López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

February 10, 2015

To the Honorable Mayor
and the Municipal Legislature
Municipality of Cayey
Cayey, Puerto Rico

In connection with our audit of compliance of the **Municipality of Cayey** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each major federal program for the year ended June 30, 2014 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Municipality of Cayey** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As a result of our evaluation, we noted certain immaterial matters involving the internal control over compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each major federal program for the year ended June 30, 2014, as identified in the summary of auditors' results section of the schedule of findings and questioned costs, where procedures should be improved and administrative controls strengthened. This letter summarizes our comments and suggestions. These comments are not significant enough to be considered significant deficiencies as defined by SAS 112 "Communicating Internal Control Related Matters Identified in an Audit". A separate report dated February 10, 2015 contains our report on compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and our report on internal control over such compliance requirements. This letter does not affect our report dated February 10, 2015 on the financial statements as of and for the year ended June 30, 2014.

We hope we can provide you our services for the next fiscal year's audit. Thank you for your trust in our Firm.

Very truly yours,

Ángel Alfredo López Vega, CPA
President

López-Vega, CPA, PSC

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 · Fax (787) 764-9377

C. Davis-Bacon Act

During our Davis-Bacon Act test of the Head Start Program CFDA No. 93.600, we verified three (3) structure improvement project and we found the following deviations:

Program	Deviation	Cases
93.600	On-site visits were not performed to monitor classifications of workers and wage rates paid to them	3
	The contractor did not submit all the required certifications and copies of payrolls to verify the requirements to pay prevailing wages.	1

Recommendation:

We recommend that the Municipality should establish defined procedure to monitor the enforcement of the Act's regulation. Those procedures would include on-site visits and obtain contractor's and subcontractor's weekly payrolls to be reviewed on a weekly basis to establish the degree of compliance and the nature and extend of violations, if any, and then, communicate contractors promptly about any failure in the payroll process.

D. Reporting Test

In our reporting test for the Public Assistance Grant (CDFA No. 97.036) and Twenty-First Century Community Learning Centers (CFDA No. 84.287) for year ended on June 30, 2014, we noted the following situation:

Program	Deviation
14.228	During our examination of the fiscal year Quarterly Reports – Percentage of Completion Reports, required by the Pass-through entity, we noted the reports did not agree with the accounting records and projects files.
84.287	The objectives established with the proposal were not achieved.
	We could not verify supporting documents to validate the results presented in the Programmatic Report.

Recommendation:

We recommend the Municipality's Management to follow the contract terms and to keep documents that can support the information submitted to the pass-through entity. In addition we recommend the Municipality's Management to reconcile differences between the quarterly report and accounting records before the report submission to the pass-through grantor.

OMB No. 0348-0057 09/17/2013	U.S. Dept. of Comm. - Econ and Stat Admin. - U.S. Census Bureau ACTING AS COLLECTING AGENT FOR OFFICE OF MANAGEMENT AND BUDGET
GENERAL INFORMATION	REPORTID: 632634 VERSION:1
1. Fiscal Period End Date 6/30/2014	**2. Type of Circular A-133 Audit** Single Audit
3. Audit Period Covered Annual	If Audit Period Other, Number of months
4. Auditee Indentification Numbers **a. Auditee Employer Identification Number (EIN)** 66-0433541 **b. Are multiple EINS covered in this report?** No If Yes, the additional EINs are listed on Additional EINS	**d. Auditee Data Universal Numbering System (DUNS) Number** 11-251-0347 **e. Are multiple DUNS covered in this report?** No If Yes, the additional DUNS are listed on Additional DUNS
5. AUDITEE INFORMATION	**6. PRIMARY AUDITOR INFORMATION**
a.Auditee Name MUNICIPALITY OF CAYEY b.Auditee Address (Number and street) APARTADO 37370 Auditee City CAYEY Auditee State PR Auditee ZIP Code 00737	a.Audit Firm / Organization Name LOPEZ VEGA, CPA, PSC b.Audit Firm / Organization EIN 66-0587053 c.Audit Firm / Organization Address (Number and street) 1686 PARANA, URB. EL CEREZAL Auditor Firm/Organization City SAN JUAN Auditor Firm/Organization State PR Auditor Firm/Organization ZIP Code 00926-3144
c.Auditee Contact Name EDWIN QUILES ROSARIO Auditee Contact Title FINANCE DIRECTOR d.Auditee Contact Telephone (787)738-3211 e.Auditee Contact Fax (787)738-7865 f.Auditee Contact E-mail EDWINQUILES24@GMAIL.COM	d.Primary Auditor Name ANGEL ALFREDO LOPEZ VEGA Primary Auditor Title PRESIDENT e.Primary Auditor Contact Telephone (787)777-8044 f.Primary Auditor Contact Fax (787)764-9377 g.Primary Auditor Contact E-mail ALFREDOLOPEZ@LOPEZVEGACPA-PR.COM
	7. Was a secondary auditor used? No 8. If Yes, the additional auditors are listed on Secondary Auditors

Form SF-SAC Single Audit Data Collection Form	REPORTID: 632634 VERSION:1

FINANCIAL STATEMENTS SUMMARY

1.Type of audit report
Unmodified
2. Is a 'going concern' emphasis-of-matter paragraph included in the audit report?
No
3.Is a significant deficiency disclosed?
Yes
4.Is a material weakness disclosed?
No
5.Is a material noncompliance disclosed?
No

FEDERAL PROGRAMS SUMMARY

1.Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending $500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide)
No
2.What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § _.520(b))
$336,178
3.Did the auditee qualify as a low-risk auditee? (§_.530)
No
4.Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§_.315(b))
Yes

5.Indicate which Federal agency(ies) have current year audit findings related to **direct** funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to **direct** funding.
97 - Department of Homeland Security
14 - Department of Housing and Urban Development

Form SF-SAC Single Audit Data Collection Form					REPORTID: 632634 VERSION:1							
7. FEDERAL AWARD FINDINGS												
					Compliance Findings [2]		Internal Control Findings [2]					
Federal Agency Prefix	Extension	Federal Program Name	Audit Finding Reference Number	Type(s) of Compliance Requirement(s) [1]	Modified Opinion	Other Matters	Material Weakness	Significant Deficiency	Other Findings [2]	Questioned Costs		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)		
14	871	SECTION 8 HOUSING CHOICE VOUCHE	2014-003	N	N	N	N	Y	N	N		
14	871	SECTION 8 HOUSING CHOICE VOUCHE	2014-002	N	N	N	N	Y	N	N		
84	287	TWENTY-FIRST CENTURY COMMUNITY	2014-004	F	N	N	N	Y	N	N		
97	036	DISASTER GRANTS-PUBLIC ASSISTANCI	2014-005	L	N	N	N	Y	N	N		

SUBMITTED

Form SF-SAC Single Audit Data Collection Form	REPORTID: 632634 VERSION:1
FAC Determined Data	
Type of Entity	Municipality-General Purpose Government
Current Year Direct Findings	Yes
Cognizant (C) or Oversight (O) Agency	Oversight
Cognizant or Oversight Federal Agency Name	14 - Department of Housing and Urban Development
Type of Audit Report on Major Program (MP) Compliance *(All MP compliance opinions combined)*	Unmodified

SUBMITTED DATA