

**METROPOLITAN MOSQUITO CONTROL COMMISSION
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 1986**

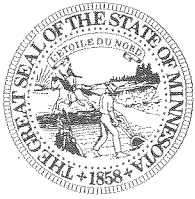
JULY 1987

METROPOLITAN MOSQUITO CONTROL DISTRICT

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**METROPOLITAN MOSQUITO CONTROL COMMISSION
FINANCIAL SECTION**



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR


Mr. John Voss, Chairman
Metropolitan Mosquito Control Commission


Mr. Robert Sjogren, Ph.D., Director
Metropolitan Mosquito Control District

Members of the Metropolitan Mosquito Control Commission

We have examined the balance sheet of the Metropolitan Mosquito Control District as of December 31, 1986, and the related statements of revenues, expenditures and changes in fund balance for the two years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Metropolitan Mosquito Control District at December 31, 1986, and the results of its operations and the changes in its fund balance for the two years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.


James R. Nobles
Legislative Auditor
June 1, 1987


John Asmussen, CPA
Deputy Legislative Auditor

METROPOLITAN MOSQUITO CONTROL DISTRICT

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1986

	Governmental Fund Type General	ACCOUNT GROUPS		TOTALS	
		General Fixed Assets	General Long-term Debt	(Memorandum only) December 31, 1986	1985
ASSETS					
Cash	\$3,757,305			\$3,757,305	\$2,259,907
Taxes Receivable: (net of allowance for uncollectible taxes of \$15,000)	495,850			495,850	388,814
Inventory at cost	1,963,983			1,963,983	1,958,735
Property and Equipment		\$1,609,733		1,609,733	1,494,111
Building		259,069		259,069	259,069
Amount to be provided for Employee Benefits			\$ 223,323	223,323	213,353
Total Assets	<u>\$6,217,138</u>	<u>\$1,868,802</u>	<u>\$ 223,323</u>	<u>\$8,309,263</u>	<u>\$6,573,989</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 121,741			\$ 121,741	\$ 788,897
Accrued Salary and Wages	38,802			38,802	29,776
Employee Benefits Payable	11,155		\$ 223,323	234,478	237,476
Deferred Revenue	<u>379,744</u>			<u>379,744</u>	<u>331,587</u>
Total Liabilities	<u>\$ 551,442</u>		<u>\$ 223,323</u>	<u>\$ 774,765</u>	<u>\$1,387,736</u>
Fund Equity:					
Investment in general fixed assets		\$1,868,802		\$1,868,802	\$1,753,180
Fund Balance:					
Reserved for Inventory	\$1,963,983			1,963,983	1,958,735
Reserved for Hennepin County Property Tax Tier II	1,089,880			1,089,880	890,000
Unreserved Fund Balance	<u>2,611,833</u>			<u>2,611,833</u>	<u>584,337</u>
Total Fund Equity	<u>\$5,665,696</u>	<u>\$1,868,802</u>		<u>\$7,534,498</u>	<u>\$5,186,253</u>
Total Liabilities and Fund Equity	<u>\$6,217,138</u>	<u>\$1,868,802</u>	<u>\$ 223,323</u>	<u>\$8,309,263</u>	<u>\$6,573,989</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN MOSQUITO CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND

Years Ended December 31, 1986 and 1985

	<u>1986</u>	<u>1985</u>
Revenues:		
Taxes -		
Anoka County	\$ 500,754	\$ 418,254
Carver County	73,352	59,014
Dakota County	658,912	555,004
Hennepin County	4,883,900	4,750,268
Ramsey County	1,336,655	1,162,893
Scott County	136,555	115,296
Washington County	372,104	299,543
Tax Delinquent Income	214,080	91,431
Miscellaneous	<u>91,740</u>	<u>63,803</u>
Total Revenues	<u>\$ 8,268,052</u>	<u>\$ 7,515,506</u>
Expenditures:		
Board of Commissioners -		
Salaries	\$ 14,150	\$ 16,980
Travel	3,309	2,815
Administrative	386,815	351,812
Control	5,452,141	5,623,911
Capital Expenditures	<u>179,015</u>	<u>378,512</u>
Total Expenditures	<u>\$ 6,035,430</u>	<u>\$ 6,374,030</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,232,622</u>	<u>\$ 1,141,476</u>
Fund Balance at beginning of year	<u>\$ 3,433,073</u>	<u>\$ 2,291,597</u>
Fund Balance at end of year	<u>\$ 5,665,696</u>	<u>\$ 3,433,073</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN MOSQUITO CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 1986

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes -			
Anoka County	\$ 512,672	\$ 500,754	\$ (11,918)
Carver County	73,239	73,352	113
Dakota County	699,099	658,912	(40,187)
Hennepin County	5,035,547	4,883,900	(151,647)
Ramsey County	1,384,882	1,336,655	(48,227)
Scott County	139,820	136,555	(3,265)
Washington County	379,511	372,104	(7,407)
Tax Delinquent Income		214,080	214,080
Miscellaneous		91,740	91,740
Total Revenues	<u>\$ 8,224,770</u>	<u>\$ 8,268,052</u>	<u>\$ 43,282</u>
Expenditures:			
Board of Commissioners -			
Salaries	\$ 14,600	\$ 14,150	\$ 450
Travel	6,400	3,309	3,091
Administrative	413,475	386,815	26,660
Control	6,912,280	5,452,141	1,460,139
Capital Expenditures	308,925	179,015	129,910
Total Expenditures	<u>\$ 7,655,680</u>	<u>\$ 6,035,430</u>	<u>\$ 1,620,250</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 569,090</u>	<u>\$ 2,232,622</u>	<u>\$ 1,663,532</u>
Fund Balance at beginning of year	<u>\$ 3,433,073</u>	<u>\$ 3,433,073</u>	
Fund Balance at end of year	<u>\$ 4,002,163</u>	<u>\$ 5,665,696</u>	<u>\$ 1,663,532</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN MOSQUITO CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 1985

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Taxes -			
Anoka County	\$ 426,783	\$ 418,254	\$ (8,529)
Carver County	59,750	59,014	(736)
Dakota County	586,685	555,004	(31,681)
Hennepin County	4,827,000	4,750,268	(76,732)
Ramsey County	1,230,843	1,162,893	(67,950)
Scott County	121,775	115,296	(6,479)
Washington County	318,665	299,543	(19,122)
MN Dept. of Health		91,431	91,431
Miscellaneous		63,803	63,803
Total Revenues	<u>\$7,571,501</u>	<u>\$7,515,506</u>	<u>\$ (55,995)</u>
Expenditures:			
Board of Commissioners -			
Salaries	\$ 13,300	\$ 16,980	\$ (3,680)
Travel	6,400	2,815	3,585
Administrative	317,600	351,812	(34,212)
Control	6,048,600	5,623,911	424,689
Capital Expenditures	462,700	378,512	84,188
Total Expenditures	<u>\$6,848,600</u>	<u>\$6,374,030</u>	<u>\$ 474,570</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 722,901</u>	<u>\$1,141,476</u>	<u>\$ 418,575</u>
Fund balance at beginning of year	\$1,420,597	\$1,420,597	
Prior period adjustment for correction of an error in property tax recognition	<u>871,000</u>	<u>871,000</u>	
Fund balance at beginning of year as restated	<u>\$2,291,597</u>	<u>\$2,291,597</u>	
Fund balance at end of year	<u>\$3,014,498</u>	<u>\$3,433,073</u>	<u>\$ 418,575</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN MOSQUITO CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

1. ORGANIZATION AND SIGNIEFICANT ACCOUNTING POLICIES

The Metropolitan Mosquito Control District was established under Minnesota Laws 1959, Chapter 488 (Coded Minn. Stat. Sections 473.701 to 473.716). The District operates under the Metropolitan Mosquito Control Commission representing the seven county metropolitan area. It was created to control mosquitoes and black gnats in the metropolitan area, which consists of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties. A director is responsible for the supervision of the District and reports to the Commission.

This summary of significant accounting policies of the Metropolitan Mosquito Control District is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board and have been consistently applied in the preparation of the financial statements.

A. Basis of Presentation

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The fund and account groups maintained are presented as follows:

Governmental Fund

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial activities.

Account Groups

General Fixed Assets Account Group - The General Fixed Assets group of accounts is used to account for all fixed assets of the District.

General Long-Term Debt Account Group - The General Long-Term Debt group of accounts contains the long-term obligations of the District represented by employee benefit obligations.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues and expenditures are recognized on the modified accrual basis as follows:

Revenue Recognition - Revenues are recognized when they are earned or when they become measurable and available.

Expenditure Recognition - Expenditures are generally recognized when the related liability is incurred. An exception to this general rule is the long-term portion of employee benefits for unused sick and vacation leave. Also, consumable inventory items are recognized as expenditures in the period used, rather than in the period purchased.

C. Budgets and Budgetary Accounting

The Commission adopts an annual budget for the General Fund for the fiscal year commencing the following January. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). It includes the amounts that can be expended based on detailed budget estimates for individual expenditure accounts and the related anticipated revenues, as shown in the basic financial statements and supplementary information.

MMCD is limited by Minn. Stat. Section 473.711 to provide for expenditures not exceeding six-tenths of one mill times the current assessed valuation of the District. The Commission may levy a tax not to exceed six-tenths of one mill on all taxable property in the District to provide for its operations.

All budget amounts lapse at the end of the year to the extent they have not been expended or encumbered.

D. Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market. It consists of expendable supplies held for consumption in the next operating year.

E. Fixed Assets and Real Property

Fixed assets and real property are stated at cost. The costs of fixed assets and real property, which are purchased from current revenue, are accounted for as expenditures in the year paid.

Depreciation is not provided in the District's accounts because it does not constitute a current budgetary expenditure.

F. Amount to be Provided for Employee Benefits

Resources for the payment of employee benefits included in the General Long-Term Debt group of accounts will be provided by the General Fund.

G. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operation.

H. Total Columns on Statements

Total columns on the statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data also is not comparable to a consolidation.

I. Property Taxes

Property tax levies are set by the Commission of Revenue, acting as the State Board of Equalization, and based on the budget established by MMCD. The levies are certified to Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties. The levies are limited to six-tenths of one mill in each of the Counties.

Property taxes are payable in equal installments by real property owners to the counties on May 15 and October 15. In general, the counties remit the collection to MMCD after each payment date.

Taxes payable on homestead property are partially reduced by a homestead credit. This credit is paid to MMCD by the state in lieu of taxes levied against homestead property. The state remits this credit in two equal installments in July and December each year.

2. GENERAL FIXED ASSETS

A summary of changes in general fixed assets as of December 31, 1986 follows:

	<u>Motor Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Balance			
Jan. 1, 1986	<u>\$1,154,755</u>	<u>\$ 339,356</u>	<u>\$1,494,111</u>
Items previously not included in inventory		15,972	15,972
Additions	<u>144,954</u>	<u>34,061</u>	<u>179,015</u>
	<u>1,299,709</u>	<u>389,389</u>	<u>1,689,098</u>
Deletions	<u>(78,513)</u>	<u>(852)</u>	<u>(79,365)</u>
Balance			
Dec. 31, 1986	<u>\$1,221,196</u>	<u>\$ 388,537</u>	<u>\$1,609,733</u>

3. BUILDING

The Anoka County District Headquarters has been constructed with cost shown on the balance sheet as \$ 259,069. The land is owned by Anoka County and is being leased for \$1 per year for 99 years. Should the District break the lease, Anoka County is to purchase the building at its depreciated value as calculated by using 20 years straight-line depreciation.

4. CHANGES IN LONG-TERM DEBT

The following is a summary of employee benefit transactions of the Metropolitan Mosquito Control District for the year ended December 31, 1986.

	<u>Total</u>
Employee benefits payable at Jan. 1, 1986	\$ 237,476
Portion currently payable in 1986	<u>(24,123)</u>
Long term employee benefits payable at Jan. 1, 1986	213,353
Net change in compensated absences	<u>9,970</u>
Long term employee benefits payable at Dec. 31, 1986	<u>\$ 223,323</u>

5. COMPENSATED ABSENCES

Compensated absences consist of vested employee vacation and sick leave benefits. These benefits are determined based on a formula with a maximum amount of hours accumulated and are payable upon death, termination or retirement. The current portion of this liability is reflected in the General Fund, and the long term portion is reflected in the General Long-Term Debt group of accounts.

6. DEFERRED REVENUE

The deferred revenue balance at December 31, 1986 was \$379,744, consisting of taxes receivable which are not expected to be collected within 60 days as required by NCGA Interpretation 3.

7. LEASES

Operating leases consist of rental of various county headquarters and administrative offices. It is expected that, in the normal course of business, expiring leases will be renewed or replaced by leases on other properties.

The following is a yearly schedule of future minimum rental payments under operating leases:

1987	\$ 248,768
1988	222,567
1989	165,812
1990	166,853
1991	<u>70,116</u>

Total minimum lease payments \$ 874,116

Total rental expense including short-term, seasonal equipment vehicles is as follows:

1985	181,284
1986	309,589

8. RETIREMENT PLAN

The employees of the District are members of the state-administered Public Employees Retirement Association (PERA). Since January 1, 1968, all new employees are members of of the coordinated PERA - Social Security coverage. Employees beginning prior to that date had the choice of continuing under PERA coverage or becoming members of the coordinated plan. The District provides the employer's share for both plans.

Contributions of \$63,223 in 1986 were made by the District. PERA is a statewide contributory retirement plan for which an individual governmental unit's portion of the unfunded liability is not available because no governmental unit is directly liable for any unfunded liability under Minnesota law.

9. PATENT PENDING

The District has applied for a patent from the U.S. Patent Office. If any royalties from the patent are collected, 33 1/3 percent will be given to the Director. If he terminates employment, he will be entitled to 25 percent for the duration of the patent. The patent is for the process currently used for manufacturing insecticide briquets. The District has licensed rights to manufacture the briquets to a private company, and revenue will accrue to the District from the sale.

METROPOLITAN MOSQUITO CONTROL COMMISSION MANAGEMENT LETTER SECTION

Audit Participation

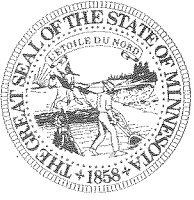
The following members of the Office of the Legislative Auditor prepared this management letter:

John Asmussen, CPA	Deputy Legislative Auditor
Warren Bartz, CPA	Audit Manager
Cecile Ebacher Ferkul, CPA	Auditor-in-Charge
Chris Buse	Staff Auditor
Joan Haskin	Staff Auditor

Exit Conference

The finding and recommendation in this management letter was discussed with the following commission members and staff of the Metropolitan Mosquito Control District on June 10, 1987:

John Voss	Chairman
Robert Sjogren, Ph.D.	Director
William Caesar	Business Administrator
Trish Egerer	Account Clerk



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Phillip J. Riveness, Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. John Voss, Chairman
Metropolitan Mosquito Control Commission

Members of the Metropolitan Mosquito Control Commission

Robert Sjogren, Ph.D, Director
Metropolitan Mosquito Control District

Audit Scope

We have completed a financial and compliance audit of the Metropolitan Mosquito Control District (MMCD) for the year ended December 31, 1986. Our audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, and accordingly, included such audit procedures as we considered necessary in the circumstances. Field work was completed on June 1, 1987.

The objectives of the audit were to:

- express an opinion on the financial statements of MMCD for the year ended December 31, 1986.
- study and evaluate internal accounting control systems over revenues, expenses, assets, and liabilities;
- verify that financial transactions were made in accordance with applicable laws, regulations, and policies, including Minn. Stat. Sections 473.701 through 473.716, and other finance-related legal provisions: and
- determine the status of the prior audit recommendation.

Management Responsibilities

The management of MMCD is responsible for establishing and maintaining a system of internal accounting control. The objectives of the system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures.

Representative Phillip J. Riveness, Chairman
Members of the Legislative Audit Commission
Mr. John Voss, Chairman
Members of the Metropolitan Mosquito Control Commission
Robert Sjogren, Ph.D, Director
Page 2

Due to inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

The management of MMCD is also responsible for the agency's compliance with laws and regulations. In connection with our audit, we selected and tested transactions and records from the programs administered by MMCD. The purpose of our testing of transactions was to obtain reasonable assurance that MMCD had, in all material respects, administered its programs in compliance with applicable laws and regulations.

Conclusions

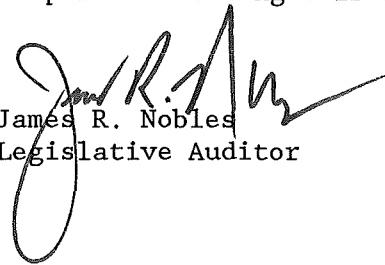
We have issued an unqualified opinion on the Metropolitan Mosquito Control District's financial statements for the year ended December 31, 1986. Our opinion, dated June 1, 1987, is included in the financial section of this report.

In our opinion, except as noted in recommendation #1, the MMCD system of internal accounting control in effect on June 1, 1987, taken as a whole, was sufficient to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization.

In our opinion, MMCD complied in all material respects, with applicable finance-related laws, regulations and policies.

Section I of this audit report contains the current recommendation which is presented to assist MMCD in improving accounting procedures and controls. Progress on implementing this recommendation will be reviewed during our audit next year. Section II provides a summary of the progress made to implement the audit recommendation discussed in our last management letter covering the fiscal year ended December 31, 1985, dated July 11, 1986.

We thank the Metropolitan Mosquito Control District staff for their cooperation during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

METROPOLITAN MOSQUITO CONTROL DISTRICT

I. CURRENT FINDINGS AND RECOMMENDATIONS

Perpetual fixed asset inventory records need to be reconciled to the general ledger.

Since 1985, MMCD has had a computerized perpetual fixed asset inventory system which is independent of their general ledger. The system records the number, location and value of all vehicles and equipment owned by MMCD. The system is updated for any purchases and disposals which may occur. At the end of each year, MMCD conducts a complete physical count of all of their vehicles and equipment and adjusts their inventory system to agree with the actual physical count.

At year end, MMCD's business manager calculated the ending inventory value by taking the general ledger inventory value at the beginning of the year, adding in the cost of capital purchases, and deleting the value of any items disposed of during the year, as recorded in the general ledger. He assumed that the general ledger figure agreed to the perpetual record, and used it in MMCD's preliminary financial statements. However, since these systems are independent and were not regularly reconciled, differences occurred.

Any record of transactions is subject to errors. Errors may occur in the recording of property purchases, deletions, transfers between locations, or be due to theft or pilferage. A regular reconciliation of the perpetual inventory totals to the general ledger entries is an internal control necessary to detect those errors and allow for their correction.

We requested that a reconciliation be completed by the MMCD staff. Errors in the perpetual inventory record totaling \$101,037 were identified and corrected. Also, an audit adjustment was made to MMCD's financial statements to reduce the property and equipment figure by \$18,108 to agree with the adjusted perpetual inventory record.

RECOMMENDATION:

1. MMCD should reconcile the perpetual inventory record to the general ledger balance on a regular basis and make any necessary adjustments to either record.

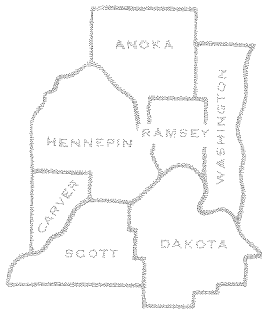
METROPOLITAN MOSQUITO CONTROL DISTRICT

II. STATUS OF PRIOR AUDIT RECOMMENDATION AND PROGRESS TOWARD IMPLEMENTATION

MMCD's bank deposits need to be adequately secured.

1. MMCD should ensure that its bank deposits are adequately secured in accordance with Minn. Stat. Sections 118.01 and 118.10 by:
 - obtaining a list from the bank of all collateral pledged for MMCD deposits;
 - instructing the bank to notify them whenever changes to the collateral list are made; and
 - periodically monitoring the market value of the securities pledged by the bank to ensure that they are at least 110 percent of the amount on deposit, less the FDIC insurance.

RECOMMENDATION SUBSTANTIALLY IMPLEMENTED. Starting in July 1986, MMCD received monthly reports from its bank and the Federal Reserve Bank showing the collateral pledged for MMCD accounts and its par value. While collateral has not always been sufficient during the audited period, we believe that MMCD's attention to the area has been sufficient to ensure that collateral deficiencies will be detected and corrected promptly. MMCD has not, however, been monitoring the market value of collateral pledged, but they will begin monitoring market value starting in July 1987.



METROPOLITAN MOSQUITO CONTROL DISTRICT

2380 WYCLIFF STREET ■ ST. PAUL, MINNESOTA 55114 ■ 612-645-9149

R. D. SJOGREN, Ph. D.
Director

W. J. CAESAR
Business Admin.

July 16, 1987

Mr. James R. Nobles
Legislative Auditor
Veterans Service Building
St. Paul, MN 55155

Dear Mr. Nobles:

On behalf of the Metropolitan Mosquito Control Commission, I want to thank your staff for their work in the preparation of the District audit for the year ended December 31, 1986.

The audit recommends that the MMCD should reconcile the perpetual inventory record to the general ledger balance on a regular basis and make necessary adjustments to either record. In 1986 the MMCD used for the first time a suspense file which was to include all additions, deletions, and transfers of items in the fixed asset inventory. This suspense file was reconciled at year end and then merged with the perpetual fixed assets inventory. Errors in this system created differing totals for the general ledger and the perpetual record.

To eliminate these problems for 1987, the MMCD staff under the direction of the Business Administrator will, starting in August, 1987, periodically reconcile the perpetual inventory and general ledger transactions. At December 31, 1987 the perpetual fixed asset inventory total will balance with the general ledger figure.

Sincerely,

Robert D. Sjogren, Ph.D.
Director

cc: W. J. Caesar