

**Washington County Sheriff's Department**

Financial Statements  
(With Independent Auditors' Report)

For the Period February 1, 2023 to June 30, 2023

**Washington County Sheriff's Department**

For the Period February 1, 2023 to June 30, 2023

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Government Auditing Standards Report:

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*

Independent Auditors' Report

Marc Poulin, Sheriff  
Washington County Sheriff's Department  
Montpelier, Vermont

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities of the Washington County Sheriff's Department (the "Department") for the period February 1, 2023 to June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Department as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the period February 1, 2023 to June 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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, how contributions are determined, and assumptions and methods used to calculate the liability. The Department has not determined the impact of adopting GASB 68. Our opinion is not modified in respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Washington County Sheriff's Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Washington County Sheriff's Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington County Sheriff's Department's internal control over financial reporting and compliance.

*McSoley McCoy & Co.*

South Burlington, Vermont  
November 30, 2023  
VT Reg. No. 92-349

**Washington County Sheriff's Department**  
Statement of Net Position  
June 30, 2023

**Assets:**

Current assets

Cash and cash equivalents	\$ 926,683
Accounts receivable	118,738
Prepaid expenses	<u>2,721</u>

Total current assets 1,048,142

Vehicles and equipment, net of accumulated depreciation 284,207

Total assets 1,332,349

**Liabilities:**

Current liabilities

Accounts payable	15,461
Accrued payroll and payroll taxes	<u>32,264</u>

Total liabilities 47,725

**Net Position:**

Unrestricted net position	1,000,417
Investment in capital assets	<u>284,207</u>

Total net position \$ 1,284,624

See accompanying notes to the financial statements.

**Washington County Sheriff's Department**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Period February 1, 2023 to June 30, 2023

**Operating Revenues:**

Services:	
Charges for services	\$ 191,670
Process services	58,840
Transport services	19,428
Jail services	775
Operating grants	37,428
County support	77,576
State support	165,124
Miscellaneous revenues	<u>74,429</u>
 Total operating revenues	 <u>625,270</u>

**Operating Expenses:**

Contracted services	310,689
Process services	24,283
Vehicle expenses	32,667
Communication expenses	18,044
Administration and general	137,416
Jail expenses	275
Depreciation	<u>28,505</u>
 Total operating expenses	 <u>551,879</u>

Net operating income	<u>73,391</u>
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**Non-Operating Income (Expense):**

Gain on sale of vehicles	15,894
Interest income	3,977
Interest expense	<u>(39)</u>

Total non-operating income	<u>19,832</u>
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Net income	93,223
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Net position, beginning of period	<u>1,191,401</u>
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Net position, end of period	<u><u>\$ 1,284,624</u></u>
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See accompanying notes to the financial statements.

**Washington County Sheriff's Department**  
Statement of Cash Flows  
For the Period February 1, 2023 to June 30, 2023

<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 520,648
Cash received from operating grants	37,428
Cash payments to suppliers for goods and services	(182,547)
Cash payments to employees for services	<u>(318,751)</u>
Net cash provided by operating activities	<u>56,778</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(152,115)
Cash proceeds from disposal of vehicles	15,894
Interest income	3,977
Interest expense	<u>(39)</u>
Net cash used by capital and related financing activities	<u>(132,283)</u>
Net decrease in cash and cash equivalents	(75,505)
Cash and cash equivalents, beginning of period	<u>1,002,188</u>
Cash and cash equivalents, end of period	<u><u>\$ 926,683</u></u>
 <b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</b>	
Net operating income	<u>\$ 73,391</u>
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	28,505
Increase in accounts receivable	(67,194)
Increase in prepaid expenses	(2,603)
Increase in accounts payable	6,864
Increase in accrued payroll and payroll taxes	<u>17,815</u>
Total adjustments	<u>(16,613)</u>
Net cash provided by operating activities	<u><u>\$ 56,778</u></u>

See accompanying notes to the financial statements.



**Washington County Sheriff's Department**  
Notes to Financial Statements  
For the Period February 1, 2023 to June 30, 2023

(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:

Equipment	5-10 years
Vehicles	5 years

**Washington County Sheriff's Department**  
Notes to Financial Statements  
For the Period February 1, 2023 to June 30, 2023

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, 2023, as all amounts are deemed collectible. Accounts receivable as of June 30, 2023 and January 31, 2023 was \$118,738 and \$51,544, respectively.

(h) Subsequent Events

The Department evaluated subsequent events through November 30, 2023, 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.

**Washington County Sheriff's Department**  
Notes to Financial Statements  
For the Period February 1, 2023 to June 30, 2023

Cash and Categories of Risk (continued)

The Department's bank balances are categorized below to give an indication of the level of risk assumed by the Department at June 30, 2023.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 455,208	\$ 455,208
Uninsured deposits	470,695	479,840
Cash on hand	<u>780</u>	<u>-</u>
Total cash deposits	<u>\$ 926,683</u>	<u>\$ 935,048</u>

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2023 by major classifications as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 407,985	\$ 75,770	\$ (105,409)	\$ 378,346
Equipment	<u>84,129</u>	<u>76,345</u>	<u>-</u>	<u>160,474</u>
Total vehicles and equipment	492,114	152,115	(105,409)	538,820
Less accumulated depreciation	<u>(331,517)</u>	<u>(28,505)</u>	<u>105,409</u>	<u>(254,613)</u>
Vehicles and equipment, net	<u>\$ 160,597</u>	<u>\$ 123,610</u>	<u>\$ -</u>	<u>\$ 284,207</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 period ended June 30, 2023 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, 2023, management believes that no material liabilities will result from such audits.

**Washington County Sheriff's Department**  
Notes to Financial Statements  
For the Period February 1, 2023 to June 30, 2023

(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.

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.

The department also participates in the Vermont Municipal Employees Retirement System (VMERS). VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Retirement System Division of the Vermont State Treasurer's Office issues a publicly available financial report that includes financial statements and required supplementary information for VMERS. That report may be obtained by writing to Retirement System Division, Vermont State Treasurer's Office, 133 State Street, Montpelier, Vermont 05602.

Plan members (Department employees) are required to contribute 11.00% of their annual covered compensation and the Department is required to contribute at an actuarially determined rate. The current rate is 8.25% of annual covered payroll. The contribution requirements of plan members and the Department are established and may be amended by the Retirement Board, Vermont Municipal Employees Retirement System.

GASB 68 requires employers to present extensive note disclosures and other required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the liability. The Department has not determined the impact of adopting GASB 68.

Contributions made to the retirement plans by the Department for the period February 1, 2023 to June 30, 2023 amounted to \$6,538.

(7) Subsequent Event

The Department experienced significant flood damage in July 2023. The financial impact of this is unknown as of the date of the auditors' report.

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*

Marc Poulin, 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 June 30, 2023 and for the period February 1, 2023 to June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated November 30, 2023.

**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  
November 30, 2023  
VT Reg. No. 92-349