

Washington County Sheriff's Department

Financial Statements
(With Independent Auditors' Report)

For the Period July 1, 2022 to January 31, 2023

Washington County Sheriff's Department

For the Period July 1, 2022 to January 31, 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 July 1, 2022 to January 31, 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 for the period July 1, 2022 to January 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended 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. 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.

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 June 8, 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
June 8, 2023
VT Reg. No. 92-349

Washington County Sheriff's Department
Statement of Net Position
January 31, 2023

Assets:

Current assets

Cash and cash equivalents	\$ 1,002,188
Accounts receivable	51,544
Prepaid expenses	<u>118</u>

Total current assets 1,053,850

Vehicles and equipment, net of accumulated depreciation 160,597

Total assets 1,214,447

Liabilities:

Current liabilities

Accounts payable	8,597
Accrued payroll and payroll taxes	<u>14,449</u>

Total liabilities 23,046

Net Position:

Unrestricted net position	1,030,804
Investment in capital assets	<u>160,597</u>

Total net position \$ 1,191,401

See accompanying notes to the financial statements.

Washington County Sheriff's Department
Statement of Revenues, Expenses, and Changes in Net Position
For the Period July 1, 2022 to January 31, 2023

Operating Revenues:

Services:

Charges for services	\$ 249,284
Process services	80,231
Transport services	31,813
Jail services	2,375
Operating grants	32,028
County support	190,422
State support	210,932
Miscellaneous revenues	<u>67,562</u>

Total operating revenues 864,647

Operating Expenses:

Contracted services	447,330
Process services	34,840
Vehicle expenses	113,234
Communication expenses	26,727
Administration and general	137,881
Jail expenses	2,375
Depreciation	<u>40,687</u>

Total operating expenses 803,074

Net operating income 61,573

Non-Operating Income (Expense):

Interest income	4,351
Interest expense	<u>(20)</u>

Total non-operating income 4,331

Net income 65,904

Net position, beginning of period 1,125,497

Net position, end of period \$ 1,191,401

See accompanying notes to the financial statements.

Washington County Sheriff's Department
Statement of Cash Flows
For the Period July 1, 2022 to January 31, 2023

Cash Flows from Operating Activities:	
Cash received from customers	\$ 844,769
Cash received from operating grants	32,028
Cash payments to suppliers for goods and services	(280,746)
Cash payments to employees for services	<u>(498,065)</u>
Net cash provided by operating activities	<u>97,986</u>
 Cash Flows from Capital and Related Financing Activities:	
Interest income	4,351
Interest expense	<u>(20)</u>
Net cash provided by capital and related financing activities	<u>4,331</u>
Net increase in cash and cash equivalents	102,317
Cash and cash equivalents, beginning of period	<u>899,871</u>
Cash and cash equivalents, end of period	<u><u>\$ 1,002,188</u></u>
 Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:	
Net operating income	<u>\$ 61,573</u>
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	40,687
Decrease in accounts receivable	12,150
Decrease in prepaid expenses	7,486
Decrease in accounts payable	(3,637)
Decrease in accrued payroll and payroll taxes	<u>(20,273)</u>
Total adjustments	<u>36,413</u>
Net cash provided by operating activities	<u><u>\$ 97,986</u></u>

See accompanying notes to the financial statements.

Washington County Sheriff's Department
Notes to Financial Statements
For the Period July 1, 2022 to January 31, 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:

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

Washington County Sheriff's Department
Notes to Financial Statements
For the Period July 1, 2022 to January 31, 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 January 31, 2023, as all amounts are deemed collectible. Accounts receivable as of January 31, 2023 and June 30, 2022 was \$51,554 and \$63,694, respectively.

(h) Subsequent Events

The Department evaluated subsequent events through June 8, 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 July 1, 2022 to January 31, 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 January 31, 2023.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 453,858	\$ 453,858
Uninsured deposits	547,100	551,921
Undeposited funds	450	-
Cash on hand	<u>780</u>	<u>-</u>
Total cash deposits	<u>\$ 1,002,188</u>	<u>\$ 1,005,779</u>

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of January 31, 2023 by major classifications as follows:

	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Vehicles	\$ 407,985	\$ -	\$ -	\$ 407,985
Equipment	<u>170,813</u>	<u>-</u>	<u>(86,684)</u>	<u>84,129</u>
Total vehicles and equipment	578,798	-	(86,684)	492,114
Less accumulated depreciation	<u>(377,514)</u>	<u>(40,687)</u>	<u>86,684</u>	<u>(331,517)</u>
Vehicles and equipment, net	<u>\$ 201,284</u>	<u>\$ (40,687)</u>	<u>\$ -</u>	<u>\$ 160,597</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 January 31, 2023 has not been fully determined.

Washington County Sheriff's Department
Notes to Financial Statements
For the Period July 1, 2022 to January 31, 2023

(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 January 31, 2023, 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 period July 1, 2022 to January 31, 2023 were \$4,649.

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*

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 January 31, 2023 and for the period July 1, 2022 to January 31, 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 June 8, 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
June 8, 2023
VT Reg. No. 92-349