

TOWN OF CRAFTSBURY, VERMONT

**AUDIT REPORT AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

DECEMBER 31, 2023

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Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

Independent Auditor's Report

Selectboard
Town of Craftsbury, Vermont
PO Box 55
85 South Craftsbury Road
Craftsbury, Vermont 05826

Report on the Audit of the Financial Statements

Qualified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Craftsbury, Vermont, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Craftsbury, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Governmental Activities, General Fund, and Aggregate Remaining Fund Information

In our opinion, except for the matters described in the Basis for Qualified Opinions section of our report, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the General Fund, and the aggregate remaining fund information of the Town of Craftsbury, Vermont, as of December 31, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Craftsbury, Vermont 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 qualified audit opinions.

Matters Giving Rise to Qualified Opinions on Governmental Activities, General Fund, and Aggregate Remaining Fund Information

Management has included activity related to various private purposes in the General Fund. This activity is required to be accounted for in Fiduciary Funds. The amount by which this departure would affect the assets, net position/fund balance, cash receipts and cash disbursements of the governmental activities, the General Fund and the aggregate remaining fund information has not been determined.

Management has not included the Craftsbury Volunteer Fire Department Fund in the Town of Craftsbury, Vermont’s financial statements. The modified cash basis of accounting requires the Craftsbury Volunteer Fire Department Fund to be presented as a separate special revenue fund and financial information about the Craftsbury Volunteer Fire Department Fund to be part of the governmental activities and aggregate remaining fund information, thus increasing those activity’s assets, liabilities, cash receipts, cash disbursements, and changing its net position/fund balance. The amount by which this departure would affect the assets, liabilities, net position/fund balance, cash receipts, and cash disbursements of the governmental activities and the aggregate remaining fund information has not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note I.D., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Town of Craftsbury, Vermont'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.

Auditor's 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 auditor's 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 judgement 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 judgement 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 Town of Craftsbury, Vermont'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Craftsbury, Vermont'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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Craftsbury, Vermont’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. “Code of Federal Regulations” Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Craftsbury, Vermont’s basic financial statements. The budgetary comparison information on Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated November 19, 2024, on our consideration of the Town of Craftsbury, Vermont’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 Town of Craftsbury, Vermont’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 Town of Craftsbury, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

November 19, 2024
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 618,597
Investments	315,637
Due from Fiduciary Fund	22,127
Total Assets	956,361
<u>LIABILITIES</u>	
Liabilities:	0
<u>NET POSITION</u>	
Restricted:	
Preservation	668,412
Eligible ARPA Uses	105,394
Other	99,105
Unrestricted	83,450
Total Net Position	\$ 956,361

The accompanying notes are an integral part of this financial statement.

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

		Program Cash Receipts		Net (Disbursements)/ Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs:				
Governmental Activities:				
General Government	\$ 269,224	\$ 16,836	\$ 63,237	\$ (189,151)
Public Safety	101,499	0	0	(101,499)
Highways and Streets	1,272,472	0	228,149	(1,044,323)
Culture and Recreation	89,813	12,755	14,524	(62,534)
Community Development	690,796	0	689,296	(1,500)
Cemetery	16,400	0	0	(16,400)
Various Private Purposes	29,243	0	47,672	18,429
Total Governmental Activities	\$ 2,469,447	\$ 29,591	\$ 1,042,878	(1,396,978)
General Receipts:				
Property Taxes				972,387
Penalties and Interest on Delinquent Taxes				28,141
General State Grants				105,758
Unrestricted Investment Earnings				24,047
Other				916
Total General Receipts				1,131,249
Change in Net Position				(265,729)
Net Position - January 1, 2023				1,222,090
Net Position - December 31, 2023				\$ 956,361

The accompanying notes are an integral part of this financial statement.

TOWN OF CRAFTSBURY, VERMONT
 STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 GOVERNMENTAL FUND
 DECEMBER 31, 2023

	General Fund
<u>ASSETS</u>	
Cash	\$ 618,597
Investments	315,637
Due from Other Funds	22,127
Total Assets	\$ 956,361
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	\$ 0
Fund Balances:	
Restricted	872,911
Committed	39,423
Assigned	44,027
Total Fund Balances	956,361
Total Liabilities and Fund Balances	\$ 956,361

The accompanying notes are an integral part of this financial statement.

TOWN OF CRAFTSBURY, VERMONT
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
 GOVERNMENTAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>
Cash Receipts:	
Property Taxes	\$ 972,387
Penalties and Interest on Delinquent Taxes	28,141
Intergovernmental	1,050,566
Permits, Licenses and Fees	29,591
Investment Income	24,047
Donations	98,070
Other	<u>916</u>
Total Cash Receipts	<u>2,203,718</u>
Cash Disbursements:	
General Government	269,224
Public Safety	87,324
Highways and Streets	889,846
Culture and Recreation	89,813
Community Development	690,796
Cemetery	16,400
Various Private Purposes	29,243
Capital Outlay:	
Public Safety	14,175
Highways and Streets	<u>382,626</u>
Total Cash Disbursements	<u>2,469,447</u>
Net Change in Fund Balance	(265,729)
Fund Balance - January 1, 2023	<u>1,222,090</u>
Fund Balance - December 31, 2023	<u>\$ 956,361</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CRAFTSBURY, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUND
 DECEMBER 31, 2023

	Custodial Fund Education Tax Fund
<u>ASSETS</u>	
Due from School District	\$ <u>22,127</u>
Total Assets	<u>22,127</u>
<u>LIABILITIES</u>	
Due to Other Funds	<u>22,127</u>
Total Liabilities	<u>22,127</u>
<u>NET POSITION</u>	
Net Position:	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>1,990,578</u>
Total Additions	<u>1,990,578</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>1,990,578</u>
Total Deductions	<u>1,990,578</u>
Change in Net Position	0
Net Position - January 1, 2023	<u>0</u>
Net Position - December 31, 2023	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

The Town of Craftsbury, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, culture and recreation, community/economic development, cemetery, health and social services, public improvements, planning and zoning, and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report should include all of the activity of the Town of Craftsbury, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, the Craftsbury Volunteer Fire Department Fund should be combined with the financial statements of the Town, but is not.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements should include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented.

The Town reports on the following major governmental fund:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Additionally, the Town reports the following fund type:

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records certificates of deposits at cost and other investments at market value and reimbursements due from the School District for overpayment of education taxes as assets. The recording of investments at market value is not in accordance with the modified cash basis of accounting which requires investments to be carried at cost, however the difference between the cost and market value is not material to the financial statements.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

E. Assets, Liabilities and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds.

2. Investments

The Town invests in investments as allowed by State Statute. The Town's investments in certificates of deposit are reported at cost and other investments are reported at current market value.

3. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due from/to other funds."

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in government-wide financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances in governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard’s intended use of the resources); and unassigned.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budget presented herein is for the Town’s “General Fund” only and does not include the unbudgeted activity and reserve account activity.

B. Budgeted Deficit

The Town elected to budget cash disbursements in excess of cash receipts by \$144,920 in the General Fund in order to utilize a portion of the prior year’s surplus. This is reflected as a current year’s budgeted deficiency of cash receipts over cash disbursements on Schedule 1.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of December 31, 2023 consist of the following:

Cash:		
Deposits with Financial Institutions		\$520,120
Deposits with Investment Company		<u>98,477</u>
Total Cash		<u>618,597</u>
Investments:		
Certificates of Deposit		249,182
Corporate Bond		5,177
Mutual Funds – Mixed Holdings		<u>61,278</u>
Total Investments		<u>315,637</u>
Total Cash and Investments		<u>\$934,234</u>

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

The Town has six (6) certificates of deposit at various banks ranging from \$1,455 to \$200,050 with interest rates ranging from 1.00% to 5.30%. All certificates of deposit mature by fiscal year 2025.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The corporate bond and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$502,225	\$502,225
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	267,077	302,438
Uninsured, Uncollateralized	<u>98,477</u>	<u>98,477</u>
Total	<u>\$867,779</u>	<u>\$903,140</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$520,120
Cash – Deposits with Investment Company	98,477
Investments – Certificates of Deposit	<u>249,182</u>
Total	<u>\$867,779</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town's certificates of deposit are not subject to interest rate disclosure. The Town's mutual funds are open-ended and, therefore, are exempt from interest rate risk disclosure.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town’s investments by maturity. The corporate bond is shown at its actual maturity.

Investment Type	<u>Remaining Maturity</u> 1 to 5 Years
Corporate Bond	\$ <u>5,177</u>

Credit Risk

Generally, credit risk that is the risk an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town’s certificates of deposit are not subject to credit risk disclosure. The Town’s mutual funds are open-ended and, therefore, are exempt from credit risk disclosure. The credit rating for the corporate bond is as follows:

Investment Type	Standard and Poor's Rating as of December 31, 2023
Corporate Bond	BBB \$ <u>5,177</u>

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town’s certificates of deposit are not subject to concentration of credit risk disclosure. The mutual funds are open-ended and, therefore, are exempt from concentration of credit risk disclosure. There are no other investments in any one issuer that represent more than 5% of total investments.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application.” The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town’s certificates of deposit are not subject to fair value disclosures.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurements as of December 31, 2023:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate Bond	\$ 5,177	\$ 5,177	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	61,278	61,278	0	0
Total	\$ 66,455	\$ 66,455	\$ 0	\$ 0

B. Interfund Balances and Activity

Interfund balances as of December 31, 2023 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$22,127	\$ 0
Custodial Fund – Education Tax Fund	<u>0</u>	<u>22,127</u>
Total	<u>\$22,127</u>	<u>\$22,127</u>

The Town borrows from the Augusta Dustan Preservation Reserve to finance various capital equipment purchases. The Augusta Dustan Preservation Reserve is included within the General Fund and as a result, the activity is netted in the financial statements. The terms and activity are as follows:

Advance to the General Fund from the Augusta Dustan Preservation Reserve for a Fire Truck, Interest at 2.5%, Principal and Interest Payments of \$32,489 Payable on December 8 Annually, Due December, 2026 \$ 92,789

Advance to the General Fund from the Augusta Dustan Preservation Reserve for a Highway Truck, Interest at 1.5%, Principal and Interest Payments of \$32,702 Payable on December 10 Annually, Due December, 2024 32,218

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Advance to the General Fund from the Augusta Dustan Preservation Reserve for a Highway Grader, Interest at 4.5%, Principal and Interest Payments of \$46,082 Payable on December 23 Annually, Due December, 2028	<u>\$202,300</u>
Total	<u>\$327,307</u>

C. Due from School District

During the year ended December 31, 2023, the Town paid the School District \$2,012,705 for education property taxes, as instructed by the State of Vermont. Subsequent to year end, the State issued its final education property tax reconciliation for the State's fiscal year ending June 30, 2023. The State's final reconciliation showed \$1,990,578 was required to be paid to the School District. The amount of education taxes owed by the School District to the Town as of December 31, 2023 is \$22,127.

D. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following fund are restricted as follows:

Major Fund

General Fund:

Restricted for Augusta Dustan Preservation Reserve Expenses by Bequest (Source of Revenue is Bequest)	\$668,412
Restricted for Stage Curtain Reserve Expenses by Donations (Source of Revenue is Donations)	8,354
Restricted for Craftsbury World War II Memorial Reserve Expenses by Donations (Source of Revenue is Donations)	23,878
Restricted for Trustees of Public Funds Reserve Expenses by Trust Agreements (Source of Revenue is Donations)	4,652
Restricted for Neighbor to Neighbor Reserve Expenses by Donations (Source of Revenue is Donations)	11,355
Restricted for Eligible Uses of the Coronavirus Local Fiscal Recovery Funding by Grant Agreement (Source of Revenue is Grant Revenue)	105,394
Restricted for Craftsbury Mental Health Group Reserve Expenses by Donations (Source of Revenue is Donations)	14,385
Restricted for Craftsbury Parent Teacher Organization Reserve Expenses by Donations (Source of Revenue is Donations)	7,577
Restricted for Stephanie Dunbar Memorial Scholarship Reserve Expenses by Donations (Source of Revenue is Donations)	7,312
Restricted for Craftsbury Chess Club Reserve Expenses by Donations (Source of Revenue is Donations)	2,442
Restricted for Craftsbury Booster Club Reserve Expenses by Donations (Source of Revenue is Donations)	3,324
Restricted for Craftsbury Baseball Reserve Expenses by Donations (Source of Revenue is Donations)	3,771
Restricted for Energy Committee Expenses by Donations and Grant Income (Source of Revenue is Donations and Grant Income)	<u>12,055</u>
Total Restricted Fund Balances	<u>\$872,911</u>

TOWN OF CRAFTSBURY, VERMONT
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The fund balances in the following fund are committed as follows:

Major Fund

General Fund:

Committed for Conservation Committee Reserve Expenses by the Voters	\$30,211
Committed for Craftsbury Recreation Committee Reserve Expenses by the Voters	<u>9,212</u>
Total Committed Fund Balances	<u>\$39,423</u>

The fund balances in the following fund are assigned as follows:

Major Fund

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2024	\$118,071
Assigned for Reappraisal Reserve Expenses	74,706
Assigned for Solid Waste Management Reserve Expenses	3,042
Assigned for Town Logging Reserve Expenses	19,281
Assigned for Craftsbury Antiques and Uniques Reserve Expenses	4,516
Assigned for Good Neighbor Reserve Expenses	39,901
Assigned for Infrastructure/Equipment Reserve Expenses	33,390
Assigned for Fire Department Expenses	52,348
Assigned in Excess of Available Fund Balance	<u>(301,228)</u>
Total Assigned Fund Balances	<u>\$ 44,027</u>

E. Restricted Net Position

The restricted net position in the governmental activities consists of the restricted fund balances of \$872,911.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. The Town's proportionate share of this was 0.0277% resulting in a net pension liability of \$84,022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0277% was an increase of 0.0026 from its proportion measured as of the prior year.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Group B.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability allowance computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contributions – Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions with interest are refunded.

Member Contribution Rates – Group A – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

Employer Contribution Rates – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation.

Inflation: 2.30% per year.

Salary increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2022 COLA was 2.00% for Group A members and 2.30% for Groups B, C and D members. The January 1, 2023 COLA was 2.00% for Group A members and 3.00% for Groups B, C and D members.

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Mortality:

Pre-Retirement: Groups A, B and C – 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement – Retirees: Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Healthy Post-Retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	4.30%
Active Global Equities	5%	4.30%
Large Cap US Equities	4%	3.25%
Small/Mid Cap US Equities	3%	3.75%
Non-US Developed Market Equities	7%	5.00%
Private Equity	10%	6.50%
Emerging Market Debt	4%	3.50%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	6.00%
Core Fixed Income	19%	0.00%
Core Real Estate	3%	3.50%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	4%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$125,903	\$84,022	\$49,573

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

TOWN OF CRAFTSBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2023

Defined Contribution Plans

The Town maintains a SEP IRA pension plan. To be eligible, an employee must be a minimum of twenty-one years old, have performed services for the Town in at least three (3) of the past five (5) years and have minimum annual wages of \$750. Employer contributions to each employee’s SEP IRA were 6.25% through June 30, 2023 and 6.75% effective July 1, 2023 of each participant’s compensation. Total payroll for the year was \$236,513 while covered payroll was \$48,968. During the year, the Town contributed \$3,244 to the plan. The Town no longer allows new entrants into this plan.

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is administered by VALIC Retirement Services Company. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

B. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes became due and payable due on November 15th. The penalty rate is eight percent (8%). Beginning December 1st, interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1.5%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2023 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Municipal	0.3992	0.3992
Library	0.0322	0.0322
Fire Department	0.0524	0.0524
Loans	0.0775	0.0775
Appropriations	0.0641	0.0641
Local Agreements	0.0026	0.0026
Education – Local Share	<u>1.6934</u>	<u>1.5894</u>
Total	<u>2.3214</u>	<u>2.2174</u>

TOWN OF CRAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

C. Risk Management

The Town 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 Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

D. Contingent Liabilities

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 896,665	\$ 972,387	\$ 75,722
State Aid (Highway)	150,000	228,149	78,149
Miscellaneous (Copy/Recording)	15,000	14,072	(928)
Current Use	96,000	105,179	9,179
	<u>1,157,665</u>	<u>1,319,787</u>	<u>162,122</u>
Total Cash Receipts			
Cash Disbursements:			
Town Office Expenses:			
Clerk & Treasurer	41,600	41,600	0
Retirement/Life Insurance	3,000	2,854	146
Assistant Clerk	12,500	9,893	2,607
Selectboard Clerk	1,200	1,200	0
Auditors	4,500	3,414	1,086
Listers	7,500	4,555	2,945
Selectboard	3,000	3,000	0
Ballot Clerks	500	0	500
Health Insurance	25,200	25,183	17
Social Security/Medicare	5,200	5,183	17
Parcel Map Update	600	0	600
Mileage	800	800	0
Office Supplies	15,000	11,236	3,764
Utilities (Hall & Office)	8,500	8,170	330
Worker's Compensation	400	321	79
Assessments	25,000	25,655	(655)
Interest	3,000	3,000	0
New Equipment	1,500	1,044	456
Legal Services	2,500	500	2,000
Town Committees	2,000	1,283	717
Building Maintenance	2,500	3,368	(868)
Fire Protection	1,000	2,328	(1,328)
Street Lights	1,650	1,521	129
Beach	1,500	1,703	(203)
	<u>170,150</u>	<u>157,811</u>	<u>12,339</u>
Total Town Office Expenses			
Road Department Expenses:			
Salaries	168,700	162,402	6,298
Retirement/Life Insurance	11,500	11,082	418
Social Security/Medicare	12,950	13,165	(215)
Worker's Compensation	9,900	10,173	(273)
Health Insurance	45,000	47,676	(2,676)
Uniforms	10,000	8,305	1,695
Salt	72,000	59,589	12,411
Chloride	40,500	40,772	(272)
Fuel	50,000	49,756	244
Repairs & Maintenance	65,000	109,657	(44,657)

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Road Department Expenses/(Cont'd):			
Blacktop	\$ 120,000	\$ 1,264	\$ 118,736
Guardrails	6,000	0	6,000
Equipment Insurance	20,000	18,807	1,193
Town Garage Utilities	11,000	10,547	453
Bridges	7,500	106	7,394
Ditch Stone	4,000	17,066	(13,066)
Sand	43,500	35,724	7,776
Gravel	66,500	56,090	10,410
Contract Services & Equipment Rental	12,000	2,875	9,125
Culverts	6,000	1,101	4,899
Garage Fire Protection	1,000	500	500
Mileage	750	759	(9)
Building Maintenance	5,000	1,038	3,962
Roadside Mowing	10,000	11,039	(1,039)
Signs & Posts	2,500	1,848	652
Class IV Roads	2,000	0	2,000
State of Vermont Permits	2,000	1,395	605
Bulky Day	2,800	2,268	532
Road Miscellaneous	500	379	121
	<u>808,600</u>	<u>675,383</u>	<u>133,217</u>
Total Road Department Expenses			
Fire Department:			
Stipends	10,000	10,000	0
Insurance & Dues	15,000	12,178	2,822
Communication & Dispatch	7,500	7,177	323
Equipment Maintenance	16,000	13,593	2,407
Building Maintenance	1,000	0	1,000
New Equipment	17,500	21,048	(3,548)
Fire Prevention/Training	2,500	949	1,551
Dry Hydrant	2,000	0	2,000
Hepatitis Shots/Medical	500	0	500
Miscellaneous	500	146	354
Emergency Medical Training/Equipment	2,500	0	2,500
	<u>75,000</u>	<u>65,091</u>	<u>9,909</u>
Total Fire Department:			
Town Committee/Event Appropriations:			
Craftsbury Block Party	1,500	1,500	0
Craftsbury Cemeteries - Mowing	6,400	6,400	0
Craftsbury Historical Society	500	500	0
Craftsbury Conservation Fund	7,000	7,000	0
Craftsbury Memorial Day Expenses	750	734	16
Craftsbury Recreation Committee	2,000	2,000	0
Craftsbury Village Improvement Society	1,500	1,500	0
	<u>19,650</u>	<u>19,634</u>	<u>16</u>
Total Town Committee/Event Appropriations			

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Appropriations:			
American Red Cross	\$ 500	\$ 500	\$ 0
AWARE	1,000	1,000	0
Craftsbury Saplings	6,000	6,000	0
Green Mountain Farm to School, Inc.	1,200	1,200	0
Greensboro Nursing Home	2,500	2,500	0
Hardwick Area Food Pantry	2,500	2,500	0
Hardwick Rescue Squad, Inc.	19,905	19,905	0
Lamoille County Mental Health Services	1,500	1,500	0
Lamoille Family Center	1,000	1,000	0
North Country Animal League	500	500	0
N.E. Kingdom Council on Aging	650	650	0
N.E. Kingdom Human Services	1,266	1,266	0
N.E. Kingdom Learning Services	300	300	0
NVDA	1,142	1,142	0
Old Stone House Museum	700	700	0
Orleans County Children's Advocacy Center	350	350	0
Orleans County Fair	500	500	0
Orleans Essex V.N.A. & Hospice	4,200	4,200	0
Pope Memorial Frontier Animal Shelter	500	500	0
Rural Community Transportation	600	600	0
Salvation Farms	500	500	0
VT Center for Independent Living	140	140	0
VT Association for the Blind & Visually Impaired	500	500	0
VT Family Network	250	250	0
Rural Arts	1,500	1,500	0
VT Rural Fire Protection Task Force	100	100	0
Total Appropriations	49,803	49,803	0
Craftsbury Community Care Center:	12,000	12,000	0
Craftsbury Public Library:	46,000	46,000	0
Craftsbury Cemeteries:	10,000	10,000	0
Northwood Stewardship Center:	500	500	0
Vehicle/Equipment Loans:			
Grader	40,000	40,000	0
2021 Fire Truck	38,180	38,180	0
2021 Town Truck	32,702	32,702	0
Total Vehicle/Equipment Loans	110,882	110,882	0
Total Cash Disbursements	1,302,585	1,147,104	155,481
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	\$ <u>(144,920)</u>	172,683	\$ <u>317,603</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CRAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Actual
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:	
Unbudgeted Miscellaneous Cash Receipts	\$ 49,707
Unbudgeted Miscellaneous Cash Disbursements	(32,288)
Unbudgeted Craftsbury Community Center Grant Income	689,296
Unbudgeted Craftsbury Community Center Grant Expenses	(689,296)
Unbudgeted July 2023 Flood Expenses	(214,463)
Unbudgeted Grader Purchase	(267,300)
Reappraisal Reserve Income	7,474
Solid Waste Management Reserve Income	3
Town Logging Reserve Income	118
Town Logging Reserve Expenses	(76)
Conservation Commission Reserve Income	5
Conservation Commission Reserve Transfer In	7,000
Augusta Dustan Preservation Reserve Income	27,660
Augusta Dustan Preservation Reserve Expenses	(7,970)
Augusta Dustan Preservation Reserve Loan Repayments	110,882
Stage Curtain Reserve Income	73
Craftsbury World War II Memorial Reserve Income	1,922
Craftsbury World War II Memorial Reserve Expenses	(175)
Craftsbury Antiques and Uniques Reserve Income	15,935
Craftsbury Antiques and Uniques Reserve Expenses	(16,547)
Trustees of Public Funds Reserve Income	19
Good Neighbor Reserve Income	26,466
Good Neighbor Reserve Expenses	(27,177)
Everybody Eats Reserve Income	6,840
Everybody Eats Reserve Expenses	(8,252)
Neighbor to Neighbor Reserve Income	4,862
Neighbor to Neighbor Reserve Expenses	(194)
Craftsbury Recreation Committee Reserve Income	1,756
Craftsbury Recreation Committee Reserve Expenses	(1,206)
Craftsbury Recreation Committee Reserve Transfer In	2,000
Infrastructure/Equipment Reserve Income	69
ARPA Reserve Income	176
ARPA Reserve Expenses	(157,677)
Craftsbury Mental Health Group Reserve Income	598
Craftsbury Mental Health Group Reserve Expenses	(464)
Craftsbury Parent Teacher Organization Reserve Income	10,470
Craftsbury Parent Teacher Organization Reserve Expenses	(2,893)
Stephanie Dunbar Memorial Scholarship Reserve Income	7,312
Craftsbury Chess Club Reserve Income	2,532
Craftsbury Chess Club Reserve Expenses	(90)
Craftsbury Booster Club Reserve Income	7,919
Craftsbury Booster Club Reserve Expenses	(8,610)
Craftsbury Baseball Reserve Income	7,180
Craftsbury Baseball Reserve Expenses	(7,926)
Energy Committee Reserve Income	23,089
Energy Committee Reserve Expenses	(7,171)
	(265,729)
Net Change in Fund Balance	(265,729)
Fund Balance - January 1, 2023	1,222,090
Fund Balance - December 31, 2023	\$ 956,361

The reconciling items are due to unbudgeted activity and reserve account activity.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CRAFTSBURY, VERMONT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Vermont Agency of Commerce and Community Development				
Community Development Block Grant	14.228	07110-IG-2020-Craftsbury	\$ 689,296	\$ 689,296
Total U.S. Department of Housing and Urban Development			<u>689,296</u>	<u>689,296</u>
<u>U.S. Department of the Treasury</u>				
Direct Program:				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	<u>0</u>	<u>157,677</u>
Total U.S. Department of the Treasury			<u>0</u>	<u>157,677</u>
Total Federal Awards			<u>\$ 689,296</u>	<u>\$ 846,973</u>

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Town of Craftsbury, Vermont under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Craftsbury, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Craftsbury, Vermont has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

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"

Selectboard
Town of Craftsbury, Vermont
PO Box 55
85 South Craftsbury Road
Craftsbury, Vermont 05826

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 governmental activities, each major fund, and the aggregate remaining fund information of the Town of Craftsbury, Vermont, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Craftsbury, Vermont's basic financial statements, and have issued our report thereon dated November 19, 2024. Our opinions on the governmental activities, the General Fund and the aggregate remaining fund information were qualified due to reporting activity in the General Fund required to be reported in Fiduciary Funds and the omission of the Craftsbury Volunteer Fire Department Fund and accordingly, this report does not include that fund.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Craftsbury, Vermont'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 Town of Craftsbury, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Craftsbury, Vermont'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 Town of Craftsbury, Vermont'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Craftsbury, Vermont'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 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".

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 Town of Craftsbury, Vermont'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 Town of Craftsbury, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

November 19, 2024
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Selectboard
Town of Craftsbury, Vermont
PO Box 55
85 South Craftsbury Road
Craftsbury, Vermont 05826

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Craftsbury, Vermont's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) "Compliance Supplement" that could have a direct and material effect on each of the Town of Craftsbury, Vermont's major federal programs for the year ended December 31, 2023. The Town of Craftsbury, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Craftsbury, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Craftsbury, Vermont and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Craftsbury, Vermont's compliance with the compliance requirements referred to previously.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to previously and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Craftsbury, Vermont's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to previously occurred, whether due to fraud or error, and express an opinion on the Town of Craftsbury, Vermont's compliance based on our audit. 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, "Government Auditing Standards", and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to previously is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town of Craftsbury, Vermont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, "Government Auditing Standards", and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Craftsbury, Vermont's compliance with the compliance requirements referred to previously and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Craftsbury, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Craftsbury, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined previously. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sullivan, Powers & Co.

November 19, 2024
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF CRAFTSBURY, VERMONT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

There was no single audit required in the prior year.

TOWN OF CRAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Qualified:

Governmental Activities

General Fund

Aggregate Remaining Fund Information

Internal Control over Financial Reporting:

Material Weaknesses identified:

None noted.

Significant Deficiencies identified not considered to be material weaknesses:

None noted.

Noncompliance material to financial statements:

None noted.

Federal Awards

Internal Control over Major Programs:

Material Weaknesses identified:

None noted.

Significant Deficiencies identified not considered to be material weaknesses:

None noted.

Type of auditor's report issued on compliance for major programs:

Unmodified.

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

Major Programs:

<u>CFDA #</u>	<u>Program</u>	<u>Federal Agency</u>
14.228	Community Development Block Grant	U.S. Department of Housing and Urban Development

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The auditee did not qualify as a low risk auditee.