

November 15, 2021

Mark Anderson, Sheriff  
Windham County Sheriff's Department  
Newfane, Vermont

We have audited the financial statements of the business-type activities of Windham 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 made 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. Attached is a schedule of corrected misstatements that were corrected by management.

##### *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 November 15, 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 the Sheriff and management of Windham 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.

**Windham County Sheriff's Department**

Financial Statements  
(With Independent Auditors' Report)

June 30, 2021

**Windham County Sheriff's Department**

June 30, 2021

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

*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

Mark Anderson, Sheriff  
Windham County Sheriff's Department  
Newfane, Vermont

We have audited the accompanying financial statements of the business-type activities of the Windham County Sheriff's Department (the "Department"), as of and for the year ended June 30, 2021 and the related notes to the financial statements.

### **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 the *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 from 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 entity'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 entity'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 respective 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 – GASB 68**

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 to the pension plan are determined, and assumptions and methods used to calculate the liability. As discussed in Note 10, the Department participates in the Vermont State Employees' Retirement System. 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 McCoy & Co." in a cursive script.

South Burlington, Vermont  
November 15, 2021  
VT Reg. No. 92-349

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

<b>Assets:</b>	<u>2021</u>
Current assets	
Cash	\$ 24,300
Accounts receivable	122,459
Due from other governments	<u>23,792</u>
Total current assets	170,551
Vehicles and equipment, net of accumulated depreciation	<u>268,842</u>
Total assets	<u>439,393</u>
<b>Liabilities:</b>	
Current liabilities	
Line of credit	11,000
Current portion of notes payable	27,950
Accounts payable	67,115
Accrued payroll and payroll taxes	<u>132,244</u>
Total current liabilities	238,309
Notes payable, net of current portion	<u>69,885</u>
Total liabilities	<u>308,194</u>
<b>Net position:</b>	
Unrestricted	(39,808)
Invested in capital assets, net of debt obligations	<u>171,007</u>
Total net position	<u>\$ 131,199</u>

See accompanying notes to the financial statements.

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

	2021
<b>Operating revenues:</b>	
Charges for services	\$ 901,890
Operating grants	235,308
Civil process	47,862
Transportation	171,298
County support	162,446
Fingerprint services	27,659
Miscellaneous revenues	9,020
Total operating revenues	1,555,483
<b>Operating expenses:</b>	
Contracted services	657,442
Process services	13,966
Administration and general	355,050
Automotive services	111,060
Communications services	206,042
Grant expenses	84,547
Miscellaneous expenses	564
Depreciation	82,825
Total operating expenses	1,511,496
Net operating income	43,987
<b>Non-operating income (expense):</b>	
Interest income	307
Interest expense	(3,784)
Loss on sale of vehicle	(1,372)
Total non-operating loss	(4,849)
Net income	39,138
Net position, beginning of year, restated	92,061
Net position, end of year	\$ 131,199

See accompanying notes to the financial statements.



**Windham County Sheriff's Department**

Statement of Cash Flows

For the Year Ended June 30, 2021

	<u>2021</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,315,210
Cash received from operating grants	235,308
Cash payments to suppliers for goods and services	(649,962)
Cash payments to employees for services	<u>(774,771)</u>
Net cash provided by operating activities	<u>125,785</u>
<b>Cash flows from capital financing activities:</b>	
Purchase of vehicles and equipment	(198,345)
Proceeds from sale of vehicles	12,000
Proceeds from notes payable	71,487
Principal payments on notes payable	(38,696)
Proceeds from line of credit	11,000
Interest expense	<u>(3,784)</u>
Net cash used by capital financing activities	<u>(146,338)</u>
<b>Cash flows from investment activities:</b>	
Interest income	<u>307</u>
Net decrease in cash	(20,246)
Cash, beginning of year	<u>44,546</u>
Cash, end of year	<u><u>\$ 24,300</u></u>
<b>Reconciliation of net operating income to net cash provided by operating activities:</b>	
Net operating income	\$ 43,987
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	82,823
Decrease in accounts receivable	25,196
Increase in due from other governments	(30,161)
Decrease in accounts payable	(10,500)
Increase in accrued payroll and payroll taxes	<u>14,440</u>
Total adjustments	<u>81,798</u>
Net cash provided by operating activities	<u><u>\$ 125,785</u></u>
<b>Supplemental Non-cash Disclosure</b>	
During fiscal year 2021, the Department purchased a vehicle with a bank loan through Brattleboro Savings and Loan. The bank issued a check directly to the seller for the purchase.	<u><u>\$ 22,116</u></u>

See accompanying notes to the financial statements.

## Windham County Sheriff's Department

### Notes to the Financial Statements

June 30, 2021

#### (1) Summary of Significant Accounting Policies

The Windham County Sheriff's Department (the "Department") is a governmental entity operating under Title 24 Vermont Statutes Annotated Section 290 located in the County of Windham, Vermont. Funding is provided by the State of Vermont and the County of Windham. 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, the mentally disabled, and Department of Children and Families ("DCF") children.

##### (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) Use of Estimates

The process of preparing 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.

##### (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.

**Windham County Sheriff's Department**

Notes to the Financial Statements

June 30, 2021

Summary of Significant Accounting Policies (continued)

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

Estimated useful lives by major classification are as follows:

Office equipment	5 years
Communication and patrol equipment	5-7 years
Vehicles	5 years

(e) Accounts Receivable

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

(f) Unrestricted Net Assets

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

(g) Subsequent Events

The Department evaluated subsequent events through November 15, 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 Federal Deposit Insurance Corporation ("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.

**Windham County Sheriff's Department**

Notes to the Financial Statements

June 30, 2021

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, 2021.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 24,225	\$ 25,641
Uninsured deposits	-	-
Cash on hand	<u>75</u>	<u>-</u>
Total cash deposits	<u>\$ 24,300</u>	<u>\$ 25,641</u>

(3) Vehicles and Equipment

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 426,863	\$ 207,995	\$ (28,429)	\$ 606,429
Office equipment	26,669	12,466	-	39,135
Communication equipment	319,583	-	-	319,583
Patrol equipment	<u>53,022</u>	<u>-</u>	<u>-</u>	<u>53,022</u>
Total vehicles and equipment	826,137	220,461	(28,429)	1,018,169
Less accumulated depreciation	<u>(681,561)</u>	<u>(82,823)</u>	<u>15,057</u>	<u>(749,327)</u>
Vehicles and equipment, net	<u>\$ 144,576</u>	<u>\$ 137,638</u>	<u>\$ (13,372)</u>	<u>\$ 268,842</u>

(4) Notes Payable

Notes payable as of June 30, 2021 consisted of notes to the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Current Maturities</u>	<u>Ending Balance</u>
--	------------------------------	------------------	------------------	-------------------------------	---------------------------

5.25% note, originally due November 2021 but paid in full March 2021, to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased, as follows:

	<u>\$ 11,169</u>	<u>\$ -</u>	<u>\$ (11,169)</u>	<u>\$ -</u>	<u>\$ -</u>
--	------------------	-------------	--------------------	-------------	-------------

**Windham County Sheriff's Department**

Notes to the Financial Statements

June 30, 2021

Notes Payable (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Current Maturities</u>	<u>Ending Balance</u>
5.25% note, originally due December 2021 but paid in full March 2021, to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>9,896</u>	\$ <u>-</u>	\$ <u>(9,896)</u>	\$ <u>-</u>	\$ <u>-</u>
5.25% note due February 2022 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>10,358</u>	\$ <u>-</u>	\$ <u>(5,964)</u>	\$ <u>(4,394)</u>	\$ <u>-</u>
5.25% note due June 2022 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>11,505</u>	\$ <u>-</u>	\$ <u>(5,342)</u>	\$ <u>(6,163)</u>	\$ <u>-</u>
4.50% note due October 2025 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>-</u>	\$ <u>34,290</u>	\$ <u>(4,662)</u>	\$ <u>(6,459)</u>	\$ <u>23,169</u>
4.50% note due April 2026 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>-</u>	\$ <u>19,300</u>	\$ <u>(533)</u>	\$ <u>(3,551)</u>	\$ <u>15,216</u>
4.50% note due April 2026 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>-</u>	\$ <u>17,897</u>	\$ <u>(501)</u>	\$ <u>(3,304)</u>	\$ <u>14,092</u>
4.50% note due April 2026 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:	\$ <u>-</u>	\$ <u>22,116</u>	\$ <u>(629)</u>	\$ <u>(4,079)</u>	\$ <u>17,408</u>
<b>Total</b>	\$ <u>42,928</u>	\$ <u>93,603</u>	\$ <u>(38,696)</u>	\$ <u>(27,950)</u>	\$ <u>69,885</u>

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

Notes Payable (continued)

The future minimum lease payments under the long term debt as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 27,950
2023	18,193
2024	19,028
2025	19,903
2026	<u>12,761</u>
Total	<u>\$ 97,835</u>

(5) Line of Credit

The Department entered into a line of credit agreement with Brattleboro Savings and Loan Association. The maximum borrowing amount under the line of credit is \$50,000 with interest charged at the Wall Street Journal prime rate plus 1% (4.25% as of June 30, 2021). The maturity date for the line of credit was originally August 12, 2021 but was extended subsequent to year end to August 12, 2022. The line of credit is secured by all business assets of the Department. At June 30, 2021, the outstanding balance on the line of credit was \$11,000.

(6) Cost Sharing

Under Vermont law, Windham County and the State of Vermont are required to cover certain costs of the Windham 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 determined.

During the year, the Department received funding from the County for \$120,000 to assist with emergency needs as a result of the COVID-19 pandemic. The Department reimbursed the County \$75,000. The remaining \$45,000 will be reduced from the County's budget for the Department.

(7) Operating Grants

The Windham 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.

## Windham County Sheriff's Department

### Notes to the Financial Statements

June 30, 2021

(8) 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.

(9) Administration Fee

The Sheriff is allowed a 5% commission fee for contract administration on most contracts. This amount is accrued monthly and the Sheriff only draws from the balance when the Sheriff feels drawing will not cause undue stress on the Department's resources. For the year ended June 30, 2021, total commission paid to the Sheriff was \$0 and the balance eligible to be drawn was \$15,851.

(10) Retirement Plan

The Department participates in the Vermont State Employees' Retirement System ("VSERS"). The Department contributes 13.84% of eligible compensation for all employees deferring the required 6.65% of eligible compensation.

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.

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 VSERS by the Department for the year ended June 30, 2021 amounted to \$100,374.

(11) Litigation

The Department is involved in litigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Department's future financial position or results from operations. Management believes the potential for an adverse effect is minimized due to coverage within insurance policies.

**Windham County Sheriff's Department**

Notes to the Financial Statements

June 30, 2021

(12) Prior Period Restatement

During the year ended June 30, 2021, it was determined that a portion of a COVID-19 related state grant related to fiscal year 2020. An adjustment has been made to the accompanying financial statements to decrease operating grant revenue and increase net position by \$85,746 as of July 1, 2020.



INDEPENDENT AUDITOR'S 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*

Mark Anderson, Sheriff  
Windham County Sheriff's Department  
Newfane, 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 Windham 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 November 15, 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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, and 2021-004 to be significant deficiencies.

### **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*.

### **The Windham County Sheriff's Department's Response to Findings**

The Department's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

### **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.



November 15, 2021  
South Burlington, Vermont  
VT Reg. No. 92-349

**Windham County Sheriff's Department**  
Schedule of Findings and Questioned Costs  
June 30, 2021

**Finding 2021-001: Contracts and Revenue Cut Off**

**Condition:**

During our test work, there was an instance where the rate per contract was not properly billed. Additionally, it was noted that several invoices for services rendered near year-end were not recorded in the correct period.

**Recommendation:**

We recommend the Department maintain written contracts for all services to be performed and ensure all rates per the contracts are properly billed. We also recommend the Department implement a system to ensure revenue is recorded in the proper period, especially at year end. This would involve making journal entries at the beginning and end of each fiscal year to record revenue in the proper period.

**Finding 2021-002: Proper Approval**

**Condition:**

During our test work, it was noted that several disbursements were not properly approved by the Sheriff. Upon examining the bank statements for the expense payments in question, it was determined that the Sheriff did sign the checks, indicating his final approval for payment.

**Recommendation:**

We recommend the Department adhere to their policy regarding the proper approval of disbursements, which would involve the use of a "Received" stamp and the signature / initials of the Sheriff or Captain.

**Finding 2021-003: Financial Reporting**

**Condition:**

During our audit, we proposed several adjusting journal entries. The magnitude and scope of these adjustments makes it difficult to produce timely and accurate internal financial information on which management can rely. We also believe it hinders management to properly perform its financial role and properly operate the Department. It also increases the Department's exposure to fraud and irregularities.

**Recommendation:**

We recommend the Department place more emphasis on the importance of the accounting function and accuracy of financial reporting, especially with accruals and notes payable.

**Windham County Sheriff's Department**  
Schedule of Findings and Questioned Costs  
June 30, 2021

**Finding 2021-004: Liquidity**

**Condition:**

In examining the Department's statement of net position as of June 30, 2021, we observed the Department's current ratio was less than 1:1. The current ratio measures liquidity by comparing current assets to current liabilities, and is an indication of an organization's ability to meet its current obligations with existing resources. A current ratio of 2:1 or greater is considered indicative of a financially stable entity.

**Recommendation:**

We recommend management develop a plan to improve the Department's liquidity.

**Management's Views and Corrective Action Plan:**

Management's views and corrective action plan is included at the end of this report.



# WINDHAM COUNTY SHERIFF'S OFFICE

Mark R. Anderson, Sheriff  
PO Box 266, Newfane VT 05345  
Tel: (802) 365-4942  
Fax: (802) 365-4945



## Windham County Sheriff's Department Management's Corrective Action Plan For the Year Ended June 30, 2021

### **2021-001: Contracts and Revenue Cut Off**

The Department will implement controls to ensure all contracts entered into are properly supported with a written agreement. The Department will also implement controls to ensure all rates are properly billed. The Department will also implement a system to record revenue in the proper year, by making journal entries at the beginning and end of each fiscal year.

### **2021-002: Proper Approval**

The Department will implement controls to ensure approval is obtained prior to processing transactions.

### **2021-003: Financial Reporting**

The Department will implement a system to ensure all accruals and notes payable are properly recorded in the accounting function.

### **2021-004: Liquidity**

The Department will work on a long-term strategic financial plan that will address improving the Department's liquidity.