

January 13, 2021

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

We have audited the financial statements of the business-type activities of Rutland County Sheriff's Department (the "Department") for the year ended 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 9, 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.

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 January 13, 2021.

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 Rutland 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: **Rutland County Sheriff's Department**
 Trial Balance: **3000.05 - TB**
 Workpaper: **1400.10 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
to remove FY21 expenses from FY20				
20010	Accounts Payable		34,078.00	
54225	Insurance & Bonds			34,078.00
Total			34,078.00	34,078.00
Adjusting Journal Entries JE # 2				
To adjust Accrued Payroll and additional payroll liabilities				
55151	Accrued wages		29,316.00	
55170	Social Security ER		1,444.00	
55171	Medicare ER		338.00	
55180	Health Insurance		3,067.00	
55195	Pension Cont. ER		2,281.00	
20105	Payroll Liabilities			7,130.00
20110	Accrued Wages Payable			29,316.00
Total			36,446.00	36,446.00
Adjusting Journal Entries JE # 3				
To record FY20 depreciation expense				
53600	Depreciation Exp 88 Grove St		33,248.00	
55510	Depreciation Exp-Office Equipme		14,598.00	
55530	Amortization - Leaseheld Improv		552.00	
56510	Depreciation Exp-Comm. Equip		51,375.00	
57520	Depreciation Vehicles		48,558.00	
16020	Accumulated Depreciation - Equi			14,598.00
16060	Accumulated Depr. Comm. Equip			51,375.00
16080	Accumulated Depr. Vehicles			48,558.00
16100	Accum. Amort-L/H Improvements			552.00
16120	Accum Depre - 88 Grove Street			33,248.00
Total			148,331.00	148,331.00
Adjusting Journal Entries JE # 4				
To adjust beginning accumulated depreciation for depreciation that was not expensed in PY.				
32000	Retained Earnings		144,345.00	
16020	Accumulated Depreciation - Equi			8,526.00
16060	Accumulated Depr. Comm. Equip			49,154.00
16080	Accumulated Depr. Vehicles			52,865.00
16100	Accum. Amort-L/H Improvements			552.00
16120	Accum Depre - 88 Grove Street			33,248.00
Total			144,345.00	144,345.00
Adjusting Journal Entries JE # 5				
To correct Note Payable amount to amort schedule at 7500.15				
55470	Miscellaneous		2,115.00	
23050	N/P - Mark Foley			2,115.00
Total			2,115.00	2,115.00

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

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6				
To adjust the PY balance out on the account				
54225	Insurance & Bonds		41,117.00	
15050	Prepaid Expenses			41,117.00
Total			41,117.00	41,117.00

Rutland County Sheriff's Department

Financial Statements
(With Independent Auditors' Report)
For the Year Ended June 30, 2020

Rutland County Sheriff's Department

For the Year Ended June 30, 2020

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Government Auditing Standards Report:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities of the Rutland County Sheriff's Department of the County of Rutland, Vermont (the "Department"), as of and for the year ended 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rutland County Sheriff's Department of the County of Rutland, Vermont as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended 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 9, the Department participates in the Vermont State Retirement System. The Department has not determined the impact of adopting GASB 68. Our opinion is not modified in respect to this matter.



South Burlington, Vermont
January 13, 2021
VT Reg. No. 92-349

Rutland County Sheriff's Department

Statement of Net Position

June 30, 2020

Assets:

Current assets:

Cash	\$ 113,747
Accounts receivable, net	293,613
Prepaid expenses	<u>73,573</u>

Total current assets 480,933

Non-current assets:

Property and equipment, net of accumulated depreciation	536,343
Restricted assets - annuities	<u>51,055</u>

Total non-current assets 587,398

Total assets 1,068,331

Liabilities:

Current liabilities:

Accounts payable	11,427
Other current liabilities	975
Accrued payroll and related items	105,608
Current installments of long-term debt	<u>60,225</u>

Total current liabilities 178,235

Long-term liabilities:

Long-term debt - less current installments	198,338
Annuities due to employees	<u>51,055</u>

Total long-term liabilities 249,393

Total liabilities 427,628

Net position:

Net investment in capital assets	277,781
Unrestricted	<u>362,922</u>

Total net position \$ 640,703

See accompanying notes to the financial statements.

Rutland County Sheriff's Department
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

Operating revenues:

Charges for services	\$ 1,815,029
Operating grants	315,495
County support	180,513
Miscellaneous revenues	<u>28,785</u>
Total operating revenues	<u>2,339,822</u>

Operating expenses:

Contracted services	912,163
Process services	10,814
Grant services	288,450
Administration and general	590,961
Communications services	136,617
Automotive services	97,017
Depreciation	<u>148,331</u>
Total operating expenses	<u>2,184,353</u>

Net operating gain	<u>155,469</u>
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Non-operating income (expenses):

Loss on sale of equipment	660
Interest income	41
Interest expense	<u>(18,197)</u>

Total non-operating income (expenses)	<u>(17,496)</u>
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Net gain	<u>137,973</u>
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Net position, beginning of year	<u>502,730</u>
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Net position, end of year	<u><u>\$ 640,703</u></u>
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See accompanying notes to the financial statements.

Rutland County Sheriff's Department

Statement of Cash Flows

For the Year Ended June 30, 2020

Cash flows from operating activities:

Cash received from customers	\$ 1,960,818
Cash received from operating grants	315,495
Cash payments to suppliers for goods and services	(642,788)
Cash payments to employees for services	<u>(1,472,679)</u>
Net cash provided by operating activities	<u>160,846</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(71,755)
Interest income	(41)
Interest paid on loans	(18,197)
Principal paid on long-term debt	<u>(54,225)</u>
Net cash used for capital and related financing activities	<u>(144,218)</u>

Net increase in cash 16,628

Cash, beginning of year 97,119

Cash, end of year \$ 113,747

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

Net operating gain	<u>\$ 155,469</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation	148,331
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(32,456)
Increase in accounts receivable	(63,307)
Decrease in accounts payable	(29,836)
Decrease in accrued payroll and payroll items	<u>(17,355)</u>
Total adjustments	<u>5,377</u>
Net cash provided by operating activities	<u>\$ 160,846</u>

See accompanying notes to the financial statements.

Rutland County Sheriff's Department

Notes to Financial Statements

For the Year Ended June 30, 2020

(1) Summary of Significant Accounting Policies

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

(d) Property and equipment

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

Rutland County Sheriff's Department
Notes to Financial Statements
For the Year Ended June 30, 2020

Summary of Significant Accounting Policies (continued)

Estimated useful lives by major classification are as follows:

Buildings and improvements	40 years
Office furniture	5 years
Communication equipment	5-7 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 and 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 recorded an allowance for uncollectible accounts at June 30, 2020 in the amount of \$202.

(h) Subsequent Events

The Department evaluated subsequent events through January 13, 2021, 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.

Rutland County Sheriff's Department
Notes to Financial Statements
For the Year Ended June 30, 2020

Cash and Categories of Risk (continued)

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:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 113,647	\$ 177,817
Cash on hand	<u>100</u>	<u>-</u>
Total cash deposits	<u>\$ 113,747</u>	<u>\$ 177,817</u>

(3) Property and Equipment

The following is a summary of changes, by major classifications, in capital assets for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Property and equipment	\$ 1,016,675	\$ 71,755	\$ (54,627)	\$ 1,033,803
Building and improvements	<u>500,664</u>	<u>-</u>	<u>-</u>	<u>500,664</u>
Total property and equipment at historical cost	<u>1,517,339</u>	<u>71,755</u>	<u>(54,627)</u>	<u>1,534,467</u>
Less accumulated depreciation for:				
Property and equipment	(660,725)	(115,083)	54,627	(721,181)
Building and improvements	<u>(243,695)</u>	<u>(33,248)</u>	<u>-</u>	<u>(276,943)</u>
Total accumulated depreciation	<u>(904,420)</u>	<u>(148,331)</u>	<u>54,627</u>	<u>(998,124)</u>
Total property and equipment, net	<u>\$ 612,919</u>	<u>\$ (76,576)</u>	<u>\$ -</u>	<u>\$ 536,343</u>

(4) Deferred Compensation Plan

In 1979, the Department established a non-qualified, eligible deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. The plan is a defined contribution plan. Under the plan, an employee may elect to defer the lesser of \$7,500 or 33 1/3% of his/her salary plus an additional amount as defined by the Internal Revenue Code Section 457(b)(3). All amounts deferred under the plan, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights, remain solely the property and rights of the Department until made available to the participant or his or her beneficiary upon request. Amounts in the plan at June 30, 2020 totaled \$51,055 and have been reflected as a non-current asset and liability on the accompanying statement of net position.

Rutland County Sheriff's Department
Notes to Financial Statements
For the Year Ended June 30, 2020

(5) Long-Term Debt

Long-term debt as of June 30, 2020 consisted of the following:

Ford Motor – 5.95%, quarterly payments of principal and interest of \$24, due September 2019 as follows:

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Current Maturity</u>
<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ -</u>

Ford Motor – 4.95%, quarterly payments of principal and interest of \$1,245, due July 2021 as follows:

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Current Maturity</u>
<u>\$ 29,937</u>	<u>\$ -</u>	<u>\$ 16,222</u>	<u>\$ 13,715</u>	<u>\$ 13,548</u>

Ford Motor – 4.95%, quarterly payments of principal and interest of \$1,827, due August 2022 as follows:

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Current Maturity</u>
<u>\$ 41,380</u>	<u>\$ -</u>	<u>\$ 12,035</u>	<u>\$ 29,345</u>	<u>\$ 12,642</u>

Ford Motor – 7.20%, quarterly payments of principal and interest of \$1,685, due January 2022 as follows:

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Current Maturity</u>
<u>\$ 23,408</u>	<u>\$ -</u>	<u>\$ 7,267</u>	<u>\$ 16,141</u>	<u>\$ 10,170</u>

Mark Foley – 5.25%, monthly payments of principal and interest of \$2,814, due May 2027 as follows:

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Current Maturity</u>
<u>\$221,904</u>	<u>\$ -</u>	<u>\$ 22,542</u>	<u>\$199,362</u>	<u>\$ 23,865</u>

Total long-term debt	\$ 258,563
Less current installments	<u>60,225</u>
Long-term debt, less current installments	<u>\$ 198,338</u>

Rutland County Sheriff's Department
Notes to Financial Statements
For the Year Ended June 30, 2020

Long-Term Debt (continued)

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

Year-Ended June 30,	Principal	Interest	Total
2021	\$ 60,225	\$ 12,644	\$ 72,869
2022	48,771	9,405	58,176
2023	29,924	7,304	37,229
2024	27,273	5,836	33,109
2025	28,774	4,334	33,108
2026-2028	<u>63,596</u>	<u>3,848</u>	<u>67,444</u>
Total	<u>\$ 258,563</u>	<u>\$ 43,371</u>	<u>\$301,934</u>

(6) Cost Sharing

Under Vermont law, Rutland County and the State of Vermont are required to cover certain costs of the Rutland County Sheriff's Department. Such costs include the Sheriff's salary and benefits, administrative salary and benefits, mortgage payments, certain automotive expenses and others. The amount expended by the County and State during the year ended June 30, 2020 has not been determined.

(7) Operating Grants

The Rutland 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.

(8) Risk Management

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

Rutland County Sheriff's Department
Notes to Financial Statements
For the Year Ended June 30, 2020

(9) Retirement Plan

The Department contributes to the Vermont State Employees' Retirement System, under group F, a public pension plan provided by the State of Vermont for State employees. Vermont state statutes (VSA Title 24, Chapter 125) provide the authority under which benefit provisions are established. The Department contributes 10.48% and the employees contribute 6.65%. Total contributions made by the Department for the years ended June 30, 2020, 2019, and 2018 were \$125,114, \$87,995, and \$65,355 respectively.

The State of Vermont issues an audited financial report that includes financial statements and required disclosures that include information regarding this plan. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

(10) Uncertainty

COVID-19 continues to cause financial market unrest. 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 independent auditors' report.

INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Rutland County Sheriff's Department (the "Department"), as of and for the year ended 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 January 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



South Burlington, Vermont
January 13, 2021
VT Reg. No. 92-349