



**Financial Statements  
and Independent  
Auditor's Report**

# Marine Mammal Commission

**For the Years Ended  
September 30, 2016  
and 2015**

Marine Mammal Commission  
General Fund  
September 30, 2016  
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## **Independent Auditor's Report**

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## **Independent Auditor's Report**

**To the Commission Members and Executive Director  
Marine Mammal Commission**

### **Report on the Financial Statements**

We have audited the accompanying Consolidated Balance Sheet of the Marine Mammal Commission as of September 30, 2016, and the related Statement of Net Cost, Changes in Net Position and Combined Statement of Budgetary Resources for the year then ended (hereinafter referred to as financial statements). The financial statements of the Marine Mammal Commission as of September 30, 2015, were audited by other auditors whose report dated November 13, 2015, expressed an unmodified opinion on those statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the financial statements 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 agency'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 estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Marine Mammal Commission as of September 30, 2016, and the related

statements of net costs, changes in net position and budgetary resources for the year then ended, in conformity with U.S. generally accepted accounting principles.

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

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued our report dated November 10, 2016 on our consideration of the Marine Mammal Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters that are required to be reported under *Government Auditing Standards*. The purpose of those reports is 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marine Mammal Commission's internal control over financial reporting and compliance, and should be read in conjunction with this report in considering the results of our audit.

***Davis & Associates***

Columbia, Maryland  
November 10, 2016

## **Financial Statements**

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**MARINE MAMMAL COMMISSION**  
BALANCE SHEET

As Of September 30, 2016 and 2015

|  | 2016                       | 2015            |
|--|----------------------------|-----------------|
| <b>Assets:</b>   |                            |                 |
| <b>Intragovernmental:</b>  |                            |                 |
| Fund Balance With Treasury   | (Note 2)   \$   837,500.88 | \$   948,192.79 |
| Total Intragovernmental  | 837,500.88                 | 948,192.79      |
| <b>Total Assets</b>  | \$   837,500.88            | \$   948,192.79 |
| <b>Liabilities:</b>  |                            |                 |
| <b>Intragovernmental:</b>  | (Note 3)                   |                 |
| Other:   | (Note 4)                   |                 |
| Employer Contributions and Payroll Taxes Payable                         | \$    16,190.90            | \$    11,586.79 |
| Liability for Advances and Prepayments                                   | 36,358.77                  | 38,771.57       |
| Total Intragovernmental  | 52,549.67                  | 50,358.36       |
| <b>Liabilities With the Public:</b>                                      |                            |                 |
| Accounts Payable   | 11,462.08                  | 100,996.72      |
| Other:   | (Note 4)                   |                 |
| Accrued Funded Payroll and Leave   | 66,306.16                  | 46,201.22       |
| Employer Contributions and Payroll Taxes Payable                         | 2,708.40                   | 2,024.89        |
| Unfunded Leave   | 207,984.87                 | 215,229.31      |
| <b>Total Liabilities</b>   | \$   341,011.18            | \$   414,810.50 |
| <b>Net Position:</b>   |                            |                 |
| Unexpended Appropriations - All Other Funds (Consolidated Totals)        | \$   704,474.57            | \$   748,611.60 |
| Cumulative Results of Operations - All Other Funds (Consolidated Totals) | (207,984.87)               | (215,229.31)    |
| Total Net Position - All Other Funds (Consolidated Totals)               | 496,489.70                 | 533,382.29      |
| <b>Total Net Position</b>  | \$   496,489.70            | \$   533,382.29 |
| <b>Total Liabilities and Net Position</b>                                | \$   837,500.88            | \$   948,192.79 |

The accompanying notes are an integral part of these statements.

**MARINE MAMMAL COMMISSION  
STATEMENT OF NET COST**

As of and For The Years Ended September 30, 2016 and 2015

|                               | 2016                           | 2015               |
|-------------------------------|--------------------------------|--------------------|
| <b>Program Costs:</b>         |                                |                    |
| <b>MMC:</b>                   |                                |                    |
| <b>Gross Costs</b>            | (Note 5)    \$    3,567,307.60 | \$    3,734,981.55 |
| <b>Less: Earned Revenue</b>   | 2,412.80                       | 26,686.09          |
| <b>Net Program Costs</b>      | 3,564,894.80                   | 3,708,295.46       |
| <b>Net Cost of Operations</b> | \$    3,564,894.80             | \$    3,708,295.46 |

The accompanying notes are an integral part of these statements.



**MARINE MAMMAL COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
As of and For The Years Ended September 30, 2016 and 2015

FY 2016 (CY)

|  | Funds From Dedicated<br>Collections<br>(Consolidated Totals) | All Other Funds<br>(Consolidated Totals) | Eliminations | Total           |
|--|--|--|--------------|-----------------|
| <b>Cumulative Results of Operations:</b>       |  |  |              |                 |
| Beginning Balances                             |  | \$ (215,229.31)                          |              | \$ (215,229.31) |
| Beginning balance, as adjusted                 |  | (215,229.31)                             |              | (215,229.31)    |
| <b>Budgetary Financing Sources:</b>            |  |  |              |                 |
| Appropriations used                            |  | 3,464,364.35                             |              | 3,464,364.35    |
| <b>Other Financing Sources (Non-Exchange):</b> |  |  |              |                 |
| Imputed financing                              |  | 107,774.89                               |              | 107,774.89      |
| Total Financing Sources                        |  | 3,572,139.24                             |              | 3,572,139.24    |
| Net Cost of Operations                         |  | 3,564,894.80                             |              | 3,564,894.80    |
| Net Change                                     |  | 7,244.44                                 |              | 7,244.44        |
| <b>Cumulative Results of Operations</b>        |  | (207,984.87)                             |              | (207,984.87)    |
| <b>Unexpended Appropriations:</b>              |  |  |              |                 |
| Beginning Balance                              |  | 748,611.60                               |              | 748,611.60      |
| <b>Budgetary Financing Sources:</b>            |  |  |              |                 |
| Appropriations received                        |  | 3,431,000.00                             |              | 3,431,000.00    |
| Other adjustments                              |  | (10,772.68)                              |              | (10,772.68)     |
| Appropriations used                            |  | (3,464,364.35)                           |              | (3,464,364.35)  |
| Total Budgetary Financing Sources              |  | (44,137.03)                              |              | (44,137.03)     |
| Total Unexpended Appropriations                |  | 704,474.57                               |              | 704,474.57      |
| Net Position                                   |  | 496,489.90                               |              | 496,489.90      |

The accompanying notes are an integral part of these statements.

**MARINE MAMMAL COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
As of and For The Years Ended September 30, 2016 and 2015

FY 2015 (PY)

|  | Funds From Dedicated<br>Collections<br>(Consolidated Totals) | All Other Funds<br>(Consolidated Totals) | Eliminations | Total           |
|--|--|--|--------------|-----------------|
| <b>Cumulative Results of Operations:</b>       |  |  |              |                 |
| Beginning Balances                             |  | \$ (197,853.30)                          |              | \$ (197,853.30) |
| Beginning balance, as adjusted                 |  | (197,853.30)                             |              | (197,853.30)    |
| <b>Budgetary Financing Sources:</b>            |  |  |              |                 |
| Appropriations used                            |  | 3,589,787.29                             |              | 3,589,787.29    |
| <b>Other Financing Sources (Non-Exchange):</b> |  |  |              |                 |
| Imputed financing                              |  | 101,132.16                               |              | 101,132.16      |
| Total Financing Sources                        |  | 3,690,919.45                             |              | 3,690,919.45    |
| Net Cost of Operations                         |  | 3,708,295.46                             |              | 3,708,295.46    |
| Net Change                                     |  | (17,376.01)                              |              | (17,376.01)     |
| <b>Cumulative Results of Operations</b>        |  | (215,229.31)                             |              | (215,229.31)    |
| <b>Unexpended Appropriations:</b>              |  |  |              |                 |
| Beginning Balance                              |  | 1,005,553.89                             |              | 1,005,553.89    |
| <b>Budgetary Financing Sources:</b>            |  |  |              |                 |
| Appropriations received                        |  | 3,340,000.00                             |              | 3,340,000.00    |
| Other adjustments                              |  | (7,155.00)                               |              | (7,155.00)      |
| Appropriations used                            |  | (3,589,787.29)                           |              | (3,589,787.29)  |
| Total Budgetary Financing Sources              |  | (256,942.29)                             |              | (256,942.29)    |
| Total Unexpended Appropriations                |  | 748,611.60                               |              | 748,611.60      |
| Net Position                                   |  | 533,382.29                               |              | 533,382.29      |

The accompanying notes are an integral part of these statements.

**MARINE MAMMAL COMMISSION  
STATEMENT OF BUDGETARY RESOURCES**

As of and For The Years Ended September 30, 2016 and 2015

|  | <u>2016</u><br><u>Budgetary</u> | <u>2015</u><br><u>Budgetary</u> |
|--|---------------------------------|---------------------------------|
| <b>BUDGETARY RESOURCES</b>   |                                 |                                 |
| Unobligated balance brought forward, October 1   | \$ 182,067.81                   | \$ 162,017.27                   |
| Unobligated balance brought forward, October 1, adjusted                                   | 182,067.81                      | 162,017.27                      |
| Recoveries of prior year unpaid obligations (unobligated balances)                         | 65,807.71                       | 73,965.91                       |
| Other changes in unobligated balance   | <u>(10,772.68)</u>              | <u>(7,155.00)</u>               |
| Unobligated balance from prior year budget authority, net                                  | 237,102.84                      | 228,828.18                      |
| Appropriations (discretionary and mandatory)   | 3,431,000.00                    | 3,340,000.00                    |
| Spending authority from offsetting collections   | 80.00                           | 6,000.00                        |
| <b>Total budgetary resources</b>   | <u>\$ 3,668,182.84</u>          | <u>\$ 3,574,828.18</u>          |
| <br><b>STATUS OF BUDGETARY RESOURCES</b>   |                                 |                                 |
| Obligations incurred   | (Note 6) \$ 3,386,053.38        | \$ 3,392,760.37                 |
| Apportioned  | 137,123.12                      | 73,417.78                       |
| Unapportioned  | <u>145,006.34</u>               | <u>108,650.03</u>               |
| Unobligated balance brought forward, end of year   | 282,129.46                      | 182,067.81                      |
| <b>Total budgetary resources</b>   | <u>\$ 3,668,182.84</u>          | <u>\$ 3,574,828.18</u>          |
| <br><b>CHANGE IN OBLIGATED BALANCE</b>   |                                 |                                 |
| Unpaid obligations, brought forward, October 1 (gross)                                     | \$ 770,438.89                   | \$ 1,020,534.32                 |
| Obligations incurred   | 3,386,053.38                    | 3,392,760.37                    |
| Outlays (gross) (-)  | (3,530,999.23)                  | (3,568,889.89)                  |
| Recoveries of prior year unpaid obligations (-)  | <u>(65,807.61)</u>              | <u>(73,965.91)</u>              |
| Unpaid obligations, end of year  | 559,685.33                      | 770,438.89                      |
| Uncollected pymts, Fed sources, brought forward, Oct 1 (-)                                 | (4,313.91)                      | (4,313.91)                      |
| Uncollected pymts, Fed sources, end of year (-)  | (4,313.91)                      | (4,313.91)                      |
| Obligated balance, start of year (net)   | 766,124.98                      | 1,020,534.32                    |
| Obligated balance, end of year (net)   | (Note 7) \$ <u>555,371.42</u>   | <u>\$ 766,124.98</u>            |
| <br><b>BUDGET AUTHORITY AND OUTLAYS, NET</b>   |                                 |                                 |
| Budget authority, gross (discretionary and mandatory)                                      | \$ 3,431,080.00                 | \$ 3,346,000.00                 |
| Actual offsetting collections (discretionary and mandatory) (-)                            | (80.00)                         | (1,686.09)                      |
| Change in uncollected payments from Federal Sources (discretionary and mandatory) (+ or -) | <u>(4,313.91)</u>               | <u>(4,313.91)</u>               |
| Budget authority, net (discretionary and mandatory)  | 3,431,000.00                    | 3,340,000.00                    |
| Outlays, gross (discretionary and mandatory)   | 3,530,999.23                    | 3,568,889.89                    |
| Actual offsetting collections (discretionary and mandatory) (-)                            | <u>(80.00)</u>                  | <u>(1,686.09)</u>               |
| Outlays, net (discretionary and mandatory)   | <u>3,530,919.23</u>             | <u>3,567,203.80</u>             |
| Agency outlays, net (discretionary and mandatory)  | <u>\$ 3,530,919.23</u>          | <u>\$ 3,567,203.80</u>          |

The accompanying notes are an integral part of these statements.

## **Notes to the Financial Statements**

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Marine Mammal Commission  
General Fund  
Notes to the Financial Statements  
September 30, 2016

**Note 1 – Significant Accounting Policies**

**Reporting Entity**

The Marine Mammal Commission (MMC) is an independent agency of the U.S. Government, established under Title II of the Marine Mammal Protection Act of 1972. The Commission consists of three members who are nominated by the President and confirmed by the Senate. The Commission is charged with developing, reviewing, and making recommendations on domestic and international actions and policies of all federal agencies with respect to marine mammal protection and conservation and with carrying out a research program.

**Basis of Presentation**

These financial statements have been prepared from the accounting records of MMC in accordance with Generally Accepted Accounting Principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the federal government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2016, amounts of future economic benefits owned or managed by MMC (assets), amounts owed by MMC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within MMC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

**Basis of Accounting**

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Revenues and Other Financing Sources**

MMC is an appropriated fund. It receives appropriations. Other financing sources for MMC consist of imputed financing sources which are costs financed by other Federal entities on behalf of MMC, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

Marine Mammal Commission  
General Fund  
Notes to the Financial Statements  
September 30, 2016

**Note 2 – Fund Balance with Treasury**

MMC's fund balance with treasury comes from appropriations. No trust, revolving or other fund type are used to fund MMC's activities. MMC operates as an annual fund, where each year is a new appropriation. This fund balance with treasury is a consolidated balance of five annual funds (Fund Code 8676, 8675, 8674, 8673, 8672). The annual fund for FY 2011 was cancelled and the remaining fund balance of \$10,772.68 was given back to Treasury during fiscal year 2016.

|   |               |               |
|---|---------------|---------------|
| A. Fund Balance with Treasury           | <u>2016</u>   | <u>2015</u>   |
| Appropriated Fund                       | \$ 837,500.88 | \$ 948,192.79 |
| B. Status of Fund Balance with Treasury |               |               |
| 1) Unobligated Balance                  |               |               |
| a) Available                            | 137,123.12    | 73,417.78     |
| b) Unavailable                          | 145,006.34    | 108,650.03    |
| 2) Obligated Balance not yet Disbursed  |               |               |
|   | 555,371.42    | 766,124.98    |
| Total                                   | \$ 837,500.88 | \$ 948,192.79 |

**Note 3 – Liabilities Not Covered by Budgetary Resources**

Liabilities of MMC are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2016, MMC showed liabilities covered by budgetary resources of \$133,026.31 and liabilities not covered by budgetary resources of \$207,984.87. As of September 30, 2015, MMC showed liabilities covered by budgetary resources of \$199,581.19 and liabilities not covered by budgetary resources of \$215,229.31. As of September 30, 2016, liabilities covered by budgetary resources are composed of Accounts Payable of \$11,462.08, Accrued Funded Payroll and Leave of \$66,306.16, Employer Contributions and Payroll Taxes Payable of \$18,899.30, and Liability for Advances and Prepayments of \$36,358.77. As of September 30, 2015, liabilities covered by budgetary resources were composed of Accounts Payable of \$100,996.72, Accrued Funded Payroll and Leave of \$46,201.22, Employer Contributions and Payroll Taxes Payable of \$13,611.68 and Liability for Advances and Prepayments of \$38,771.57.

|  |               |               |
|--|---------------|---------------|
| With the Public                                      | <u>2016</u>   | <u>2015</u>   |
| Other (Unfunded leave liability)                     | \$ 207,984.87 | \$ 215,229.31 |
| Total liabilities not covered by budgetary resources | 207,984.87    | 215,229.31    |
| Total liabilities covered by budgetary resources     | 133,026.31    | 199,581.19    |
| Total liabilities                                    | \$ 341,011.18 | \$ 414,810.50 |

Marine Mammal Commission  
 General Fund  
 Notes to the Financial Statements  
 September 30, 2016

**Note 4 – Other Liabilities**

As of September 30, 2016, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$66,306.16, Unfunded Leave of \$207,984.87, and employer contributions and payroll taxes payable – TSP of \$2,708.40. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$16,190.90 and Liability for Advances and Prepayments of \$36,358.77. As of September 30, 2015, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$46,201.22, Unfunded Leave of \$215,229.31, and employer contributions and payroll taxes payable – TSP of \$2,024.89. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$11,586.79 and Liability for Advances and Prepayments of \$38,771.57.

|      | <u>With the Public</u>   | <u>Non-Current</u> | <u>Current</u> | <u>Total</u>  |
|------|--------------------------|--------------------|----------------|---------------|
| 2016 | Other Liabilities        | \$ 207,984.87      | \$ 69,014.56   | \$ 276,999.43 |
| 2015 | Other Liabilities        | \$ 215,229.31      | \$ 48,226.11   | \$ 263,455.42 |
|      | <u>Intragovernmental</u> | <u>Non-Current</u> | <u>Current</u> | <u>Total</u>  |
| 2016 | Other Liabilities        | \$ -               | \$ 52,549.67   | \$ 52,549.67  |
| 2015 | Other Liabilities        | \$ -               | \$ 50,358.36   | \$ 50,358.36  |

Marine Mammal Commission  
General Fund  
Notes to the Financial Statements  
September 30, 2016

**Note 5 – Intragovernmental Costs and Exchange Revenue**

Intragovernmental costs are those of goods/services purchased from a federal entity.

|                                  | Total<br>2016 | Total<br>2015 |
|----------------------------------|---------------|---------------|
| Program A                        |               |               |
| Intragovernmental costs          | 925,880.32    | 891,003.21    |
| Public costs                     | 2,641,427.28  | 2,843,978.34  |
| Total Program A costs            | 3,567,307.60  | 3,734,981.55  |
| Intragovernmental earned revenue | 2,412.80      | 26,686.09     |
| Total Program A earned revenue   | 2,412.80      | 26,686.09     |
| Total Program A Net Costs        | 3,564,894.80  | 3,708,295.46  |

**Note 6 – Apportionment Categories of Obligations Incurred**

Obligations incurred by MMC in fiscal years 2016 and 2015 include direct and reimbursable obligations, category B. Direct and reimbursable – Category B obligations were incurred against amounts apportioned under category B on the latest SF 132.

|                           | 2016         | 2015         |
|---------------------------|--------------|--------------|
| Direct - Category B       | 3,386,053.38 | 3,393,185.33 |
| Reimbursable - Category B | -            | (424.96)     |
| Total                     | 3,386,053.38 | 3,392,760.37 |

**Note 7 – Undelivered Orders at the End of the Period**

The amount of Unpaid Obligated Balance, Net, End of Period shown on the Statement of Budgetary Resources includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year by MMC for goods and services received). The amount of each is as follows:

|      | Undelivered Orders | Accounts Payable | Unpaid Obl. Balance, Net |
|------|--------------------|------------------|--------------------------|
| 2016 | \$ 458,703.88      | \$ 96,667.54     | \$ 555,371.42            |
| 2015 | \$ 605,315.36      | \$ 160,809.62    | \$ 766,124.98            |



Marine Mammal Commission  
General Fund  
Notes to the Financial Statements  
September 30, 2016

**Note 8 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)**

|   | <b>FY 2016</b>        | <b>FY 2015</b>        |
|---|-----------------------|-----------------------|
| Budgetary Resources Obligated   | \$3,386,053.38        | \$3,392,760.37        |
| Spending Authority from Recoveries and Offsetting Collections   | (65,887.71)           | (79,965.91)           |
| Imputed Financing from Costs Absorbed by Others   | 107,774.89            | 101,132.16            |
| Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided | 144,198.68            | 276,992.83            |
| Components Not Requiring or Generating Resources  | (7,244.44)            | 17,376.01             |
| <b>Net Cost of Operations</b>   | <b>\$3,564,894.80</b> | <b>\$3,708,295.46</b> |

Liabilities not covered by budgetary resources total \$207,984.87 and the change in components requiring or generating resources in future period shows (\$7,244.44). The (\$7,244.44) is the net decrease of future funded expenses – leave between appropriations of annual fund 2015 and annual fund 2016. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the decrease in annual leave liability for which the budgetary resources will be provided in a subsequent period.

|   |             |             |
|---|-------------|-------------|
|   | <u>2016</u> | <u>2015</u> |
| Liabilities not covered by budgetary resources      | 207,984.87  | 215,229.31  |
| Change in components requiring/generating resources | (7,244.44)  | 17,376.01   |

**Note 9 – Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 5, 2016 which is the date the financial statements were available to be issued.

## **Independent Auditor's Report on Internal Control**

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## Independent Auditor's Report on Internal Control

**To the Commission Members and Executive Director  
Marine Mammal Commission**

We have audited the accompanying Consolidated Balance Sheet of the Marine Mammal Commission as of September 30, 2016, and have issued our report thereon dated November 10, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered the Marine Mammal Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not test all internal controls relevant to operating objectives as broadly defined in the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited, may occur undetected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In our fiscal year 2016 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Marine Mammal Commission's management, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis & Associates*

Columbia, Maryland  
November 10, 2016

## **Independent Auditor's Report on Compliance**

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## Independent Auditor's Report on Compliance with Laws and Regulations

To the Commission Members and Executive Director  
Marine Mammal Commission

We have audited the accompanying Consolidated Balance Sheet of the Marine Mammal Commission as of September 30, 2016, and have issued our report thereon dated November 10, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

The Marine Mammal Commission's management is responsible for complying with applicable laws and regulations. As part of obtaining reasonable assurance about whether the Marine Mammal Commission's financial statements are free of material misstatements, we performed tests of management's compliance with certain laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts, and other particular laws and regulations specified in OMB Bulletin 15-02, including those requirements referred to in the Federal Managers' Financial Integrity Act of 1982 (FMFIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the Marine Mammal Commission.

Our tests of compliance with selected provisions of laws and regulations for fiscal year 2016 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Marine Mammal Commission's management, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis & Associates*

Columbia, Maryland  
November 10, 2016