

January 3, 2013

To Sheriff Donald Keeler  
Addison County Sheriff's Department

We have audited the financial statements of the business-type activities of the Addison County Sheriff's Department (the Department) for the period of April 17, 2012 to June 30, 2012. Professional Standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 1, 2012, 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 December 6, 2012.

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 the period ended June 30, 2012. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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.

*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 3, 2013.

*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 Addison 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.

Addison County Sheriff's Department  
 Corrected Misstatements  
 For the Period of April 17, 2012 to June 30, 2012

To record communication activity.

|       |                           |        |        |
|-------|---------------------------|--------|--------|
| 56360 | Communications- Purchases | \$ 289 |        |
| 30020 | Retained Earnings         |        | \$ 289 |

To record jail activity.

|       |                         |        |        |
|-------|-------------------------|--------|--------|
| 30020 | Retained Earnings       | 42,031 |        |
| 54002 | Jail- Misc              | 59     |        |
| 54006 | Jail- Food              | 1,722  |        |
| 54008 | Jail Administration     | 120    |        |
| 54009 | Jail- Utilities         | 128    |        |
| 54012 | Jail Supplies           | 44     |        |
| 54380 | Jail - Repairs & Maint  | 330    |        |
| 54475 | Jail - Health Insurance | 1,792  |        |
| 67101 | Rent Expense-jail       | 300    |        |
| 10110 | Cash - Jail             |        | 1,682  |
| 10410 | Cash Savings - Jail     |        | 6,392  |
| 41400 | Jail- US Marshall       |        | 11,600 |
| 41401 | Jail- Misc Income       |        | 26,831 |
| 44101 | Interest Income-jail    |        | 21     |

To record prepaid insurance.

|       |                                 |       |       |
|-------|---------------------------------|-------|-------|
| 15500 | Prepaid Insurance               | 1,416 |       |
| 57340 | Insurance - General, cars, ect. |       | 1,416 |

To record current year disposals.

|       |                       |        |        |
|-------|-----------------------|--------|--------|
| 16410 | Accum Depr - Vehicles | 19,670 |        |
| 16400 | Vehicles              |        | 19,670 |

To record current year depreciation.

|       |   |       |       |
|-------|---|-------|-------|
| 70002 | Depreciation- Comm equip                  | 3,985 |       |
| 70003 | Depreciation- Portable comm equip         | 114   |       |
| 70004 | Depreciation- Vehicles                    | 9,036 |       |
| 70005 | Depreciation- Jail Equip                  | 597   |       |
| 70006 | Depreciation- Surveillance equip          | 221   |       |
| 70007 | Depreciation- Leasehold Improvements      | 490   |       |
| 16210 | Accum Depr - Communication Equipment      |       | 3,985 |
| 16310 | Accum Depr - Portable Communication Equip |       | 114   |
| 16410 | Accum Depr - Vehicles                     |       | 9,036 |
| 16510 | Accum Depr - Jail Equipment               |       | 597   |
| 16610 | Accum Depr - Surveillance Equipment       |       | 221   |
| 16710 | Accum Depr - Leasehold Improvements       |       | 490   |

To adjust due to Vermont Civil Process and roll forward retained earnings.

|       |                               |          |          |
|-------|-------------------------------|----------|----------|
| 20100 | Due to VT Civil Process - 15% | \$ 1,418 |          |
| 53000 | Process Service 15% State     |          | \$ 1,418 |

Addison County Sheriff's Department  
 Corrected Misstatements  
 For the Period of April 17, 2012 to June 30, 2012

To record transfer of cash.

|       |                               |        |        |
|-------|-------------------------------|--------|--------|
| 41401 | Jail- Misc Income             | 22,331 |        |
| 10140 | Cash - Communication Division |        | 18,675 |
| 62800 | Miscellaneous Expense         |        | 3,656  |

To make prior period adjustments.

|       |                                 |       |        |
|-------|---------------------------------|-------|--------|
| 41000 | Contract Income                 | 3,318 |        |
| 41100 | Contracted Services - Govt      | 1,021 |        |
| 41200 | Contracted Services - Private   | 6,065 |        |
| 41400 | Jail- US Marshall               | 2,400 |        |
| 51100 | Salaries Dept Sheriff Contract  | 6,759 |        |
| 30020 | Retained Earnings               |       | 15,167 |
| 54002 | Jail- Misc                      |       | 363    |
| 54006 | Jail- Food                      |       | 516    |
| 57340 | Insurance - General, cars, ect. |       | 1,597  |
| 62800 | Miscellaneous Expense           |       | 1,920  |

To record accrued salaries and vacation.

|       |                                      |       |       |
|-------|--------------------------------------|-------|-------|
| 21400 | Accrued Vacation                     | 978   |       |
| 51100 | Salaries Department Sheriff Contract | 4,373 |       |
| 20110 | Accrued Salaries                     |       | 5,351 |

Addison County Sheriff's Department

Financial Statements

For the Period of April 17, 2012 to June 30, 2012

Addison County Sheriff's Department  
For the Period of April 17, 2012 to June 30, 2012

Table of Contents

|  | <u>Pages</u> |
|--|--------------|
| Independent Auditors' Report   |              |
| Statement of Net Assets  | 2            |
| Statement of Revenues, Expenses, and Changes<br>in Net Assets  | 3            |
| Statement of Cash Flows  | 4            |
| Notes to Financial Statements  | 5-8          |
| Government Auditing Standards Report:  |              |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing<br/>    Standards</i> |              |
| Schedule of Findings and Questioned Costs  |              |

Independent Auditors' Report

Donald Keeler, Sheriff  
Addison County Sheriff's Department  
Middlebury, Vermont

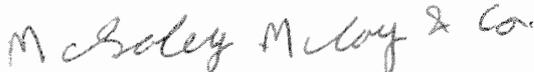
We have audited the accompanying financial statements of the business-type activities of the Addison County Sheriff's Department of the County of Addison, Vermont (the Department), as of June 30, 2012 and for the period from April 17, 2012 to June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Department as of June 30, 2012 and the respective changes in financial position and cash flows for the period from April 17, 2012 to June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2012 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.

Addison County Sheriff's Department of the County of Addison, Vermont 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.



January 3, 2013  
VT Reg. No. 92-349

Addison County Sheriff's Department  
Statement of Net Assets  
June 30, 2012

**Assets:**

Current assets

|                     |              |
|---------------------|--------------|
| Cash                | \$ 225,092   |
| Accounts receivable | 48,651       |
| Prepaid expenses    | 2,901        |
| Inventory           | <u>8,992</u> |

Total current assets 285,636

Vehicles and equipment, net of accumulated depreciation 272,463

Cash - restricted 5,499

Total assets 563,598

**Liabilities:**

Current liabilities

|                                   |               |
|-----------------------------------|---------------|
| Accounts payable                  | 862           |
| Accrued payroll and payroll items | 6,977         |
| Compensated absences              | <u>10,206</u> |

Total liabilities 18,045

**Net assets:**

|                            |                |
|----------------------------|----------------|
| Invested in capital assets | 272,463        |
| Restricted cash            | 5,499          |
| Unrestricted               | <u>267,591</u> |

Total net assets \$ 545,553

The accompanying notes are an integral part of this statement.

Addison County Sheriff's Department  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Period of April 17, 2012 to June 30, 2012

|                                     |                       |
|-------------------------------------|-----------------------|
| <b>Operating Revenues:</b>          |                       |
| Charges for services                | \$ 70,274             |
| Jail revenues                       | 13,700                |
| Transport services                  | 10,748                |
| Process services                    | 10,173                |
| County reimbursements               | 10,374                |
| Miscellaneous revenues              | <u>8,293</u>          |
| <br>Total operating revenues        | <br><u>123,562</u>    |
| <b>Operating Expenses:</b>          |                       |
| Contracted services                 | 69,652                |
| Administration and general          | 17,199                |
| Communications services             | 289                   |
| Jail services                       | 21,270                |
| Automotive services                 | 15,611                |
| Depreciation                        | <u>14,443</u>         |
| <br>Total operating expenses        | <br><u>138,464</u>    |
| <br>Net operating loss              | <br><u>(14,902)</u>   |
| <b>Non-operating Revenues:</b>      |                       |
| Interest income                     | 26                    |
| Gain on sale of vehicles            | <u>11,050</u>         |
| <br>Total non-operating revenue     | <br><u>11,076</u>     |
| <br>Net loss                        | <br>(3,826)           |
| <br>Net assets, beginning of period | <br><u>549,379</u>    |
| <br>Net assets, end of period       | <br><u>\$ 545,553</u> |

The accompanying notes are an integral part of this statement.

Addison County Sheriff's Department  
Statement of Cash Flows  
For the Period of April 17, 2012 to June 30, 2012

**Operating activities:**

|   |                 |
|---|-----------------|
| Cash received from customers                      | \$ 112,503      |
| Cash payments to suppliers for goods and services | (52,497)        |
| Cash payments to employees for services           | <u>(80,554)</u> |

Net cash used by operating activities (20,548)

**Cash flows from capital and related financing activities:**

|                                      |           |
|--------------------------------------|-----------|
| Acquisition of capital assets        | (9,588)   |
| Cash proceeds from sale of equipment | 11,050    |
| Principal paid on long-term debt     | (2,964)   |
| Interest earned                      | <u>26</u> |

Net cash used by capital and related financing activities (1,476)

Net decrease in cash (22,024)

Cash, beginning of period 252,615

Cash, end of period \$ 230,591

**Reconciliation of operating loss to net cash used by operating activities:**

Net operating loss \$ (14,902)

Adjustments to reconcile operating loss to net cash used by operating activities:

|   |              |
|---|--------------|
| Depreciation                                  | 14,443       |
| Increase in accounts receivable               | (11,059)     |
| Increase in prepaid expenses                  | (1,416)      |
| Decrease in accounts payable                  | (12,562)     |
| Increase in accrued payroll and payroll taxes | 5,926        |
| Decrease in compensated absences              | <u>(978)</u> |

Total adjustments (5,646)

Net cash used by operating activities \$ (20,548)

Cash consists of:

|                           |                   |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 225,092        |
| Restricted cash           | <u>5,499</u>      |
|                           | <u>\$ 230,591</u> |

The accompanying notes are an integral part of this statement.

Addison County Sheriff's Department  
Notes to Financial Statements  
For the Period of April 17, 2012 to June 30, 2012

(1) Summary of Significant Accounting Policies

The Addison County Sheriff's Department (the Department) is a governmental entity operating under Title 24 Vermont Statutes Annotated Section 290 located in the County of Addison, Vermont. Funding for the Department is provided by the State of Vermont and the County of Addison. 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 new Sheriff was elected into office effective April 16, 2012, due to the passing away of the prior Sheriff. As required by the State of Vermont a financial statement audit was performed upon the transition of the Sheriff; a nine and a half month audit was performed covering the period from July 1, 2011 through April 16, 2012. This audit covers the period from April 17, 2012 through June 30, 2012.

(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 Department applied (a) all Governmental Accounting Standards Board (GASB) pronouncements and (b) Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 20, 1989, except insignificant items that conflict with GASB pronouncement.

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 fund 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.

Addison County Sheriff's Department  
Notes to Financial Statements  
For the Period of April 17, 2012 to June 30, 2012

Summary of Significant Accounting Policies (continued)

(d) Vehicles 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.

Estimated useful lives by major classification are as follows:

|                        |            |
|------------------------|------------|
| Jail equipment         | 3-10 years |
| Department equipment   | 5-10 years |
| Vehicles               | 5 years    |
| Leasehold improvements | 5-39 years |

(e) Unrestricted net assets

Unrestricted net assets for proprietary funds represent the net assets available for future operations or distributions.

(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, contractor contracts, and the US Marshall. These receivable are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2012, as the Department believes all accounts will be collected.

(h) Inventory

Inventory is stated at cost and consists of food and durable goods for the jail operations.

(i) Subsequent Events

In accordance with ASC 855, the Department evaluated subsequent events through December 15, 2012, the date the Department's financial statements were available to be used and no events or transactions occurred.

Addison County Sheriff's Department  
Notes to Financial Statements  
For the Period of April 17, 2012 to June 30, 2012

(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.

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, 2012.

|                     | <u>Book<br/>Balance</u> | <u>Bank<br/>Balance</u> |
|---------------------|-------------------------|-------------------------|
| Insured deposits    | \$ 230,391              | \$ 251,960              |
| Uninsured deposits  | -                       | -                       |
| Cash on hand        | <u>200</u>              | <u>-</u>                |
| Total cash deposits | <u>\$ 230,591</u>       | <u>\$ 251,960</u>       |

The Department's restricted cash consists of cash received from the DEA for the purpose of drug related enforcement by the Department. The Federal Deposit Insurance Corporation (FDIC) currently insures amounts on deposit with each financial institution up to \$250,000.

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2012 by major classifications as follows:

|                               | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|-------------------------------|------------------------------|-------------------|------------------|---------------------------|
| Vehicles                      | \$ 400,508                   | \$ -              | \$ (19,670)      | \$ 380,838                |
| Equipment                     | 521,128                      | 9,588             | -                | 530,716                   |
| Leasehold improvements        | <u>56,828</u>                | <u>-</u>          | <u>-</u>         | <u>56,828</u>             |
| Total vehicles and equipment  | 978,464                      | 9,588             | (19,670)         | 968,382                   |
| Less accumulated depreciation | <u>(701,146)</u>             | <u>(14,443)</u>   | <u>19,670</u>    | <u>(695,919)</u>          |
| Net vehicles and equipment    | <u>\$ 277,318</u>            | <u>\$ (4,855)</u> | <u>\$ -</u>      | <u>\$ 272,463</u>         |

Addison County Sheriff's Department  
Notes to Financial Statements  
For the Period of April 17, 2012 to June 30, 2012

(4) Cost Sharing

Under Vermont law, Addison County and the State of Vermont are required to cover certain costs of the Addison County Sheriff's Department. Such costs include the Sheriff's salary and benefits, administrative salary and benefits, office space, certain automotive expenses and others. The amount expended by the County and State during the period ended June 30, 2012 has not been determined.

(5) Operating Grants

The Addison County Sheriff's 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, 2012, management believes that no material liabilities will result from such audits.

(6) 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.

(7) Related Party Transactions

Certain family members of the Sheriff perform services for the Department. All are considered to be within normal course of business.

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

Donald Keeler, Sheriff  
Addison County Sheriff's Department  
Middlebury, Vermont

We have audited the financial statements of the business-type activities of the Addison County Sheriff's Department of the County of Addison, Vermont (the Department) as of June 30, 2012 and for the period from April 17, 2012 to June 30, 2012, which comprise the Department's basic financial statements, and have issued our report thereon dated December 15, 2012. 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 of 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 consider item 2012-02 and 2012-04 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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*.

McSOLEY McCOY



CO.

Certified Public Accountants and Business Advisors

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.*

January 3, 2013  
VT Reg. No. 92-349

Addison County Sheriff's Department  
Schedule of Findings and Questioned Costs  
For the Period of April 17, 2012 to June 30, 2012

Internal Control – Material Weaknesses

Findings

2012-02 Financial Statement Presentation

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.

At the start of our audit, we noted several accounts including cash accounts, accounts receivable, net assets, notes payable and other various liability accounts whose actual year-end balances were not reflected in the trial balance. These accounts required several adjusting journal entries to bring the financial statements current.

To provide accurate financial information, financial statements should be reviewed and reconciled quarterly. 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.

2012-04 Fixed Assets

The Department maintains a variety of fixed assets used in its operations. These assets include a number of fully depreciated items. We recommend that the Department review the fixed asset detail and remove those items that are no longer in service on a regular basis.