

September 25, 2020

To Sheriff Jennifer Harlow  
Orleans County Sheriff's Department  
Newport, Vermont

We have audited the financial statements of the business-type activities of Orleans County Sheriff's Department (the "Department") for the period January 22, 2020 to June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates made by management.

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

##### *Difficulties Encountered in Performing the Audit*

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

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes corrected misstatements of the financial statements.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 25, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Department’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

Restriction on Use

This information is intended solely for the information and use of Orleans County Sheriff’s Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



McSoley McCoy & Co.

Client: **Vermont Sheriff Departments**  
 Engagement: **AUD - Orleans County Sheriff's Department**  
 Trial Balance: **3000.05 - TB**  
 Workpaper: **1400.10 - Copy of Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To close out the period ended January 21, 2020.				
41100	41100 -- Contracted Service - Gov.		95,462.00	
41110	41110 -- Town Patrolling		145,318.00	
41200	41200 -- Contracted Services - Private		70,366.00	
41250	41250 -- Non-Contracted Services-Private		7,061.00	
41310	41310 -- Civil Process Fees		29,481.00	
41320	41320 -- Civil Process Reimbursement		11,867.00	
41420	41420 -- Transport mileage		1,687.00	
41440	41440 -- Transport Travel		6,108.00	
41500	41500 -- Accident Reports		165.00	
43132	43132 -- Speed		2,141.00	
43135	43135 -- Stonegarden		4,598.00	
44100	44100 -- Interest Earnings		120.00	
44200	44200 -- Contributions & Donations		430.00	
44400	44400 -- County Funding		113,983.00	
44700	State Reimbursement		2,336.00	
44800	44800 -- Finger Prints		8,900.00	
44900	44900 -- Other Misc.		1,490.00	
52700	Miscellaneous		9.00	
55320	55320 -- Dues and Subscriptions		100.00	
30020	30020 -- Retained Earnings			9.00
30020	30020 -- Retained Earnings			10,900.00
51101	51101 -- Deputy Sheriff Wages			158,421.00
51150	51150 -- Sheriff Compensation			1,092.00
51160	51160 -- State Deputy Compensation			1,322.00
51170	51170 -- Social Security Exp.			10,362.00
51171	51171 -- Medicare Exp.			2,423.00
51175	51175 -- SUTA Exp.			1,244.00
51180	51180 -- Health Insurance			7,628.00
51195	51195 -- Pension Contribution			10,182.00
51198	51198 -- Vacation Time			1,276.00
52101	52101 -- Deputy Sheriff Wages			14,089.00
52170	52170 -- Social Security Exp.			1,095.00
52171	52171 -- Medicare Exp.			256.00
52175	52175 -- SUTA Exp.			131.00
52178	52178 -- Sick Time			441.00
52180	52180 -- Health Insurance			3,814.00
52195	52195 -- Pension Contribution			1,489.00
52198	52198 -- Vacation Time			4,812.00
53000	53000 -- Process Service-15% (state's)			3,722.00
55101	55101 -- Deputy Sheriff Wages			13,284.00
55105	55105 -- Clerical Wages			28,071.00
55110	55110 -- Accountant Wages			11,179.00
55115	55115 -- On Call Stipend			1,400.00
55155	55155 -- Sheriff 5% Admin. Fee			8,451.00
55160	55160 -- State Deputy Compensation			2,914.00
55170	55170 -- Social Security Exp.			4,187.00
55171	55171 -- Medicare Exp.			979.00
55175	55175 -- SUTA Exp.			502.00
55178	55178 -- Sick Time			1,532.00
55179	55179 -- Holiday			10,611.00
55180	55180 -- Health Insurance			3,814.00
55195	55195 -- Pension Contribution			1,853.00
55198	55198 -- Vacation Time			4,185.00
55250	55250 -- Office Supplies & Equipment			3,086.00
55255	55255 -- Dept. Equip. & Supplies			9,957.00
55310	55310 -- Professional Services			2,073.00
55330	55330 -- Training & Educational			8,679.00
55340	55340 -- Insurance & Bonds			30,848.00
55350	55350 -- Postage			870.00

Client: **Vermont Sheriff Departments**  
 Engagement: **AUD - Orleans County Sheriff's Department**  
 Trial Balance: **3000.05 - TB**  
 Workpaper: **1400.10 - Copy of Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
55390	55390 -- Telephone			5,898.00
55420	55420 -- Travel - Meals & Lodging			3,309.00
55490	55490 -- Miscellaneous			667.00
55510	55510 -- Depreciation Exp.- Equipment			40,591.00
55610	55610 -- Interest & Bank Charges			106.00
55650	Bad Debt			6,720.00
56103	56103 -- Dispatchers Wages			14,303.00
56170	56170 -- Social Security Exp.			866.00
56171	56171 -- Medicare Exp.			202.00
56175	56175 -- SUTA Exp.			104.00
56195	56195 -- Pension Contribution			2,104.00
56198	56198 -- Vacation Time			2,442.00
56310	56310 -- Professional Services			525.00
56380	56380 -- Repairs & Maintenance			698.00
56385	56385 -- Wireless Service			1,276.00
57260	57260 -- Vehicle Parts & Supplies			1,597.00
57270	57270 -- Vehicle Fuel			13,311.00
57380	57380 -- Vehicle Repair & Maintenance			9,006.00
57610	57610 -- Interest & Bank Charges			100.00
58101	58101 -- Deputy Sheriff Wages-d			5,742.00
58170	58170 -- Social Security Exp.			647.00
58171	58171 -- Medicare Exp.			151.00
58175	58175 -- SUTA Exp.			78.00
58420	Travel - Meals & Lodging			4,710.00
59101	59101 -- Deputy Sheriff Wages-d			3,050.00
59170	59170 -- Social Security Exp.			172.00
59171	59171 -- Medicare Exp.			40.00
59175	59175 -- SUTA Exp.			21.00
rr9999	Rounding			3.00
<b>Total</b>			<b>501,622.00</b>	<b>501,622.00</b>

**Adjusting Journal Entries JE # 2**

To properly reflect proceeds from sale of vehicles and to expense items that were originally capitalized.

16020	16020 -- Equipment		400.00	
16020	16020 -- Equipment		2,975.00	
16040	16040 -- Vehicles		32,850.00	
55250	55250 -- Office Supplies & Equipment		800.00	
16010	16010 -- Communications			800.00
55250	55250 -- Office Supplies & Equipment			400.00
70000	Gain/Loss on sale of assets			2,975.00
70000	Gain/Loss on sale of assets			32,850.00
<b>Total</b>			<b>37,025.00</b>	<b>37,025.00</b>

**Adjusting Journal Entries JE # 3**

To record revenue in the correct period.

5000.15

41110	41110 -- Town Patrolling		2,188.00	
12100	12100 -- A/R - Operating Account			2,188.00
<b>Total</b>			<b>2,188.00</b>	<b>2,188.00</b>

**Adjusting Journal Entries JE # 4**

To remove equipment and vehicles that were disposed of during the year.

16030	16030 -- Allowance for Dep.- Equipment		2,000.00	
16050	16050 -- Allowance for Dep.- Vehicles		182,576.00	
16020	16020 -- Equipment			2,000.00
16040	16040 -- Vehicles			182,576.00
<b>Total</b>			<b>184,576.00</b>	<b>184,576.00</b>

**Adjusting Journal Entries JE # 5**

Client: **Vermont Sheriff Departments**  
 Engagement: **AUD - Orleans County Sheriff's Department**  
 Trial Balance: **3000.05 - TB**  
 Workpaper: **1400.10 - Copy of Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To record current year depreciation expense.				
55510	55510 -- Depreciation Exp.- Equipment		6,776.00	
56540	56540 -- Depreciation Exp.-Communication		3,749.00	
57520	57520 -- Depreciation Exp.- Vehicles		15,753.00	
16015	16015 -- Allowance for Dep.- Com			3,749.00
16030	16030 -- Allowance for Dep.- Equipment			6,776.00
16050	16050 -- Allowance for Dep.- Vehicles			15,753.00
<b>Total</b>			<b><u>26,278.00</u></b>	<b><u>26,278.00</u></b>
<b>Adjusting Journal Entries JE # 6</b>				
		<b>7500.25</b>		
To record June loan payment.				
23010	2-2020 Cruisers (1 Pickup)		1,645.00	
55610	55610 -- Interest & Bank Charges		105.00	
10050	10050 -- PSB-Vehicle Replacement Account			1,750.00
<b>Total</b>			<b><u>1,750.00</u></b>	<b><u>1,750.00</u></b>

**Orleans County Sheriff's Department**

Financial Statements

For the Period January 22, 2020 to June 30, 2020  
(With Independent Auditors' Report)

# Orleans County Sheriff's Department

For the Period January 22, 2020 to June 30, 2020

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## Independent Auditors' Report

Jennifer Harlow, Sheriff  
Orleans County Sheriff's Department  
Newport, Vermont

We have audited the accompanying financial statements of the business-type activities of the Orleans County Sheriff's Department (the "Department") for the period January 22, 2020 to June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Department, as of June 30, 2020, and the respective changes in financial position, and cash flows thereof for the period January 22, 2020 to June 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

Governmental Accounting Standards Board (GASB) 68 requires employers to present extensive note disclosures and other required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the liability. As discussed in Note 8, the Department participates in the Vermont Municipal Employees' Retirement Plan. The Department has not determined the impact of adopting GASB 68. Our opinion is not modified in respect to this matter.



South Burlington, Vermont  
September 25, 2020  
VT Reg. No. 92-349

**Orleans County Sheriff's Department**

Statement of Net Position

June 30, 2020

**Assets:**

Current assets

Cash and cash equivalents	\$ 125,761
Accounts receivable	81,214
Prepaid expenses	<u>9,195</u>

Total current assets 216,170

Cash reserves	222,736
Amounts held for others	430
Vehicles and equipment, net of accumulated depreciation	<u>140,478</u>

Total assets 579,814

**Liabilities:**

Accounts payable and other accrued liabilities	632
Accrued vacation	10,157
Accrued payroll and related expenses	19,030
Current portion of long-term debt	<u>19,909</u>

Total current liabilities 49,728

Long-term debt, net of current portion 59,846

**Net Position:**

Invested in capital assets, net of related debt	60,723
Unrestricted	186,781
Restricted	<u>222,736</u>

Total net position \$ 470,240

See accompanying notes to this financial statement.

**Orleans County Sheriff's Department**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Period January 22, 2020 to June 30, 2020

<b>Operating revenues:</b>	
Charges for services	\$ 316,296
Operating grants	54,762
Miscellaneous revenues	<u>40,475</u>
Total operating revenues	<u>411,533</u>
 <b>Operating expenses:</b>	
Contracted services	130,936
Process services	15,296
Transportation	3,683
Grant services	41,183
Administration and general	149,989
Communications services	25,865
Automotive services	35,964
Depreciation	<u>26,278</u>
Total operating expenses	<u>429,194</u>
Net operating loss	<u>(17,661)</u>
 <b>Non-operating income (expense):</b>	
Interest income	120
Interest expense	<u>(362)</u>
Total non-operating income (expense)	<u>(242)</u>
Net loss	<u>(17,903)</u>
Net position, beginning of period	<u>488,143</u>
Net position, end of period	<u><u>\$ 470,240</u></u>

See accompanying notes to this financial statement.

**Orleans County Sheriff's Department**  
Statement of Cash Flows  
For the Period January 22, 2020 to June 30, 2020

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 349,856
Cash received from operating grants	54,762
Cash payments to suppliers for goods and services	(174,611)
Cash payments to employees for services	<u>(218,498)</u>
Net cash provided by operating activities	<u>11,509</u>
<b>Cash flows from capital financing activities:</b>	
Interest paid on loans	(362)
Interest earned	120
Purchase of vehicles and equipment	(91,655)
Proceeds from issuance of long-term debt	81,400
Repayment of long-term debt	<u>(6,436)</u>
Net cash used by capital financing activities	<u>(16,933)</u>
Net decrease in cash, cash equivalents and cash reserves	(5,424)
Cash, cash equivalents and cash reserves, beginning of period	<u>353,921</u>
Cash, cash equivalents and cash reserves, end of period	<u><u>\$ 348,497</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Net operating loss	<u>\$ (17,661)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	26,278
Increase in accounts receivable	(6,915)
Decrease in prepaid expense	23,364
Decrease in accounts payable	(3,213)
Decrease in accrued payroll and related expenses	<u>(10,344)</u>
Total adjustments	<u>29,170</u>
Net cash provided by operating activities	<u><u>\$ 11,509</u></u>
Cash consists of:	
Cash and cash equivalents	\$ 125,761
Cash reserves	<u>222,736</u>
	<u><u>\$ 348,497</u></u>

See accompanying notes to this financial statement.

**Orleans County Sheriff's Department**  
Notes to Financial Statements  
For the Period January 22, 2020 to June 30, 2020

(1) Summary of Significant Accounting Policies

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

In March 2020, a worldwide pandemic was declared due to the spread of COVID-19. Financial markets worldwide experienced substantial losses. The Department was deemed an essential business under the Presidential Stay Home Stay Safe order and incurred expenses to ensure the Department's staff were safe while conducting normal business, and, as a result, focused on curtailing expenses to the greatest extent possible.

(a) Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. The Department's revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources, as needed.

(b) Basis of presentation

The Department accounts for ongoing operations and activities using proprietary fund accounting, a method developed with the economic resources measurement focus. This focus is similar to accounting methods used in the private sector.

(c) Cash and cash equivalents

For the purpose of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. In addition, the Department considers all certificates of deposit to be cash equivalents.

**Orleans County Sheriff's Department**  
Notes to Financial Statements  
For the Period January 22, 2020 to June 30, 2020

Summary of Significant Accounting Policies (continued)

(d) Vehicles and equipment

Vehicles and equipment are recorded at cost with depreciation computed using the straight-line method over their estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as nonoperating activity for the period. The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments over \$1,000 are capitalized.

Estimated useful lives by major classification are as follows:

Office furniture	5 years
Communication equipment	3 – 7 years
Vehicles	5 years

(e) Net position

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

(f) Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Accounts receivable

Significant receivables include amounts due from state, town, and contractor contracts. These receivables are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2020, as management believes all amounts will be collected.

(h) Amounts held for others

The Department runs a toy drive for children. All amounts collected and raised for the drive are to pay for toys to be dispersed to families. In addition, the Department collects donations to be used for various community needs throughout the year.

**Orleans County Sheriff's Department**  
Notes to Financial Statements  
For the Period January 22, 2020 to June 30, 2020

Summary of Significant Accounting Policies (continued)

(i) Subsequent events

The Department evaluated subsequent events through September 25, 2020, the date the Department's financial statements were available to be used.

(2) Cash and Categories of Risk

There are three categories of credit risk that apply to the Department's balance:

1. Insured by the FDIC or collateralized with securities held by the Department or by the Department's agent in the Department's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Department's name.
3. Uncollateralized.

The Department's bank balances are categorized below to give an indication of the level of risk assumed by the Department at June 30, 2020.

	Book Balance	Bank Balance
Insured deposits	\$ 347,996	\$ 354,308
Uninsured deposits	-	3,177
Undeposited funds	501	-
Total cash deposits	\$ 348,497	\$ 357,485

(3) Cash Reserves

As of June 30, 2020, the Department has a balance of \$222,736 in cash reserves designated for future purchases of vehicles.

**Orleans County Sheriff's Department**  
Notes to Financial Statements  
For the Period January 22, 2020 to June 30, 2020

(4) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2020 by major classifications as follows:

	Beginning Balance	Additions / Adjustments	Deletions	Ending Balance
Vehicles	\$ 451,273	\$ 70,401	\$ (2,000)	\$ 519,674
Equipment	<u>615,648</u>	<u>21,254</u>	<u>(182,576)</u>	<u>454,326</u>
Total vehicles and equipment	1,066,921	91,655	(184,576)	974,000
Less accumulated depreciation	<u>(991,820)</u>	<u>(26,278)</u>	<u>184,576</u>	<u>(833,522)</u>
Vehicles and equipment, net	<u>\$ 75,101</u>	<u>\$ 65,377</u>	<u>\$ -</u>	<u>\$ 140,478</u>

(5) Cost Sharing

Under Vermont law, Orleans County and the State of Vermont are required to cover certain costs of the Orleans 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 for the period ended June 30, 2020 has not been determined.

(6) Operating Grants

The Orleans County Sheriff's Department received grants from the U.S. Government and other grantors. Entitlements to the resources are generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditures of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits becomes a liability of the Department. As of June 30, 2020, management believes that no material liabilities will result from such audits.

(7) Risk Management

The Sheriff's Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Sheriff's Department maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Department. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.



**Orleans County Sheriff's Department**  
Notes to Financial Statements  
For the Period January 22, 2020 to June 30, 2020

(8) Retirement Plan

The Department participates in the Vermont Municipal Employees Retirement System (VMERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Vermont. Participants are in Group C with one individual in Group B.

VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members (Department employees) and beneficiaries. The Retirement System Division of the Vermont State Treasurer's Office issues a publicly available financial report that includes financial statements and required supplementary information for VMERS. That report may be obtained by writing to Retirement System Division, Vermont State Treasurer's Office, 133 State Street, Montpelier, Vermont 05602.

Plan members are required to contribute 10.25% and 5.125% of their annual covered compensation under Group C and B, respectively, and the Department is required to contribute at an actuarially determined rate. The current rate is 7.5% and 5.75% of annual covered payroll, under Group C and B, respectively. The contribution requirements of plan members and the Department are established and may be amended by the Retirement Board, Vermont Municipal Employees Retirement System.

GASB 68 requires employers to present extensive note disclosures and other required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the liability. The Department has not determined the impact of adopting GASB 68.

Total contributions made by the Department for the period ended June 30, 2020, were \$13,762.

(9) Long – Term Debt

Long-term debt as of June 30, 2020 consists of notes payable to Passumpsic Savings Bank:

1.96% note due May 9, 2020 as follows:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Current Maturities</u>	<u>Ending Balance</u>
\$ 4,791	\$ -	\$ (4,791)	\$ -	\$ -

1.54% note due May 14, 2024 as follows:

\$ -	\$ 81,400	\$ (1,645)	\$ (19,909)	\$ 59,846
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Totals:

<u>\$ 4,791</u>	<u>\$ 81,400</u>	<u>\$ (6,436)</u>	<u>\$ (19,909)</u>	<u>\$ 59,846</u>
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**Orleans County Sheriff's Department**  
Notes to Financial Statements  
For the Period January 22, 2020 to June 30, 2020

Long – Term Debt (continued)

Maturities on long-term debt for the years after June 30, 2020 are as follows:

<u>Year ended</u> <u>June 30,</u>		
2021	\$	19,909
2022		20,218
2023		20,531
2024		<u>19,097</u>
Total	\$	<u>79,755</u>

(10) Related Party

During the period ended June 30, 2020, the Department's bookkeeper was also employed as the Treasurer of Orleans County, Vermont. These related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions.

(11) Subsequent Event

COVID-19 continues to cause financial market unrest as the economy slowly begins to open back up. The Department continues to adapt to a remote work place. The pandemic could have a material impact on the Department's financial results. The ultimate impact of this event on the Department's operations and financial statements is unknown as of the date of the auditors' report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

Jennifer Harlow, Sheriff  
Orleans County Sheriff's Department  
Newport, 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 Orleans County Sheriff's Department (the "Department"), as of and for the period January 22, 2020 to June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated September 25, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



South Burlington, Vermont  
September 25, 2020  
VT Reg. No. 92-349