



January 15, 2011

To Sheriff James Coons  
Addison County Sheriff's Department

We have audited the financial statements of the business-type activities of the Addison 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 November 16, 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 Addison 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.

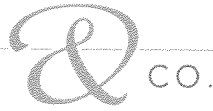
*Management Consultations with Other Independent Accountants*

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 the 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.

McSOLEY McCOY



Certified Public Accountants and Business Advisors

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.*  
McSoley McCoy & Co.

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

To record Communication transactions

10140	Cash - Communication Division	\$	1,351	
12065	Accounts Receivable - Communication		1,034	
56360	Communications- Purchases		8,449	
30500	Retained Earnings- Communications			\$ 636
45001	Communications- sales			10,187
45002	Communications- Interest Income			11

To record expenses to the correct period

53000	Process Service 15% State		1,875	
54006	Jail- Food		1,366	
57270	Vehicles - Fuel, Lubricants (Cruiser)		1,138	
20000	Accounts Payable			2,504
20100	Due to VT Civil Process - 15%			1,875

To reclass 15% civil process and reverse prior year payable

20100	Due to VT Civil Process - 15%		1,725	
53000	Process Service 15% State		4,830	
61800	Dues & Subscriptions			6,555

To correct federal forfeiture account balance

55470	Misc. Disbursements		7	
10180	Cash - Federal Forfeiture			7

To record jail activity

10110	Cash - Jail		1,044	
10115	Cash Clearing - Jail		90,085	
16400	Vehicles		69,481	
54002	Jail- Misc		3,927	
54004	Education Supplies		162	
54006	Jail- Food		37,626	
54007	Jail Household Supplies		2,396	
54008	Jail Administration		6,723	
54009	Jail- Utilities		10,669	
54010	Jail- Training & Edu		2,053	
54011	Jail Benefits		4,079	
54012	Jail Supplies		2,661	
54013	Jail- Medical expense		8,470	
54014	Jail- Office Expense		10,263	
54015	Jail - Auto Exp		4,902	
54380	Jail - Repairs & Maint		36,093	
54475	Jail - Health Insurance		24,966	
55450	Uniform, Plaques, Awards		649	
67100	Rent Expense		3,600	
10410	Cash Savings - Jail			70,959
41400	Jail- US Marshall			243,239
41401	Jail- Misc Income			5,568
44100	Interest Income			83

To record revenues to the correct period

11000	Accounts Receivable		26,334	
12060	Accounts Receivable - US Marshall		21,664	
41200	Contracted Services - Private		1,681	
30020	Retained Earnings			18,875
41000	Contract Income			864
41100	Contracted Services - Govt			2,276
41400	Jail- US Marshall			21,664
44900	Misc. Receipts			6,000

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

To record the sale of van and related note receivable for balance			
11700	Note Receivable - Coon	5,600	
41600	Sale of Vehicle		5,600
To adjust the ATF income for only what is applicable to the current year			
44960	ATF Task Force -Reimb Salary	12,433	
11000	Accounts Receivable		12,433
To record amounts received from the Court for insurance			
57340	Insurance - General, cars, ect.	19,260	
44950	County Support Funds		19,260
To reverse prior year audit adjustments made to the current year			
44950	County Support Funds	18,762	
15500	Prepaid Insurance		10,210
57340	Insurance - General, cars, ect.		8,552
To adjust prepaid insurance to actual			
57340	Insurance - General, cars, ect.	55	
15500	Prepaid Insurance		55
To adjust accrued salaries and vacation			
51100	Salaries Dept Sheriff Contract	2,730	
20110	Accrued Salaries		1,318
21400	Accrued Vacation		1,412
To record Ford Credit Loan and related payments			
16400	Vehicles	8,987	
69000	Interest Expense	351	
25000	Ford Credit Loan		9,338
To rollforward equity			
30020	Retained Earnings	105	
62800	Miscellaneous Expense		105
To record current year additions and disposals			
16200	Communication Equipment	3,206	
16400	Vehicles	27,007	
16410	Accum Depr - Vehicles	118,335	
16700	Leasehold Improvements	20,244	
16400	Vehicles		118,335
21380	DEA - Escrow Payable		2,041
41600	Sale of Vehicle		6,850
44950	County Support Funds		15,000
54380	Jail - Repairs & Maint		20,244
58380	Vehicles - Repairs & Maint (Cruisers)		3,116
62800	Miscellaneous Expense		3,206

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

To record current year depreciation expense

70001	Depreciation- Office Equip	1,280	
70002	Depreciation- Comm equip	166	
70003	Depreciation- Portable comm equip	233	
70004	Depreciation- Vehicles	55,818	
70005	Depreciation- Jail Equip	5,753	
70006	Depreciation- Surveillance equip	1,086	
70007	Depreciation- Leasehold Improvements	1,850	
16110	Accum Depr - Office Equipment		1,280
16210	Accum Depr - Communication Equipment		166
16310	Accum Depr - Portable Communication Equip		233
16410	Accum Depr - Vehicles		55,818
16510	Accum Depr - Jail Equipment		5,753
16610	Accum Depr - Surveillance Equipment		1,086
16710	Accum Depr - Leasehold Improvements		1,850