

November 4, 2016

To Sheriff Bill Bohnyak
Orange County Sheriff's Department

We have audited the financial statements of the business-type activities of the Orange County Sheriff's Department (the "Department") for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 2, 2015. Professional standards also require that we communicate to you the following information related to 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 the Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. As noted below under *Difficulties Encountered in Performing the Audit* we could not conclude that all significant transactions have been properly recognized in the financial statements.

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. There were no sensitive estimates used by management.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

During our audit, we noted several accounts including cash accounts, accounts receivable, net assets, and various liability accounts whose actual year-end balances and activity throughout the year was not properly recorded or reconciled. Upon expressing our concern to the Department we temporarily withdrew from the engagement while the Department engaged an outside bookkeeper to reconcile the Statement of Net Position. This resulted in significant clean up that was recorded through the Statement of Changes in Net Position.

Due to these circumstances, we could not obtain sufficient appropriate audit evidence during our audit procedures about the classifications and amounts comprising the opening net position as of July 1, 2014. The significant aspects of the Statement of Net Position at that date, including classifications and amounts, materially affect the determination of the results of operations and cash flows for the year ended June 30, 2015, and the consistency of application of accounting principles between July 1, 2014 and June 30, 2015.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached is a schedule summarizing corrected misstatements

of the financial statements. This listing does not include the numerous adjustments made by the outside bookkeeper noted above.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements 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 November 4, 2016.

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 Department'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.

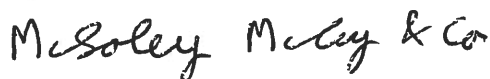
Other Audit Findings or Issues

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 Department's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of Orange County Sheriff's Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



McSoley McCoy & Co.

Client: **Vermont Sheriff Departments**
 Engagement: **Audit - Orange County Sheriff's Department**
 Period Ending: **6/30/2015**
 Trial Balance: **3000.05 - TB**
 Workpaper: **3700.05 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		8500.25		
To adjust for accrued wages.				
20110	Accrued Wages		5,343.00	
6560	Payroll Expenses			5,343.00
Total			5,343.00	5,343.00
Adjusting Journal Entries JE # 2				
To adjust for accrued vacation payroll				
6560	Payroll Expenses		19,867.00	
20111	Accrued Vacation			19,867.00
Total			19,867.00	19,867.00
Adjusting Journal Entries JE # 4				
To remove property tax expenses from depreciable assets.				
52455	Miscellaneous		6,024.00	
16000	Property and Equipment			6,024.00
Total			6,024.00	6,024.00
Adjusting Journal Entries JE # 5				
To record CY depreciation expense				
55520	Depreciation Expense - Equipmen		102,536.00	
57530	Depreciation Expense - Vehicle		54,662.00	
16030	A/D - Equipment			102,536.00
16050	Accum. Depr. Vehicles			54,662.00
Total			157,198.00	157,198.00

Orange County Sheriff's Department

Financial Statements

June 30, 2015

Orange County Sheriff's Department

June 30, 2015

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Government Auditing Standards Report:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Bill Bohnyak, Sheriff
Orange County Sheriff's Department
Chelsea, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Orange County Sheriff's Department (the Department) of the County of Orange, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity'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 account estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Disclaimer of Opinion on Changes in Net Position, Cash Flows and Consistency

We have not obtained sufficient appropriate audit evidence during our audit procedures about the classifications and amounts comprising the opening net position as of July 1, 2014. The significant aspects of the Statement of Net Position at that date, including classifications and amounts, materially affect the determination of the results of operations and cash flows for the year ended June 30, 2015, and the consistency of application of accounting principles between July 1, 2014 and June 30, 2015.

Disclaimer of Opinion on Changes in Net Position, Cash Flows and Consistency

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended June 30, 2015, or on the consistency of application of accounting principles with the preceding year. Accordingly, we do not express an opinion on the results of the operations and cash flows for the year ended June 30, 2015, or on the consistency of application of accounting principles with the preceding year.

Opinion on Statement of Net Position

In our opinion, the Statement of Net Position referred to in the first paragraph presents fairly, in all material respects, the financial position of the Department as of June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

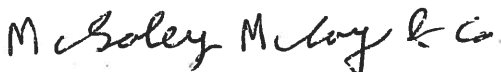
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of the Department'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 the report 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 the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Other Matters

The Department has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

As discussed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require management to assess whether the Department has a controlling financial interest in any entities to determine if those entities should be consolidated. Management had not performed the required assessment at the end of 2015 for the Orange County Special Investigation Unit. The ultimate effect on the financial statements has not been determined.



November 4, 2016
VT Reg. No. 92-349

Orange County Sheriff's Department
Statement of Net Position
June 30, 2015

Assets:

Current assets

Cash	\$ 22,832
Accounts receivable	150,137

Non-current assets

Property, plant, and equipment, net	373,009
Restricted cash	<u>5,179</u>

Total assets	<u>551,157</u>
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Liabilities and Net Position:

Current liabilities

Accounts payable	78,229
Accrued payroll and payroll items	35,584
Current portion of notes payable	120,850
Current portion of capital lease obligation	<u>27,385</u>

Total current liabilities	262,048
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Notes payable, net of current portion	30,283
Capital lease obligation, net of current portion	<u>5,788</u>

Total liabilities	<u>298,119</u>
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Net position:

Net investment in capital assets	188,703
Restricted cash	5,179
Unrestricted	<u>59,156</u>

Total net position	<u>\$ 253,038</u>
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See accompanying notes and independent auditors' report.

Orange County Sheriff's Department
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

Operating Revenues:	
Charges for services	\$ 746,500
Jail revenue	1,520
Operating grants	296,105
County reimbursements	99,319
Miscellaneous revenues	<u>8,477</u>
 Total operating revenues	 <u>1,151,921</u>
 Operating Expenses:	
Contracted services	297,483
Process services	23,851
Jail services	973
Grant expenses	63,615
Transportation services	16,648
Administration and general	574,894
Communications services	26,397
Automotive services	94,793
Miscellaneous expense	2,563
Depreciation	<u>157,198</u>
 Total operating expenses	 <u>1,258,415</u>
 Net operating loss	 (106,494)
 Non-operating expense:	
Interest expense	<u>(2,563)</u>
 Net loss	 (109,057)
 Net position, beginning of year	 <u>362,095</u>
 Net position, end of year	 <u>\$ 253,038</u>

See accompanying notes and independent auditors' report.

Orange County Sheriff's Department
Statement of Cash Flows
For the Year Ended June 30, 2015

Operating activities:

Cash received from customers	\$ 805,672
Cash received from operating grants	296,105
Cash payments to suppliers for goods and services	(642,726)
Cash payments to employees for services	<u>(395,754)</u>
Net cash provided by operating activities	<u>63,297</u>

Cash flows from capital and related financing activities:

Acquisition of assets	(14,870)
Principal payments on notes payable	(175,875)
Principal payments on capital lease	(33,318)
Cash proceeds from notes payable	60,000
Interest expense	<u>(2,563)</u>
Net cash used by capital and related financing activities	<u>(166,626)</u>
Net decrease in cash	(103,329)
Cash, beginning of year	<u>131,340</u>
Cash, end of year	<u><u>\$ 28,011</u></u>

Reconciliation of net operating loss to net cash provided by operating activities:

Net operating loss	\$ <u>(106,494)</u>
Adjustments to reconcile net operating loss to net cash provided by operating activities	
Depreciation	157,198
Increase in accounts receivable	(50,144)
Increase in accounts payable	66,587
Increase in accrued payroll and payroll items	864
Decrease in cash overdraft	<u>(4,714)</u>
Total adjustments	<u>169,791</u>
Net cash provided by operating activities	<u><u>\$ 63,297</u></u>

Cash consists of:

Cash and cash equivalents	\$ 22,832
Restricted cash	<u>5,179</u>
	<u><u>\$ 28,011</u></u>

See accompanying notes and independent auditor's report.

Orange County Sheriff's Department
Notes to the Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

The Orange County Sheriff's Department (the Department) is a governmental entity operating under Title 24 Vermont Statutes Annotated Section 290 located in the County of Orange, Vermont. Funding is provided by the State of Vermont and the County of Orange. Operating revenue is generated by service charges, some of which are set by state statute and others are set by the Department. Included among the duties performed by the Department are contracting to provide law enforcement services; security services; control dispatching and other centralized support services; service of lawful writs, warrants and processes; and transportation of prisoners and the mentally disabled.

(a) Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. The Department's revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Sheriff Department applied all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources, as needed.

(b) Basis of presentation

The Department accounts for ongoing operations and activities using proprietary accounting, a method developed with the economic resources measurement focus. This focus is similar to accounting methods used in the private sector.

(c) Cash and cash equivalents

For the purpose of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Restricted cash is comprised of funds received for the DARE program.

(d) Property, plant, and equipment

Vehicles and equipment are recorded at cost with depreciation computed using the straight-line method over their estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as nonoperating activity for the period. The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments over \$1,000 are capitalized.

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

Orange County Sheriff's Department
Notes to the Financial Statements
June 30, 2015

Summary of Significant Accounting Policies (continued)

Estimated useful lives by major classification are as follows:

Office furniture	5 years
Communication equipment	5-10 years
Vehicles	5 years

(e) Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Department or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(f) Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Accounts receivable

Significant receivables include amounts due from state, town, and contractor contracts. These receivables are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2015, as all amounts are deemed collectible.

(h) Controlling Financial Interest Entities and Consolidation

Accounting principles generally accepted in the United States of America require management to assess whether the Department has a controlling financial interest in any entities to determine if those entities should be consolidated. Management had not performed the required assessment at the end of 2015 for the Orange County Special Investigation Unit. The ultimate effect on the financial statements has not been determined.

(2) Cash and Categories of Risk

There are three categories of credit risk that apply to the Department's balance:

1. Insured by the FDIC or collateralized with securities held by the Department or by the Department's agent in the Department's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Department's name.
3. Uncollateralized.

Orange County Sheriff's Department
Notes to the Financial Statements
June 30, 2015

Cash and Categories of Risk (continued)

The Sheriff's Department's bank balances are categorized below to give an indication of the level of risk assumed by the Department at June 30, 2015.

	Book Balance	Bank Balance
Insured deposits	\$ 28,011	\$ 31,245

(3) Property, Plant, and Equipment

Vehicles, building improvements and equipment are summarized as of June 30, 2015 by major classifications as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Vehicles	\$ 429,258	\$ -	\$ -	\$ 429,258
Building improvements	28,776	-	-	28,776
Equipment	705,590	1,535	-	707,125
Leasehold improvements	15,988	-	-	15,988
Total assets at cost	1,179,612	1,535	-	1,181,147
Less accumulated depreciation for:				
Vehicles	260,838	54,662	-	315,500
Building improvements	5,122	3,995	-	9,117
Equipment	384,980	98,541	-	483,521
Total accumulated depreciation	650,940	157,198	-	808,138
Total assets, net	\$ 528,672	\$ (155,663)	\$ -	\$ 373,009

The balance of the assets acquired through capital leases as of June 30, 2015 is as follows:

Cost:	
Vehicles	\$ 136,347
Less accumulated depreciation	
Vehicles	(66,442)
	\$ 69,905

Orange County Sheriff's Department
Notes to the Financial Statements
June 30, 2015

(4) Long-term Debt

Long-term debt as of June 30, 2015 consists of the following:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Current Maturities</u>	<u>Remaining Balance</u>
2.50% interest only note due May 12, 2014. This note was extended to May 13, 2017, accruing interest at 2.50%; 5 semi-annual \$50,000 payments are due starting November 2014.				
<u>\$ 206,242</u>	<u>\$ 60,000</u>	<u>\$ 155,820</u>	<u>\$ 100,000</u>	<u>\$ 10,422</u>

4.00% interest note due May 22, 2017 as follows:

<u>\$ 60,747</u>	<u>\$ -</u>	<u>\$ 20,036</u>	<u>\$ 20,850</u>	<u>\$ 19,861</u>
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Future maturities of long-term debt are presented in the following table:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 120,850	\$ 1,252	\$ 122,102
2017	<u>30,283</u>	<u>2,242</u>	<u>32,525</u>
	<u>\$ 151,133</u>	<u>\$ 3,494</u>	<u>\$ 154,627</u>

(5) Capital Leases

The Department leases vehicles under agreements that are classified as capital leases due to a bargain purchase option at the completion of the leases. Depreciation of assets under capital leases is included in depreciation expense. Future minimum lease payments under these agreements are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 27,385	\$ 2,173	\$ 29,558
2017	<u>5,788</u>	<u>472</u>	<u>6,260</u>
	<u>\$ 33,173</u>	<u>\$ 2,645</u>	<u>\$ 35,818</u>

Orange County Sheriff's Department
Notes to the Financial Statements
June 30, 2015

(6) Cost Sharing

Under Vermont law, Orange County and the State of Vermont are required to cover certain costs of the Department. Such costs include the Sheriff's salary and benefits, administrative salary and benefits, office space, certain automotive expenses and others. The amount fully expended by the County and State during the year ended June 30, 2015 has not been determined.

(7) Operating Grants

The Department received grants from the U.S. Government and other grantors. Entitlements to the resources are generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditures of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits becomes a liability of the Department. As of June 30, 2015, management believes that no material liabilities will result from such audits.

(8) Risk Management

The Sheriff's Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Sheriff's Department maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Department. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

(9) Subsequent Events

The Department evaluated subsequent events through November 4, 2016, the date the Department's financial statements were available to be used and no events or transactions occurred.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Bill Bohnyak, Sheriff
Orange County Sheriff's Department
Chelsea, Vermont

We have audited the financial statements of the business-type activities of the Orange County Sheriff's Department of the County of Orange, Vermont (the Department) as of and for the year ended June 30, 2015, which comprise the Orange County Sheriff's Department's basic financial statements, and have issued our report thereon dated November 4, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

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 statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-01 that we consider to a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatements, 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 determination of financial statement amounts. 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*.

This communication is intended solely for the information and use of the Department and is not intended to be and should not be used by anyone other than these specified parties.

McSoley McCoy & Co.

November 4, 2016
VT Reg. No. 92-349

Orange County Sheriff's Department
Schedule of Findings and Questioned Costs
June 30, 2015

Internal Control – Material Weakness

Findings

2015-01 Accounting Function

Comprehensive financial information is fundamental to any organization for making sound economic decisions and demonstrating accountability and stewardship. In addition, reliable financial information is necessary to provide useful information with which to manage an organization.

During our audit, we noted several accounts including cash accounts, accounts receivable, net assets, and various liability accounts whose actual year-end balances and activity throughout the year was not properly recorded or reconciled. Upon expressing our concern to the Department we temporarily withdrew from the engagement while the Department engaged an outside bookkeeper to reconcile the Statement of Net Position. This resulted in significant clean up that was recorded through the Statement of Changes in Net Position.

Due to these circumstances, we could not obtain sufficient appropriate audit evidence during our audit procedures about the classifications and amounts comprising the opening net position as of July 1, 2014. The significant aspects of the Statement of Net Position at that date, including classifications and amounts, materially affect the determination of the results of operations and cash flows for the year ended June 30, 2015, and the consistency of application of accounting principles between July 1, 2014 and June 30, 2015.

To provide accurate financial information, not only at the end of the year but throughout, financial statements should be reviewed and reconciled monthly. This will provide the Department with useful financial information throughout the year, reduce work at year-end, and could provide an early indication of potential errors or problems within the Department. We recommend that the Department engage a qualified professional to assume the accounting function to increase accuracy, accountability and reduce the risk or fraud, such as management override.

Management's Response

Management has accepted the general accounting procedures that has taken place over the last year and will continue maintain the changes. Our plan is to have an outside bookkeeper work on a monthly basis to make sure all accounting practices are followed and to train our bookkeeper with any new or updated changes. As I stated months ago, transparency and integrity of our books are paramount.

We have been and continue to make changes to our funding sources to remain a sustainable entity.