Background

- 1997 to Present, as fiscal agent for the Cape Light Compact (Compact) – all Compact funds are included in the Barnstable County audit
- May 2012, Assembly of Delegates Special Committee recommends a “forensic audit of Compact funds from inception to present”
- July 2012, Compact Governing Board begins discussions with auditor, Sullivan, Rogers & Company
  - Auditor recommends Audit and Attestation Service Options for Compact
  - Budget and timing discussion continued to next Compact meeting
Background

- September 2012, Compact Governing Board votes to engage Sullivan, Rogers & Company.
- Agreed Upon Procedures – July 1, 2003 through December 31, 2008
  - MA Public Records Retention Schedule
  - Cost Benefit Factor of AUP versus audit
  - Financial Information is stale
- Audit(s) – January 1, 2009 through December 31, 2011 and thereafter
- Review of Compact Power Supply Bids (2005 forward) for appropriateness (RFP through award of contract)
- No Compact information provided to auditor was redacted
Prepared by: Chris Rogers, CPA, Shareholder

June 19, 2013

Upon Procedures and Status of Financial Audits

Results of Cape Light Compact’s Report on Agreed-

Assembly of Delegates

Barnstable County
Status of Financial Audits □
Questions □
Procurement of electric suppliers □
Payroll and related costs disbursements □
Power Supply Reserve (PSR) □
Energy Efficiency (EE) □
Vendor disbursements □
Summary of Results □
Summary of Disbursements □
Determination of Sample Size □
Procedures Performed □
Purpose of Procedures □
Agreed-Upon Procedures Overview □
Results of Agreed-Upon Procedures □

Agenda
This statement in the report is required by professional standards requested.

We make no representation regarding the sufficiency of the procedures for the purpose for which this report has been performed.

We did not perform an audit.

Auditing standards established by the AICPA and Government Auditing Standards are not followed. The engagement conducted is not in accordance with attestation standards established by the AICPA, Rogers & Company (SRC).

Agreed-upon procedures agreed to by Compact Management and Sullivan, Rogers & Company (SRC)
was compliant with MGL Chapter 30B
period January 1, 2005 through June 30, 2012

Determine the selection of electric suppliers for the purpose of the fund and adequately supported consideration of this engagement, a disbursement is not considered appropriate if it is consistent with the period December 31, 2008 (period) through December 31, 2012.

Determine the appropriateness of the EE and PDR.

Purpose of Procedures
activities related to employees hired to perform compact
expectations and/or were adequately supported and
the period to verify that amounts were consistent with
Payroll and related costs — obtained documentation for

To determine the appropriateness of such disbursements
Disbursements from the EE and PSR funds for the period
Vendor — selected a representative sample of vendor

Procedures Performed
30, 2012, to determine compliance with MGL Chapter 30B.

Suppliers for the period January 1, 2005 through June

Reviewed the RFP process for selecting the electric

Procurement of Electric Suppliers

Performed Procedures
Determination of Sample Size

1. Identification of number of disbursements and related dollar amount

2. Identification of individually significant items (ISI), which is equal to 1/3 of tolerable misstatement, which is calculated based on the total dollar value

3. Remaining dollar amount to be sampled is divided by tolerable misstatement and multiplied by a risk factor between 0.9 and 3.0 (high, moderate, or low)
established by the AICPA
described above (are based on standards
Our determination of the sample sizes (as
were the sum of items 2 and 4 above
For purposes of this engagement, our sample sizes
multiplied by 1.2
into distinct subgroups, the result in step 3 is
If the sample in step 3 is not stratified (divided
Determination of Sample Size
<table>
<thead>
<tr>
<th>%</th>
<th>$</th>
<th>%</th>
<th>$</th>
<th>%</th>
<th>$</th>
<th>%</th>
<th>$</th>
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<td>4.07%</td>
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<td>95.93%</td>
<td>35'769.70</td>
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<td>Total</td>
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</tbody>
</table>

The following table summarizes the total distributions for the period:
disbursements were appropriate.

We concluded that all items in our sample of the EE Fund's

- Haphazard selection - 262 items; $800K
- ISI 72 items; $7.5M
- Total sample - 334 items; $8.3M
- ISI 60K
- Tolerable misstatement - $180K
- Total population - 7'568 items; $32.2M
- Vendor Disbursements - Energy Efficiency Fund

Summary of Results
should have been charged to the EE Fund

- Our sample identified 2 disbursements totaling $59K, that
  - Haphazard selection - 49 items; $10K
  - IS1 - 55 items; $2.8M
  - Total sample - 104 items; $2.9M
  - IS1 - $10K
  - Tolerable misstatement - $30K
  - Total population - 519 items; $3.6M

Vendor Disbursements - Power Supply Reserve Fund

Summary of Results
<table>
<thead>
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<th>Percent of</th>
<th>Description</th>
<th>Amount</th>
<th>Total</th>
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</thead>
<tbody>
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<td>100.00%</td>
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<tr>
<td>10.03%</td>
<td>Retirement</td>
<td>152,171.57</td>
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<tr>
<td>8.81%</td>
<td>Group Insurance</td>
<td>133,611.81</td>
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<tr>
<td>1.14%</td>
<td>Medicare</td>
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<tr>
<td>80.03%</td>
<td>Social Security</td>
<td>1,214,263.47</td>
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</table>

Summary of Results

Summarized as follows:
- Total payroll and related costs and disbursements were only
- Payroll and related costs disbursements were only

Recorded to the EE Fund during the Period and are
Compact activities and related to employees hired to perform expectations and/or were adequately supported determined that amounts were consistent with our.

Based on the documentation obtained, we

Summary of Results
best bidding strategy

The 2010 process resulted in the selection of the vendor with the
lowest bidder.

The 2005 process resulted in the selection of the lowest bidder.

Based on that a competitive bid process was conducted.

The selection of its 2005 and 2010 electric suppliers, we
observed.

However, based on the procurement files we observed for

Per Chapter 30B of the MGC per Section 1(b)(33).

The procurement process for the selection of its electric suppliers
is not required to conduct a competitive bid.

Procurement of Electric Suppliers

Summary of Results
Anticipate issuing draft report week of June 24

12-31-11

Anticipate issuing draft report week of June 24

12-31-10

Draft report issued to management June 1

12-31-09

Year ended

Signs of Financial Audits