

October 22, 2021

W. Samuel Hill, Sheriff  
Washington County Sheriff's Department  
Montpelier, Vermont

We have audited the financial statements of the business-type activities of Washington County Sheriff's Department (the "Department") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2021. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates used by management.

The financial statement disclosures are neutral, consistent, and clear.

##### *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 clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes corrected misstatements of the financial statements.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is 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 October 22, 2021.

*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.

Restriction on Use

This information is intended solely for the information and use of Washington 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.

Client: **Vermont Sheriff Departments**  
Engagement: **Washington County Sheriff's Department**  
Period Ending: **6/30/2021**  
Trial Balance: **TB**  
Workpaper: **1400.15 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
Client Provided Entry- To record support from State.				
50116	Wages - State Paid Sheriff/Dep		209,380.00	
50121	Employer SS & MED taxes		14,922.00	
50131	Health insurance		60,627.00	
50132	Disability insurance		94.00	
50132	Disability insurance		330.00	
50132	Disability insurance		863.00	
50134	Dental insurance		3,292.00	
50135	Retirement contribution		35,852.00	
47041	Support from State			325,360.00
<b>Total</b>			<b>325,360.00</b>	<b>325,360.00</b>

<b>Adjusting Journal Entries JE # 3</b>				
Client Provided Entry- To record additional county support during the year.				
50114	Wages - Administrative staff		109,832.00	
50121	Employer SS & MED taxes		7,888.00	
50122	Employer SUTA & HC expense		589.00	
50135	Retirement contribution		6,186.00	
52014	DMV lines		154.00	
56242	WAC - Occupancy expenses		667.00	
47040	WAC - Support from County			111,803.00
50131	Health insurance			4,016.00
50132	Disability insurance			71.00
50133	Worker's comp insurance			641.00
56230	WAC - Insurance & bonds			720.00
56230	WAC - Insurance & bonds			728.00
56230	WAC - Insurance & bonds			1,037.00
56230	WAC - Insurance & bonds			2,321.00
56242	WAC - Occupancy expenses			189.00
56242	WAC - Occupancy expenses			3,636.00
56246	WAC - Office equipment leases			154.00
<b>Total</b>			<b>125,316.00</b>	<b>125,316.00</b>

<b>Adjusting Journal Entries JE # 4</b>				
To record disposal of car #12.				
		<b>6500.11</b>		
18022	Accum depreciation - vehicles		14,626.00	
60000	Gain (loss) on sale of equipment		12,798.00	
18021	Vehicle purchases			27,424.00
<b>Total</b>			<b>27,424.00</b>	<b>27,424.00</b>

<b>Adjusting Journal Entries JE # 5</b>				
To record 2021 depreciation expense.				
		<b>6500.11</b>		
18010	Law enforcement equipment		70.00	
58200	Depreciation - Vehicles		9,109.00	
18011	LE & office equipment purchases			70.00
18012	Accum Depreciation - equipment			3.00
18022	Accum depreciation - vehicles			9,106.00
<b>Total</b>			<b>9,179.00</b>	<b>9,179.00</b>

**Adjusting Journal Entries JE # 6** **6500.11**

Client: **Vermont Sheriff Departments**  
 Engagement: **Washington County Sheriff's Department**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB**  
 Workpaper: **1400.15 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To record disposal of equipment.				
18012	Accum Depreciation - equipment		18,324.00	
18011	LE & office equipment purchases			18,324.00
<b>Total</b>			<b>18,324.00</b>	<b>18,324.00</b>

**Washington County Sheriff's Department**

Financial Statements  
(With Independent Auditors' Report)

June 30, 2021

**Washington County Sheriff's Department**

June 30, 2021

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## Independent Auditors' Report

W. Samuel Hill, Sheriff  
Washington County Sheriff's Department  
Montpelier, Vermont

We have audited the accompanying financial statements of the business-type activities of the Washington County Sheriff's Department (the "Department"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Department as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

Governmental Accounting Standards Board (GASB) 68 requires employers to present extensive note disclosures and other required supplementary information, including disclosing descriptive information about the types of benefits provided and how contributions are determined. As discussed in Note 7, the Department participates in the Vermont 457 Deferred Compensation Plan. The Department has not determined the impact of adopting GASB 68. Our opinion is not modified in respect to this matter.

A handwritten signature in blue ink that reads "McSoley McCroy & Co." in a cursive script.

South Burlington, Vermont  
October 22, 2021  
VT Reg. No. 92-349



**Washington County Sheriff's Department**  
Statement of Net Position  
June 30, 2021

**Assets:**

Current assets

Cash and cash equivalents	\$ 926,140
Accounts receivable	75,723
Prepaid expenses	<u>10,234</u>

Total current assets 1,012,097

Vehicles and equipment, net of accumulated depreciation 175,866

Total assets 1,187,963

**Liabilities:**

Current liabilities

Accounts payable	11,384
Accrued payroll and payroll taxes	<u>31,476</u>

Total liabilities 42,860

**Net Position:**

Unrestricted net position	969,237
Investment in capital assets	<u>175,866</u>

Total net position \$ 1,145,103

See accompanying notes to the financial statements.

**Washington County Sheriff's Department**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2021

**Operating Revenues:**

Services:	
Charges for services	\$ 411,526
Process services	69,979
Transport services	58,635
Jail services	2,150
Operating grants	36,828
County support	259,489
State support	325,360
Miscellaneous revenues	<u>73,839</u>
 Total operating revenues	 <u>1,237,806</u>

**Operating Expenses:**

Contracted services	753,190
Process services	23,707
Vehicle expenses	97,639
Communication expenses	46,148
Administration and general	306,346
Jail expenses	2,159
Depreciation	<u>60,057</u>
 Total operating expenses	 <u>1,289,246</u>

Net operating loss	<u>(51,440)</u>
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**Non-Operating Income (Expense):**

Loss on sale of vehicle	(12,798)
Interest income	3,105
Interest expense	<u>(1)</u>

Total non-operating loss	<u>(9,694)</u>
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Net loss	(61,134)
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Net position, beginning of year	<u>1,206,237</u>
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Net position, end of year	<u>\$ 1,145,103</u>
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See accompanying notes to the financial statements.

**Washington County Sheriff's Department**  
Statement of Cash Flows  
For the Year Ended June 30, 2021

<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 1,238,074
Cash received from operating grants	36,828
Cash payments to suppliers for goods and services	(526,123)
Cash payments to employees for services	<u>(702,317)</u>
Net cash provided by operating activities	<u>46,462</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of vehicles and equipment	(124,534)
Interest income	3,105
Interest expense	<u>(1)</u>
Net cash used by capital and related financing activities	<u>(121,430)</u>
Net decrease in cash and cash equivalents	(74,968)
Cash and cash equivalents, beginning of year	<u>1,001,108</u>
Cash and cash equivalents, end of year	<u><u>\$ 926,140</u></u>
 <b>Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:</b>	
Net operating loss	<u>\$ (51,440)</u>
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation	60,057
Decrease in accounts receivable	37,096
Decrease in prepaid expenses	1,720
Increase in accounts payable	5,972
Decrease in accrued payroll and payroll taxes	<u>(6,943)</u>
Total adjustments	<u>97,902</u>
Net cash provided by operating activities	<u><u>\$ 46,462</u></u>

See accompanying notes to the financial statements.

**Washington County Sheriff's Department**  
Notes to Financial Statements  
June 30, 2021

(1) Summary of Significant Accounting Policies

The Washington County Sheriff's Department (the "Department") is a governmental entity operating under Title 24 Vermont Statutes Annotated Section 290 located in the County of Washington, Vermont. Funding is provided by the State of Vermont and the County of Washington, Vermont. Operating revenue is generated by service charges, some of which are set by state statute and others are set by the Department. Included among the duties performed by the Department are contracting to provide law enforcement services; security services; control dispatching and other centralized support services; service of lawful writs, warrants, and processes; and transportation of prisoners and the mentally disabled.

(a) Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. The Department's revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources, as needed.

(b) Basis of Presentation

The Department accounts for ongoing operations and activities using proprietary fund accounting, a method developed with the economic resources measurement focus. This focus is similar to accounting methods used in the private sector.

(c) Cash and Cash Equivalents

For the purpose of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. In addition, the Department considers all certificates of deposit to be cash equivalents.

(d) Vehicles and Equipment

Vehicles and equipment are recorded at cost with depreciation computed using the straight-line method over their estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as nonoperating activity for the period. The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments over \$1,000 are capitalized.

Estimated useful lives by major classification are as follows:

Office furniture	5-7 years
Communication equipment	5-10 years
Vehicles	3-5 years

Washington County Sheriff's Department

Notes to Financial Statements

June 30, 2021

Summary of Significant Accounting Policies (continued)

(e) Unrestricted Net Position

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

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Accounts Receivable

Significant receivables include amounts due from state, town, and contractor contracts. These receivables are due within 30 days. The Department has not recorded an allowance for uncollectible accounts at June 30, 2021, as all amounts are deemed collectible.

(h) Subsequent Events

The Department evaluated subsequent events through October 22, 2021, the date the Department's financial statements were available to be used.

(2) Cash and Categories of Risk

There are three categories of credit risk that apply to the Department's balance:

1. Insured by the FDIC or collateralized with securities held by the Department or by the Department's agent in the Department's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Department's name.
3. Uncollateralized.

The Department's bank balances are categorized below to give an indication of the level of risk assumed by the Department at June 30, 2021.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 452,588	\$ 452,588
Uninsured deposits	472,772	461,064
Undeposited funds	700	-
Cash on hand	<u>80</u>	<u>-</u>
Total cash deposits	<u>\$ 926,140</u>	<u>\$ 913,652</u>

**Washington County Sheriff's Department**  
Notes to Financial Statements  
June 30, 2021

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2021 by major classifications as follows:

	Beginning		Ending	
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Vehicles	\$ 394,358	\$ 124,534	\$ (105,910)	\$ 412,982
Equipment	<u>166,307</u>	<u>-</u>	<u>(18,324)</u>	<u>147,983</u>
Total vehicles and equipment	560,665	124,534	(124,234)	560,965
Less accumulated depreciation	<u>(436,478)</u>	<u>(60,057)</u>	<u>111,436</u>	<u>(385,099)</u>
Vehicles and equipment, net	<u>\$ 124,187</u>	<u>\$ 64,477</u>	<u>\$ (12,798)</u>	<u>\$ 175,866</u>

(4) Cost Sharing

Under Vermont law, Washington County and the State of Vermont are required to cover certain costs of the Washington County Sheriff's Department. Such costs include the Sheriff's salary and benefits, administrative salary and benefits, office space, certain automotive expenses, and others. The amount expended by the County and State during the year ended June 30, 2021 has not been fully determined.

(5) Operating Grants

The Washington County Sheriff's Department received grants from the U.S. Government and other grantors. Entitlements to the resources are generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditures of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits becomes a liability of the Department. As of June 30, 2021, management believes that no material liabilities will result from such audits.

(6) Risk Management

The Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Department maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Department. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

(7) Retirement Plan

The Department participates in the Vermont 457 Deferred Compensation Plan. Contributions to the plan are paid by the State of Vermont. All full time employees that are paid by the County or the State are eligible for participation. Total contributions for the year ended June 30, 2021 were \$42,038.

**Washington County Sheriff's Department**  
Notes to Financial Statements  
June 30, 2021

Retirement Plan (continued)

Vermont state statutes (VSA Title 24, Chapter 125) provide the authority under which benefit provisions are established. The State of Vermont issues an audited financial report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

W. Samuel Hill, Sheriff  
Washington County Sheriff's Department  
Montpelier, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Washington County Sheriff's Department (the "Department"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



South Burlington, Vermont  
October 22, 2021  
VT Reg. No. 92-349