MUNICIPALITY OF MOCA

MANAGEMENT LETTER
FOR THE YEAR ENDED
JUNE 30, 2015

ORTIZ, RIVERA, RIVERA & CO.
CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES
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February 22, 2016

To the Honorable Mayor and
Municipal Legislature
Municipality of Moca
Moca, Puerto Rico

In planning and performing our audit of the financial statements of Municipality of Moca as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Municipality of Moca internal control over financial reporting (internal control) 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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report date February 22, 2016 on the financial statements of the Municipality of Moca. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

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Our comments are summarized as follows:

- Cash
- Accounts payable

I. CASH

a. The Municipality maintained inactive bank accounts during the fiscal year 2014-2015. Those are:

Account name	Account number
Empréstito 415M	300051-430-001-002-01
Empréstito 455M	300051-430-001-002-03
Empréstito 890M	300051-430-001-007-01
FONDOS DES OBRAS Y MEJORAS (AFI)	25487262
Fondos propuestas Departamento de Justicia	085-26-1351
Código de órden	085-073741

Recommendation

The Finance Department should close the inactive bank accounts in order to avoid this situation.

b. The Municipality did not prepared reconciliation for some banks accounts. Those are:

Account name	Account number
Fondo Des Obras y mejoras	25487262
Fondo Pini	25488756
Empréstito 415M	300051-430-001-002-01
Empréstito 455M	300051-430-001-002-03
Empréstito 275M	300051-430-001-002-07
Empréstito 265M	300051-430-001-002-04
Empréstito 635M	300051-430-001-002-05
Empréstito 205M	300051-430-001-002-09
Empréstito 660M	300051-430-001-002-10
Empréstito 890M	300051-430-001-007-01
Empréstito 2045M	300051-430-001-007-02
Empréstito 3360M	300051-430-001-007-03
Empréstito 585M	300051-430-001-007-04
Empréstito 915M	300051-430-001-002-06
Empréstito 120M	300051-430-001-002-08
Empréstito 430M	300051-430-001-520-01
Empréstito 2,780M	300051-430-001-006-01
MFAREF97-99	300051-430-001-529-01

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Account name	Account Number
Fema 4040	40400028
Tormenta Irene 4017	40170735
HMGP-Fema	40170744
Empréstito 260M	30051-430-001-002-12
Empréstito 3,175M	30051-430-001-002-14
Empréstito 245M	30051-430-001-002-15
Empréstito 705M	30051-430-001-002-13
Empréstito 160M	30051-430-001-002-11

Recommendation

The Finance Department should prepare monthly bank reconciliations for each bank account, in order to comply with the Municipal Administration Regulation which establishes these procedures on Section 12 of Chapter IV.

II. ACCOUNT PAYABLE

During our audit we found that the report of "Requerimiento de Efectivo" and "Balance de Cuentas por pagar" had a voucher that had been already paid. This situation originated because of the Municipality's failure in performing bank reconciliations for those accounts.

Recommendation

The Finance Department should prepare monthly bank reconciliations for each bank account, in order to comply with Municipal Administration Regulation which establishes these procedures on Section 12 of Chapter IV.

The information in this letter is intended solely for use of those charged with governance of the Municipality of Moca and is not intended to be and should not be used by anyone other these specified parties.

We sincerely appreciate the opportunity to provide services to Municipality of Moca and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.

Cordially,

Ortiz, Rivera, Rivera & Co.

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