Auditor's Report





## INDEPENDENT AUDITOR'S REPORT

Management of the Vermont Health Benefit Exchange  
d/b/a Vermont Health Connect

### **Report on the Financial Statement**

We have audited the accompanying statement of appropriations and expenditures (the statement) of the Vermont Health Benefit Exchange d/b/a Vermont Health Connect (the Exchange), a function within the general fund of the State of Vermont, for the year ended June 30, 2021, and the related notes to the statement.

### ***Management's Responsibility for the Statement***

Management is responsible for the preparation and fair presentation of the statement in accordance with the cash basis of accounting described in Note 3; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of this 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 a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Exchange's preparation and fair presentation of the 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 Exchange'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 statement.

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

### ***Opinion***

In our opinion, the special-purpose statement referred to in the first paragraph presents fairly, in all material respects, the cash basis appropriations and expenditures of the Exchange for the year ended June 30, 2021, in accordance with the cash basis of accounting described in Note 3.

***Basis of Accounting***

We draw attention to Note 3 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2022 on our consideration of the Exchange's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control over financial reporting and compliance.

***Purpose of this Report***

This report is intended solely for the information and use of management, the Medicaid and Exchange Advisory Board, and the Centers for Medicare & Medicaid Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
May 17, 2022  
Registration No. 92-0000278

**VERMONT HEALTH BENEFIT EXCHANGE  
D/B/A VERMONT HEALTH CONNECT**

**Statement of Appropriations and Expenditures**

**Year Ended June 30, 2021**

Appropriations	
State revenues	\$ <u>2,668,838</u>
Expenditures	
Allocated from the Department of Vermont Health Access	2,595,419
Allocated from the Department of Children and Families	41,675
Allocated from the Agency of Human Services	<u>31,744</u>
Total expenditures	<u>2,668,838</u>
Excess of revenues over expenditures	\$ <u>-</u>

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The accompanying notes are an integral part of this financial statement.

**VERMONT HEALTH BENEFIT EXCHANGE  
D/B/A VERMONT HEALTH CONNECT**

**Notes to the Financial Statement**

**Year Ended June 30, 2021**

**1. Purpose of Organization**

The Patient Protection and Affordable Care Act (Pub. Law 111-148) (the ACA) provides for the establishment of a Health Benefits Exchange by each state. The Vermont Health Benefits Exchange d/b/a Vermont Health Connect (VHC or the Exchange) was established by Act 48 passed by the Vermont legislature in May 2011.

The Vermont Health Benefit Exchange, a unit of the Department of Vermont Health Access (DVHA) branded Vermont Health Connect, serves two important purposes: first, to negotiate for high quality, affordable health insurance options on behalf of individuals (in order to promote the health of all Vermonters); and second, to be a robust resource for all Vermonters to learn about and compare the quality and affordability of their health insurance options, enroll in coverage and, if eligible, access Medicaid, State and/or federal tax subsidies for coverage.

VHC is an organized State-based Marketplace (SBM) established to help consumers buy health insurance in a way that permits easy comparison of available plan options based on price, benefits, and quality through a web portal. VHC provides access to Qualified Health Plans to individuals and families. As a SBM, VHC is subject to regulations established by the Centers for Medicare & Medicaid Services.

VHC is part of an interagency team created in Vermont to implement ACA reforms. This team includes DVHA, the Department of Children and Families (DCF) and the Agency of Human Services (AHS). The interagency team developed an integrated vision for serving individuals and families through a single technology solution that supports eligibility, enrollment and, in the case of VHC, premium payment. VHC participates in the management of the implementation and receives an allocated share of the expenditures for the implementation and operation of the technology.

As an operation within the State of Vermont (the State), financial and administrative processes are performed at the State level including payroll, purchasing, accounts payable, cash management and general ledger accounting.

**2. Basis of Presentation**

The accompanying Statement of Appropriations and Expenditures (Statement or Schedule) of VHC has been prepared to meet the Federal requirement in 45 CFR §155.1200 that states:

- (b) (1) “Reporting. The State Exchange must, at least annually, provide to HHS...a financial statement...” and
- (c) “External audits. The State Exchange must engage an independent qualified auditing entity which follows U.S. generally accepted governmental auditing standards (GAGAS) to perform an annual independent external financial...audit...”

**VERMONT HEALTH BENEFIT EXCHANGE  
D/B/A VERMONT HEALTH CONNECT**

**Notes to the Financial Statement**

**Year Ended June 30, 2021**

**3. Accounting Policies**

The accompanying special-purpose financial statement has been prepared on the cash basis of accounting which is a basis of accounting other than U.S. generally accepted accounting principles. On this basis, income is recognized when cash is received rather than when earned, and expenditures are recognized when cash is paid rather than when expenditures are incurred.

This Schedule does not include insurance premiums collected from consumers as part of VHC carrying out its responsibilities under the ACA of 2010. Expenditures on the Statement are limited to those funded by the State.

**4. Allocation of Costs**

The operations of VHC are integrated with DVHA, DCF, and AHS. Expenditures of these departments are allocated to VHC based on quarterly cost allocation plans and are identified below. The portion of these costs allocated to VHC are presented on the Statement. Exchange costs include support for Medicaid Eligibility determination.

	<u>DVHA</u>	<u>DCF</u>	<u>AHS</u>	<u>Total</u>
Expenditures				
Salaries	\$ 8,573,170	\$ 643,449	\$ 338,560	\$ 9,555,179
Benefits	4,446,403	339,020	157,983	4,943,406
Supplies	1,976	2,101	2,943	7,020
Printing and mailing	371,752	159,948	3,066	534,766
Telephone	15,109	624	50,122	65,855
Travel	-	251	40	291
General operating	9,464,770	1,920	18,783	9,485,473
Granting and contracting	<u>22,789,635</u>	<u>32,419</u>	<u>122,953</u>	<u>22,945,007</u>
Direct marketplace operations	45,662,815	1,179,732	694,450	47,536,997
AHS allocated expenditures (VHC unsubsidized only)	44,511	1,749	-	46,260
Other allocated expenditures (VHC unsubsidized only)	<u>163,529</u>	<u>14,210</u>	<u>23,669</u>	<u>201,408</u>
Total expenditures	<u>\$ 45,870,855</u>	<u>\$ 1,195,691</u>	<u>\$ 718,119</u>	<u>\$ 47,784,665</u>
Appropriations				
State-only revenues	\$ 2,595,419	\$ 41,675	\$ 31,744	\$ 2,668,838
All other revenues	<u>43,275,436</u>	<u>1,154,016</u>	<u>686,375</u>	<u>45,115,827</u>
Total appropriations	<u>\$ 45,870,855</u>	<u>\$ 1,195,691</u>	<u>\$ 718,119</u>	<u>\$ 47,784,665</u>



**VERMONT HEALTH BENEFIT EXCHANGE  
D/B/A VERMONT HEALTH CONNECT**

**Notes to the Financial Statement**

**Year Ended June 30, 2021**

Costs are allocated as directed by the applicable department's approved cost allocation methodology. Costs related to salaries and benefit expense are based on general effort. Other costs represent the allocation of direct charges incurred.

**5. Commitments and Contingencies**

The Exchange is exposed to various risks of loss. Insurance coverage is provided by the State for such claims. With respect to litigation, VHC officials are of the opinion that there are no lawsuits likely to result either individually or in the aggregate in final judgments against the Exchange that would materially affect the Statement.

DVHA, DCF, and AHS have entered into a number of contracts with vendors to support the operation of VHC. These contracts extend through June 30, 2025; some contain renewal options. VHC is also party to Interagency Agreements among DVHA, DCF, and AHS as referenced above. At June 30, 2021, minimum payments under contractual commitments for the next five years are as follows:

For the Year Ending June 30,	
2022	\$ 35,292,900
2023	30,259,170
2024	28,185,642
2025	10,581,388

**6. Subsequent Event Considerations**

VHC monitored and evaluated any subsequent events for note disclosures required in its financial statement through May 17, 2022, the date on which the Statement was issued.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Management of the Vermont Health Benefit Exchange  
d/b/a Vermont Health Connect

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Vermont Health Benefit Exchange d/b/a Vermont Health Connect (the Exchange), a function within the general fund of the State of Vermont, which comprises the statement of appropriations and expenditures for the year ended June 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated May 17, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Exchange's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control. Accordingly, we do not express an opinion on the effectiveness of the Exchange's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Exchange's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
May 17, 2022  
Registration No: 92-0000278



Management of the Vermont Health Benefit Exchange  
d/b/a Vermont Health Connect

We have audited the statement of appropriations and expenditures (the financial statement) of the Vermont Health Benefit Exchange d/b/a Vermont Health Connect (VHC), a function within the general fund of the State of Vermont, for the year ended June 30, 2021, and have issued our report thereon dated May 17, 2022. Professional standards require that we communicate to you the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 3, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statement prepared by management with your oversight is fairly presented, in all material respects, in conformity with the cash basis of accounting. Our audit of the financial statements does not relieve you of your responsibilities.

As part of our audit, we considered the internal control of VHC. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance or opinion concerning such internal control.

As part of obtaining reasonable assurance about whether VHC's financial statement is free from material misstatement, we performed tests of VHC's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 VHC are described in Notes 2 and 3 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by VHC 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.

We believe that the allocation of costs to VHC, based on approved cost allocation plans, constitutes a sensitive accounting estimate related to the 2021 financial statement. We have reviewed the basis for the estimate to satisfy ourselves of its reasonableness in relation to the financial statement taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statement were:

- the disclosure of allocation of costs in Note 4 to the financial statement, and
- the disclosure of commitments and contingencies in Note 5 to the financial statement.

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 trivial, and communicate them to the appropriate level of management. There were no such misstatements.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement 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 May 17, 2022.

#### *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 VHC's financial statement or a determination of the type of auditor's 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 VHC's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Compliance Examination**

In addition to our financial statement audit, we have also been engaged to perform a programmatic examination of the Exchange's compliance with the requirements contained within Title 45, Part 155, Subparts C, D, E, K and M of the Code of Federal Regulations. The results relating to this compliance during the year are included in our compliance reports.

\* \* \* \* \*

This communication is intended solely for the information and use of the management of Vermont Health Benefits Exchange and is not intended to be, and should not be, used by anyone other than these specified parties.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
May 17, 2022



AGENCY OF HUMAN SERVICES  
DEPARTMENT OF VERMONT HEALTH ACCESS

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**State of Vermont**  
**Department of Vermont Health Access**  
280 State Drive, NOB 1 South  
Waterbury, VT 05671-1010

Agency of Human Services  
[Phone] 802-879-5900  
<http://dvha.vermont.gov>

May 17, 2022

Berry Dunn McNeil & Parker, LLC  
Certified Public Accountants  
1000 Elm Street, 4<sup>th</sup> Floor  
Manchester, NH 03101

This representation letter is provided in connection with your audit of the financial statement of Vermont Health Benefit Exchange d/b/a Vermont Health Connect (the Exchange), a division within the general fund of the State of Vermont, which comprises the statement of appropriations and expenditures for the year ended June 30, 2021, and the related notes to the financial statement, for the purpose of expressing an opinion as to whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting.

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 May 17, 2022, 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 May 3, 2022, including our responsibility for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting.
- 2) The financial statement referred to above is fairly presented in conformity with the cash basis of accounting.
- 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, 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.
- 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) There are no uncorrected misstatements.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statement in accordance with the cash basis of accounting, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the Exchange 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 statement, such as records (including information obtained from outside of the general and subsidiary ledgers), 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 Exchange from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Exchange 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 statement.
- 13) 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.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Exchange 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.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Exchange's financial statement 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 waste or abuse, whose effects should be considered when preparing financial statement.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statement.
- 18) We have disclosed to you the names of the Exchange's related parties and all the related party relationships and transactions, including any side agreements.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.



- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) The Exchange has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) 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.
- 23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statement.
- 24) 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.
- 25) As part of your audit, you assisted with preparation of the financial statement and disclosures. 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 that financial statement and those disclosures.
- 26) The Exchange has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 27) The financial statement properly discloses all other related organizations.
- 28) Expenses have been appropriately classified in the statement of appropriations and expenditures, and allocations have been made on a reasonable basis.
- 29) Revenues are appropriately classified in the statement of appropriations and expenditures.

Sincerely,

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Andrea De La Bruere, Commissioner

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Patrick Rooney, Financial Director