Lake Havasu Unified School District No. 1 Employee Benefit Trust Financial Statements Year Ended June 30, 2016

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees Lake Havasu Unified School District No. 1 Employee Benefit Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Lake Havasu Unified School District No. 1 Employee Benefit Trust (Trust), an internal service fund of Lake Havasu Unified School District No. 1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

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.

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 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 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 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 respective financial position of the Lake Havasu Unified School District No. 1 Employee Benefit Trust, an internal service fund of Lake Havasu Unified School District No. 1, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A the financial statements present only the Lake Havasu Unified School District No. 1 Employee Benefit Trust and are not intended to present fairly the financial position of Lake Havasu Unified School District No. 1 and the result of its operations and cash flows of its proprietary fund type in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note B, the Trust implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **Report Date**, on our consideration of Lake Havasu Unified School District No. 1 Employee Benefit Trust'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 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 Lake Havasu Unified School District No. 1 Employee Benefit Trust's internal control over financial control over financial control over financial control over finance.

Heinfeld, Meech & Co., P.C. Flagstaff, Arizona **Report Date**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)

As management of the Lake Havasu Unified School District No. 1 Employee Benefit Trust (Trust), we offer readers of the Trust's financial statements this narrative overview and analysis of the financial activities of the Trust for the fiscal year ended June 30, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Trust's total net position decreased \$1.7 million which represents a 65 percent decrease from the prior fiscal year, primarily due to an increase in claims expense as a result of increased medical and prescription costs.
- Operating revenues consisted of \$4.2 million in contributions which represents an eight percent increase from the prior year, primarily due to ______.
- The Trust had approximately \$5.9 million in operating expenses, an increase of 32 percent from the prior fiscal year which was primarily due to an increase in claims expense as a result of higher medical and prescription costs.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Trust's financial statements. The Trust's financial statements comprise two components: 1) proprietary financial statements, and 2) notes to the financial statements.

The statement of net position presents information on all of the Trust's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Trust is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the Trust's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows outlines the cash inflows and outflows related to the operation of the Trust for the year ended June 30, 2016. GASB Statement No. 34 requires that the financial statements include both government-wide financial statements and fund statements. As discussed more thoroughly in Note A to the financial statements, the operations of the Trust are accounted for in a single proprietary fund. As a result, only the financial statements required for a proprietary fund are presented.

OVERVIEW OF FINANCIAL STATEMENTS

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Trust's financial position. In the case of the Trust, assets exceeded liabilities by \$880,448 at the current fiscal year end.

The following table presents a summary of the Trust's net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Jur	As of ne 30, 2016	As of June 30, 2015			
Current assets	\$	1,266,161	\$	2,972,003		
Total assets		1,266,161		2,972,003		
Current liabilities Total liabilities	_	385,713 385,713		428,835 428,835		
Net position:						
Unrestricted		880,448		2,543,168		
Total net position	\$	880,448	\$	2,543,168		

At the end of the current fiscal year the Trust reported a positive balance in net position. The same situation held true for the prior fiscal year.

The Trust's financial position is the product of several financial transactions, including the net results of activities.

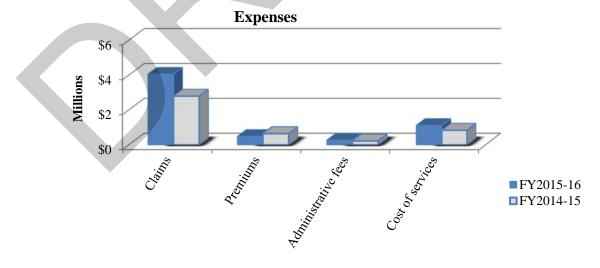
The following is a significant current year transaction that has had an impact on the Statement of Net Position.

• A decrease of \$1.7 million in cash and investments as a result of increased medical claims payments due to increased medical and prescription costs.

FINANCIAL ANALYSIS

Changes in net position. The Trust's total revenues for the current fiscal year were \$4.3 million. The total expenses were \$5.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year End June 30, 2016	
Revenues:		
Operating revenues:		
Contributions	\$ 4,220,56	57 \$ 3,920,158
Nonoperating revenues:		
Investment income	29,52	27,018
Total revenues	4,250,09	3,947,176
Expenses:		
Claims	4,051,40	2,787,651
Premiums	480,84	635,105
Administrative fees	267,06	57 215,141
Cost of services	1,113,49	830,370
Total expenses	5,912,81	4,468,267
Changes in net position	(1,662,72	(521,091)
Net position, beginning	2,543,16	3,064,259
Net position, ending	\$ 880,44	\$ 2,543,168



The following is a significant current year transaction that has had an impact on the change in net position.

• An increase of \$1.3 million in claims expense due to increased medical and prescription costs.

CLAIM RESERVES

As of June 30, 2016, the Trust had \$376,044 in claims reserves. The following table presents a summary of the Trust's unpaid claims activity for the fiscal years ended June 30, 2016 and June 30, 2015.

		Claims	С	urrent Year			
]	Payable	(Claims and		C	laims
	Beg	ginning of		Changes	Claim	Pay	yable at
		Year	ir	n Estimates	Payments	End	of Year
Employment Benefit Trust							
2015-16	\$	423,679	\$	4,051,403	\$ 4,099,038	\$	376,044
2014-15		587,519		2,787,651	2,951,491		423,679

Additional information on the Trust's claim reserves can be found in Note C.

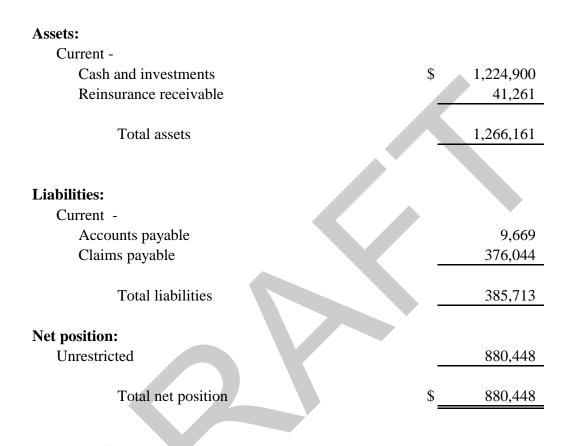
ECONOMIC FACTORS

The primary factor considered by the Trust's administration during the process of developing the fiscal year 2016-17 contribution rates was the prior year claims experience, projected health trend rates, negotiated administrative expenses and insurance premiums for the plan year.

CONTACTING THE TRUST'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Lake Havasu Unified School District No. 1, 2200 Havasupai Boulevard, Lake Havasu City, Arizona 86403-3798.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST STATEMENT OF NET POSITION JUNE 30, 2016



LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

Operating revenues:		
Contributions - Employer	\$	4,220,567
Total operating revenues	_	4,220,567
Operating expenses:		
Claims		4,051,403
Premiums		480,845
Administrative fees		267,067
Cost of services		1,113,497
Total operating expenses	_	5,912,812
Operating loss		(1,692,245)
Nonoperating revenues: Investment income	_	29,525
Total nonoperating revenues	_	29,525
Changes in net position	_	(1,662,720)
Net position, beginning of year		2,543,168
Net position, end of year	\$	880,448

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

Decrease in Cash and Cash Equivalents

\$	4,220,567
	(4,140,299)
	(1,856,896)
_	(1,776,628)
	29,525
	589,068
	618,593
	(1,158,035)
	1,171,475
\$	13,440

Reconciliation of Operating Loss to Net Cash Used by Operating Activities

Operating loss	\$ (1,692,245)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Increase in reinsurance receivable	(41,261)
Increase in accounts payable	4,513
Decrease in claims payable	 (47,635)
Total adjustments	 (84,383)
Net cash used by operating activities	\$ (1,776,628)

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

Cash and investments	1,224,900
Less investments not maturing in less than three months	(1,211,460)
Total cash and cash equivalents	13,440

The notes to the financial statements are an integral part of this statement.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

A. DESCRIPTION OF THE TRUST

The following description of the Lake Havasu Unified School District No. 1 Employee Benefit Trust (Trust) provides only general information. Participants should refer to the Trust agreement and Plan document for a more complete description of the Trust's provisions. These financial statements include only the Employee Benefit Trust Fund and do not include all funds and account groups of those organizational entities for which Lake Havasu Unified School District No. 1's elected governing board is financially accountable.

- 1. <u>General.</u> The Trust was established to provide certain health care and welfare benefits to employees and their dependents. The Trust provides for these benefits through a combination of self-insurance and group insurance. The District's Governing Board appoints the Board of Trustees.
- 2. <u>Contributions.</u> The Trust agreement provides that the District contribute to the Trust an amount determined by the District necessary to pay for the benefits it wishes to provide its employees. The cost of dependent coverage is borne by the participants. The contribution rates are recommended by the Trust's consultant and approved by the Trust's Board. The Trust agreement also provides that all payments to the Trust Fund shall be irrevocable, and under no circumstances shall any monies properly paid to the Trust be recoverable by or payable to the District or to any employee, except as provided for payment of benefits.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the year ended June 30, 2016, the Trust implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This statement also enhances accountability and transparency through revised note disclosures.

The financial statements of the Trust have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units since the Trust is an internal service fund of Lake Havasu Unified School District No. 1. The operations of the Trust are presented in the accompanying financial statements as a single proprietary fund. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant of the Trust's accounting policies are described below.

- 1. <u>Basis of Accounting/Measurement Focus</u>. The Trust's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal operating revenues of the Trust are contributions from the participants. Operating expenses include the cost of claims, premiums and administrative fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.
- 2. <u>Cash and Investments</u>. At year end, the Trust's investments consisted of the following:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the Trust. The Trust does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the Trust's deposits was \$13,440 and the bank balance was \$13,440.

Fair Value Measurements. The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the Trust's investments consisted of the following:

			Investment Maturities			
			(in Ye)		
Investment Type	Category	Fair Value	Less than 1		1-5	
Certificates of Deposit	Level 1	\$ 1,211,460	\$ 719,876	\$	491,584	

Interest Rate Risk. The Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Credit Risk. The Trust has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The Trust places no limit on the amount the Trust may invest in any one issuer. More than five percent of the Trust's investments are in Certificates of Deposit. These investments are 99 percent of the Trust's total investments.

- 3. <u>Statement of Cash Flows.</u> For purposes of the statement of cash flows, the Trust considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at year end were cash.
- 4. <u>Income Taxes.</u> The Trust has received an exemption from federal income taxes. Accordingly, there are no income taxes reflected on the Statement of Net Position or Statement of Revenues, Expenses and Changes in Fund Net Position.
- 5. <u>Investment Income.</u> is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in nonoperating revenues in the financial statements.

C. CLAIMS PAYABLE

The District established this Employee Benefit Trust to account for and finance the District's uninsured risks of loss related to certain health benefits (comprehensive, major medical, dental) to eligible employees and their dependents. Under this program, the Trust provides coverage for up to a maximum of \$125,000 for each claim, not to exceed an annual aggregate of \$2,000,000. The Trust purchases commercial insurance for claims in excess of this coverage.

The insurance claims payable liability of the Trust totaling \$376,044 at year end, is the estimated ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates. Changes in the claims payable liability amounts for the past three years were as follows:

	Claims Payable	C	urrent Year Claims			Claims
	ginning of	ar	nd Changes	Claim	Pa	ayable at
	Year	in	Estimates	 Payments	En	d of Year
Employment Benefit Trust						
2015-16	\$ 423,679	\$	4,051,403	\$ 4,099,038	\$	376,044
2014-15	587,519		2,787,651	2,951,491		423,679
2013-14	520,000		3,500,835	3,433,316		587,519

REPORT ON INTERNAL CONTROL AND ON COMPLIANCE

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 Auditor's Report

Board of Trustees Lake Havasu Unified School District No. 1 Employee Benefit Trust

We have audited, in accordance with the 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 the Lake Havasu Unified School District No. 1 Employee Benefit Trust, an internal service fund of Lake Havasu Unified School District No. 1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lake Havasu Unified School District No. 1 Employee Benefit Trust's basic financial statements, and have issued our report thereon dated **Report Date**. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 72.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Havasu Unified School District No. 1 Employee Benefit Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Havasu Unified School District No. 1 Employee Benefit Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Havasu Unified School District No. 1 Employee Benefit Trust's 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item FS-2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Havasu Unified School District No. 1 Employee Benefit Trust's 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*.

Lake Havasu Unified School District No. 1 Employee Benefit Trust's Response to Findings

Lake Havasu Unified School District No. 1 Employee Benefit Trust's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Lake Havasu Unified School District No. 1 Employee Benefit Trust's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Heinfeld, Meech & Co., P.C. Flagstaff, Arizona **Report Date**

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2016

FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Finding Number: FS-2016-001Repeat Finding: NoType of Finding: Significant DeficiencyDescription: Deficiency in Internal Controls Over Accounting Records and Financial Reporting

CRITERIA

Trust management is responsible for establishing and maintaining internal controls over its accounting records. Further these controls must also extend beyond the cash basis general ledger and supporting schedules prepared by the Trust and include controls to ensure the financial statements issued by the Trust are prepared in accordance with generally accepted accounting principles (GAAP)

CONDITION

Adequate internal controls were not in place over bank reconciliations and accounts payables.

CAUSE

The Trust did not have procedures in place to ensure all items were being reviewed, tracked and recorded timely as needed. In addition, they did not have staff in place to oversee all aspects of the operation.

EFFECT

The Trust's internal controls over financial reporting at the financial statement level were not adequate to ensure a misstatement would be prevented and/or detected. Expenses were initially understated and cash was initially overstated by a total of \$200,017 and adjustments were required to properly state the financial statements. Finally, without appropriate controls over the bank reconciliations, errors could occur that would not be prevented and/or detected.

CONTEXT

During our audit, we noted the following items:

- The Trust did not include the beginning or ending net position on the trial balance, as originally provided.
- The revised trial balance did not include interest income or expense amounts from the outstanding warrants.
- The Trust did not maintain cash balance on their trial balance to a sufficient level of detail to be able to properly reconcile to each individual bank account.
- The Trust did not perform detailed bank reconciliations on the bank accounts in a timely manner.
- The Trust did not have a procedure in place to properly identify accounts payables and as a result, did not properly record three disbursement items paid in the following fiscal year as accounts payable at year end.

LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1 EMPLOYEE BENEFIT TRUST SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2016

FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Finding Number: FS-2016-001

RECOMMENDATION

The Trust should implement procures to ensure accounts are being reviewed and reconciled timely. In addition, the Trust should implement a more detailed accounting system that would include tracking of all revenue amounts, payables amounts and cash in enough detail to allow for a detailed reconciliation of the bank accounts.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS