OFFICE OF THE COUNTY AUDITOR

MEMORANDUM

Haskell N. Arnold, CPA
County Auditor

January 20, 2012

MEMO TO: John Byrd, Director
Department of Recreation and Parks

Stanley Milesky, Director
Department of Finance

THRU: Haskell N. Arnold
County Auditor

FROM: Lisa L. Geerman
Assistant County Auditor

SUBJECT: Annual Physical Inventory Count - FY 2011
Recreation and Parks

We visited the Department of Recreation and Parks on June 23, 2011, to observe the annual physical inventory counting process. We obtained an inventory list as of June 21, 2011, showing 528 items with a total inventory value of $102,351.24. We selected a sample of 167 items, including all items with an aggregate value of over $150. The value of our sample amounted to $82,090.22, or 80% of the total value of the inventory and 32% of the total number of items in inventory. We found variances totaling $10,192.01 and differences in 108 of the 167 items. This variance is largely a result of discrepancies between units of measure associated with entering the inventory in the SAP system. For example, items which should have been counted by the case were initially recorded in SAP by the bottle, resulting in a large difference between the quantity recorded in SAP and the amount actually on hand. These items have been adjusted to their correct unit of measurement. These discrepancies should not continue into the following year. The total value of the inventory after the count was $94,898.35, which includes adjustments for the variances found as well as activity which occurred subsequent to the printing of the inventory list on June 21.

The value of the inventory according to the balance sheet is $97,567 as of June 30, 2011. This amount differs from the count due to activities which occurred during the intervening period between the count and year-end. We believe that the reported inventory amount of $97,567 is a fair valuation of the inventory at the Department of Recreation and Parks as of June 30, 2011.

cc: Council Members
Ken Ulman, County Executive
Lonnie R. Robbins, Chief Administrative Officer
Lois Miller, Administrative Services Officer

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