



March 10, 2014

To the Board of Directors of
WTC Captive Insurance Company, Inc.:

We have audited the financial statements of WTC Captive Insurance Company, Inc. (the Company), as of and for the year ended December 31, 2013, and have issued our report thereon dated March 10, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our presentation to the Audit Committee on December 11, 2013. Professional standards require that we provide you with the following information related to our audit.

Required Communications

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. During fiscal year 2013, the Company adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We noted no transactions entered into by the Company 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. The most sensitive estimate affecting the financial statements was:

The application of the accretion rates utilized for deposit accounting purposes. A complete discussion of deposit accounting, and the basis for management's selection of deposit accounting is provided in Note 2 of the financial statements. Management of the Company has engaged an independent actuarial consulting firm to provide a range of potential accretion rates to utilize in the deposit accounting model. We evaluated the key factors and assumptions used to apply the deposit accounting model in determining that it is reasonable in relation to the financial statements taken as a whole.

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.

Significant Deficiencies and Material Weaknesses in Internal Control

We are required to communicate all significant deficiencies and material weaknesses that were identified during the course of our audit. During our audit, we noted no material weaknesses.



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 corrected or uncorrected misstatements within the 2013 audit.

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 statements or the independent auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Fraud and Illegal Acts

We are required to report fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or employees) that cause a material misstatement of the financial statements. We are not aware of any matters that require communication.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 10, 2014.

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 the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, 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 the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Independence

As required by Independence Standards Board Standard No. 1, "*Independence Discussions with Audit Committees*", we communicate at least annually with you regarding all relationships between Saslow Lufkin & Buggy, LLP, and the Company and its related entities that, in our professional judgment, may reasonably be thought to bear on our independence.

In that regard, we wish to report that we are not aware of any relationship between Saslow Lufkin & Buggy, LLP, and the Company that, in our professional judgment, may reasonably be thought to bear on our independence.



Accordingly, and relating to our examination of the financial statements of the Company as of December 31, 2013 and for the year then ended, we are independent certified public accountants with respect to the Company within the meaning of the applicable pronouncements of the Independence Standards Board and under Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014 on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Board of Directors, management, others within the Company, and applicable federal, state and city agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Saslow Lufkin & Buggy, LLP