RUTLAND COUNTY SHERIFF'S DEPARTMENT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

RUTLAND COUNTY SHERIFF'S DEPARTMENT
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Sheriff David Fox
Rutland County Sheriff's Department
Rutland, Vermont

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Rutland County Sheriff's Department (Department), as of and for the year ended June 30, 2024, 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 financial position of the Department as of June 30, 2024, and the changes in financial position and its cash flows 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 (GAAS) 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 opinion.

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 opinion. 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 GAAS 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 GAAS 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 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.

Sheriff David Fox
Rutland County Sheriff's Department

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain pension plan information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024, on our consideration of the 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 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 the Department's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Andover, Massachusetts
December 23, 2024

RUTLAND COUNTY SHERIFF'S DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 250,899
Accounts Receivable	244,908
Prepaid Items	105,598
Total Current Assets	601,405
NONCURRENT ASSETS	
Capital Assets, Net of Accumulated Depreciation	595,753
Total Assets	1,197,158
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	990,806
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES	
Accounts Payable and Other Accrued Liabilities	21,498
Accrued Payroll and Related Expenses	112,464
Current Portion of Lease Liabilities	39,143
Notes Payable	29,428
Total Current Liabilities	202,533
NONCURRENT LIABILITIES	
Lease Liabilities	16,770
Notes Payable	63,862
Net Pension Liability	1,676,102
Total Noncurrent Liabilities	1,756,734
Total Liabilities	1,959,267
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	305,359
NET POSITION	
Net Investment in Capital Assets	446,550
Unrestricted	(523,212)
Total Net Position	$ (76,662)

See accompanying Notes to Financial Statements.

RUTLAND COUNTY SHERIFF'S DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Charges for Services	$ 1,681,454
Operating Grants	328,381
County Support	303,157
Other Revenues	51,803
Total Operating Revenues	2,364,795
OPERATING EXPENSES	
Contracted Services	844,070
Process Services	11,949
Grant Services	285,636
Administration and General	712,302
Communication Services	204,941
Automotive Services	125,542
Depreciation	124,897
Total Operating Expenses	2,309,337
OPERATING INCOME	55,458
NONOPERATING REVENUES (EXPENSES)	
Capital Grants	36,572
Gain on Sale of Capital Assets	1,230
Interest Income	287
Interest Expense	(12,579)
Total Nonoperating Revenues (Expenses)	25,510
CHANGE IN NET POSITION	80,968
Net Position - Beginning of Year	(157,630)
NET POSITION - END OF YEAR	$ (76,662)

See accompanying Notes to Financial Statements.

RUTLAND COUNTY SHERIFF'S DEPARTMENT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 1,718,309
Operating Grants	328,381
County Support	303,157
Cash Payments to Suppliers for Goods and Services	(882,181)
Cash Payments to Employees for Services	(1,417,955)
Net Cash Provided by Operating Activities	49,711
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants	36,572
Interest Payments on Long-Term Debt and Leases	(11,881)
Principal Payments on Long-Term Debt	(29,265)
Principal Payments on Leases	(36,067)
Proceeds from Sale of Capital Assets	1,230
Acquisition of Capital Assets	(17,142)
Net Cash Used by Capital and Related Financing Activities	(56,553)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	287
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,555)
Cash and Cash Equivalents - Beginning of Year	257,454
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 250,899
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 55,458
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Actvites:	
Depreciation	124,897
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in:	
Prepaid Items	(55,619)
Deferred Outflows of Resources Related to Pension	(574,074)
Accounts Receivable	(14,948)
Increase (Decrease) in:	
Accounts Payable and Other Accrued Liabilities	(81,268)
Accrued Payroll and Related Liabilities	(29,374)
Net Pension Liability	704,345
Deferred Inflows of Resources Related to Pensions	(79,706)
Total Adjustments	(5,747)
Net Cash Provided by Operating Activities	$ 49,711

See accompanying Notes to Financial Statements.

NOTE 1 REPORTING ENTITY

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Department have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Department’s significant accounting policies are described below.

A. Measurement Focus and Basis of Accounting

The Department accounts for ongoing operations and activities using proprietary fund accounting; which is similar to accounting methods used in the private sector.

The Department’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Department’s financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Department’s principal ongoing operations. The operating revenues of the Department are charges for services to customers, operating grants, and County support. Operating expenses for the Department are the costs of providing services and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

B. Cash and Cash Equivalents

The Department’s cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Accounts Receivable

Significant receivables include contract-based amounts due from state, town, and other contractors. These receivables are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2024, as the Department believes all accounts will be collected.

D. Capital Assets

Capital assets include vehicles and equipment. Capital assets are defined by the Department as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year.

Capital assets are capitalized and reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend its life are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

Vehicles and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Asset Class	Lives (Years)
Vehicles	5
Communication Equipment	5 to 7
Office Furniture	5
Buildings and Improvements	40

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

E. Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Vermont State Employes' Retirement System defined benefit plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions, which are more fully discussed in Note 6.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department’s deferred inflows of resources reported on the statement of net position relate to pension, which are more fully discussed in Note 6.

G. Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position – Is the amount of net position that does not meet the definition of the two preceding categories.

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 they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 DEPOSITS AND INVESTMENTS

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Department's deposits may not be returned to it. The Department does not have a deposit policy for custodial credit risk. As of June 30, 2024, the Department's bank balance was $351,910; of which $101,910 was exposed to custodial credit risk due to the deposits not being insured beyond coverage provided by the Federal Deposit Insurance Corporation. As of June 30, 2024, the carrying value of deposits totaled $250,899.

NOTE 4 CAPITAL ASSETS

The Department's capital assets activities for the year ended June 30, 2024 are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Being Depreciated:				
Property and Equipment	$ 1,201,296	$ 17,142	$ (27,610)	$ 1,190,828
Buildings and Improvements	818,202	-	-	818,202
Right to Use Lease Assets - Vehicles	162,195	-		162,195
Total Capital Assets, Being Depreciated	2,181,693	17,142	(27,610)	2,171,225
Less Accumulated Depreciation/Amortization:				
Property and Equipment	(1,060,286)	(56,724)	27,610	(1,089,400)
Buildings and Improvements	(354,414)	(35,734)	-	(390,148)
Right to Use Lease Assets - Vehicles	(63,485)	(32,439)	-	(95,924)
Total Accumulated Depreciation/Amortization	(1,478,185)	(124,897)	27,610	(1,575,472)
Total Capital Assets, Net of Accumulated Depreciation/Amortization	$ 703,508	$ (107,755)	$ -	$ 595,753

NOTE 5 COST SHARING AND RELATED PARTIES

Under Vermont law, the County and the State of Vermont are required to cover certain costs of the Rutland 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 of Vermont during the year ended June 30, 2024 has not been fully determined.

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

The Department participates in the Vermont State Retirement System (VSERS) (3 V.S.A. Chapter 16) is a single-employer defined benefit pension plan which covers substantially all general State of Vermont employees and State Police, except employees hired in a temporary capacity. Membership in the system is a condition of employment. The plan does not issue stand-alone financial statements but is included as a pension trust fund in the State of Vermont’s Annual Comprehensive Financial Report; which is publicly available and can be obtained at:
https://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report.

Management of the plan is vested in the VSERS Retirement Board, which consists of an appointee of the governor; state treasurer; commissioner of human resources; commissioner of finance and management; three members of the Vermont State Employees’ Association who are active members of the system (each chosen by such association in accordance with its articles of association) and one retired state employee who is a beneficiary of the system (to be elected by the Vermont Retired State Employees’ Association).

Contributions

Title 3 V.S.A. Chapter 16 of Vermont Statutes grant the authority to the retirement board to review annually the amount of contribution recommended by the actuary of the retirement system as necessary to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the legislature. Employee contributions are established in Chapter 16. Contribution rates for the fiscal year ended June 30, 2023 for the various groups are as follows:

Vermont State Retirement System	Group A	Group C	*Group D	*Group F	Group G
Employee Contributions	6.65% of gross payroll	9.53% of gross payroll	1st Quartile - 6.65% 2nd Quartile - 7.65% 3rd Quartile - 7.65% 4th Quartile - 7.65%	1st Quartile - 6.65% 2nd Quartile - 7.65% 3rd Quartile - 7.65% 4th Quartile - 7.65%	1st Quartile - 11.33% 2nd Quartile - 12.33% 3rd Quartile - 12.33% 4th Quartile - 12.33%
Employer Contributions	17.36% of gross payroll	17.36% of gross payroll	17.36% of gross payroll	17.36% of gross payroll	17.36% of gross payroll
*Contributions rates are based on where the employees' hourly pay rate falls into the 4 hourly pay rate quartiles, and is applied to all pay that is subject to retirement contributions.					

The Department’s contributions to the plan for the fiscal year ended June 30, 2024 were $148,745. The Department’s contributions were equal to the required contributions as set by state statutes.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

Benefit terms are established or amended in accordance with 3 V.S.A. Chapter 16. Details of the pension benefits provided are as follows:

Vermont State Retirement System	Group A	Group C	Group D	Group F	Group G
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave payoff	Highest 2 consecutive years, including unused annual leave payoff	If served 5 or more years as a judge in Group D and are 57 years of age on or before 06/30/2022, or are a Group D member with 15 or more years of service on or before 06/30/2022 - AFC is final salary at retirement. All other - average earned income from final 2 years of service	Highest 3 consecutive years, excluding unused annual leave payoff	Highest 3 consecutive years, excluding unused annual leave payoff
Benefit Formula	1.67% x AFC x creditable service	2.5% x AFC x creditable service up to 20 years	3.33% x AFC x creditable service (after 12 years in Group D)	1.25% x AFC x service prior to 12/31/90 + 1.67% x AFC x service after 1/1/91	2.50% x AFC x creditable service
Maximum Benefit Payable	100% of AFC	If eligible for retirement on 07/01/2022 or after: 50% of AFC, but for each year of service that is completed on or after 7/1/2022, after attaining age 50 and 20 years of service, maximum retirement allowance cap increases 1.5% for each additional year of service. All others: 50% of AFC.	100% of final salary if served 5 or more years as a judge in Group D and are 57 years of age on or before 06/30/2022, or are a Group D member with 15 or more years of service on or before 06/30/2022. All other - 80% of your salary at retirement	50% of AFC if hired before 7/1/08, 60% of AFC if hired on or after 7/1/08	50% of AFC
Normal Retirement (no reduction)	Age 65 with 5 years of service or 62 with 20 years of service	Age 55, mandatory at 57 years of age	If first appointed or elected on or before 06/30/2022 - Age 62 with 5 years of service, if first appointed or elected on or after 07/01/2022 - Age 65 with 5 years of service	Age 62 or with 30 years of service if hired before 7/1/08, Age 65 or a combination of age & service credit that equals 87 if hired on or after 7/1/08	Age 65 with 5 years of service or 55 with 20 years of service
Early Retirement Eligibility	Age 55 with 5 years of service or 30 years of service (any age)	Age 50 with 20 years of service	Age 55 with 5 years of service or 30 years of service (any age)	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	If hired before 7/1/08: 6% per year preceding age 62, If hired on or after 7/1/08: no reduction if age 65 with 5 years of service, or if combination of age and service equal to 87; otherwise, monthly reduction preceding age 65 based on years of service: 35+ years - 1/8th of 1%; 30-34 years - 1/4th of 1%; 25-29 years - 1/3rd of 1%; 20-24 years - 5/12th of 1%; less than 20 years - 5/9th of 1%	Actuarially equivalent reduction
Post-Retirement COLA	Full CPI, up to a maximum of 5%, after 12 months of retirement	If eligible for retirement on 07/01/2022 or after: 100% CPI, with a ceiling of 4% and a floor of 1%, must have collected a benefit for 24 months prior to the COLA effective date. All others: Full CPI, up to a maximum of 5%, after 12 months of retirement.	If eligible for retirement on 07/01/2022 or after:100% CPI if CPI is greater than 1%, with a ceiling of 5% for amounts equal to or less than $75,000 annual retirement allowance, 50% CPI if CPI is greater than 1%, with a ceiling of 5% for amounts greater than $75,000 annual retirement allowance. No COLA if CPI is less than 1%, must have collected a benefit for 24 months prior to the COLA effective date. All others: Full CPI, up to a maximum of 5%, after 12 months of retirement.	If eligible for retirement on 07/01/2022 or after:100% CPI, with a ceiling of 4% and a floor of 0%, must have collected a benefit for 24 months prior to the COLA effective date. Will not receive a COLA until have met normal retirement age. All others: for members retiring on or after 07/01/2008, 100% of a fiscal year CPI increase. For members who retired before 07/01/2008, 50% of a fiscal year CPI increase. Annual COLA adjustments have a minimum of 1% and maximum of 5%.	If eligible for retirement on 07/01/2022 or after:100% CPI, with a ceiling of 4% and a floor of 0%, must have collected a benefit for 24 months prior to the COLA effective date. Will not receive a COLA until have met normal retirement age.
Disability Benefit*	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC, with children's benefit of 10% of AFC to maximum of three concurrently, if injured on the job 50% of AFC.	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	70% of accrued benefit with no actuarial reduction applied, plus children's benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liability

At June 30, 2024, the Department reported a liability of $1,676,102 for its proportionate share of the VSERS' net pension liability. VSERS' pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 which was rolled forward to the measurement date.

The Department's proportion of VSERS's liability was based on the Department's contributions received by VSERS during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from VSERS' employers with participating employees, including the State of Vermont. The Department's proportionate share was 0.1449% at the end of the measurement period and 0.0865% for the beginning of the period, which represents an increase of 0.0584%.

Actuarial Assumptions

The total pension liability as of June 30, 2023 was determined by rolling forward the total pension liability as of June 30, 2022, to June 30, 2023, using the following actuarial assumptions:

	VSERS
Valuation date	6/30/2022*
Inflation assumptions	2.30%
Investment rate of return	7.00%
Projected salary increases	3.76% - 6.38%
Cost of living adjustments	The January 1, 2023 COLA: Groups A, C, D, F (retired on or after 7/1/2008) - 5.00%, Group F (retired before 7/1/2008) - 2.50%
Post Retirement Adjustments: assumed annual rate of cost-of-living increases	Groups A, C, & D retiring prior to 07/01/2022: 2.25%; Group F (retiring on or after 7/1/2008): 2.35%; Group F (retiring before 7/1/2008): 1.25%. Group A retiring on or after 07/01/2022: 2.25%, Group C retiring on or after 07/01/2022: 2.10%. Group D retiring on or after 07/01/2022: 2.25% on the first $75,000 of retirement benefits, and 1.10% on amounts above $75,000 of retirement benefits. Group F & G retiring on or after 07/01/2022: 2.15%.
*Valuation date is rolled forward to the measurement date of June 30, 2023 using standard actuarial techniques	

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the three-year period ended June 30, 2022.

Mortality rates are based as follows:

- *Pre-retirement Mortality*: Groups A & F: PubG-2010 General Employee Amount-Weighted Table with generational projection using scale MP-2021. Groups C & G: PubS-2010 Public Safety Employee Amount-Weighted Table with generational projection using scale MP-2021. Group D: PubG-2010 General Employee Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: Groups A & F: PubG-2010 General Healthy Retiree Amount-Weighted Table with credibility adjustments of 101% and 105% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Groups C & G: PubS-2010 Public Safety Retiree Amount-Weighted Table with generational projection using scale MP-2021. Group D: PubG-2010 General Healthy Retiree Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: Groups A,F,C, & G: Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2021. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Disabled Post-retirement Mortality:* Groups A,F, & D: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using scale MP-2021. Groups C & G: PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	44.00 %	5.35 %
Private Equity	10.00	7.50
Emerging Market Debt	2.00	5.00
Private and Alternative Credit	10.00	5.50
Non-Core Real Estate	4.00	5.50
Core Fixed Income	19.00	1.50
Core Real Estate	4.00	3.25
U.S. TIPS	2.00	1.50
Infrastructure/Farmland	5.00	4.25
Total	100.00 %	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made in accordance with the current funding policy. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
Department's Proportionate Share of VSERS Net Pension Liability	$ 2,334,534	$ 1,676,102	$ 1,132,078

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended June 30, 2024, the Department recognized pension expense of $367,952 for the VSERS plan. At June 30, 2024, the Department reported its proportionate share of the VSERS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 172,205	$ -
Changes of Assumptions	120,273	-
Changes in Proportion	415,270	305,359
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	134,313	-
Contributions Subsequent to the Measurement Date	148,745	-
Total	$ 990,806	$ 305,359

The amounts reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date of $148,745 will be recognized as a reduction of the net pension liability at June 30, 2025. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 185,972
2026	129,547
2027	167,243
2028	53,940
Total	$ 536,702

NOTE 7 LONG-TERM LIABILITIES

A summary of the changes in the Department's long-term liabilities for the year ended June 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Maturities
Direct Borrowings - Mark Foley					
88 Grove Street Building 5.25% Note Maturing July 2027	$ 122,555	$ -	$ (29,265)	$ 93,290	$ 29,428
Leases - Ford Motor Co.:					
2020 Ford Interceptors - 5.99% Note Maturing April 2025	32,338	-	(15,243)	17,095	17,095
2022 Ford Interceptors - 6.99% Note Maturing March 2026	59,642	-	(20,824)	38,818	22,048
Total Leases	91,980	-	(36,067)	55,913	39,143
Total	$ 214,535	$ -	$ (65,332)	$ 149,203	$ 68,571

Direct Borrowings – Notes and Financed Purchases

The details of the Department's direct borrowings are as follows:

Upon default of the Building note, the Department would incur a late charge of 5% of any installment not received within ten (10) days of its due date. Should any installments of principal and interest remain unpaid for more than thirty (30) days, or upon any other default in the performance of other terms contained in the agreement, the whole sum of the note payable shall immediately become due to the Department; along with any costs of collection and attorney's fees incurred with interest at the highest rate permitted under Vermont state law. The Building serves as collateral securing the note.

Upon default of the vehicle notes, Ford Motor Co. may declare the entire unpaid principal balance, additional finance charges, and all accrued unpaid interest immediately due; at which point the Department would be responsible for payment of such amounts.

The debt service requirements for the Department's notes are as follows:

Year Ended June 30,	Notes from Direct Borrowings	Interest	Total
2025	$ 29,428	$ 3,495	$ 32,923
2026	31,011	2,752	33,763
2027	31,341	1,084	32,425
2028	1,510	7	1,517
Total	$ 93,290	$ 7,338	$ 100,628

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Lease – Lessee

The Department leases four (4) ford interceptors under long-term noncancelable lease agreements, at the interest rates and maturity dates summarized above. The right-to-use lease assets and the related accumulated amortization are detailed in Note 4.

Principal and interest requirements to maturity under the lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 39,143	$ 2,844	$ 41,987
2026	16,770	618	17,388
Total	$ 55,913	$ 3,462	$ 59,375

NOTE 8 OPERATING GRANTS

The Department participates in various federal and state grant programs, which are subject to program compliance audits. Accordingly, the Department’s compliance with applicable grant requirements will be established at a future date. The amount of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Department anticipates such amounts, if any, will be immaterial.

NOTE 9 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.

RUTLAND COUNTY SHERIFF'S DEPARTMENT
PENSION PLAN SCHEDULES
JUNE 30, 2024

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – LAST TEN YEARS

	2024	2023	2022	2021	2020
Department's Proportion of the Net Pension Liability	0.1449%	0.0865%	0.1351%	0.1455%	0.1321%
Department's Proportionate Share of the Net Pension Liability	$ 1,676,102	$ 971,757	$ 1,121,474	$ 1,616,795	$ 1,111,320
Department's Covered Payroll	$ 936,902	$ 936,902	$ 875,788	$ 868,528	$ 887,625
Department's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	178.90%	103.72%	128.05%	186.15%	125.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.69 %	66.95 %	74.51 %	63.81 %	69.41 %

	2019	2018	2017	2016	2015
Department's Proportion of the Net Pension Liability	0.1029%	0.1000%	0.1369%	0.1453%	0.1514%
Department's Proportionate Share of the Net Pension Liability	$ 788,987	$ 680,365	$ 906,362	$ 791,978	$ 532,213
Department's Covered Payroll	$ 760,023	$ 630,080	$ 570,866	$ 556,758	$ 760,279
Department's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.81%	107.98%	158.77%	142.25%	70.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.59 %	71.99 %	70.86 %	71.26 %	82.50 %

RUTLAND COUNTY SHERIFF'S DEPARTMENT
PENSION PLAN SCHEDULES
JUNE 30, 2024

SCHEDULE OF EMPLOYER CONTRIBUTIONS – LAST TEN YEARS

	2024	2023	2022	2021	2020
Actuarially Determined Contribution	$ 148,745	$ 168,642	$ 170,779	$ 120,204	$ 122,847
Contributions in Relation to the Actuarially Determined Contribution	148,745	168,642	170,779	120,204	122,847
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 856,827	$ 936,902	$ 875,788	$ 868,528	$ 887,625
Contributions as a Percentage of Covered Payroll	17.4 %	18.0 %	19.5 %	13.8 %	13.8 %

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 87,995	$ 66,410	$ 60,283	$ 74,415	$ 81,198
Contributions in Relation to the Actuarially Determined Contribution	87,995	66,410	60,283	74,415	81,198
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 760,023	$ 630,080	$ 570,866	$ 556,758	$ 760,279
Contributions as a Percentage of Covered Payroll	11.6 %	10.5 %	10.6 %	13.4 %	10.7 %

RUTLAND COUNTY SHERIFF'S DEPARTMENT

GAO INTERNAL CONTROL REPORTS

JUNE 30, 2024

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RUTLAND COUNTY SHERIFF'S DEPARTMENT
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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*

Sheriff David Fox
Rutland County Sheriff's Department
Rutland, 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 Rutland County Sheriff's Department (Department), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated December 23, 2024.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002 and 2024-003, that we consider to be material weaknesses.

Report on 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 financial statements. 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*.

Rutland County Sheriff's Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Andover, Massachusetts
December 23, 2024

Financial Statement Audit Findings

2024-001 *Financial Reporting for Pensions*

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement: Statement No. 68 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Pensions*, requires governmental employers participating in defined benefit pension plans administered through qualifying trusts to recognize net pension liabilities on the statement of net position. Such employers are also required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. This statement also expanded note disclosures in the financial statements to include descriptive information about the pension plan through which pensions are provided. Lastly, the statement also required the presentation of 10-year schedules of contributions and ratios as required supplementary information to the financial statements.

Statement No. 68 was first effective for the fiscal year ended June 30, 2015.

Condition: Employees of the Department participate in the Vermont State Employees' Retirement System (VSERS), a single-employer defined benefit pension plan administered by the State of Vermont State Treasurer and its Board of Trustees. The Department is required by statute to remit employer and employee contributions to VSERS based on the rates certified by the Board of Trustees.

Beginning in 2015, the State of Vermont has prepared an allocation schedule on an annual basis to assist participating employers in Vermont in implementing the provisions of GASB Statement No. 68 on their financial statements. The Department was historically allocated a proportionate share of VSERS' net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources but did not implement the provisions of GASB Statement No. 68 until the fiscal year ended June 30, 2024.

At June 30, 2024, GASB Statement No. 68 resulted the Department reporting a net pension liability of approximately $1.7 million, deferred outflows of resources related to pension of approximately $991,000, and deferred inflows of resources related to pension of approximately $305,000.

Cause: Procedures were not in place to implement the provisions of GASB Statement No. 68.

Effect: Material audit adjustments and expanded note disclosures were required to properly present the financial statements in accordance with U.S. GAAP.

Recommendation: We recommend the Department consider the provisions of GASB Statement No. 68 as well as upcoming statements issued by the GASB to enhance its financial reporting in accordance with U.S. GAAP.

Repeat Finding: No.

Views of Responsible Officials and Planned Corrective Action: Agree with findings. The Department will consider the provisions of GASB Statement No. 68 as well as upcoming statements issued by the GASB to enhance its financial reporting in accordance with U.S. GAAP and will wait for further direction from CLA, Auditors.

Financial Statement Audit Findings (Continued)

2024-002 *Payroll Withholdings and Employee Benefits*

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement: Management is responsible for the preparation and fair presentation of the financial statements. This responsibility includes adjusting the financial statements to correct material misstatements and to confirm that any uncorrected misstatements are immaterial to the financial statements individually and in the aggregate. This responsibility also includes the implementation of internal controls such as the periodic reconciliations of account balances to be reported on the financial statements.

Condition: The Department's general ledger payroll module is setup to automatically withhold their employees' share of benefits costs; including health and supplemental insurance. Journal entries are automatically posted to the general ledger to record these employee withholdings during payroll processing.

The Department does not periodically liquidate the payroll withholdings liabilities to offset the related employee benefits expenses. Instead, these accounts have been corrected with annual audit adjustments since the fiscal year ended June 30, 2022. This practice resulted in current year audit adjustments totaling approximately $213,000 required to correct overstatements of the withholdings liabilities as of June 30, 2024.

The Department also prepays several insurance policies prior to fiscal year-end. These policies include, but are not limited to, health and supplemental insurance policies. While the Department recorded the prepaid policies to the general ledger, they did not reverse prior years' prepaid expenses since fiscal year 2022. This resulted in audit adjustments totaling approximately $220,000 required to correct overstatements of prepaid expenses as of June 30, 2024.

Cause: Procedures were not in place to timely review and adjust the Department's trial balance accounts nor to reconcile these accounts to proper supporting source documentation.

Effect: Material audit adjustments were required to properly present the financial statements in accordance with U.S. GAAP. Additionally, the lack of periodic reconciliations and liquidation of payroll withholdings on the general ledger poses an unnecessary risk of material misstatement of these liabilities and the related expenses.

Recommendation: We recommend the Department implement procedures to periodically liquidate employee withholdings in the general ledger to offset employee benefits expenses. At a minimum, the liabilities should be liquidated on a monthly basis to offset the Department's monthly insurance expenses recorded in the general ledger. The liquidation process and related adjusting entries in the general ledger should be supported by documentation.

We also recommend the Department strengthen its financial close process to include documented reconciliations of the year-end balances of prepaid expenses and payroll withholdings in the general ledger to supporting source documentation.

Financial Statement Audit Findings (Continued)

Repeat Finding: No.

Views of Responsible Officials and Planned Corrective Action: Agree with findings. The Department will adopt a policy of liquidating employee withholdings in the general ledger on a monthly basis and support those entries with related documentation.

2024-003 *Accounting for Federal Grants*

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement: Under Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Department should recognize expenses and liabilities as soon as all eligibility requirements related to such transactions are met. The requirements apply to the Department's pass-through expenses incurred by subrecipients.

Generally accepted accounting principles also require the recognition of capital assets if the related expenses exceed the Department's per-unit capitalization threshold and result in the acquisition of assets with useful lives greater than one year which will be used in operations.

Condition: The Department receives significant federal funding from the U.S. Department of Transportation in the form of pass-through grants from the State of Vermont Agency of Transportation. The Department serves as the host entity for several other public safety departments participating in these grants and, consequentially, reimburses such public safety departments for their expenditures incurred.

The Department has historically accrued expenses related to subrecipient reimbursements subsequent to the receipt of the related reimbursements from the State of Vermont Agency of Transportation. The recognition of expenses in this manner is contradictory to the requirements of GASB Statement No. 33. Audit adjustments totaling approximately $62,000 were required to correct misstatements of grant-related expenses and accounts payable.

Additionally, the Department received approximately $272,000 in fiscal year 2023 to improve its dispatch center. The Department expensed the improvements as opposed to recording them as capital assets.

Cause: Procedures were not in place to recognize these activities in accordance with generally accepted accounting principles.

Effect: Material audit adjustments were required to properly present the financial statements in accordance with U.S. GAAP.

Recommendation: We recommend the Department strengthen its financial close and reporting process to record and report its transactions involving federal funding in accordance with generally accepted accounting principles.

Financial Statement Audit Findings (Continued)

Repeat Finding: No.

Views of Responsible Officials and Planned Corrective Action: Agree with findings. The Department will adopt a policy of recording all transactions involving federal funding on an individual basis in order to strengthen its reporting.

CliftonLarsonAllen LLP
CLAconnect.com

Sheriff David Fox
Rutland County Sheriff's Department
Rutland, Vermont

We have audited the financial statements of the Rutland County Sheriff's Department (Department) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 23, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated August 19, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Department are described in Note 2 to the financial statements.

As described in Note 7, the entity changed accounting policies related to accounting and financial reporting for pensions by implementing Statement of Governmental Accounting Standards Board (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, in 2024.

We noted no transactions entered into by the entity 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

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. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the Net Pension Liability is based on an audit of the Vermont State Employees' Retirement System (VSERS). The Net Pension Liability, among other things, was based on a certified actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used as part of evaluating the actuarial valuation in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2024.

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 entity's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate communication to you dated December 23, 2024, communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

* * *

This communication is intended solely for the information and use of the State of Vermont Office of the State Auditor and management of the Rutland County Sheriff's Department and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Andover, Massachusetts
December 23, 2024

Client:	*B119365 - Rutland County Sheriff's Department*		
Engagement:	*FY24 Audit - Rutland County Sheriff's Department*		
Period Ending:	*6/30/2024*		
Trial Balance:	*0900 - TB*		
Workpaper:	*0921.00 - Combined Journal Entries Report*		

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 101			
To record prior years depreciation from 2021 to 2023.			
32000	Retained Earnings	443,939.00	
16020	Accumulated Depreciation - Equi		443,939.00
Total		**443,939.00**	**443,939.00**
Adjusting Journal Entries JE # 102			
To adjust CY disposals recorded by the client.			
16080	Accummulated Depr. Vehicles	425.00	
16070	Vehicles		425.00
Total		**425.00**	**425.00**
Adjusting Journal Entries JE # 103			
To record current year depreciation on fixed assets			
59000	GAAP Depreciation Expense	124,897.00	
16080	Accummulated Depr. Vehicles		89,163.00
16120	Accum Depre - 88 Grove Street		35,734.00
Total		**124,897.00**	**124,897.00**
Adjusting Journal Entries JE # 104			
CLIENT TO BOOK. To record beginning balance adjustment for prior year prepaid balances not reveresd.			
30000	Opening Balance Equity	170,000.00	
15050	Prepaid Expenses		170,000.00
Total		**170,000.00**	**170,000.00**
Adjusting Journal Entries JE # 105			
CLIENT TO BOOK. To reverse FY23 prepaid expense balance not recorded by the client in FY24.			
54065	Cable & Internet	701.00	
54225	Insurance & Bonds	20,169.00	
54225	Insurance & Bonds	17,298.00	
55180	Health Insurance	10,958.00	
55181	VACE Insurance	410.00	
56370	Rentals	442.00	
15050	Prepaid Expenses		49,978.00
Total		**49,978.00**	**49,978.00**
Adjusting Journal Entries JE # 106			
CLIENT TO BOOK. To reverse prior year withholdings payments not reversed by the client.			
20105	Payroll Liabilities	34,105.00	
20138	457 Plan WH Payable	11,383.00	
20140	AFLAC Payable	24,530.00	
20141	Health Insurance Payable	78,379.00	
32000	Retained Earnings		148,397.00
Total		**148,397.00**	**148,397.00**
Adjusting Journal Entries JE # 107			
CLIENT TO BOOK. To reverse current year withholdings payments not reversed by the Department.			
20105	Payroll Liabilities	10,237.00	
20138	457 Plan WH Payable	4,216.00	
20140	AFLAC Payable	8,670.00	
20141	Health Insurance Payable	41,517.00	
55151	Accrued wages		4,216.00
55180	Health Insurance		41,517.00
55181	VACE Insurance		10,237.00
55182	Aflac		8,670.00
Total		**64,640.00**	**64,640.00**
Adjusting Journal Entries JE # 108			
CLIENT TO BOOK. To record previous audit adjustment communicated to the department not posted.			
20110	Accrued Wages Payable	34,481.00	
32000	Retained Earnings		34,481.00
Total		**34,481.00**	**34,481.00**
Adjusting Journal Entries JE # 109			

CLIENT TO BOOK. To reverese payroll from 6/7/2024 - 6/20/2024 which was paid on 6/26/2024 but included accrued payroll.

	20110	Accrued Wages Payable	35,910.00	
	55151	Accrued wages		35,910.00
Total			**35,910.00**	**35,910.00**

Adjusting Journal Entries JE # 110

CLIENT TO BOOK. To remove FY23 wages accrued for period 6/9/23 - 6/22/23 which was paid on 6/28/23 and adjust beginning balance.

	55151	Accrued wages	28,705.00	
	32000	Retained Earnings		28,705.00
Total			**28,705.00**	**28,705.00**

Adjusting Journal Entries JE # 111

CLIENT TO BOOK - To record Asset 165 which was unrecorded as of June 30, 2023 related to federally funded dispatch improvements.

	16112	88 Grove Street Renovations	271,957.00	
	32000	Retained Earnings		271,957.00
Total			**271,957.00**	**271,957.00**
		Total Adjusting Journal Entries	**1,373,329.00**	**1,373,329.00**

Reclassifying Journal Entries

Reclassifying Journal Entries JE # 200

To recognize state grant expenditures correct fiscal years.

	32000	Retained Earnings	44,249.00	
	59121	FY24-DUI/OP/DD/DRE/EDU-AGYREIMB	17,424.00	
	20010	Accounts Payable		17,424.00
	59119	FY23-DUI/OP/DD/DRE/EDU-AGYREIMB		44,249.00
Total			**61,673.00**	**61,673.00**

Reclassifying Journal Entries JE # 201

GAAP purposes - to remove amounts related to deferred compensation plans as of June 30, 2024.

	22100	Reserve Deferred Compensation	22,946.00	
	19200	Empower Retirement		8,045.00
	19300	American General - Annuities		14,901.00
Total			**22,946.00**	**22,946.00**

Reclassifying Journal Entries JE # 202

To record net pension liability and related amounts as of June 30, 2024.

	29100	GAAP Deferred Outflows Pensions	842,061.00	
	29100	GAAP Deferred Outflows Pensions	148,745.00	
	32000	Retained Earnings	940,090.00	
	59300	GAAP Pension Expense	367,952.00	
	29000	GAAP Net Pension Liability		1,676,102.00
	29200	GAAP Deferred Inflows Pensions		305,359.00
	59300	GAAP Pension Expense		168,642.00
	59300	GAAP Pension Expense		148,745.00
Total			**2,298,848.00**	**2,298,848.00**
		Total Reclassifying Journal Entries	**2,383,467.00**	**2,383,467.00**
		Total All Journal Entries	**3,756,796.00**	**3,756,796.00**