

Windham County Sheriff's Department

Financial Statements
(With Independent Auditors' Report)

June 30, 2023

Windham County Sheriff's Department

June 30, 2023

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INDEPENDENT AUDITORS' REPORT

Mark Anderson, Sheriff
Windham County Sheriff's Department
Brattleboro, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Windham County Sheriff's Department (the "Department") as of June 30, 2023 and for the year then ended, 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 business-type activities of the Windham County Sheriff's Department, as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 Windham County Sheriff's 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 opinions.

Emphasis of Matter – GASB 68

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. The Department has not determined the impact of adopting GASB 68.

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 Windham County Sheriff's 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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Windham County Sheriff's 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 about the Windham County Sheriff's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Windham County Sheriff's 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 Windham County Sheriff's 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 Windham County Sheriff's Department's internal control over financial reporting and compliance.



South Burlington, Vermont
December 21, 2023
VT Reg. No. 92-349

Windham County Sheriff's Department

Statement of Net Position

June 30, 2023

	<u>2023</u>
Assets:	
Current assets	
Cash	\$ 35,605
Accounts receivable	173,827
Due from other governments	58,651
Prepaid expenses	<u>10,000</u>
Total current assets	278,083
Vehicles and equipment, net of accumulated depreciation	<u>279,328</u>
Total assets	<u>557,411</u>
Liabilities:	
Current liabilities	
Line of credit	20,000
Current portion of notes payable	31,213
Accounts payable and accrued expenses	104,097
Accrued payroll and related	174,021
Deferred revenue	<u>3,747</u>
Total current liabilities	333,078
Notes payable, net of current portion	<u>69,984</u>
Total liabilities	<u>403,062</u>
Net position:	
Unrestricted	(23,782)
Net investment in capital assets, net of debt obligations	<u>178,131</u>
Total net position	<u>\$ 154,349</u>

See accompanying notes to the financial statements.

Windham County Sheriff's Department
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	2023
Operating revenues:	
Charges for services	\$ 1,541,757
Operating grants	184,882
Civil process	108,637
Transportation	265,695
County support	222,235
Fingerprint services	67,431
Miscellaneous revenues	1,933
Total operating revenues	2,392,570
Operating expenses:	
Contracted services	1,069,729
Process services	53,951
Administration and general	696,410
Automotive services	178,693
Communications services	228,856
Grant expenses	104,616
Miscellaneous expenses	14,415
Depreciation	93,467
Total operating expenses	2,440,137
Net operating loss	(47,567)
Non-operating income (expense):	
Interest income	1,105
Interest expense	(7,745)
Gain on disposal of vehicles	22,739
Total non-operating income	16,099
Net loss	(31,468)
Net position, beginning of year	185,817
Net position, end of year	\$ 154,349

See accompanying notes to the financial statements.

Windham County Sheriff's Department

Statement of Cash Flows

For the Year Ended June 30, 2023

	2023
Cash flows from operating activities:	
Cash received from customers	\$ 2,310,989
Cash received from operating grants	184,882
Cash payments to suppliers for goods and services	(1,044,770)
Cash payments to employees for services	(1,281,323)
Net cash provided by operating activities	169,778
Cash flows from capital and related financing activities:	
Purchase of vehicles and equipment	(99,175)
Proceeds from disposal of vehicles	26,929
Payments to other government	(100,000)
Principal payments on notes payable	(29,714)
Proceeds from line of credit	60,000
Payments on line of credit	(40,000)
Interest expense	(7,745)
Net cash used by capital and related financing activities	(189,705)
Cash flows from investing activities:	
Interest income	1,105
Net decrease in cash	(18,822)
Cash, beginning of year	54,427
Cash, end of year	\$ 35,605
Reconciliation of net operating loss to net cash provided by operating activities:	
Net operating loss	\$ (47,567)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation	93,467
Decrease in accounts receivable	135,977
Increase in due from other governments	(36,423)
Increase in prepaid expense	(10,000)
Increase in accounts payable and accrued expenses	4,938
Increase in accrued payroll and related	25,639
Increase in deferred revenue	3,747
Total adjustments	217,345
Net cash provided by operating activities	\$ 169,778

See accompanying notes to the financial statements.

Windham County Sheriff's Department

Notes to the Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

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

(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) 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.

(d) Accounts Receivable

Significant receivables include amounts due from contractor contracts. These receivables are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2023, as all amounts are deemed collectible.

Windham County Sheriff's Department
Notes to the Financial Statements
June 30, 2023

Summary of Significant Accounting Policies (continued)

(e) Due From Other Governments

Due from other governments includes amounts due from the state, towns, the county, and other governmental entities. These receivables are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2023, as all amounts are deemed collectible. The Department typically bills for certain services at the beginning of the month. The Department will issue credit memos to contractors should the Department not fully perform the services it intends to.

(f) 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 equipment	5 years
Communication and patrol equipment	5-7 years
Vehicles	5 years
Leasehold improvements	shorter of lease term or 15 years

(g) Unrestricted Net Assets

Unrestricted net assets for proprietary funds represent the net assets available for future operations or distributions.

(h) Subsequent Events

The Department evaluated subsequent events through December 21, 2023, the date the Department's financial statements were available to be issued.

(2) Cash and Categories of Risk

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

1. Insured by the Federal Deposit Insurance Corporation ("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.

Windham County Sheriff's Department
Notes to the Financial Statements
June 30, 2023

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, 2023.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 35,195	\$ 57,079
Uninsured deposits	-	-
Cash on hand	<u>410</u>	<u>-</u>
Total cash deposits	<u>\$ 35,605</u>	<u>\$ 57,079</u>

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2023 by major classifications as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 608,736	\$ 60,140	\$ (107,128)	\$ 561,748
Office equipment	58,960	1,551	-	60,511
Communication equipment	319,583	-	-	319,583
Patrol equipment	53,022	-	-	53,022
Leasehold improvements	<u>-</u>	<u>37,484</u>	<u>-</u>	<u>37,484</u>
Total vehicles and equipment	1,040,301	99,175	(107,128)	1,032,348
Less accumulated depreciation	<u>(762,491)</u>	<u>(93,467)</u>	<u>102,938</u>	<u>(753,020)</u>
Vehicles and equipment, net	<u>\$ 277,810</u>	<u>\$ 5,708</u>	<u>\$ (4,190)</u>	<u>\$ 279,328</u>

(4) Notes Payable

Notes payable as of June 30, 2023 consisted of notes to the following:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Current Maturities</u>	<u>Ending Balance</u>
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4.50% note due October 2025 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:

<u>\$ 23,716</u>	<u>\$ -</u>	<u>\$ (6,742)</u>	<u>\$ (7,066)</u>	<u>\$ 9,908</u>
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Windham County Sheriff's Department
Notes to the Financial Statements
June 30, 2023

Notes Payable (continued)

4.50% note due April 2026 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:

\$ 15,216 \$ - \$ (3,717) \$ (3,884) \$ 7,615

4.50% note due April 2026 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:

\$ 14,099 \$ - \$ (3,442) \$ (3,615) \$ 7,042

4.50% note due April 2026 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:

\$ 17,421 \$ - \$ (4,255) \$ (4,463) \$ 8,703

5.00% note due March 2027 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:

\$ 31,783 \$ - \$ (6,072) \$ (6,406) \$ 19,305

5.00% note due March 2027 to Brattleboro Savings and Loan Association, collateralized by the vehicle that was purchased and all business assets of the Department, as follows:

\$ 28,676 \$ - \$ (5,486) \$ (5,779) \$ 17,411

Total \$ 130,911 \$ - \$ (29,714) \$ (31,213) \$ 69,984

The future minimum payments under the notes payable as of June 30, 2023 are as follows:

Year Ending June 30,

2024	\$ 31,213
2025	32,711
2026	26,829
2027	<u>10,444</u>
Total	<u>\$ 101,197</u>

(5) Line of Credit

The Department entered into a line of credit agreement with a maximum borrowing amount of \$50,000 with interest charged at the Wall Street Journal prime rate plus 1% (9.25% as of June 30, 2023). The maturity date for the line of credit is January 12, 2024. The line of credit is secured by all business assets of the Department. At June 30, 2023, the outstanding balance on the line of credit was \$20,000.

Windham County Sheriff's Department

Notes to the Financial Statements

June 30, 2023

(6) Cost Sharing

Under Vermont law, Windham County and the State of Vermont are required to cover certain costs of the Windham 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 during the year ended June 30, 2023 has not been determined.

(7) Operating Grants

The Windham 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, 2023, 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.

(9) Due to Other Government

In April 2022, the Department entered into a promissory note agreement with Chittenden County Sheriff's Department for \$100,000 at an interest rate of 1%. Principal and interest was due in full on December 31, 2022. The outstanding balance of this note was \$0 as of June 30, 2023.

(10) Administration Fee

The Sheriff is allowed a 5% commission fee for contract administration on most contracts. This amount is accrued monthly and the Sheriff only draws from the balance when the Sheriff feels drawing will not cause undue stress on the Department's resources. For the year ended June 30, 2023, total commission paid to the Sheriff was \$0 and the balance eligible to be drawn was \$73,960. This is included in accounts payable and accrued expenses on the statement of net position.

Windham County Sheriff's Department

Notes to the Financial Statements

June 30, 2023

(11) Related Party Transactions

The Department pay expenses to a company owned by the Sheriff for content management and body worn camera hosting services. Total expenses paid to this company totaled \$4,654 for the year ending June 30, 2023. Management has determined these transactions are at arm's length.

(12) Retirement Plan

The Department participates in the Vermont State Employees' Retirement System ("VSERS"). The Department contributes 18% of eligible compensation for all employees deferring the required 6.65% of eligible compensation (for tier one employees) and 7.15% (for tier two employees).

Vermont state statutes (VSA Title 24, Chapter 125) provide the authority under which benefit provisions are established. The State of Vermont issues an audited financial report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

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.

Contributions made to the VSERS by the Department for the year ended June 30, 2023 amounted to \$172,847.

(13) Leasing Arrangements

Effective January 1, 2023, the Department signed a lease for office space in Brattleboro, Vermont with the County of Windham. The lease term is 15 years, with the option to renew for two additional ten-year periods. Rent is not paid by the Department to the County, as the County is required to cover the cost of office space under Vermont statutes.

Additionally, the Department leases a portion of this space to an unrelated third party effective April 2023. The term of this lease is three years, with the option to renew for three additional three-year periods. Rent is payable in the amount of \$10 per square foot of the leased space per year. The Department recognized \$0 of rental income for the year ending June 30, 2023, as a certificate of occupancy was not obtained until July 2023.

Future estimated rental income for the years ending after June 30, 2023 is as follows:

	<u>Year Ending June 30,</u>
2024	\$ 21,200
2025	21,200
2026	<u>21,200</u>
Total	<u>\$ 63,600</u>

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*

Mark Anderson, Sheriff
Windham County Sheriff's Department
Brattleboro, 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 Windham County Sheriff's Department (the "Department"), as of June 30, 2023 and for the year then ended, 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 21, 2023.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-01 and 2023-02, that we consider to be significant deficiencies.

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*.

Windham 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 questioned costs. 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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



South Burlington, Vermont
December 21, 2023
VT Reg. No. 92-349

Windham County Sheriff's Department
Schedule of Findings and Questioned Costs
June 30, 2023

Finding Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

Finding 2023-01: Financial Oversight

Criteria

The Vermont Sheriffs' Association Uniform Accounting Manual (the "Manual") requires the Department to have sufficient controls with all transactions substantiated by appropriate documentation to ensure the accuracy of all accounts. Additionally, the Manual requires the Department to present financial statements using the accrual method of accounting.

Condition

During our audit, we noted the following:

- One instance where a pay rate was incorrectly entered into QuickBooks, the accounting software, resulting in the dispatcher being overpaid for a period of time.
- One instance where revenue was not recorded in the correct period; the Department recognized revenue for dispatch services to be performed in the next fiscal year.
- One instance where the hours recorded were not properly categorized on the paystub for an employee as demonstrated by their time sheet.
- Additionally, we proposed several adjusting journal entries, mostly relating to accruals and fixed assets. The magnitude and scope of these adjustments make it difficult to produce timely and accurate internal financial information on which management can rely. We believe it hinders management to properly perform its financial role and properly operate the Department. It also increases the Department's exposure to fraud and irregularities.

Cause

The Department lacks proper oversight with these functions.

Effect

Without the proper procedures in place, there is a risk of error and fraud.

Recommendation

We recommend the Department ensure the proper controls are in place to review and approve financial transactions. We also recommend the Department place more emphasis on the importance of the accounting function and accuracy of financial reporting, especially with accruals and fixed assets.

View of Responsible Officials:

Management agrees with this recommendation and will ensure the proper procedures are in place for adequate financial reporting and oversight.

Windham County Sheriff's Department
Schedule of Findings and Questioned Costs
June 30, 2023

Finding 2023-02: Liquidity

Criteria

The current ratio measures liquidity by comparing current assets to current liabilities and is an indication of an organization's ability to meet its current obligations with existing resources. A current ratio of 2:1 or greater is considered indicative of a financially stable entity.

Condition

In examining the Department's statement of net position as of June 30, 2023, we observed the Department's current ratio is less than 1:1. However, we also note improvement in this ratio from prior years.

Cause

The Department incurred a net loss during the year and the cash balance decreased.

Effect

With current liabilities outweighing current assets, there is a risk that the Department will not be able to meet its current obligations with existing resources.

Recommendation

We recommend management develop a plan to improve the Department's liquidity.

View of Responsible Officials:

Management agrees with this recommendation and will develop a plan to improve the Department's liquidity.



WINDHAM COUNTY SHERIFF'S OFFICE

Sheriff Mark R. Anderson
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Windham County Sheriff's Department Management's Corrective Action Plan June 30, 2023

Finding 2023-01: Financial Oversight

The Department agrees with this recommendation and will ensure the proper procedures are in place for adequate financial reporting and oversight. The Department engaged a new accounting firm in January 2023 to assist us in this area. The Department has also implemented an internal review process to verify pay rates following annual raises to prevent manual transposition errors. We have also requested recommendations on policies or procedures that specifically address these areas from our external auditor based on their understanding of our internal procedures and existing controls.

Finding 2023-02: Liquidity

The Department agrees with this recommendation and continues to follow its plan to improve liquidity. The Department will seek opportunities to improve upon its existing plan.

A handwritten signature in black ink, appearing to read "Mark Anderson".

Mark Anderson, Sheriff
Windham County Sheriff's Department