



January 15, 2011

To Sheriff Stephen Bernard  
Rutland County Sheriff's Department

We have audited the financial statements of the business-type activities of the Rutland County Sheriff's Department for the year ended June 30, 2010, and have issued our report thereon dated January 15, 2011. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 6, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 20, 2010.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Rutland County Sheriff's Department are described in Note 1 to the financial statements. The Department adopted FASB ASC 855, *Subsequent Events*, which became effective for years ending after June 15, 2009. No other new accounting policies were adopted and the application of existing policies was not changed during June 30, 2010. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes corrected misstatements of the financial statements. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the 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 January 15, 2011.

*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 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.

This information is intended solely for the use of management of the Rutland 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.

Rutland County Sheriff's Department  
Corrected Misstatements  
June 30, 2010

		<b>Debit</b>	<b>Credit</b>
<b>Adjusting Journal Entries JE # 1</b>			
Adjust current portion of long term debt to actual.			
23000	Notes Payable	\$ 15,308	
23005	Notes Payable: Current Portion Offset		\$ 15,308
 <b>Adjusting Journal Entries JE # 2</b>			
To remove Allianz Life annuity due to transfer of ownership.			
22100	Reserve Deferred Compensation	50,238	
19100	Restricted Assets: Allianz - Annuity		50,238
 <b>Adjusting Journal Entries JE # 3</b>			
To reclass fixed assets purchases.			
16030	Fixed Assets - Office Equipment	1,974	
16030	Fixed Assets - Office Equipment	2,205	
55250	Office Supplies		1,974
55250	Office Supplies		2,205
 <b>Adjusting Journal Entries JE # 4</b>			
To record disposals.			
16080	Fixed Assets - Accumulated Depr. Vehicles	72,764	
16070	Fixed Assets - Vehicles		72,764
 <b>Adjusting Journal Entries JE # 5</b>			
To record current year depreciation.			
55510	Depreciation Exp-Office Equip	1,792	
55530	Amort - LH Improvements	552	
56510	Depreciation Exp-Comm. Equip.	4,126	
56510	Depreciation Exp-Comm. Equip.	5,275	
57520	Depreciation Exp-Vehicles	64,681	
16020	Fixed Assets - Accum Depr - Equip		4,126
16040	Fixed Assets - Accumulated Depr Off. Equip		1,792
16060	Fixed Assets - Accum Depr. Comm. Equip		5,275
16080	Fixed Assets - Accumulated Depr. Vehicles		64,681
16100	Fixed Assets - Accum. Amort-L/H Improvements		552
 <b>Adjusting Journal Entries JE # 6</b>			
To correct payable for monies held from paychecks for insurance.			
55180	Payroll Expenses: Health Insurance	354	
20140	AFLAC Payable		354
 <b>Adjusting Journal Entries JE # 7</b>			
To adjust beginning retained earnings to actual.			
55470	Miscellaneous	3,323	
32000	Retained Earnings		3,323

Rutland County Sheriff's Department  
 Corrected Misstatements  
 June 30, 2010

		<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 8</b>			
To allocate payroll and benefit expenses.			
51110	SocSec - Employer - Contract Services	38,162	
51111	Medicare Tax Employer - Contract Services	8,925	
51112	Medical Insurance Employer - Contract Services	56,401	
51113	Workers Comp - Contract Services	4,432	
51114	Def. Comp - Employer - Contract Services	1,242	
51115	401k Contribution Employer - Contract Services	38,963	
51117	Insurance and Bonds - Contract Services	48,497	
52220	SocSec Employer - Process Services	961	
52221	Medicare Tax Employer - Process Services	225	
52222	Medical Insurance - Process Services	1,421	
52223	Workers Comp - Process Services	112	
52224	Def Comp - Process Services	31	
52225	401k Contribution Employer - Process Services	982	
52227	Insurance and Bonds - Process Services	1,222	
54550	SocSec Employer - Transportation	86	
54551	Medicare Tax Employer - Transportation	20	
54552	Medical Insurance Employer - Transportation	127	
54553	Workers Comp - Transportation	10	
54554	Def Comp Employer - Transportation	3	
54555	401k Contribution Employer - Transportation	88	
54557	Insurance and Bonds - transportation	109	
56440	SocSec Employer - Communication	6,170	
56441	Medicare Tax Employer - Communication	1,443	
56442	Medical Insurance - Communication	9,119	
56443	Workers Comp - Communication	717	
56444	Def Comp - Communication	201	
56445	401k Contribution Employer - Communication	6,300	
56447	Insurance and Bonds - Communication	7,841	
55170	Payroll Expenses: Social Security ER		45,379
55171	Payroll Expenses: Medicare ER		10,613
55172	Payroll Expenses: Unemployment Comp.		5,270
55180	Payroll Expenses: Health Insurance		67,071
55190	Payroll Expenses: Def. Comp. ER		1,477
55195	Payroll Expenses: Pension Cont. ER		46,331
55340	Insurance & Bonds		57,669