

GRAND ISLE COUNTY SHERIFF'S DEPARTMENT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
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YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Sheriff Ray Allen
Grand Isle County Sheriff's Department
Grand Isle, Vermont

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Grand Isle 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.

Emphasis of Matter

As described in Note 10 to the financial statements, the Department restated its beginning net position as of July 1, 2023 to correct the financial statements for the effects of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was not implemented in prior fiscal years. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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.

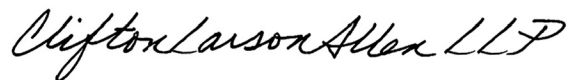
Required Supplementary Information

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 9, 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

Andover, Massachusetts
December 9, 2024

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and Cash Equivalents	\$	241,105
Accounts Receivable		96,192
Prepaid Items		9,622
Total Current Assets		346,919

NONCURRENT ASSETS

Restricted Cash and Cash Equivalents		1,550
Capital Assets, Net of Accumulated Depreciation		1,058,588
Total Noncurrent Assets		1,060,138

Total Assets		1,407,057
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DEFERRED OUTFLOWS OF RESOURCES

Related to Pension		73,453
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LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES

Accounts Payable and Other Accrued Liabilities		24,317
Accrued Payroll and Related Expenses		20,359
Current Portion of Lease Liabilities		11,247
Notes Payable		66,160
Total Current Liabilities		122,083

NONCURRENT LIABILITIES

Notes Payable		557,541
Lease Liabilities		25,207
Net Pension Liability		211,206
Total Noncurrent Liabilities		793,954

Total Liabilities		916,037
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DEFERRED INFLOWS OF RESOURCES

Related to Pension		28,507
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NET POSITION

Net Investment in Capital Assets		380,495
Restricted - Seizures		1,550
Unrestricted		153,921
Total Net Position		\$ 535,966

See accompanying Notes to Financial Statements.

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

OPERATING REVENUES

Charges for Services	\$ 587,941
Operating Grants	46,860
County Reimbursement	41,132
Other Revenues	18,612
Total Operating Revenues	694,545

OPERATING EXPENSES

Contracted Services	386,637
Process Services	2,748
Building Expenses	5,719
Grant Services	20,309
Administration and General	152,808
Automotive Services	40,248
Depreciation and Amortization	78,230
Total Operating Expenses	686,699

OPERATING INCOME

7,846

NONOPERATING REVENUES (EXPENSES)

Gain on Sale of Capital Assets	32,652
Sale of Easement	422,500
Interest Income	2
Interest Expense	(36,081)
Total Nonoperating Revenues (Expenses)	419,073

CHANGE IN NET POSITION

426,919

Net Position - Beginning of Year, As Originally Reported	277,208
Restatement	(168,161)
Net Position - Beginning of Year, As Restated	109,047
NET POSITION - END OF YEAR	\$ 535,966

See accompanying Notes to Financial Statements.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 574,328
Cash Received from Operating Grants	46,860
Cash Received from County Reimbursement	41,132
Cash Payments to Suppliers for Goods and Services	(207,216)
Cash Payments to Employees for Services	(432,171)
Net Cash Provided by Operating Activities	22,933

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest Payments on Long-Term Notes	(32,565)
Principal Payments on Long-Term Notes	(109,248)
Interest Payments on Leases	(3,516)
Principal Payments on Leases	(10,429)
Proceeds from Sale of Capital Assets	63,000
Proceeds from Sale of Easement	422,500
Acquisition of Capital Assets	(274,812)
Net Cash Provided by Capital and Related Financing Activities	54,930

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	2
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NET CHANGE IN CASH AND CASH EQUIVALENTS

77,865

Cash and Cash Equivalents - Beginning of Year

164,790

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 242,655

See accompanying Notes to Financial Statements.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$	7,846
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization		78,230
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
(Increase) Decrease in:		
Prepaid Items		362
Deferred Outflows of Resources Related to Pension		(17,539)
Accounts Receivable		(32,225)
Increase (Decrease) in:		
Accounts Payable and Other Accrued Liabilities		(26,753)
Accrued Payroll and Related Expenses		(2,626)
Net Pension Liability		28,053
Deferred Inflows of Resources Related to Pensions		(12,415)
Total Adjustments		<u>15,087</u>
Net Cash Provided by Operating Activities	<u>\$</u>	<u>22,933</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT
OF NET POSITION CASH AND CASH EQUIVALENTS**

Unrestricted Cash and Cash Equivalents	\$	241,105
Restricted Cash and Cash Equivalents		<u>1,550</u>
Total Cash and Cash Equivalents	<u>\$</u>	<u>242,655</u>

**SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND
AND FINANCING ACTIVITIES**

Lease Assets	\$	46,883
Capital Related Accounts Payable		17,938

See accompanying Notes to Financial Statements.

GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 REPORTING ENTITY

The Grand Isle County Sheriff's Department (Department) is a governmental entity operating under Title 24 Vermont Statutes Annotated (VSA) Section 290 located in the County of Grand Isle, 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 reimbursements. 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.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 materially 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:

<u>Capital Asset Class</u>	<u>Lives (Years)</u>
Vehicles	5
Communication Equipment	5 to 7
Building Improvements	5
Buildings	39

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 Municipal Employees' 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.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 \$274,775; none of which was exposed to custodial credit risk due to the deposits being insured. As of June 30, 2024, the carrying value of deposits totaled \$242,655.

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
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 150,136	\$ -	\$ -	\$ 150,136
Capital Assets, Being Depreciated/Amortized				
Vehicles	511,278	175,148	(77,720)	608,706
Right-to-Use Lease Asset - Vehicles	-	46,883	-	46,883
Equipment	155,617	122,356	-	277,973
Buildings and Building Improvements	511,682	61,613	-	573,295
Total Capital Assets, Being Depreciated	1,178,577	406,000	(77,720)	1,506,857
Less: Accumulated Depreciation/Amortization:				
Vehicles	(346,818)	(44,806)	47,372	(344,252)
Right-to-Use Lease Asset - Vehicles	-	(11,721)	-	(11,721)
Equipment	(149,327)	(20,160)	-	(169,487)
Buildings and Building Improvements	(71,402)	(1,543)	-	(72,945)
Total Accumulated Depreciation/Amortization	(567,547)	(78,230)	47,372	(598,405)
Total Capital Assets, Being Depreciated/Amortized, Net	611,030	327,770	(30,348)	908,452
Total Capital Assets, Net	\$ 761,166	\$ 327,770	\$ (30,348)	\$ 1,058,588

*\$150,136 was reclassified from Buildings and Building Improvements to Land as of June 30, 2023.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 Grand Isle 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 Municipal Employees' Retirement System (VMERS or the System), a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. The System 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:

<https://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report>.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contributions payable by employees. The Department's contributions to the plan for the fiscal year ended June 30, 2024 were \$18,749. The Department's contributions were equal to the required contributions as set by state statutes.

Employer and plan member contribution rates for the year ended June 30, 2024 for each group are as follows:

Employer

- Group A – 5.25% of gross salary
- Group B – 6.75% of gross salary
- Group C – 8.50% of gross salary
- Group D – 11.10% of gross salary

Plan Member

- Group A – 3.750% of gross salary
- Group B – 6.125% of gross salary
- Group C – 11.250% of gross salary
- Group D – 12.600% of gross salary

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

Benefit terms are established or amended in accordance with 24 V.S.A Chapter 125. Details of the pension benefits provided are as follows:

	Group A	Group B	Group C	Group D
Normal Retirement (No Reduction)	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit Formula	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service: 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service: 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service: 1.4% x Group A service x AFC; 1.7% x Group B service x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65**	6% per year from age 62**	N/A	No reduction

Pension Liability

At June 30, 2024, the Department reported a liability of \$211,206 for its proportionate share of the VMERS' net pension liability. VMERS' 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.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liability (Continued)

The Department's proportion of VMERS's liability was based on the Department's contributions received by VMERS 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 all of VMERS' participating employers. The Department's proportionate share was 0.0659% at the end of the measurement period and 0.0604% for the beginning of the period, which represents an increase of 0.0055%.

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:

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation

Inflation: 2.30%

Mortality

Pre-Retirement:

- Groups A/B – 60% PubG-2010 General Employee Amount-Weighted Below-Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021
- Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021
- Group D – PubS-2010 Public Safety Employee Amount-Weighted Below-Median, with generational projection using scale MP-2021

Healthy Post-Retirement - Retirees:

- Groups A/B - PubG-2010 General Healthy Retiree Amount-Weighted Below-Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021
- Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021
- Group D - PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using scale MP-2021

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Healthy Post-Retirement - Beneficiaries:

- Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021

Disabled Post-Retirement:

- Groups A/B/C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using scale MP-2021
- Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021

The tables with the generational projection to the ages of the members as of the measurement date reasonably reflect the mortality experience of the System as of the measurement date. The mortality rates were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgement. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

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:

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 %	

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

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 VMERS Net Pension Liability	\$ 317,898	\$ 211,206	\$ 123,510

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 \$35,642 for the VMERS plan. At June 30, 2024, the Department reported its proportionate share of the VMERS' 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	\$ 13,246	\$ -
Changes of Assumptions	6,884	-
Changes in Proportion	10,545	28,507
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,029	-
Contributions Subsequent to the Measurement Date	18,749	-
Totals	\$ 73,453	\$ 28,507

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Deferred outflows of resources of \$18,749 related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of its net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ 9,718
2026	(1,204)
2027	18,180
2028	(497)
Total	<u>\$ 26,197</u>

NOTE 7 LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Maturities</u>
Leases Payable	\$ -	\$ 46,883	\$ (10,429)	\$ 36,454	\$ 11,247
Direct Borrowings:					
Ford Interceptor - 5.99% Note Due February 2025 - Ford Motor Co.	9,671	-	(9,671)	-	-
Dodge Durango - 9.54% Note Due June 2027 - Ally	30,521	-	(30,521)	-	-
Dodge Charger (Blue) - 8.64% Note Due March 2026 - Chrysler	34,470	-	(12,064)	22,406	13,140
Dodge Charger (Gray) - 8.64% Note Due March 2026 - Chrysler	34,740	-	(12,159)	22,581	13,243
Building - 5.00% Due May 2029 - Peoples Trust Co.	557,182	-	(23,264)	533,918	24,845
Body Cameras - Due June 2027 - Axon Enterprises, Inc.	-	66,365	(21,569)	44,796	14,932
Total Direct Borrowings	<u>666,584</u>	<u>66,365</u>	<u>(109,248)</u>	<u>623,701</u>	<u>66,160</u>
Total	<u>\$ 666,584</u>	<u>\$ 113,248</u>	<u>\$ (119,677)</u>	<u>\$ 660,155</u>	<u>\$ 77,407</u>

Direct Borrowings – Notes and Financed Purchases

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

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 LONG-TERM DEBT (CONTINUED)

In May of 2024, the Department restructured their 4.45% building note to extend the note an additional five years through May 2029 at an interest rate of 5.00%. The Department's rights, title, and interest in its land, buildings and improvements are conveyed to Peoples Trust Company as collateral for the note.

Upon default of the note, the Department would be charged the lesser of 5.00% of the unpaid portion of the regularly scheduled payment, or \$100. Additionally, the interest rate on the note would be increased by the lesser of three percentage points or the maximum interest rate limitations under applicable law. Peoples Trust Company would also have the right, at its option, to accelerate indebtedness by declaring the entire note due and payable, including any prepayment penalty that the Department would be required to pay.

Upon default of the vehicle notes, Chrysler 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.

Upon the default of the body cameras financed purchase agreement, the Department remains responsible for all fees incurred prior to the effective date of the termination.

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

Year Ended June 30,	Notes from Direct Borrowings	Interest	Total
2025	\$ 66,160	\$ 31,066	\$ 97,226
2026	59,652	26,821	86,473
2027	42,384	24,077	66,461
2028	26,255	22,250	48,505
2029	429,250	19,101	448,351
Total	<u>\$ 623,701</u>	<u>\$ 123,315</u>	<u>\$ 747,016</u>

Lease – Lessee

The Department leases a 2023 Chevrolet Tahoe under a long-term noncancelable lease agreement, with at an interest rate of approximately 7.50% maturing in June 2027. 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 agreement are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 11,247	\$ 2,374	\$ 13,621
2026	12,128	1,493	13,621
2027	13,079	543	13,622
Totals	<u>\$ 36,454</u>	<u>\$ 4,410</u>	<u>\$ 40,864</u>

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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.

NOTE 10 RESTATEMENT OF BEGINNING NET POSITION

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the Department to recognize its proportionate share of VMERS' net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense. The Department did not implement GASB Statement No. 68 in prior fiscal years, and as a result, the Department's net pension liability was understated by \$183,153, deferred outflows of resources were understated by \$55,914, and deferred inflows of resources were understated by \$40,922 as of June 30, 2023. The effect of correcting this error resulted in a restatement to beginning net position as follows:

Net Position June 30, 2023, As Previously Reported	Error Correction	Net Position June 30, 2023, As Restated
\$ 277,208	\$ (168,161)	\$ 109,047

**GRAND ISLE 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 (1)(2)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Department's Proportion of the Net Pension Liability	0.0659%	0.0604%	0.0792%	0.0905%	0.0848%
Department's Proportionate Share of the Net Pension Liability	<u>\$ 211,206</u>	<u>\$ 183,153</u>	<u>\$ 116,508</u>	<u>\$ 228,980</u>	<u>\$ 147,198</u>
Department's Covered Payroll	\$ 241,680	\$ 293,324	\$ 326,254	\$ 289,804	\$ 296,054
Department's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	87.39%	62.44%	35.71%	79.01%	49.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.01 %	73.60 %	86.29 %	74.52 %	80.35 %
	<u>2019</u>	<u>2018</u>			
Department's Proportion of the Net Pension Liability	0.0930%	0.0788%			
Department's Proportionate Share of the Net Pension Liability	<u>\$ 130,777</u>	<u>\$ 95,535</u>			
Department's Covered Payroll	\$ 234,130	N/A (2)			
Department's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	55.86%	N/A (2)			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.60 %	83.64 %			

(1) The amounts reported are as of June 30th of the previous fiscal year.

(2) Data not available. Data is being accumulated annually to present the required ten years of information.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
PENSION PLAN SCHEDULES
JUNE 30, 2024**

SCHEDULE OF EMPLOYER CONTRIBUTIONS – LAST TEN YEARS (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 18,749	\$ 18,796	\$ 15,105	\$ 17,600	\$ 18,760
Contributions in Relation to the Actuarially Determined Contribution	<u>18,749</u>	<u>18,796</u>	<u>15,105</u>	<u>17,600</u>	<u>18,760</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 241,680	\$ 241,680	\$ 293,324	\$ 326,254	\$ 289,804
Contributions as a Percentage of Covered Payroll	7.8 %	7.8 %	5.1 %	5.4 %	6.5 %
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
Actuarially Determined Contribution	\$ 16,302	\$ 16,283	\$ 12,877		
Contributions in Relation to the Actuarially Determined Contribution	<u>16,302</u>	<u>16,283</u>	<u>12,877</u>		
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered Payroll	\$ 296,054	\$ 234,130	N/A (1)		
Contributions as a Percentage of Covered Payroll	5.5 %	7.0 %	N/A (1)		

(1) Data not available. Data is being accumulated annually to present the required ten years of information.



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GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
GAO INTERNAL CONTROL REPORTS
JUNE 30, 2024



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**GRAND ISLE 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 Ray Allen
Grand Isle County Sheriff's Department
Grand Isle, 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 Grand Isle 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 9, 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 and 2024-002, 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*.

Grand Isle 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

Andover, Massachusetts
December 9, 2024

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 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 cost-sharing, multiple employer pension plans to recognize a liability for their proportionate share of the net pension liability of the plan as a whole. Such employers are also required to recognize their proportionate share of pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for their proportionate share of these collective amounts of the plan as well. This statement also expanded note disclosures in the financial statements to include descriptive information about the pension plans 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 Municipal Employees' Retirement System (VMERS), a cost-sharing multiple-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 VMERS based on the rates certified by the Board of Trustees.

Beginning in 2015, VMERS has prepared a Schedule of Employer Allocations and Schedule of Pension Amounts by Employer on an annual basis to assist employers in Vermont in implementing the provisions of GASB Statement No. 68. The Department was historically allocated a proportionate share of VMERS' collective 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.

The implementation of GASB Statement No. 68 resulted in the Department recognizing a net pension liability of approximately \$211,000, deferred outflows of resources related to pension of approximately \$73,000, and deferred inflows of resources related to pension of approximately \$29,000 as of June 30, 2024. Additionally, the Department restated its beginning net position as of July 1, 2023 by approximately \$168,000 due to the correction of an error as GASB Statement No. 68 was not implemented in prior fiscal years.

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.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

Repeat Finding: No.

Views of Responsible Officials and Planned Corrective Action: The department was unaware of the required implementation of GASB No. 68. We will implement GASB No. 68 for FY2025. We will use the guidance obtained during this audit to perform pension reporting in accordance with US GAAP guidelines. We will contact CLA prior to next year's audit with any questions on the implementation of this action.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Financial Statement Audit Findings (Continued)

2024-002 *Financial Close and Reporting of Capital Assets*

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 also includes the implementation of internal controls such as the reconciliation of account balances recorded in the general ledger, including capital assets. This responsibility also includes confirming that any uncorrected misstatements are immaterial to the financial statements individually and in the aggregate.

Condition: Our audit procedures identified the following misstatements requiring audit adjustments to capital assets in fiscal year:

1. Approximately \$62,000 of capital assets were recorded as operating expenses as opposed to being capitalized in the general ledger.
2. The Department received \$51,000 from the sale of vehicles in 2024. The vehicles sold were originally acquired for approximately \$78,000. The Department did not record the vehicle disposals in its general ledger.
3. The Department entered into a financing agreement for the purchase of body cameras totaling approximately \$66,000. The Department did not capitalize the assets acquired under the agreement in the general ledger. The Department also expensed current year financing payments as opposed to recording a long-term liability for the payments due in the duration of the agreement.
4. The Department purchased a vehicle for approximately \$58,000 which is expected to be funded by future governmental reimbursements. The Department did not capitalize the vehicle in the general ledger.

Additionally, the Department recorded an account receivable and related revenue for approximately \$58,000 for the future reimbursements expected to reimburse the acquisition. However, such future reimbursements will be funded in regular installments in subsequent fiscal years as part of the County's annual operating budgets. As a result, the receivable and revenue did not meet the necessary eligibility requirements for recognition in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Cause: Controls were not implemented effectively to ensure all capital assets activities were recorded in the general ledger and in accordance with generally accepted accounting principles.

Effect: Material audit adjustments were required to properly present the financial statements in accordance with generally accepted accounting principles.

Recommendation: We recommend the Department strengthen its year-end financial close and reporting review to ensure all capital assets activities are accurately recorded in the general ledger.

Repeat Finding: No.

**GRAND ISLE COUNTY SHERIFF'S DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Financial Statement Audit Findings (Continued)

Views of Responsible Officials and Planned Corrective Action: Capital asset transactions were recorded as in previous years without audit findings but will be recorded per recommendations in the current audit. The department will thoroughly review capital asset activities quarterly and additionally in the month prior to the end of its fiscal year. The department will consult with CLA if any questions arise concerning the recording of capital assets in the general ledger. Procedure to start January 2025.



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Sheriff Ray Allen
Grand Isle County Sheriff's Department
Grand Isle, Vermont

We have audited the financial statements of the Grand Isle County Sheriff's Department (Department) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 9, 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 10, the entity changed accounting policies and restated its beginning net position as of July 1, 2023 to correct the financial statements for the effects of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was not implemented in prior fiscal years.

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 Municipal Employees' Retirement System (VMERS). 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

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.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis-of-matter paragraph indicating the Department restated its beginning net position as of July 1, 2023 to correct the financial statements for the effects of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was not implemented in prior fiscal years.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 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 9, 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 Grand Isle County Sheriff's Department and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Andover, Massachusetts
December 9, 2024

Client: **B119349 - Grand Isle County Sheriff's Department**
Engagement: **FY24 Audit - Grand Isle 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 # 100			
To record current year depreciation expense.			
76000	Depreciation Expense	78,230.00	
17900	Accum Depreciation		78,230.00
Total		78,230.00	78,230.00
Adjusting Journal Entries JE # 101			
CLIENT TO BOOK. To remove notes receivable balance and to record the 2024 Dodge Ram as vehicles.			
16040	Vehicles	58,104.00	
12001	Notes Receivable (County Veh)		58,104.00
Total		58,104.00	58,104.00
Adjusting Journal Entries JE # 102			
CLIENT TO BOOK. To record accounts payable and fixed asset addition.			
16040	Vehicles	17,938.00	
20001	Accounts Payable		17,938.00
Total		17,938.00	17,938.00
Adjusting Journal Entries JE # 103			
To record capital assets not picked up as additions.			
16005	Building Improvements	11,902.00	
16010	Equipment	10,033.00	
16040	Vehicles	40,478.00	
71250	Generator Installation/ Maint.		11,902.00
71400	Duty Expense		10,033.00
72500	Marine Expense		40,478.00
Total		62,413.00	62,413.00
Adjusting Journal Entries JE # 104			
To record disposals of capital assets.			
17900	Accum Depreciation	47,372.00	
44300	Gain on sale of assets	30,348.00	
16040	Vehicles		77,720.00
Total		77,720.00	77,720.00
Adjusting Journal Entries JE # 106			
To record financed purchases of body cameras.			
16010	Equipment	66,365.00	
23002	ST - Financed Purchases Liability GAAP		14,932.00
23003	LT - Financed Purchased Liability GAAP		29,864.00
71400	Duty Expense		21,569.00
Total		66,365.00	66,365.00
Adjusting Journal Entries JE # 108			
Immaterial entry to adjust beginning balance difference from compilation report.			
44215	R&R Camp	570.00	
30020	Net Assets		570.00
Total		570.00	570.00
Total Adjusting Journal Entries		361,340.00	361,340.00
Reclassifying Journal Entries			
Reclassifying Journal Entries JE # 200			
To reclassify current portion of long-term debt.			
23500	N/P-Building (5 yr-4.45%)	51,228.00	
23001	Current Portion of LT Debt - GAAP		51,228.00
Total		51,228.00	51,228.00
Reclassifying Journal Entries JE # 202			
To reclassify current portion of lease liabilities.			
23100	Capital Lease Payable	11,247.00	
23100a	Lease Payable - Current		11,247.00

Total		<u>11,247.00</u>	<u>11,247.00</u>
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Reclassifying Journal Entries JE # 203

To record net pension liability and related amounts - GAAP purposes only.

29100	GAAP Deferred Outflows Pensions	54,704.00	
29100	GAAP Deferred Outflows Pensions	18,749.00	
30020	Net Assets	168,161.00	
59300	GAAP Pension Expense	35,642.00	
29000	GAAP Net Pension Liability		211,206.00
29200	GAAP Deferred Inflows Pension		28,507.00
59300	GAAP Pension Expense		18,749.00
59300	GAAP Pension Expense		18,794.00
Total		<u>277,256.00</u>	<u>277,256.00</u>

Reclassifying Journal Entries JE # 204

To reclassify easement sale as charges for services to sale of easement.

41100	AT&T Tower	422,500.00	
44301	Sale of Easement		422,500.00
Total		<u>422,500.00</u>	<u>422,500.00</u>

Total Reclassifying Journal Entries		<u>762,231.00</u>	<u>762,231.00</u>
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Total All Journal Entries		<u>1,123,571.00</u>	<u>1,123,571.00</u>
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SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Grand Isle County Sheriff's Department
Business-Type Activities
Year Ended June 30, 2024

Description	Assets & Deferred Outflows	Liabilities & Deferred Inflows	Fund Balance / Net Position	Net Expense/Revenue and Change in Net Position / Fund Balance
To correct prior depreciation related to land. Passed adjustment for beginning donations funds previously presented as unearned revenue but presented in net position in FY24.			\$ (16,040)	\$ (16,040)
Subtotals	-	-	18,152	18,152
Net current year misstatements (Iron Curtain Method) Financial statement totals	-	-	2,112	2,112
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	\$ 1,480,510	\$ 944,544	\$ 535,966	\$ 426,919
Current and prior year misstatement as a % of financial statement totals (Rollover Method)			0%	0%

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
N/A - None	