



**V.I.P.
TOTS**

**Valley
Intervention
Program**

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

V.I.P. TOTS

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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FINANCIAL INFORMATION



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Board of Directors
V.I.P. TOTS
Hemet, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of V.I.P. TOTS, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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 these 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. 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 auditors' 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 accounting 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of V.I.P. TOTS as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS REPORT (CONTINUED)

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 12-13 is presented for purposes of additional analysis, and is not a required part of the financial statements. The 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 other 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2018 on our consideration of V.I.P. TOTS' 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 that 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering V.I.P. TOTS' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Smith Manion & Co." in a cursive script.

May 10, 2018

V.I.P. TOTS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash	\$	159,916
Accounts receivable		11,795
Grants receivable		81,625
Other receivable		10,039
Investments		2,717
Prepays		63,148
Property and equipment, net		<u>163,553</u>
TOTAL ASSETS	\$	<u>492,793</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$	17,942
Accrued liabilities		51,983
Deferred revenue		47,048
Accrued compensated absences		<u>12,894</u>
TOTAL LIABILITIES		<u>129,867</u>

NET ASSETS

Unrestricted		362,926
Temporarily restricted		<u>-</u>
TOTAL NET ASSETS		<u>362,926</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>492,793</u>

V.I.P. TOTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Inland Regional Center/Home Program	\$ 505,515	\$ -	\$ 505,515
Other Grants	784,247	-	784,247
Childcare tuition	107,350	-	107,350
Grant income - First 5 Special Needs	192,703	-	192,703
Grant income - First 5 A&Q	30,360	-	30,360
Small grants	35,409	-	35,409
Fundraising Income	26,332	-	26,332
Other income	52,201	-	52,201
Unrealized gain on investments	203	-	203
Interest income	142	-	142
Total Local	1,734,462	-	1,734,462
Net assets released from restrictions:			
Satisfaction of program requirements	-	-	-
TOTAL SUPPORT AND REVENUES	1,734,462	-	1,734,462
COSTS AND EXPENSES			
Program services:			
Inland Regional Center/Home Program & TWT	460,535	-	460,535
Training and Childcare	843,592	-	843,592
TOTAL PROGRAM SERVICES	1,304,127	-	1,304,127
Support services:			
General and administrative	295,640	-	295,640
Fundraising	8,919	-	8,919
TOTAL SUPPORT SERVICES	304,559	-	304,559
TOTAL COSTS AND EXPENSES	1,608,686	-	1,608,686
Change in net assets	125,776	-	125,776
Beginning net assets	237,150	-	237,150
Ending net assets	\$ 362,926	\$ -	\$ 362,926

V.I.P. TOTSSTATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 125,776
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Non-Cash Items:	
Depreciation expense	24,343
Unrealized (gain) loss on investments	(203)
(Increase)/Decrease in:	
Accounts receivable	70,426
Grants receivable	(68,026)
Other receivable	1,417
Prepays	(63,148)
Increase/(Decrease) in:	
Accounts payable	(18,446)
Accrued liabilities	11,638
Deferred revenue	(12,952)
Accrued compensated absences	(31,079)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>39,746</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	(112)
Disposal of fixed assets	1,029
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>917</u>

CASH FLOWS FROM FINANCIAL ACTIVITIES

NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	<u>-</u>
Net Increase/(Decrease) in Cash	40,663
BEGINNING CASH	<u>119,253</u>
ENDING CASH	<u>\$ 159,916</u>

SUPPLEMENTAL INFORMATION

Interest Paid	<u>\$ -</u>
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V.I.P. TOTS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Program Services			Support Services			Total All Services
	Inland Regional Center	Training and Childcare	Total	General and Administrative	Fundraising	Total	
Salaries and wages	\$ 322,982	\$ 432,694	\$ 755,676	\$ 203,912	\$ 2,039	\$ 205,951	\$ 961,627
Payroll taxes	23,834	49,676	73,510	16,313	163	16,476	89,986
Employment costs	8,685	9,836	18,521	4,065	-	4,065	22,586
Worker's compensation insurance	14,476	36,382	50,858	11,164	-	11,164	62,022
Accounting and legal fees	23,472	36,754	60,226	22,711	-	22,711	82,937
Advertising and promotion	628	1,937	2,565	47	2,100	2,147	4,712
Bank charges	-	20	20	-	-	-	20
Depreciation	3,837	18,644	22,481	1,862	-	1,862	24,343
Dues and subscriptions	198	1,072	1,270	208	-	208	1,478
Fundraising events	-	-	-	271	1,316	1,587	1,587
Insurance expense	3,888	7,344	11,232	545	-	545	11,777
Outside services	9,282	19,028	28,310	2,748	-	2,748	31,058
Postage and printing	1,163	2,005	3,168	178	21	199	3,367
Rent	2,956	26,616	29,572	5,219	-	5,219	34,791
Repairs and maintenance	1,140	2,626	3,766	208	-	208	3,974
Supplies and equipment	7,696	77,510	85,206	15,040	23	15,063	100,269
Telephone and utilities	10,386	22,646	33,032	5,840	58	5,898	38,930
Travel	25,495	468	25,963	410	-	410	26,373
Other expenses	417	98,334	98,751	4,899	3,199	8,098	106,849
Total functional expenses	\$ 460,535	\$ 843,592	\$ 1,304,127	\$ 295,640	\$ 8,919	\$ 304,559	\$ 1,608,686

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

V.I.P. TOTS was organized in 1979 as a non-profit organization for the purpose of providing early intervention services for children with disabilities and training to staff, parents, and the community. The organization provides these services to children from birth to age six. The organization has also expanded to include providing childcare services to children from 18 months to kindergarten age.

V.I.P. TOTS is licensed by the State of California Community Care Licensing to provide childcare services. V.I.P. TOTS is a vendor agency with Inland Regional Center to provide services to children from birth to three years with disabilities.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC Topic 958-205, Not-for-Profit Entities - Presentation of Financial Statements. Under FASB ASC Topic 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Building, Equipment, and Leasehold Improvements

Buildings, Equipment, and Leasehold Improvements are capitalized at cost. It is the policy of the Organization to capitalize expenditures for these items in excess of \$500. Buildings, Equipment, and Leasehold Improvements are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	35 years
Leasehold Improvements	5 to 35 years
Landscaping	10 years
Signage	8 years
Furniture & Equipment	3-7 years

Income Taxes

V.I.P. TOTS is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701d. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The Organization earned no unrelated business taxable income during the year ended June 30, 2017.

In accordance with accounting standards, which provide accounting and disclosure guidance about uncertain tax positions taken by an Organization, management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal jurisdiction and the State of California. The Organization's federal income tax returns for the prior three tax years remain subject to examination by the Internal Revenue Service. The Organization's California income tax returns for the prior four tax years remain subject to examination by the Franchise Tax Board.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition/Contributions

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they relate to activities or events, which have not yet occurred. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose is accomplished, temporarily restricted net assets are reclassified or transferred to unrestricted net assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

V.I.P. TOTS maintains cash at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation. The FDIC fully insures all funds up to \$250,000. From time to time total cash and cash equivalents deposited with third party financial institutions by the Organization may exceed amounts not covered by the Federal Depository Insurance Corporation (FDIC). It is the opinion of management that the solvency of these financial institutions is not of particular concern at this time. As of June 30, 2017, there were no cash amounts in excess of insured limits

Revenue Sources

Funds are obtained from various state and local grants, as well as tuition fees and fund raisers.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable represent amounts receivable for childcare and early intervention services. Funding is derived from contracts with Inland Regional Center, First 5, Riverside County Office of Education, and directly from parents. Management deems receivables to be fully collectible at June 30, 2017, therefore, no allowance for uncollectible accounts has been established.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses amount to \$4,712 during the fiscal year ended June 30, 2017.

Fair Value Measurements

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Inputs are input other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 - Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Investment Securities

The Organization follows the Not-For-Profit Entities subtopic of the FASB Accounting Standards Codification with respect to marketable securities. Under this subtopic, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair values are provided by the investment account manager. Unrealized gains and losses are included in the change in net assets. Dividends on investments are recognized in income when declared.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on specific identification.

2. INVESTMENTS

All investments are currently held in cash equivalents and mutual funds with Cuso Financial Services, LP. Any unrealized gains and losses are reported currently on the statement of activities. Investments held at June 30, 2017 are summarized as follows:

	Quoted Prices in Active Markets for Identical Assets (Level I)			Significant Other		Total
		Observable Inputs (Level II)	Unobservable Inputs (Level III)			
Mutual funds	\$ 2,717	\$ -	\$ -			\$ 2,717
Total	\$ 2,717	\$ -	\$ -			\$ 2,717

Investment Return:	
Interest	\$ 142
Dividends	-
Unrealized gains/(losses)	203
Total Investment Return	345

The securities are valued at the closing price of the active market in which the security is traded. The fair value of all the above marketable securities have been measured on a recurring basis using Level 1 inputs.

3. CONCENTRATIONS

The Organization derives significant revenues from contracts with and grants from the County of Riverside, California for childcare and educational services. Loss of some or all of these contracts could have a significant detrimental effect on the Organization's operations.

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 consisted of the following:

Computer equipment	\$ 13,627
Playground equipment	54,601
Landscaping	24,193
Signs	857
Land - Operating	39,479
Buildings - Operating	288,799
Furniture and equipment	186,287
Leasehold improvements	213,751
Accumulated Depreciation	<u>(658,041)</u>
Property and equipment, net	<u>\$ 163,553</u>
Depreciation expense for the year:	<u>\$ 24,343</u>

5. LEASES/COMMITMENTS

The Organization has equipment and building leases. The equipment leases for copy machines call for payments of \$2,545 per annum expiring on July 21, 2022 and \$2,100 per annum expiring on July 21, 2022. The building lease expires December 31, 2022 and calls for monthly payments of \$ 2,027. These amounts are included in expenses on the statement of activities along with payments for an offsite storage facility. Future minimum lease payments at June 30, 2017 are as follows:

Future minimum lease payments:

<u>Year ending</u>	<u>Balance</u>
2018	\$ 31,709
2019	28,284
2020	28,284
2021	28,284
2022	12,936
Thereafter	-
Total	<u>\$ 31,709</u>

Rent expense for the year ending June 30, 2017 was \$34,791.

6. SPECIAL EVENTS

The Organization held a fundraising event. The revenue and related expenses from such events for the year ended June 30, 2017 were as follows:

Event	Revenue	Expenses	Net
Duck Race	\$ 26,332	\$ 8,919	\$ 17,413
Total	<u>\$ 26,332</u>	<u>\$ 8,919</u>	<u>\$ 17,413</u>

7. 401(K) PLAN

The Organization sponsors a 401(k) defined contribution plan. Employees meeting specified age and service requirements are eligible to participate in the plan. The Organization made no contributions to the plan during the fiscal year ended June 30, 2017.

8. LINE OF CREDIT

The Organization has a \$150,000 line of credit of with the Bank of Hemet. The Organization is to pay regular monthly payments of all accrued unpaid interest. All of the outstanding principal plus all accrued unpaid interest is due on May 11, 2017. Interest is currently accrued at a rate of 3.5% and is variable based on the changes in an independent index which is the Bank of America Reference Rate (the Index). As of June 30, 2017, there was no outstanding principle or unpaid interest at year end.

9. DEFERRED REVENUE

The deferred revenue of \$47,048 represents funds received for a grant. Revenue will be earned as grant requirements are met.

10. SUBSEQUENT EVENTS

Management evaluated the activity of the Organization through May 10, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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SUPPLEMENTARY INFORMATION

V.I.P. TOTS
STATEMENT OF ACTIVITIES - FIRST 5 GRANT SPECIAL NEEDS
FOR THE YEAR ENDED JUNE 30, 2017

	CHILD CARE #14202 SN
REVENUES	
Grant income	\$ 192,703
TOTAL REVENUES	<u>192,703</u>
COSTS AND EXPENSES	
Personnel	149,934
Benefits	11,018
Operations	23,270
Overhead	8,481
TOTAL COSTS AND EXPENSES	<u>192,703</u>
Change in net assets	-
Beginning net assets	-
Ending net assets	<u><u>\$ -</u></u>

V.I.P. TOTS
STATEMENT OF ACTIVITIES - FIRST 5 GRANT A & Q
FOR THE YEAR ENDED JUNE 30, 2017

	<u>CHILDCARE</u> <u>#13311 AQ</u>
REVENUES	
Grant income	\$ 30,360
TOTAL REVENUES	<u>30,360</u>
COSTS AND EXPENSES	
Personnel	9,989
Benefits	1,672
Operations	4,930
Overhead	13,769
TOTAL COSTS AND EXPENSES	<u>30,360</u>
Change in net assets	-
Beginning net assets	-
Ending net assets	<u>\$ -</u>

INTERNAL CONTROL AND COMPLIANCE REPORTS



Smith Marion & Company, LLP · Certified Public Accountants
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Board of Directors
V.I.P. TOTS
Hemet, CA

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

We have audited, 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, the financial statements of V.I.P. TOTS, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered V.I.P. TOTS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of V.I.P. TOTS' internal control. Accordingly, we do not express an opinion on the effectiveness of V.I.P. TOTS' internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency, described in the accompanying schedule of findings and questioned costs, as item **2017-1** to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether V.I.P. TOTS' financial statements are free from material misstatement, 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Manion & Co.

May 10, 2018

V.I.P. TOTS
CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

2017-1 General Ledger Accounts

Condition

There were several general ledger accounts that were not reconciled at the end of the year. In particular, the accounts receivable. During our revenue testing, we noted that not all revenue earned during the year was recorded.

Criteria

The Uniform Guidance Subpart D, Section 200.302, paragraph (b) (1)(3) states financial management systems must provide; ...records that identify adequately the source and application of funds; (4) effective control over and accountability for all funds...”

Effect

During the audit, there were several material audit adjustments proposed and approved, in order to correct the general ledger accounts. Such errors increase the risk that management will rely on inaccurate information in making fiscal decisions.

Cause

The general ledger was not properly reconciled at year end. The transactions were recorded based on the cash basis method instead of the accrual method of accounting. In the case of the accounts receivable, the revenue was recorded when the payment was received and not when earned.

Recommendation

We recognize that there has been improvement in this area and agency staff identified corrections during the course of the audit, however, it is important that the organization, reconcile the general ledger in order to ensure all transactions are properly recorded in accordance with GAAP.

Questioned Costs

None

Organization's Response

We have addressed this item which has resulted in improvements during the audit. We have improved our procedures and continue to address proper recording in the general ledger

V.I.P. TOTS
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

The following represents the current status of findings for the prior year ended June 30, 2016:

2016-1 General Ledger Accounts

Condition

There were several general ledger accounts that were not reconciled at the end of the year. In particular, the accounts receivable. During our revenue testing, we noted that not all revenue earned during the year was recorded.

Recommendation

The auditor recommended that all entries be recorded by year end. They also recommended that we reconcile the general ledger to ensure all transactions are recorded in accordance with GAAP.

Current Status

This finding has been partially resolved. The agency ensured that all transactions are recorded timely and by year end. The reconciliation of the accounts is a continuing process.

2016-2 Pay Rates/HR Documentation

Condition

Several of the personnel files did not contain the employee pay rate or it did not agree to the payroll register. In addition, several I-9s were missing or not signed properly.

Recommendation

The auditor recommended that we update the files to contain authorized pay rate information and completed I-9s.

Current Status

Correction action implemented – finding closed.