



**Windsor County Sheriff's
Department**

**FINANCIAL STATEMENTS
JUNE 30, 2009**



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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' AUDIT REPORT

John W. Davis
CPA, CFP[®], CVA

Mr. Michael Chamberlain, Sheriff
Windsor County Sheriff's Department
Woodstock, Vermont

Bret L. Hodgdon
CPA, CFP[®], CFE

We have audited the accompanying statement of financial position of the business-type activities of the Windsor County Sheriff's Department as of June 30, 2009 and the related statement of revenues, expense and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the management of the Windsor County Sheriff's Department. Our responsibility is to express an opinion on these financial statements based on our audits.

33 Blair Park Road,
Suite 201

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Williston, Vermont
05495

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Windsor County Sheriff's Department as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

802-878-1963

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2010, on our consideration of the Windsor 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

FAX 802-878-7197

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Windsor County Sheriff's Department has not presented the Management's Discussion and Analysis and budgetary comparison, that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Williston, Vermont
February 10, 2010

WINDSOR COUNTY SHERIFF'S DEPARTMENT

STATEMENT OF NET ASSETS

June 30, 2009

	<u>2009</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 579,557
Certificate of deposit	8,173
Accounts receivable	219,677
Prepaid insurance	<u>8,741</u>
Total current assets	<u>816,148</u>
PROPERTY AND EQUIPMENT, net	<u>193,847</u>
Total assets	<u>\$ 1,009,995</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 6,748
Accrued expenses	<u>17,446</u>
Total current liabilities	<u>24,194</u>
NET ASSETS	
Invested in capital assets	193,847
Unrestricted net assets	<u>791,954</u>
Total net assets	<u>985,801</u>
Total liabilities and net assets	<u>\$ 1,009,995</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

WINDSOR COUNTY SHERIFF'S DEPARTMENT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009

	<u>2009</u>
OPERATING REVENUE	
Charges for service	\$ 941,594
Civil processes	232,747
Transportation	67,758
Operating grants	39,175
Miscellaneous revenue	<u>8,718</u>
Total operating revenue	<u>1,289,992</u>
OPERATING EXPENSE	
Contracted services	457,450
Operating grants	29,770
Process services	53,086
Transportations services	31,988
Administration and general	293,955
Automotive services	99,733
Communication services	12,086
Depreciation	<u>91,467</u>
Total operating expense	<u>1,069,535</u>
Net operating income	<u>220,457</u>
OTHER INCOME	
Interest income	5,762
Gain on sale of asset	<u>10,703</u>
Total other income	<u>16,465</u>
Net increase in net assets	236,922
NET ASSETS, beginning of the year	<u>748,879</u>
NET ASSETS, end of the the year	<u>\$ 985,801</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

WINDSOR COUNTY SHERIFF'S DEPARTMENT

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009**

	<u>2009</u>
OPERATING ACTIVITIES	
Cash received from customers	1,176,940
Operating grants received	39,175
Cash payments to suppliers for goods and services	(304,756)
Cash payments to employees for services	<u>(674,757)</u>
Net cash provided by operating activities	<u>236,602</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(154,503)
Proceeds from sale of equipment	<u>16,800</u>
Net cash used by capital and related financing activities	<u>(137,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment in certificate of deposit	(8,173)
Interest earned	<u>5,762</u>
Net cash used by investing activities	<u>(2,411)</u>
Net cash increase	96,488
CASH, beginning of the year	<u>483,069</u>
CASH, end of the year	<u>\$ 579,557</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income	\$ 220,457
Adjustments to reconcile operating income to net net cash provided by operating activities:	
Depreciation	91,467
Changes in:	
Accounts receivable	(104,182)
Due from other governments	30,355
Prepaid insurance	401
Accounts payable	(4,087)
Accrued expenses	<u>2,191</u>
Total adjustments	<u>16,145</u>
Net cash flow provided by operating activities	<u>\$ 236,602</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

WINDSOR COUNTY SHERIFF'S DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business

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

A summary of the Department's significant accounting policies follows:

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. The Department applied (a) all Governmental Accounting Standards Board (GASB) pronouncements and (b) Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 20, 1989, except insignificant items that conflict with GASB pronouncement.

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.

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.

Cash and cash equivalents

The Department considers all investments with an original maturity of three months or less to be cash and cash equivalents.

Accounts receivable

Significant receivables include amounts due from state, town, and other contracts. These receivables are due within one year.

WINDSOR COUNTY SHERIFF'S DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Nature of Business and Summary of Significant Accounting Policies (continued)

Allowance for doubtful accounts

The department has adopted the direct write-off method to recognize bad debts. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. The effect of using the direct write-off method is not considered materially different from the results that would have been obtained under the allowance method at June 30, 2009.

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 non-operating 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	5-7 years
Vehicles	3-5 years

Net asset classification

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

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.

Note 2. Certificate of Deposit

One June 30, 2009 the Department had \$8,173 invested in a 60-month certificate of deposit, with interest at 3.63%, to mature in June 2012.

WINDSOR COUNTY SHERIFF'S DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 3. Property and Equipment

Property and equipment are summarized as of June 30, 2009 by major classification as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Vehicles	\$ 381,486	\$ 138,517	\$ (83,031)	\$ 436,972
Office equipment	38,605	10,761	-	49,366
Equipment	<u>185,986</u>	<u>5,225</u>	<u>-</u>	<u>191,211</u>
Total property and equipment	606,077	154,503	(83,031)	677,549
Less accumulated depreciation	<u>(469,171)</u>	<u>(91,467)</u>	<u>76,936</u>	<u>(483,702)</u>
Property and equipment, net	<u>\$ 136,906</u>	<u>\$ 63,036</u>	<u>\$ (6,095)</u>	<u>\$ 193,847</u>

Note 4. Cost Sharing

Under Vermont law, Windsor County (the County) and the State of Vermont (the State) are required to cover certain costs of the Windsor 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 Department and reimbursed by the County and State during the year ended June 30, 2009 has not been determined.

Note 5. Operating Grants

The Windsor 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, 2009, management believes that no material liabilities will result from such audits.

Note 6. 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.

WINDSOR COUNTY SHERIFF'S DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 7. Prior Period Restatement

During the year ended June 30, 2009 three changes were made to the Department's net assets to properly account for revenue cut-off, fixed assets correction and proper expense cut-off. These adjustments increased current liabilities by \$10,835 and net assets by \$42,071 and decreased current assets by \$52,906.

SUPPLEMENTAL INFORMATION



**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.**

John W. Davis

CPA, CFP[®], CVA

Mr. Michael Chamberlain, Sheriff
Windsor County Sheriff's Department
Woodstock, Vermont

Bret L. Hodgdon

CPA, CFP[®], CFE

We have audited the financial statements of the business-type activities of Windsor County Sheriff's Department (the "Department") as of and for the year ended June 30, 2009, which comprise the Department's basic financial statements and have issued our report thereon dated February 10, 2010. 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.

33 Blair Park Road,

Suite 201

Internal Control over Financial Reporting

Williston, Vermont

05495

In planning and performing our audit of the financial statements of the business-type activities of Windsor County Sheriff's Department as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Department's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

802-878-1963

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

FAX 802-878-7197

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A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

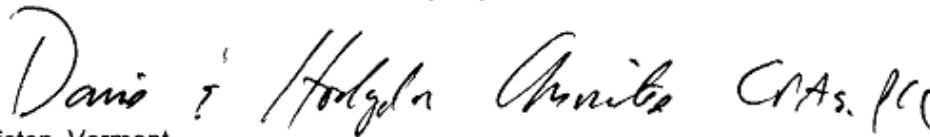
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To Mr. Michael Chamberlain, Sheriff
Windsor County Sheriff's Department
February 10, 2010
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Windsor County Sheriff's Department financial statements are free of 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*.

This communication is intended solely for the information and use of the Department and is not intended to be and should not be used by anyone other than these specified parties.



Williston, Vermont
February 10, 2010