

Windsor County Sheriff's Department

Financial Statements
(with Independent Auditors' Report)

June 30, 2017

Windsor County Sheriff's Department

June 30, 2017

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities of the Windsor County Sheriff's Department (the "Department"), as of and for the year ended June 30, 2017, and the related notes to the financial statements.

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. 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 financial position of the business-type activities of the Department as of June 30, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Windsor County Sheriff's Department has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

McSoley McCoy & Co.

South Burlington, Vermont
December 29, 2017
VT Reg. No. 92-349

Windsor County Sheriff's Department
Statement of Net Position
June 30, 2017

Assets:

Current assets

Cash	\$ 1,391,989
Accounts receivable	197,903
Due from other governments	73,273
Prepaid expenses	<u>17,125</u>

Total current assets 1,680,290

Vehicles and equipment, net of accumulated depreciation 379,207

Total assets 2,059,497

Liabilities:

Current liabilities

Accounts payable	51,619
Accrued payroll and payroll taxes	<u>44,032</u>

Total current liabilities 95,651

Net Position:

Investment in capital assets	379,207
Unrestricted	<u>1,584,639</u>

Total net position \$ 1,963,846

The accompanying notes are an integral part of these statements.

Windsor County Sheriff's Department
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

Operating Revenues:	
Charges for services	\$ 1,533,740
Operating grants	55,941
Civil process	153,978
Transportation	46,740
County reimbursements	126,784
Miscellaneous revenues	<u>15,150</u>
 Total operating revenues	 <u>1,932,333</u>
Operating Expenses:	
Contracted services	681,328
Process services	36,191
Transportation services	21,430
Administration and general	667,181
Communications services	29,638
Automotive services	104,609
Grant expenses	28,436
Depreciation	<u>160,612</u>
 Total operating expenses	 <u>1,729,425</u>
 Net operating income	 <u>202,908</u>
Non-operating Revenues (Expenses):	
Interest income	5,675
Gain on sale of equipment	<u>6,062</u>
 Total non-operating expenses	 <u>11,737</u>
 Net income	 214,645
 Net position, beginning of year	 <u>1,749,201</u>
 Net position, end of year	 <u>\$ 1,963,846</u>

The accompanying notes are an integral part of these statements.

Windsor County Sheriff's Department
Statement of Cash Flows
For the Year Ended June 30, 2017

Operating activities:	
Cash received from customers	\$ 1,768,440
Cash received from operating grants	55,941
Cash payments to employees for services	(1,061,831)
Cash payments to suppliers for goods and services	<u>(500,461)</u>
Net cash provided by operating activities	<u>262,089</u>
Cash flows from capital and related financing activities:	
Purchases of vehicles and equipment	(164,122)
Proceeds from sale of vehicles and equipment	8,700
Interest income	<u>5,675</u>
Net cash used by capital and related financing activities	<u>(149,747)</u>
Net increase in cash	112,342
Cash, beginning of year	<u>1,279,647</u>
Cash, end of year	<u>\$ 1,391,989</u>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income	<u>\$ 202,908</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	160,612
Increase in accounts receivable	(118,762)
Decrease in due from other governments	10,810
Increase in prepaid expenses	(8,269)
Increase in accounts payable	11,892
Increase in accrued payroll and payroll taxes	<u>2,898</u>
Total adjustments	<u>59,181</u>
Net cash provided by operating activities	<u>\$ 262,089</u>

The accompanying notes are an integral part of these statements.

Windsor County Sheriff's Department
Notes to Financial Statements
June 30, 2017

(1) Summary of Significant Accounting Policies

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. The State of Vermont and the County of Windsor provide funding. 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) 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, and 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) 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	5-7 years
Vehicles	5 years

Windsor County Sheriff's Department
Notes to Financial Statements
June 30, 2017

Summary of Significant Accounting Policies (continued)

(d) Unrestricted Net Position

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

(e) 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.

(f) Accounts Receivable

Significant receivables include amounts due from state, town, and contractor contracts. These receivable are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2017.

(g) Subsequent Events

The Department evaluated subsequent events through December 29, 2017, the date the Department's financial statements were available to be used and no events or transactions occurred.

(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, 2017.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 1,391,948	\$ 1,416,875
Uninsured deposits	-	-
Cash on hand	<u>41</u>	<u>-</u>
Total cash deposits	<u>\$ 1,391,989</u>	<u>\$ 1,416,875</u>

Windsor County Sheriff's Department
Notes to Financial Statements
June 30, 2017

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2017 by major classifications as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 511,732	\$ 90,605	\$ (51,030)	\$ 551,307
Office equipment	65,158	1,590	(625)	66,123
Equipment	321,182	71,927	(16,708)	376,401
Equipment in storage	<u>162,872</u>	<u>-</u>	<u>-</u>	<u>162,872</u>
Total vehicles and equipment	1,060,944	164,122	(68,363)	1,156,703
Less accumulated depreciation	<u>(682,609)</u>	<u>(160,612)</u>	<u>65,725</u>	<u>(777,496)</u>
Net vehicles and equipment	<u>\$ 378,335</u>	<u>\$ 3,510</u>	<u>\$ (2,638)</u>	<u>\$ 379,207</u>

(4) Cost Sharing

Under Vermont law, Windsor County and the State of Vermont are required to cover certain costs of the 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, 2017 has not been determined.

(5) Operating Grants

The 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, 2017, management believes that no material liabilities will result from such audits.

(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.

To Sheriff Michael Chamberlain
Windsor County Sheriff's Department

In planning and performing our audit of 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, 2017, 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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

McSoley McCoy & Co

McSoley McCoy & Co.
December 29, 2017