

Bennington County Sheriff's Department

Financial Statements
(With Independent Auditors' Report)

June 30, 2021

Bennington County Sheriff's Department

For the Year Ending 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	6-11

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

Chad Schmidt, Sheriff
Bennington County Sheriff's Department
Bennington, Vermont

We have audited the accompanying financial statements of the business-type activities of the Bennington 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 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 8, the Department participates in the Vermont State Retirement System. The Department has not determined the impact of adopting GASB 68. Our opinion is not modified in respect to this matter.



South Burlington, Vermont
January 19, 2022
VT Reg. No. 92-349

Bennington County Sheriff's Department

Statement of Net Position

June 30, 2021

Assets:

Current assets

Cash and cash equivalents	\$	183,405
Accounts receivable		128,014
Prepaid expenses		<u>9,719</u>

Total current assets 321,138

Property and equipment, net 543,257

Total assets 864,395

Liabilities:

Current liabilities

Accounts payable		11,640
Accrued payroll and payroll related items		22,153
Current portion of long-term debt		<u>52,564</u>

Total current liabilities 86,357

Long-term debt, net of current portion 69,282

Total liabilities 155,639

Net position:

Unrestricted		287,345
Investment in capital assets, net of related debt		<u>421,411</u>

Total net position \$ 708,756

See accompanying notes to the financial statements.

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

Operating revenues:	
Charges for services	\$ 1,392,182
Operating grants	102,808
County support - revenue	438,003
Miscellaneous revenues	<u>37,035</u>
Total operating revenues	<u>1,970,028</u>
 Operating expenses:	
Contracted services	993,938
Automotive services	295,530
Communication services	59,007
Administration and general	330,239
Miscellaneous	1,880
Depreciation	<u>98,911</u>
Total operating expenses	<u>1,779,505</u>
Net operating gain	190,523
 Non-operating revenue (expense):	
Gain on sale of asset	6,863
Interest expense	<u>(4,590)</u>
Total non-operating revenue	<u>2,273</u>
Net gain	192,796
Net position, beginning of year	<u>515,960</u>
Net position, end of year	<u><u>\$ 708,756</u></u>

See accompanying notes to the financial statements.

Bennington County Sheriff's Department

Statement of Cash Flows

For the Year Ended June 30, 2021

Operating activities:

Cash received from customers	\$ 1,887,527
Cash received from operating grants	102,808
Cash payments to suppliers for goods and services	(780,966)
Cash payments to employees for services	<u>(917,192)</u>
Net cash provided by operating activities	<u>292,177</u>

Cash flows from financing activities:

Acquisition of property and equipment	(12,456)
Proceeds received on sale of property and equipment	14,185
Principal payments on long-term debt	(267,201)
Interest expense	<u>(4,590)</u>

Net cash used for financing activities (270,062)

Net increase in cash 22,115

Cash and cash equivalents, beginning of year 161,290

Cash and cash equivalents, end of year \$ 183,405

Reconciliation of net operating gain to net cash provided by operating activities:

Net operating gain	<u>\$ 190,523</u>
Adjustments to reconcile net operating gain to net cash provided by operating activities	
Depreciation	98,911
Decrease in accounts receivable	20,307
Decrease in prepaid expenses	1,173
Increase in accrued payroll and payroll related items	(3,164)
Decrease in accounts payable	<u>(15,573)</u>
Total adjustments	<u>101,654</u>
Net cash provided by operating activities	<u><u>\$ 292,177</u></u>

See accompanying notes to the financial statements.

Bennington County Sheriff's Department
Notes to Financial Statements
For the Year Ending June 30, 2021

(1) Summary of Significant Accounting Policies

The Bennington County Sheriff's Department (the "Department") is a governmental entity operating under Title 24 Vermont Statutes Annotated Section 290 located in the County of Bennington, Vermont. Funding is provided by the State of Vermont and the County of Bennington. 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) Property and equipment

Property 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 \$5,000 are capitalized.

Bennington County Sheriff's Department
Notes to Financial Statements
For the Year Ending June 30, 2021

Summary of Significant Accounting Policies (continued)

Estimated useful lives by major classification are as follows:

Equipment	5 - 7 years
Furniture and fixtures	5 - 7 years
Vehicles	5 - 7 years
Land improvements	5 - 15 years
Building	5 - 40 years
Building improvements	7 - 40 years

(e) Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Department or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

(f) 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.

(g) 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 management has determined all receivables are collectible.

(h) Subsequent events

The Department evaluated subsequent events through January 19, 2022, the date the Department's financial statements were available to be used.

Bennington County Sheriff's Department
Notes to Financial Statements
For the Year Ending June 30, 2021

(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.

	Book Balance	Bank Balance
Insured deposits	\$ 178,426	\$ 221,259
Uninsured deposits	-	-
Cash on hand	150	-
Undeposited funds	4,829	-
 Total cash funds	 \$ 183,405	 \$ 221,259

(3) Property and Equipment

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

	Beginning Balance	Additions	Deletions	Ending Balance
Vehicles	\$ 897,268	\$ 3,886	\$ (31,449)	\$ 869,705
Land	114,480	-	-	114,480
Land improvements	7,970	-	-	7,970
Equipment	383,205	8,570	-	391,775
Furniture and fixtures	6,480	-	-	6,480
Building	219,859	-	-	219,859
Building improvements	48,648	-	-	48,648
Total property and equipment	1,677,910	12,456	(31,449)	1,658,917
Less accumulated depreciation	(1,040,877)	(98,911)	24,128	(1,115,660)
Property and equipment, net	\$ 637,033	\$ (86,455)	\$ (7,321)	\$ 543,257

Bennington County Sheriff's Department
Notes to Financial Statements
For the Year Ending June 30, 2021

(4) Long-term Debt

Long-term debt as of June 30, 2021 consists of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Current Maturities</u>	<u>Remaining Balance</u>
Bank of Bennington:					
4.75% mortgage due December, 2024 secured by the property as follows:					
	\$ 259,165	\$ -	\$ (220,203)	\$ (22,510)	\$ 16,452
5.75% note due September, 2022 secured by the equipment as follows:					
	\$ 12,402	\$ -	\$ (5,765)	\$ (5,644)	\$ 993
5.25% note due May, 2024 secured by the equipment as follows:					
	\$ 70,766	\$ -	\$ (18,140)	\$ (17,661)	\$ 34,965
Chrysler Jeep Dodge Ram Notes Payable:					
0.00% note due December, 2024 secured by the vehicle as follows:					
	\$ 30,370	\$ -	\$ (6,749)	\$ (6,749)	\$ 16,872
Carbone Ford of New England LLC:					
5.00% note due September, 2020 secured by the vehicles as follows:					
	\$ 2,137	\$ -	\$ (2,137)	\$ -	\$ -
5.45% note due April, 2021 secured by the vehicles as follows:					
	\$ 14,207	\$ -	\$ (14,207)	\$ -	\$ -
Totals	\$ 389,047	\$ -	\$ (267,201)	\$ (52,564)	\$ 69,282

Bennington County Sheriff's Department
Notes to Financial Statements
For the Year Ending June 30, 2021

Long-term Debt (continued)

Future maturities of long-term debt are presented in the following table:

Year ending: June 30:	
2022	\$ 52,564
2023	42,805
2024	23,103
2025	<u>3,374</u>
	<u>\$ 121,846</u>

(5) Cost Sharing

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

(6) Operating Grants

The 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.

(7) 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 Sheriff's 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.

(8) Retirement Plan

The Department participates in the Vermont State Retirement System. The Department contributes 11.7% of eligible compensation for all employees deferring the required 6.65% of eligible compensation.

Bennington County Sheriff's Department
Notes to Financial Statements
For the Year Ending 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.

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.

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*

Chad Schmidt, Sheriff
Bennington County Sheriff's Department
Bennington, 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 Bennington 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 January 19, 2022.

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.

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
January 19, 2022
VT Reg. No. 92-349