

June 21, 2023

Sheriff George Contois  
Orange County Sheriff's Department  
11 Vermont Route 113  
Chelsea, VT 05038

Effective the date of this letter, we will cease our services as your independent auditors for the period July 1, 2022 through January 31, 2023. We have reached this decision reluctantly and after substantial deliberation because the Orange County Sheriff's Department's (the "Department") financial records are not audit ready and the accounting function was not operating effectively and consistently for the period July 1, 2022 through January 31, 2023 under the then Sheriff William Bohnyak. The following factors led us to this decision:

- Bank accounts were not reconciled for the month of January 2023. Additionally, reconciliations from December 2022 contained stale items dating back to 2019 that cause the cash balances to be incorrectly represented. Furthermore, the DARE cash account was closed and zeroed out but the trial balance continues to show a balance of approximately \$5,000.
- Debt accounts were inappropriately accounted for during the period July 1, 2022 through January 31, 2023 with interest payments being credited against outstanding loan balance. Thus all vehicle loan balances are inaccurately reflected on the financial statements.
- A \$98,635.59 line of credit with a financial institution was not appropriately reflected on the financial statements. Furthermore, no payments were made on this line of credit during its life and full balance was pulled from the Department's bank account on due date (February 1, 2023). The incoming Sheriff was unaware that this was happening.
- In November of 2019, the Department entered into a loan in the amount of \$225,000. This loan was uncollateralized and the intent was to upgrade the Sheriff Department's building. The Department is currently paying \$1,611 a month towards this loan and as of January 31, 2023, the outstanding balance was \$186,878 per the loan statement; however, per the accounting records, the outstanding balance was \$176,989 as of January 31, 2023. It appears that the loan proceeds were used to purchase and outfit vehicles, cover various office expenses, bonuses, uniform and dues expenses.
- The Department has various employee advances on its balance sheet approximating \$19,000 with employees that are no longer active employees. No agreements exist for these advances and inconsistent records show some employees were making payments from their paychecks while others did not. Additionally, there was unpaid payroll related expenses from calendar year 2022 due to the County of Orange. These expenses totaled approximately \$30,000 for the first three quarters of 2022 and were due by January 31, 2023. Checks were back dated and signed but never mailed or delivered.

- It was communicated to us that the Department had a business account with Verizon for wireless telephone access for all personnel of the Department. Several individuals who had long been retired from the Department were still on the account and able to charge the account for new phones and have their phone bill paid by the Department.
- The accounts receivable and accounts payable reports as of January 31, 2023, were both materially misrepresented. One example was a receivable from the Department to themselves for \$89,435.
- Property and equipment have not been properly accounted for and depreciation expense not being recorded. Additionally, it was noted that vehicles belonging to the Department had repair work / upfitting work done in late January 2023. The bills for this work were left unpaid and outstanding as of January 31, 2023. These same vehicles were sold to another entity on January 31, 2023.
- It was communicated to us that the civil process receipts and reconciliation was not being performed timely or properly.

You should take steps to improve your accounting function immediately including but not limited to:

1. Continue effort to gain access to all bank and debt accounts at various institutions.
2. Reconcile all balance sheet accounts and ensure that all stale items are removed.
3. Continue to evaluate the liquidity of the Department's assets to ensure there is adequate cash on hand to meet operating expenses.

We will cooperate with you in addressing these and other matters.

Very truly yours,

*McSoley McCoy & Co.*

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