

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF
REGIONAL COMMUNITY-TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS
AND TRAINING COUNCIL**

**AUDIT REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 1997**

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REGIONAL COMMUNITY-TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS AND TRAINING COUNCIL**

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
AUDIT OBJECTIVES AND SCOPE	5
AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE	6
<i>REPORTABLE CONDITIONS</i>	
1. PENALTY ASSESSMENT UNDERSTATEMENT	8
2. OVERSTATEMENT OF BUILDING COSTS	10
3. ACCOUNTING FOR EQUIPMENT	11
4. INADEQUATE SEGREGATION OF DUTIES	13
5. EQUIPMENT RECEIVED ON LOAN	14
AUDITOR'S REPORT ON STATE COMPLIANCE	17
<i>STATE COMPLIANCE</i>	
6. STATEMENTS OF FINANCIAL INTERESTS	18
INDEPENDENT AUDITOR'S REPORT	19
STATEMENT OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL - GENERAL FUND FOR THE NINE MONTHS ENDED MARCH 31, 1997	21
NOTES TO THE FINANCIAL STATEMENTS	22

TABLE OF CONTENTS (Continued)

SUPPLEMENTARY INFORMATION

SCHEDULE OF BUDGETARY COMPONENTS - GENERAL FUND FOR THE NINE MONTHS ENDED MARCH 31, 1997	30
APPENDIX STATUS OF PRIOR AUDIT FINDINGS	31

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REGIONAL COMMUNITY-TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS AND TRAINING COUNCIL**

INTRODUCTION

BACKGROUND

The New Hampshire Police Standards and Training Council (the Council) was established pursuant to RSA 105-A in 1971 to establish minimum standards for police officers, certify persons as qualified police officers and provide mandatory pre-service and in-service training to police officers. Since that time, the Council's duties have expanded to include providing training and certification to correction employees, liquor investigators and probation-parole officers.

Up until July 1, 1985, the Council was a separate state agency reporting directly to the Governor. Chapter 152, Laws of 1985, transferred the Council to the Department of Postsecondary Vocational-Technical Education, subsequently the Department of Regional Community-Technical Colleges, pursuant to RSA 188-F:25. In light of these changes, the Council continues to maintain a degree of fiscal autonomy and the independent rule making authority under Chapter 152:4, Laws of 1985 and RSA 188-F:26, respectively.

The Council is headquartered adjacent to the grounds of the NH Technical Institute on Fan Road in Concord, in the Police and Corrections Academy facility made operational on October 25, 1983. Additions to the facility have included an additional lecture hall, two additional classrooms and several offices which were opened on July 1, 1989, and a Tactical Training Center and dormitory addition which were completed in 1993.

ORGANIZATION

RSA 188-F:24 establishes the 12 member Council as consisting of two city police chiefs, two town police chiefs, two county sheriffs, two judges of courts with criminal jurisdiction, the Commissioner of Regional Community-Technical Colleges, the Attorney General, the Director of the Division of State Police, and the Commissioner of Corrections. On an annual basis the Governor designates a Chairman and the Council elects a Vice-Chairman.

The administrative functions of the Council are carried out by the Director of Police Standards and Training, who is nominated by the Council and appointed to a four-year term by the Commissioner of Regional Community-Technical Colleges. Reporting to the director are an assistant director and 23 classified employees. The Council operations are organized into three bureaus: Basic Training, Advanced Training, and Support Services, each under the direction of a Bureau Chief. The Council also works in collaboration with the Board of Governors of the Department of Regional Community-Technical Colleges to improve the quality and diversity of its law enforcement courses, and to obtain academic accreditation for Council courses whenever possible.

INTRODUCTION (Continued)

FUNDING

Council funding is derived primarily from penalty assessments collected under the authority of RSA 188-F:31, which states that each court with criminal jurisdiction is required to levy a penalty assessment of \$2 or 20 percent, whichever is greater, on each fine or penalty imposed, exclusive of municipal parking violations. The penalty assessment is divided and designated as follows: 75 percent for the Police Standards and Training Council Training Fund; 10 percent for the victims' assistance fund; and 15 percent for the benefit of court modernization. Monies are collected and credited to the Police Standards and Training Council Training Fund by the Department of Safety and the Administrative Office of the Courts. The Police Standards and Training Council Training Fund is non-lapsing, pursuant to RSA 188-F:30, and is maintained by the State Treasury, in accordance with RSA 188-F:31.

Per RSA 504-A:13 II(a) the Council also receives \$5 from each \$40 supervision fee collected by the Department of Corrections from probationers and parolees, which is deposited into the Police Standard and Training Council Training Fund and used to defray the expenses of providing training to the employees of the Department of Corrections.

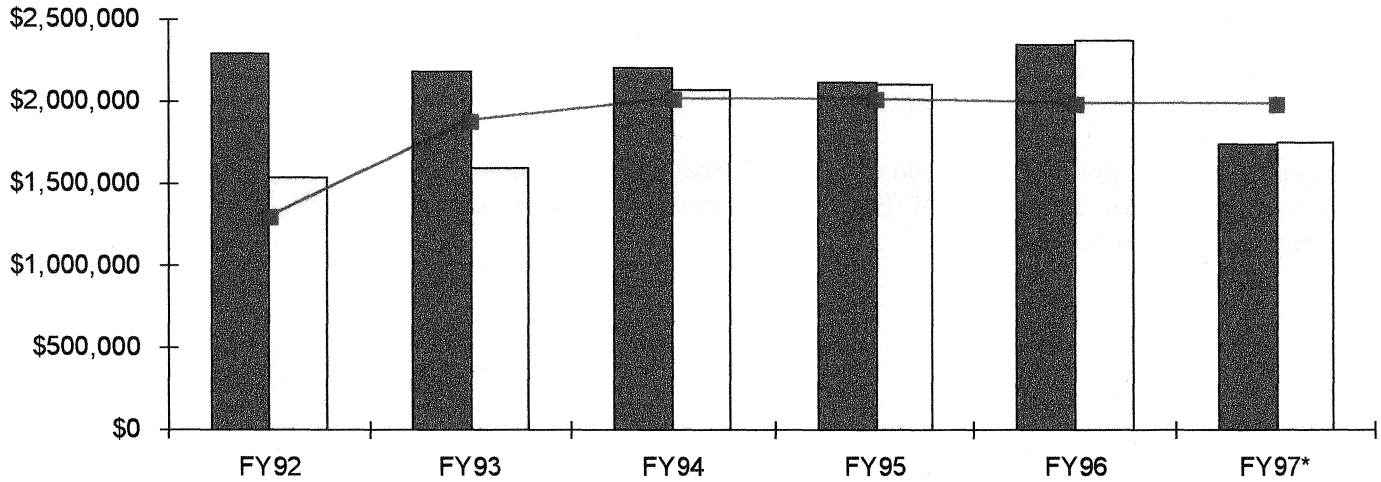
During the nine months ended March 31, 1997, the Council also received a grant from the New Hampshire Highway Safety Agency in the amount of \$37,835, to preserve the continuity of the "Looking Beyond the Traffic Ticket" program. The "Looking Beyond the Traffic Ticket" program is primarily concerned with honoring officers from state, county and local law enforcement for significant apprehensions resulting from traffic enforcement activities, and funding the salary and associated expenses of a part-time Law Enforcement Training Specialist, whose task is to continue to provide regional proactive training programs.

The graph on page three shows revenues, expenditures, and the Training Fund balance for the fiscal years 1992 through 1996 and for the first nine months of fiscal year 1997. The Training Fund balance has continually increased from 1992 through 1995. However, in 1996 expenditures exceeded revenues by \$28,562 causing the fund balance to decrease slightly. The increase in expenditures since fiscal year 1993, is primarily due to increased debt service payments being made on bonds issued to construct the Tactical Training Center and dormitory addition in 1993. During the nine months ended March 31, 1997 expenditures exceeded revenues by \$6,957.

The Council's estimated revenue for fiscal year 1997 was \$2,824,362 while actual revenues for the nine months ended March 31, 1997 totaled \$1,747,342. Because the audit period does not cover the entire fiscal year, it is not expected that actual revenues would approximate estimates for the period under audit. Actual expenditures for the nine months ended March 31, 1997 were \$1,754,299. On the bottom of page three is a graph that depicts expenditures by category for the nine months ended March 31, 1997.

INTRODUCTION (Continued)

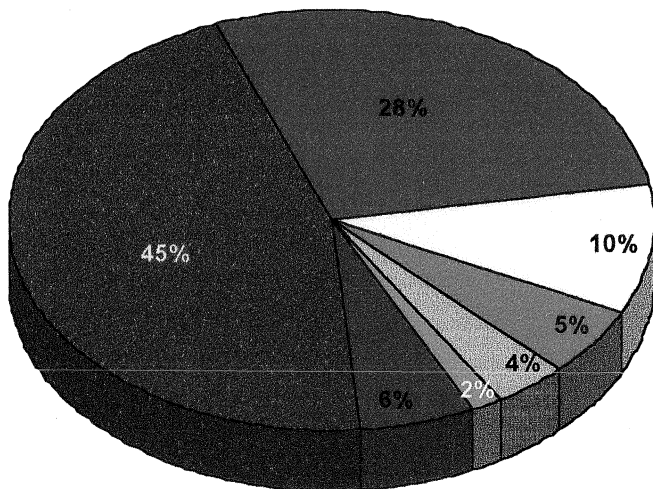
**POLICE STANDARDS AND TRAINING COUNCIL TRAINING FUND
REVENUES, EXPENDITURES AND FUND BALANCE
FISCAL YEARS 1992-1997**



■ Revenues	\$2,288,589	\$2,177,304	\$2,208,354	\$2,117,437	\$2,347,749	\$1,747,342
□ Expenditures	1,538,765	1,596,630	2,074,781	2,110,178	2,376,311	1,754,299
■ Fund Balance	1,308,228	1,888,902	2,022,475	2,029,734	2,001,172	1,994,215

*FY97 for the nine months ended 3/31/97. Fund Balance includes encumbrances of \$231,733.

**EXPENDITURES BY CATEGORY
FOR THE NINE MONTHS ENDED MARCH 31, 1997**



EXPENDITURES

■ Salaries & Benefits	\$ 798,870
■ Debt Service	490,909
□ Current Expenses	175,873
■ Consultants	92,250
■ Travel	64,618
■ Equipment	30,205
■ Other	101,574
TOTAL	\$ 1,754,299

INTRODUCTION (Continued)

PRIOR AUDITS

The most recent prior financial and compliance audit of the New Hampshire Police Standards and Training Council was for the fiscal year ended June 30, 1990. The appendix on page 31 of this report contains a summary of the current status of the observations contained in that prior audit report.

Copies of the prior audit report can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main Street, State House Room 102, Concord, New Hampshire 03301-4906.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REGIONAL COMMUNITY-TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS AND TRAINING COUNCIL**

AUDIT OBJECTIVES AND SCOPE

The primary objective of our audit is to express an opinion on the fairness of the presentation of the financial statements. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we considered the effectiveness of the internal control structure in place at the Police Standards and Training Council and tested the Council's compliance with certain provisions of applicable state laws, regulations, and contracts. Major accounts or areas subject to our examination included, but were not limited to the following:

- Internal control structure
- Revenues and appropriations
- Expenditures and encumbrances
- Property and equipment
- State compliance
- Accounts receivable and payable.

Our reports on the internal control structure and state compliance, the related observations and recommendations, our independent auditor's report, and the financial statements are contained in the report that follows.

AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the accompanying financial statement of the New Hampshire Police Standards and Training Council for the nine months ended March 31, 1997, and have issued our qualified report thereon dated April 24, 1997, which was qualified with respect to the lack of presentation of the financial position of the Council.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

The management of the New Hampshire Police Standards and Training Council is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure 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 recorded properly to permit the preparation of the financial statement in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statement of the New Hampshire Police Standards and Training Council, for the nine months ended March 31, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Those matters that we consider to be reportable conditions are described on the following pages.

REPORTABLE CONDITIONS

OBSERVATION NO. 1: PENALTY ASSESSMENT UNDERSTATEMENT

The Council is funded primarily through the collection of penalty assessments on criminal offenses which are collected by the Department of Safety and the Court System and the collection of supervision fees from individual probationers and parolees by the Department of Corrections. RSA 188-F:31 imposes a 20 percent penalty assessment of which 75 percent is for the Police Standards and Training Council Training Fund; 10 percent for the victims' assistance fund; and 15 percent for the court modernization fund. RSA 504-A:13 imposes a monthly supervision fee of \$40 of which \$5 is credited to the police standards and training council training fund. Penalty assessments account for over 90% of total Council revenue.

In fiscal year 1993, the State implemented the Plea-By-Mail Program where individuals who plead guilty to motor vehicle violations can mail their tickets and payments directly to the Department of Safety rather than to the courts. The Plea-By-Mail Program initially began in Rockingham and Hillsborough counties and was implemented statewide during fiscal year 1997. The Department of Safety processes the fines and allocates the penalty assessment to the appropriate funds as specified by statute. During testing of the penalty assessment revenue collected through the Plea-By-Mail Program the following issue was detected.

OBSERVATION:

According to the state accounting system (NHIFS), the Department of Safety transferred \$419,589 in penalty assessments to the Council for the seven months ended January 31, 1997. We attempted to confirm this amount with Safety. The Department of Safety indicated that \$470,292 should have been credited to the Training Fund, \$50,703 greater than the \$419,589 reported in NHIFS. The Department of Safety generated a report accumulating total violations susceptible to penalty assessment to arrive at the \$470,292 that it confirmed.

Given the amount of the initial variance, we recalculated each day's penalty assessments recorded by Safety and noted differences for nearly every day. Based on our analysis, it appeared that Safety was not crediting the Council with penalty assessment revenue for violations categorized as Highway Fund fines. The penalty assessments were being deposited into the Highway Fund. We also noticed variances for General Fund fines and penalty assessments. The total net variance for the Council apportionment of penalty assessments for the General and Highway Funds for the seven months ended January 31, 1997 was approximately \$9,000.

We discussed the variances with Safety and based on further analysis performed by its business office, the variances appear to be caused by a problem in the Safety computer system. Because of a programming error, revenue collected for fines and penalty assessments for the Highway Fund was not allocated to the proper revenue sources. This may also be occurring with the General Fund fines on a smaller scale. Safety has indicated

OBSERVATION NO. 1: PENALTY ASSESSMENT UNDERSTATEMENT
(Continued)

OBSERVATION (Continued):

that they will correct the problem going forward, but due to the amount of time intensive labor required, it does not intend to recalculate revenue owed the Council prior to the detection of the error.

Based upon the returned confirmation and information provided by Safety it appears that the range of understatement is between \$9,000 to \$51,000 for the seven months ended January 31, 1997. We believe that the upper limit does not exceed \$51,000.

The Council does not perform any type of periodic review or reconciliation of revenue received from the Court System, Safety, or the Department of Corrections to determine whether the revenue credited to the Training Fund is reasonable.

RECOMMENDATIONS:

The Council should continue working with the Department of Safety to resolve this computer programming issue.

Additionally, the Council should establish procedures to periodically review NHIFS reports pertaining to revenue from Safety, and perform analytic procedures on the fine revenue accounts in order to determine whether penalty assessments credited to the Council Training Fund are reasonable. The Council should also establish procedures to periodically review revenue credited from the Court System and the Department of Corrections.

AUDITEE RESPONSE:

We appreciate the efforts of the audit team in discovering this discrepancy, and will work with the Department of Safety to resolve it and determine if there is a method we can use to periodically analyze our revenues from this source and from the Department of Corrections.

OBSERVATION NO. 2: OVERSTATEMENT OF BUILDING COSTS

Generally Accepted Accounting Principles dictate that the recorded cost of buildings includes: (1) the contract price, (2) the costs of remodeling and reconditioning, (3) the costs of excavation for the specific building, (4) architectural costs and the cost of building permits, and (5) unanticipated costs resulting from the condition of the land.

OBSERVATION:

The Police Standards and Training Council (the Council) reported the cost of its buildings to be \$6,658,463 at June 30, 1996. During our testing of this reported balance, we noted the following errors:

- An overstatement of \$542,614 in the reported building cost was caused by erroneously including equipment costs and current expenses in the cost of the building.
- An understatement of \$214,500 in the reported building cost was caused by erroneously excluding architect fees incurred for the planning/design of the Tactical Training Center and firing range.
- Recalculation of payment vouchers for testing of the building cost indicated a clerical error that in total understated the reported cost by \$27,580.

The net overstatement of the reported cost of the Council's building is \$300,534. The actual cost of the building owned by the Police Standards and Training Council is \$6,357,929.

RECOMMENDATION:

We recommend the Council:

- Comply with Generally Accepted Accounting Principles for the recording and reporting of building costs. Thus, equipment costs and related current expenses incurred by the Council for furnishing the building should be excluded from the cost of the building while architect fees should be included in the cost of the building.
- Adjust the building balance by \$300,534. This decrease in the building balance should be reported to the Department of Administrative Services.

AUDITEE RESPONSE:

The architectural fees for the last phase were not a Capital Budget item. They came out of our operating budget warrants. We will recalculate and do a correcting transaction on an Exhibit E as recommended.

OBSERVATION NO. 3: ACCOUNTING FOR EQUIPMENT

The Department of Administrative Services (DAS) issues directives to all state agencies which describe the procedures to be followed when accounting for state-owned equipment. The directives define equipment as items with an original cost of \$100 or more and a useful life of more than one year. When an item of equipment is received, the agency is to affix a prenumbered equipment identification tag to the item. All equipment items costing over \$100 should be reported to DAS at year end and all addition and deletion activity should be reported monthly.

OBSERVATION:

During our testing of equipment owned by the Council, we noted the following deficiencies in the Council's recording and reporting of equipment:

1. Documentation supporting the recorded cost of four out of 50 (8%) equipment items selected for testing could not be located by the Council. Therefore, we were unable to determine if the reported cost of the equipment items, valued at \$52,000, was proper.
2. Forty-four wardrobes and 80 bed platforms were purchased by the Council in 1983. The wardrobes were all grouped under one single identification number and the bed platforms were all grouped under a second identification number making it impossible to identify each individual item of equipment. We noted that five wardrobes costing \$500 each and 12 bed platforms costing \$390 each were surplus several years ago. However, the Council did not follow DAS procedures for surplus these items. The surplus items were not reported to DAS or removed from the Council records, resulting in an overstatement of Council equipment inventory of \$7,180.
3. We observed four equipment items out of 50 (8%) items tested that are obsolete and are no longer used by the Council. Agency personnel stated that these items along with many others that are no longer used will eventually be surplus. The total value of these four items equaled \$4,655.
4. An intercom system which appeared to cost more than \$100 did not have an equipment tag affixed to it nor was it included on the inventory listing. The Council did not have documentation available to provide a cost for this intercom system, therefore the amount of understatement could not be determined.
5. A video camera purchased during June 1996 was not issued an equipment inventory identification tag and was not included on the inventory report. The video camera was purchased for \$1,875 and caused equipment inventory to be understated by that amount as of March 31, 1997.

The net effect of the above errors overstated the reported equipment balance of \$1,023,980 by \$9,960.

OBSERVATION NO. 3: ACCOUNTING FOR EQUIPMENT (Continued)

RECOMMENDATION:

The Council should improve its recording and reporting of equipment items by following the directives in the DAS Fixed Asset Policy & Procedures Manual as to proper documentation for recorded costs of assets and reporting of equipment items on its monthly and annual inventory reports. The Council should also comply with DAS directives regarding the disposal of equipment items.

AUDITEE RESPONSE:

1. Three of the 4 equipment items referred to are Intoxilyzer instruments which were part of a one-of-a-kind statewide bulk purchase made by the Department of Safety to update all the instruments in the State, including those we use for training. In the future, we will insist on separate invoices. The fourth item was a firearms training simulator. The legal retention period required by State Archives for this transaction has expired, so we know the purchase price but the documentation is no longer available. We have no objection to keeping such documents beyond the legal retention period in the future.
2. Because of the poor condition of these items, we submitted them and State Surplus received them without formal paperwork, since they were of no value for auction. This was our error, and the inventory will be corrected and any further transactions of this nature properly documented.
3. The entire contents of the room are in the process of being surplused as no longer usable.
4. The intercom system is wired into the ceiling and hallways and, therefore, attached to the building, with the transmitting device located on the Recruit Academy Commandant's table. As a control box for the building system, the transmitter was not tagged because it did not appear to fit the definition of an inventory item.
5. The invoice copy for the video camera was mis-filed and the camera, therefore, did not get tagged. This was our error and the item has been tagged and added to the inventory.

OBSERVATION NO. 4: INADEQUATE SEGREGATION OF DUTIES

The fundamental purpose of properly segregating accounting and administrative duties is to protect the integrity of the accounting and administrative systems by ensuring that no one employee is in a position to commit, either intentionally or unintentionally, errors or irregularities and also be responsible for the detection of those errors or irregularities. In general, there are three principal groups of incompatible duties that must be segregated for proper internal controls: 1) transaction authorization; 2) custody of assets; and 3) recording of transactions.

OBSERVATION:

We noted the following areas where the Council could strengthen its internal control structure by properly segregating duties:

Expenditures

- One employee is responsible for the maintenance of the personnel files, receiving all time sheets, posting time and leave to the state payroll system (GHRIS), verification of the data entered in GHRIS and distributing pay checks to employees.
- One employee is responsible for preparing requisitions, posting to NHIFS, making the final approval in NHIFS, and on occasion receiving the ordered goods.

Equipment

- One employee maintains the detailed equipment records, supervises the annual physical inventory, and resolves discrepancies between the equipment listing and the actual physical count of inventory.
- Effective internal control procedures require that receiving reports be completed upon the receipt of equipment and consumable inventories. The use of receiving reports strengthens internal controls over equipment and consumable inventory acquisitions as it documents their actual receipt. We noted that receiving reports are not consistently prepared for equipment and consumable inventories received by the Council.
- The Council does not use appropriate procedures when performing its physical equipment inventory counts. The physical inventories are performed by referring to a recorded list of equipment. Equipment items that have been erroneously omitted from the recorded list are not likely to be detected and included on the list during the taking of the inventory.

RECOMMENDATION:

We recommend the following:

- The Council should strive to segregate duties of transaction authorization, custody of assets, and recording of transactions to the extent practical.

OBSERVATION NO. 4: INADEQUATE SEGREGATION OF DUTIES (Continued)

RECOMMENDATION (Continued):

- To strengthen internal controls over equipment and consumable inventory acquisitions, the Council should establish procedures to ensure that receiving reports are completed for all acquisitions.
- The Council should establish adequate procedures for performing the annual physical equipment count. The physical inventory should be performed independently of the recorded equipment list, with an individual independent of the recordkeeping function responsible for reconciling the physical list to the recorded list.

AUDITEE RESPONSE:

We agree with this observation. The Accounting Technician was added to our personnel roster after the last audit, to enable us to better segregate duties. Our revenue stream will not accommodate additional accounting office personnel at this time, but the auditors have agreed to recommend to us a different allocation of duties between the Accountant and the Accounting Technician to eliminate these incompatible duties to the maximum extent possible.

We will reinforce our receiving procedures by reissuing our written policy on this and having the Accountant report any deviations at once to the Service Bureau Chief. We will issue a new policy that requires the inventory to be taken without prior reference to the recorded equipment list and then reconciled.

OBSERVATION NO. 5: EQUIPMENT RECEIVED ON LOAN

OBSERVATION:

The Police Standards and Training Council has custody of 60 guns, related gun supplies and a mountain bike that have an estimated value of \$8,200. Council personnel stated that these equipment items are on “long-term loan” from several vendors.

We reviewed the procedures followed by the Council to account for the equipment items that are received on loan and noted the following deficiencies:

- The agency does not have a system in place to adequately account for the items received on loan. There is no complete listing of the items. The most current list was created in 1991, and while it has been manually updated since that time it still contains items that have been destroyed or returned.

OBSERVATION NO. 5: EQUIPMENT RECEIVED ON LOAN (Continued)

OBSERVATION (Continued):

- The agency did not obtain approval from the Police Standards and Training Council prior to accepting equipment items that were received on loan.
- There are no written agreements between the Council and the lenders for items that are received on loan.

RECOMMENDATION:

The Council should perform the following to improve its accounting for equipment received on loan:

- Develop and implement procedures to provide internal controls over and accountability for such equipment items. Procedures should include establishing adequate segregation of duties, maintaining current inventory listings, and performing periodic physical inventory counts of items received on loan.
- Establish a written agreement with each lender describing terms of the loan, the value of the item(s) and date received, and anticipated date of return (if applicable). A copy of the agreement should be maintained by the Council.

AUDITEE RESPONSE:

In most, but apparently not all, cases we have obtained Council acceptance for loaned items. We will seek retroactive acceptance for any that have not been, and execute written agreements with the owners in the future.

In the future, we will maintain separate file folders on these items with copies of the agreement and devise some sort of tagging system with annual accountability.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described on the preceding pages is a material weakness.

This report is intended for the information of the management of the New Hampshire Police Standards and Training Council and the Fiscal Committee of the General Court. However, this report is a matter of public record upon acceptance by the Fiscal Committee and its distribution is not limited.

Office of Legislative Budget Assistant
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

April 24, 1997



State of New Hampshire

OFFICE OF LEGISLATIVE BUDGET ASSISTANT

State House, Room 102
Concord, New Hampshire 03301

AUDITOR'S REPORT ON STATE COMPLIANCE

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the Statement of Revenues and Expenditures Budget and Actual - General Fund of the New Hampshire Police Standards and Training Council for the nine months ended March 31, 1997, and have issued our qualified report thereon dated April 24, 1997, which was qualified with respect to the lack of presentation of the financial position of the Council.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

Compliance with state laws, regulations, and contracts applicable to the New Hampshire Police Standards and Training Council is the responsibility of the Council's management. As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we performed tests of the New Hampshire Police Standards and Training Council's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the financial statement was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*. However, we have noted on page 18 an instance of noncompliance with state statutes, while not material to the financial statement, we believe to be worthy of report mention.

This report is intended for the information of the management of the New Hampshire Police Standards and Training Council and the Fiscal Committee of the General Court. However, this report is a matter of public record upon acceptance by the Fiscal Committee and its distribution is not limited.

Office of Legislative Budget Assistant
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

April 24, 1997

STATE COMPLIANCE

OBSERVATION NO. 6: STATEMENTS OF FINANCIAL INTERESTS

RSA 21-G:5-a requires that "Every member of every executive branch board, commission, advisory committee, board of directors, and authority shall file by July 1 of each year a verified written statement of financial interests..." This form is to be filed with the Secretary of State.

OBSERVATION:

The Corrections Advisory Committee, established by RSA 188-F:26, associated with the Police Standards and Training Council appears to meet the filing criteria set forth in RSA 21-G:5-a. There are 11 members on the Corrections Advisory Committee, none of whom filed the required statements of financial interests as of July 1, 1996.

The Council does not have procedures in place to monitor the filing of these statements by the members of the Corrections Advisory Committee. According to RSA 21-G:5-a, "no member shall be allowed to enter into or continue the member's duties..." unless the statement has been filed. It appears that all of the members of the Corrections Advisory Committee have been allowed to continue with their official duties.

RECOMMENDATION:

To prevent the possibility that an advisory committee decision may be questioned due to the participation of a Corrections Advisory Committee member who has not filed a statement of financial interests, the Council should perform the following:

- Notify advisory committee members of the filing required by RSA 21-G:5-a.
- Establish procedures to ensure that all advisory committee members file statements of financial interests as required by statute.
- Monitor the filing of the statements and notify the Chairman of the Corrections Advisory Committee when statements are not filed timely in accordance with the statute.

AUDITEE RESPONSE:

We were unaware that RSA 21-G:5-a applied to our Corrections Advisory Committee. In the future, annual notifications will be sent to Committee members to make them aware of this requirement.

INDEPENDENT AUDITOR'S REPORT

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the Statement of Revenue and Expenditures Budget and Actual - General Fund of the New Hampshire Police Standards and Training Council for the nine months ended March 31, 1997. This financial statement is the responsibility of the management of the New Hampshire Police Standards and Training Council. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As more fully discussed in NOTE 1, the financial statement referred to in paragraph one is not intended to present the financial position of the New Hampshire Police Standards and Training Council.

In our opinion, except for the matter discussed in the third paragraph, the financial statement referred to above presents fairly, in all material respects, certain financial activity of the New Hampshire Police Standards and Training Council for the nine months ended March 31, 1997 in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statement referred to in the first paragraph. The accompanying Schedule of Budgetary Components is presented on page 30 for the purpose of additional analysis and is not a required part of the financial statement of the New Hampshire Police Standards and Training Council. Such information has been subjected to the auditing procedures applied in our audit of the financial statement referred to in the first paragraph and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 24, 1997 on our consideration of the New Hampshire Police Standards and Training Council's internal control structure and a report dated April 24, 1997 on its compliance with laws and regulations.

Office of Legislative Budget Assistant
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

April 24, 1997

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REGIONAL COMMUNITY - TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS AND TRAINING COUNCIL**

**STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 31, 1997**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>
<u>RESTRICTED REVENUES</u>			
PENALTY ASSESSMENTS	\$2,767,758	\$1,723,657	(\$1,044,101)
OTHER AGENCY FUNDS	<u>56,604</u>	<u>23,685</u>	<u>(32,919)</u>
TOTAL RESTRICTED REVENUES	<u>\$2,824,362</u>	<u>\$1,747,342</u>	<u>(\$1,077,020)</u>
<u>EXPENDITURES</u>			
SALARIES AND BENEFITS	\$1,113,174	\$ 798,870	\$ 314,304
DEBT SERVICE	519,927	490,909	29,018
CURRENT EXPENSES	301,901	175,873	126,028
CONSULTANTS	198,178	92,250	105,928
TRANSFERS TO OTHER AGENCIES	80,656	64,683	15,973
TRAVEL (NOTE 6)	226,032	64,618	161,414
SPECIALIZED TRAINING GRANTS	45,000	36,891	8,109
EQUIPMENT	95,385	30,205	65,180
COUNCIL TRAINING FUND (NOTE 2)	<u>2,245,282</u>	<u>-0-</u>	<u>2,245,282</u>
TOTAL EXPENDITURES	<u>\$4,825,535</u>	<u>\$1,754,299</u>	<u>\$3,071,236</u>

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

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REGIONAL COMMUNITY - TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS AND TRAINING COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Police Standards and Training Council established under RSA 105-A is an organization of the primary government of the State of New Hampshire. The financial activity of the Council is accounted for in the General Fund of the State of New Hampshire's Comprehensive Annual Financial Report (CAFR). Assets, liabilities, and fund balances are reported by fund for the State as a whole in the CAFR. The Council, as an organization of the primary government, accounts for only a small portion of the General Fund and those assets, liabilities, and fund balances as reported in the CAFR that are attributable to the Council cannot be determined. Accordingly, the accompanying financial statement is not intended to show the financial position of the Council in the General Fund and the change in this fund balance is not reported on the accompanying financial statement.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

Financial Statements

The financial statement of the Council has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The State of New Hampshire and the Council uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

GOVERNMENTAL FUND TYPES

General Fund

The General Fund accounts for all financial transactions not specifically accounted for in any other fund. By law, and with certain exceptions, all revenues of governmental funds are paid daily into the State Treasury. All such revenues, other than certain designated revenues, are credited to the General Fund. Annual expenditures that are not allocated by law to other funds are charged to the General Fund.

ACCOUNT GROUP

General Fixed Assets

General fixed assets acquired by the Council for the performance of its operations are reflected in the General Fixed Assets Account Group at the time of acquisition. As of March 31, 1997, the Council had recorded in the General Fixed Assets Account Group the cost of general fixed assets based on available historical cost records. Donated fixed assets are recorded at fair market value at the time donated.

C. BASIS OF ACCOUNTING

The State of New Hampshire accounts for its financial transactions related to the General Fund on the modified accrual basis of accounting, under which revenues are recognized when measurable and available to finance operations during the year. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period. Expenditures are recognized in the period in which obligations are incurred as a result of the receipt of goods or services. Expenditures made by the Council through governmental funds are limited by statute to appropriations made by the Legislature.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY DATA

General Budget Policies

The statutes of the State of New Hampshire require the Governor to submit a biennial operating budget to the Legislature. This budget consists of three parts: part I is the Governor's program for meeting all expenditure needs as well as estimating revenues to be received; part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government; part III consists of draft appropriation bills for the appropriations made in the proposed budget. The operations of the Council are budgeted in the General Fund.

The New Hampshire biennial budget is composed of the initial operating budget and supplemented by additional appropriations. These additional appropriations and estimated revenues from various sources are authorized by Governor and Council action, annual session laws, and existing statutes which require appropriations under certain circumstances. As shown on the Schedule of Budgetary Components-General Fund on page 30, the final budgeted amount includes the initial operating budget plus supplemental appropriation warrants, balances brought forward, and transfers.

Pursuant to RSA 188-F:32 (b) upon request of the Police Standards and Council, the Governor and Council, with approval of the Fiscal Committee, may authorize the transfer of unappropriated amounts from the Council Training Fund when additional funds are needed to meet the statutory obligations of the Council.

A Statement of Revenues and Expenditures-Budget and Actual-General Fund is presented as the Council's financial statement for the nine months ended March 31, 1997.

When a statement is presented at an interim date, a date other than a June 30 fiscal year end, the variance reflects the difference between the twelve month budgeted amount and a partial year's actual revenue and expenditures. Thus, on the nine month financial statement dated March 31, 1997, unfavorable variances in revenues are expected, because nine months of actual receipts are compared to the amount of revenue expected to be collected in the twelve month period. Similarly, favorable expenditure variances are expected, as nine months of actual expenditures are compared to amounts expected to be expended in the twelve month budget period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY DATA (Continued)

Encumbrances

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded. The Council's unliquidated encumbrance balance at March 31, 1997 in the General Fund was \$231,733.

E. FIXED ASSETS - GENERAL

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets in the General Fixed Assets Account Group are not depreciated.

F. INTERFUND AND INTRAFUND TRANSACTIONS

The State accounts for interfund and intrafund transactions as described below:

Reimbursements - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel and maintenance. In addition, the Department of Administrative Services charges rent to those departments that are housed in State-owned buildings. These fees and rent are not considered material and are recorded as revenue by the servicing department and as expenditures by the user department.

NOTE 2 – POLICE STANDARDS AND TRAINING COUNCIL TRAINING FUND

Pursuant to RSA 188-F:30, the Police Standards and Training Council Training Fund is maintained to pay expenses incurred in the administration of police standards and training activity. Amounts collected from penalty assessments in accordance with RSA 188-F:31 (I) are credited to this non-lapsing fund. The budgetary available balance in the Training Fund at the end of each fiscal year is brought forward as an addition to the expenditure budget in the following fiscal year. The \$2,245,282 addition to the expenditure budget represents

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**NOTE 2 – POLICE STANDARDS AND TRAINING COUNCIL TRAINING FUND
(Continued)**

expenditure balances brought forward at July 1, 1996 that were not earmarked by specific contracts or encumbrances.

The following schedule summarizes the actual revenue and expenditure activity of the Council Training Fund for the nine months ended March 31, 1997:

Net Balances Forward July 1, 1996	\$2,001,172
Actual Restricted Revenue	1,747,342
Less: Expenditures	<u>1,754,299</u>
Subtotal	\$1,994,215
Less: Encumbrances	<u>231,733</u>
Available Balance March 31, 1997	<u>\$1,762,482</u>

NOTE 3 – GENERAL FIXED ASSETS ACCOUNT GROUP

The following is a schedule of changes in real property and equipment balances, as reported by the Council, in the General Fixed Assets Account Group for the nine months ended March 31, 1997. Equipment purchases are funded through budgeted appropriations.

	Beginning Balance <u>7-1-96</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>3-31-97</u>
Real Property	\$6,658,463	\$ -0-	\$ 300,534	\$6,357,929
Equipment	<u>989,394</u>	<u>36,910</u>	<u>2,324</u>	<u>1,023,980</u>
Total	<u>\$7,647,857</u>	<u>\$ 36,910</u>	<u>\$ 302,858</u>	<u>\$7,381,909</u>

Changes in the Council's real property and equipment balances are reported to the Department of Administrative Services at the end of each fiscal year for inclusion in the State's Comprehensive Annual Financial Report.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4 – BONDS PAYABLE

The Council is responsible for paying principal and interest on multiple general obligation variable rate bonds. The proceeds of the bonds were used to support the construction and furnishing of the Police Standards and Training Council Training Facility, an academic wing addition, a Tactical Training Center, and a firing range. All of the bonds were issued and are backed by the full faith and credit of the State. As of July 1, 1996, total outstanding bond principal equaled \$4,130,537. During the nine months ended March 31, 1997, payments on bond principal totaled \$291,143 leaving an outstanding principal balance of \$3,839,394 at March 31, 1997.

The bond amortization schedule for the next five years and thereafter is presented below:

<u>Year Ended 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
1998	\$ 286,290	\$ 190,631	\$ 476,921
1999	284,127	178,501	462,628
2000	287,923	183,540	471,463
2001	301,846	161,797	463,643
2002	277,184	155,562	432,746
THEREAFTER	<u>2,402,024</u>	<u>804,834</u>	<u>3,206,858</u>
TOTAL	\$ <u>3,839,394</u>	\$ <u>1,674,865</u>	\$ <u>5,514,259</u>

NOTE 5 – EMPLOYEE BENEFIT PLANS

New Hampshire Retirement System

The Council, as an organization of State government, participates in the New Hampshire Retirement System (the Plan). The Plan is a contributory defined benefit plan and covers substantially all full-time employees of the Council. The Plan qualifies as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. New Hampshire Revised Statutes Annotated (RSA), Chapter 100-A, established the Plan and the contribution requirements. The Plan, which is a cost-sharing, multiple-employer Public Employees Retirement System (PERS), is divided into two membership groups. Group I consists of employees and teachers. Group II consists of firefighters and police officers, including some correctional officers. Substantially all employees of the Council who are members of the Plan are members of Group I, except for four Law Enforcement Training Specialists who were previously employed as police officers and are currently members of Group II. Group I - Members contributing through age 60 qualify for a normal service retirement allowance based on years of creditable service.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5 – EMPLOYEE BENEFIT PLANS (Continued)

The yearly pension amount is 1/60 (1.67%) of average final compensation (AFC), multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of creditable service.

Members in service with 10 or more years of creditable service who are between age 50 and 60 are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service. In addition, any Group I member who has completed at least 20 years of creditable service that, when combined with his or her age equals at least 70, is entitled to retire and have benefits commence immediately at a reduced service retirement allowance. Group II - After attaining the age of 45, members with 20 years of creditable service qualify to receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members in service at age 60 qualify to receive a prorated retirement allowance.

Members of both groups are entitled to disability allowances and also death benefit allowances subject to various requirements and rates based on AFC or earnable compensation.

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. During the nine months ended March 31, 1997, Group I and II members were required to contribute 5% and 9.3%, respectively, of gross earnings. The State funds 100% of the employer cost for all of the Council employees enrolled in the Plan. The annual contribution required to cover any normal cost beyond the employee contribution is determined every two years by the Plan's actuary.

The Council's payments for normal contribution costs for the nine months ended March 31, 1997 amounted to 3.39% of the covered payroll for its Group I employees and 4.06% for its Group II employees. The Plan does not make separate measurements of assets and pension benefit obligation for individual employers. The New Hampshire Retirement System Comprehensive Annual Financial Report contains detailed information regarding the Plan as a whole, including information on payroll, contributions, actuarial assumptions and funding method, pension benefit obligation, and ten year historical trend data. The New Hampshire Retirement System operates on a fiscal year ending June 30.

Deferred Compensation Plan

The Council, as an organization of State government, offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all State employees, permits them to defer a portion of their salaries

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5 – EMPLOYEE BENEFIT PLANS (Continued)

until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are (until paid or made available to the employees or other beneficiaries) solely the property and rights of the State (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the State's general creditors.

Participants' rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

Postemployment Health Care Benefits

The Council, as an organization of State government, provides postemployment health care benefits, in accordance with RSA 21-I:30, to all retired employees and their spouses on a non-contributory basis, as authorized by State statute. During the nine months ended March 31, 1997 the Council paid \$17,169 for the full cost of health insurance on a pay-as-you-go basis for six retirees, spouses and dependents.

NOTE 6 – TRAVEL EXPENDITURES

The biennial operating budget provides for the cost of meals for police and corrections academy recruits within the travel budget. Of the \$64,618 in travel-related expenditures for the nine months ended March 31, 1997, \$56,828 was expended by the Council for meals.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REGIONAL COMMUNITY TECHNICAL COLLEGES
NEW HAMPSHIRE POLICE STANDARDS AND TRAINING COUNCIL**

**SCHEDULE OF BUDGETARY COMPONENTS
GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 31, 1997**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL WARRANTS</u>	<u>BALANCES FORWARD</u>	<u>NET TRANSFERS</u>	<u>BUDGET</u>
<u>RESTRICTED REVENUES</u>					
PENALTY ASSESSMENTS	\$2,447,589	\$ -0-	\$ 320,169	\$ -0-	\$2,767,758
OTHER AGENCY FUNDS	<u>-0-</u>	<u>42,046</u>	<u>19,650</u>	<u>(5,092)</u>	<u>56,604</u>
TOTAL RESTRICTED REVENUES	<u>\$2,447,589</u>	<u>\$ 42,046</u>	<u>\$ 339,819</u>	<u>\$ (5,092)</u>	<u>\$2,824,362</u>
<u>EXPENDITURES</u>					
SALARIES AND BENEFITS	\$1,080,325	\$ 26,155	\$ 3,982	\$ 2,712	\$1,113,174
DEBT SERVICE	519,927	-0-	-0-	-0-	519,927
CURRENT EXPENSES	270,180	11,449	11,624	8,648	301,901
CONSULTANTS	215,002	-0-	5,294	(22,118)	198,178
TRANSFERS TO OTHER AGENCIES	75,987	3,864	869	(64)	80,656
TRAVEL	183,168	578	42,996	(710)	226,032
SPECIALIZED TRAINING GRANTS	45,000	-0-	-0-	-0-	45,000
EQUIPMENT	58,000	-0-	26,645	10,740	95,385
COUNCIL TRAINING FUND	<u>-0-</u>	<u>-0-</u>	<u>2,249,582</u>	<u>(4,300)</u>	<u>2,245,282</u>
TOTAL EXPENDITURES	<u>\$2,447,589</u>	<u>\$ 42,046</u>	<u>\$2,340,992</u>	<u>\$ (5,092)</u>	<u>\$4,825,535</u>

**STATE OF NEW HAMPSHIRE
POLICE STANDARDS AND TRAINING COUNCIL**

APPENDIX

STATUS OF PRIOR AUDIT FINDINGS

The following is a summary of the April 24, 1997 status of the observations contained in the audit report of the Police Standards and Training Council for the fiscal year ended June 30, 1990. A copy of the prior report can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main Street, State House Room 102, Concord, NH 03301-4906.

INTERNAL CONTROL STRUCTURE

STATUS

REPORTABLE CONDITIONS

- | | |
|---|-------|
| 1. Debt Service Payments | ● ● ● |
| 2. Segregation of Duties (See current year observation no. 4) | ● ● 0 |

STATE COMPLIANCE

- | | |
|--|-------|
| 3. Documentation of Surplus Equipment (See current year observation no. 3) | 0 0 0 |
|--|-------|

STATUS KEY

Fully resolved	● ● ●
Substantially resolved	● ● 0
Partially resolved	● 0 0
Unresolved	0 0 0

THIS PAGE INTENTIONALLY LEFT BLANK