

TOWN OF GRAFTON, VERMONT

AUDIT REPORT

JUNE 30, 2023

TOWN OF GRAFTON, VERMONT
 AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Grafton, Vermont
P.O. Box 180
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Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Grafton, Vermont as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Grafton, 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	Unmodified
Capital Projects Fund	Unmodified
Library Fund	Qualified
ARPA Fund	Unmodified
Trustees of Public Funds Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinions on the Governmental Activities, Library Fund and the Trustees of Public Funds Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities, the Library Fund and the Trustees of Public Funds Fund of the Town of Grafton, Vermont, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions on the General Fund, the Capital Projects Fund, the ARPA Fund and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund, the Capital Projects Fund, the ARPA Fund and the aggregate remaining fund information of the Town of Grafton, Vermont, as of June 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified and Unmodified 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 Grafton, 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 and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on the Governmental Activities, the Library Fund and the Trustees of Public Funds Fund

The modified cash basis of accounting requires the Town to record its investments at historical cost. Currently, the Town’s investments in the governmental activities, the Library Fund and the Trustees of Public Funds Fund are recorded at current market value. The amount by which this departure would affect the assets, net position, fund balance and revenues of the governmental activities, the Library Fund and the Trustees of Public Funds Fund has not been determined.

Basis of Accounting

We draw attention to Note I.D. to 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 opinion is 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, this includes 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 Grafton, 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 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 Grafton, 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 Grafton, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grafton, Vermont’s basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have 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 them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated October 13, 2023 on our consideration of the Town of Grafton, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Grafton, 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 Grafton, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

October 13, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GRAFTON, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 1,267,240
Investments	<u>1,141,574</u>
Total Assets	<u>2,408,814</u>
<u>LIABILITIES</u>	
Payroll Withholdings Liability	136
Due to Delinquent Tax Collector	701
Due to Others	<u>437</u>
Total Liabilities	<u>1,274</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	<u>7,363</u>
Total Deferred Inflows of Resources	<u>7,363</u>
<u>NET POSITION</u>	
Restricted:	
Non-Expendable:	
Cemetery Upkeep	36,535
Parks Upkeep	49,791
Expendable:	
Library Expenses	1,193,081
Cemetery Upkeep Expenses	14,808
Records Restoration	19,372
Handicap Access	6,689
Hydrant Maintenance	25,694
Unrestricted	<u>1,054,207</u>
Total Net Position	<u>\$ 2,400,177</u>

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

TOWN OF GRAFTON, VERMONT
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

		Program Cash Receipts			Net (Disbursements)/ Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs:					
Governmental Activities:					
General Government	\$ 518,897	\$ 26,880	\$ 41,804	\$ 0	\$ (450,213)
Public Safety	89,941	0	0	0	(89,941)
Public Works	983,549	0	606,748	9,906	(366,895)
Culture and Recreation	117,236	177	1,371	0	(115,688)
Cemetery	19,834	1,023	0	0	(18,811)
Debt Service	87,178	0	0	0	(87,178)
Total Governmental Activities	\$ 1,816,635	\$ 28,080	\$ 649,923	\$ 9,906	(1,128,726)
General Receipts:					
Property Taxes					1,093,200
Interest and Penalties on Delinquent Taxes					12,871
General State Grants					138,062
ARPA Funds					101,781
Donations					47,147
Unrestricted Investment Earnings					124,023
Other Revenues					3,444
Total General Receipts					1,520,528
Change in Net Position					391,802
Net Position - July 1, 2022					2,008,375
Net Position - June 30, 2023					\$ 2,400,177

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	ARPA Fund	Library Fund	Trustees of Public Funds Fund	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 1,114,599	\$ 0	\$ 0	\$ 78,258	\$ 74,383	\$ 1,267,240
Investments	0	0	0	1,114,823	26,751	1,141,574
Due from Other Funds	<u>0</u>	<u>356,850</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>356,850</u>
Total Assets	<u>\$ 1,114,599</u>	<u>\$ 356,850</u>	<u>\$ 0</u>	<u>\$ 1,193,081</u>	<u>\$ 101,134</u>	<u>\$ 2,765,664</u>
<u>LIABILITIES</u>						
Payroll Withholdings Liability	\$ 136	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136
Due to Delinquent Tax Collector	701	0	0	0	0	701
Due to Others	437	0	0	0	0	437
Due to Other Funds	<u>356,850</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>356,850</u>
Total Liabilities	<u>358,124</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>358,124</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	<u>7,363</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,363</u>
Total Deferred Inflows of Resources	<u>7,363</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,363</u>
<u>FUND BALANCES</u>						
Nonspendable	0	0	0	0	86,326	86,326
Restricted	51,755	0	0	1,193,081	14,808	1,259,644
Committed	272,906	356,850	0	0	0	629,756
Assigned	173,852	0	0	0	0	173,852
Unassigned	<u>250,599</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>250,599</u>
Total Fund Balances	<u>749,112</u>	<u>356,850</u>	<u>0</u>	<u>1,193,081</u>	<u>101,134</u>	<u>2,400,177</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,114,599</u>	<u>\$ 356,850</u>	<u>\$ 0</u>	<u>\$ 1,193,081</u>	<u>\$ 101,134</u>	<u>\$ 2,765,664</u>

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects Fund	ARPA Fund	Library Fund	Trustees of Public Funds Fund	Total Governmental Funds
Cash Receipts:						
Property Taxes	\$ 893,200	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 1,093,200
Penalties and Interest on Delinquent Taxes	12,871	0	0	0	0	12,871
Intergovernmental	798,386	0	101,781	1,371	0	901,538
Charges for Services	14,097	0	0	177	1,023	15,297
Licenses, Permits and Fees	10,917	0	0	0	0	10,917
Investment Income	3,342	0	0	112,155	8,526	124,023
Donations	425	0	0	46,722	0	47,147
Other Income	1,879	0	0	1,565	0	3,444
Total Cash Receipts	<u>1,735,117</u>	<u>200,000</u>	<u>101,781</u>	<u>161,990</u>	<u>9,549</u>	<u>2,208,437</u>
Cash Disbursements:						
General Government	349,311	0	0	0	0	349,311
Public Safety	73,941	16,000	0	0	0	89,941
Public Works	789,362	0	0	0	0	789,362
Culture and Recreation	12,860	0	0	80,418	0	93,278
Cemeteries	19,625	0	0	0	209	19,834
Capital Outlay:						
General Government	0	0	169,586	0	0	169,586
Public Works	0	194,187	0	0	0	194,187
Culture and Recreation	0	0	0	23,958	0	23,958
Debt Service:						
Principal	53,333	21,487	0	0	0	74,820
Interest	10,648	1,710	0	0	0	12,358
Total Cash Disbursements	<u>1,309,080</u>	<u>233,384</u>	<u>169,586</u>	<u>104,376</u>	<u>209</u>	<u>1,816,635</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>426,037</u>	<u>(33,384)</u>	<u>(67,805)</u>	<u>57,614</u>	<u>9,340</u>	<u>391,802</u>
Other Financing Sources/(Uses):						
Transfers In	7	0	3,311	6,500	0	9,818
Transfers Out	(9,811)	0	0	0	(7)	(9,818)
Total Other Financing Sources/(Uses)	<u>(9,804)</u>	<u>0</u>	<u>3,311</u>	<u>6,500</u>	<u>(7)</u>	<u>0</u>
Net Changes in Fund Balances	416,233	(33,384)	(64,494)	64,114	9,333	391,802
Fund Balances - July 1, 2022	<u>332,879</u>	<u>390,234</u>	<u>64,494</u>	<u>1,128,967</u>	<u>91,801</u>	<u>2,008,375</u>
Fund Balances - June 30, 2023	<u>\$ 749,112</u>	<u>\$ 356,850</u>	<u>\$ 0</u>	<u>\$ 1,193,081</u>	<u>\$ 101,134</u>	<u>\$ 2,400,177</u>

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Tax Revenues:			
Property Taxes	\$ 907,067	\$ 861,879	\$ (45,188)
Municipal Property Tax Adjustments	35,000	31,321	(3,679)
State of Vermont Current Use	115,000	124,154	9,154
Total Tax Revenues	<u>1,057,067</u>	<u>1,017,354</u>	<u>(39,713)</u>
Interest and Penalties:			
Interest on Overdue Taxes	5,000	6,492	1,492
8% Penalty on Delinquent Taxes	2,500	6,379	3,879
Total Interest and Penalties	<u>7,500</u>	<u>12,871</u>	<u>5,371</u>
Licenses and Permits:			
Liquor Licenses	400	370	(30)
Dog Licenses	850	1,172	322
Total Licenses and Permits	<u>1,250</u>	<u>1,542</u>	<u>292</u>
Intergovernmental Revenues:			
State of Vermont - Highways	120,000	130,220	10,220
State of Vermont - In Lieu of Taxes	2,000	5,742	3,742
State of Vermont - Reappraisal	0	5,313	5,313
State of Vermont - Civil Fines	500	838	338
State of Vermont - Land Use Release	0	2,015	2,015
State of Vermont - Other	0	41,804	41,804
Vermont Department of Transportation Grant Income	0	9,906	9,906
U.S. Government/FEMA	0	476,528	476,528
Total Intergovernmental Revenues	<u>122,500</u>	<u>672,366</u>	<u>549,866</u>
Charges for Services:			
Town Clerk's Fees	7,000	7,636	636
Preservation of Records	3,500	3,862	362
Copying Fees	100	87	(13)
Research Fees	360	360	0
Bank Fees Reimbursement	100	87	(13)
Total Charges for Services	<u>11,060</u>	<u>12,032</u>	<u>972</u>
Interest Earned:	<u>3,000</u>	<u>3,342</u>	<u>342</u>

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous Revenues:			
Rental - Town Hall	\$ 10,200	\$ 10,235	\$ 35
Grants/PACIF/Efficiency VT	0	1,866	1,866
Permits	500	1,205	705
Village Park Donations	0	425	425
Other	0	1,879	1,879
Total Miscellaneous Revenues	10,700	15,610	4,910
Interfund Revenues:			
Village Park Trust Funds	0	7	7
Total Interfund Revenues	0	7	7
Total Cash Receipts	1,213,077	1,735,124	522,047
Cash Disbursements:			
Salaries/Compensation:			
Select Board	5,000	5,000	0
Select Board Town Administrator	51,000	45,081	5,919
Administrative Officer	500	3,309	(2,809)
Town Treasurer	19,500	21,886	(2,386)
Town Clerk	32,600	33,849	(1,249)
Assistant Town Clerk/Treasurer	15,000	12,685	2,315
Listers	15,000	11,937	3,063
Auditors	2,000	814	1,186
Trustee of Public Funds	300	300	0
Constables	1,000	1,000	0
Collector of Delinquent Taxes	1,500	6,379	(4,879)
Health Officer	1,200	1,200	0
Forest Fire Warden	500	500	0
Total Salaries/Compensation	145,100	143,940	1,160
Benefits:			
Social Security (FICA)	11,000	12,042	(1,042)
Medicare	2,700	2,816	(116)
Employee Health Insurance	33,000	25,810	7,190
Employee Dental Insurance	900	588	312
Retirement	7,500	6,578	922
Worker's Compensation	500	950	(450)
Unemployment Insurance	150	209	(59)
Total Benefits	55,750	48,993	6,757

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Town Meetings and Elections:			
Ballot Clerk Compensation	\$ 1,500	\$ 624	\$ 876
Town Reports	1,200	1,138	62
Other Town Meeting/Election Expense	500	167	333
Total Town Meetings and Elections	3,200	1,929	1,271
Operating:			
Office Supplies	2,500	1,999	501
Postage	1,700	1,568	132
Telephone	3,200	3,612	(412)
Copier Expense	1,700	1,570	130
Computer Expense	16,000	26,716	(10,716)
Travel - Town Officials	200	163	37
Dues - Town Officials	300	145	155
Conferences	500	180	320
Dog Expense	600	556	44
Preservation of Records	2,200	445	1,755
Fire Alarm Systems T.H.	250	340	(90)
Cott Systems - Land Records	0	1,760	(1,760)
Liability Insurance	1,500	1,509	(9)
Public Official Insurance	3,200	1,827	1,373
Officers Bond	100	100	0
Kidder Bridge Insurance	75	67	8
Advertising	750	1,945	(1,195)
Other Professional Services	500	6,833	(6,333)
Legal Expense	5,000	640	4,360
Professional Auditor	15,000	17,000	(2,000)
Other Operating Expenses	500	3,287	(2,787)
Animal Control Officer	0	3,000	(3,000)
Total Operating	55,775	75,262	(19,487)
Sewage Study:	0	27,700	(27,700)
Recreation & Parks:			
Swimming Pool	500	1,025	(525)
Town Greens	200	250	(50)
Village Park	1,200	1,475	(275)
Wilson Park	500	350	150
Winnie Park	500	425	75
Village Park Maintenance	500	9,335	(8,835)
Total Recreation & Parks	3,400	12,860	(9,460)
Cemeteries:			
Benefits - FICA and Worker's Compensation	0	106	(106)
Sexton	1,000	1,000	0
Contractor Services	24,000	18,519	5,481
Total Cemeteries	25,000	19,625	5,375

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Other Town:			
VLCT Dues	\$ 2,000	\$ 1,889	\$ 111
County Tax	13,600	11,570	2,030
Street & Bridge Lights	1,100	1,680	(580)
Grafton Public Library	6,500	6,500	0
Planning Commission	1,000	582	418
Development Review Board	300	670	(370)
Windham Regional Commission	1,700	1,662	38
Emergency Management	500	1,474	(974)
Sheriff's Department	4,900	5,760	(860)
Cornet Band	300	300	0
Hydrant Snow Removal	300	700	(400)
Reappraisal	0	650	(650)
Mutual Aid	16,000	16,043	(43)
Tax Maps	1,100	1,754	(654)
Total Other Town	49,300	51,234	(1,934)
Town Hall:			
Supplies	800	973	(173)
Insurance	2,800	1,596	1,204
Heat	3,100	7,773	(4,673)
Electricity	2,000	2,595	(595)
Repairs & Maintenance	5,000	9,190	(4,190)
Snow Removal	1,000	2,315	(1,315)
Janitor	1,500	1,590	(90)
Town Hall Handicap/ARPA	0	414	(414)
Total Town Hall	16,200	26,446	(10,246)
Debt Service:			
Principal Expense	53,334	53,333	1
Interest Expense	11,900	10,648	1,252
Total Debt Service	65,234	63,981	1,253
Other Voted Articles:			
Ambulance Service	9,000	8,760	240
Fire Department	29,950	29,950	0
Rescue Squad	4,500	4,500	0
SVEDS	2,037	2,037	0
Humanitarian Articles	10,681	10,681	0
Total Other Voted Articles	56,168	55,928	240

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Highway Salaries/Compensation:			
Labor - Regular Hours	\$ 178,000	\$ 178,208	\$ (208)
Labor - Overtime	10,000	17,935	(7,935)
Labor - Temporary	4,500	261	4,239
Total Highway Salaries/Compensation	<u>192,500</u>	<u>196,404</u>	<u>(3,904)</u>
Highway Benefits:			
Social Security (FICA)	11,200	8,531	2,669
Medicare	2,700	1,995	705
Health Insurance	71,000	50,778	20,222
Dental Insurance	1,300	1,135	165
Retirement - Highway	12,250	12,749	(499)
Worker's Compensation	12,000	11,098	902
Unemployment Insurance	200	286	(86)
Uniforms	6,500	6,708	(208)
Total Highway Benefits	<u>117,150</u>	<u>93,280</u>	<u>23,870</u>
Fuel:			
Truck 1 - 2018 Western Star	7,300	10,305	(3,005)
Truck 2 - 2023 Western Star	7,500	11,068	(3,568)
Truck 3 - 2019 Chevy Truck	2,800	4,110	(1,310)
Truck 4 - 2021 Freightliner	3,300	6,638	(3,338)
Loader - 2013 CAT	1,400	2,433	(1,033)
Grader - 2010 CAT	3,300	6,202	(2,902)
Backhoe - 2012 John Deere	600	2,315	(1,715)
Chipper	100	0	100
DEF for Equipment	800	875	(75)
Mower/Blower	1,000	2,614	(1,614)
Excavator	1,000	422	578
Other Equipment	400	744	(344)
Total Fuel	<u>29,500</u>	<u>47,726</u>	<u>(18,226)</u>
Repairs and Maintenance:			
Truck 1 - 2018 Western Star	7,500	8,446	(946)
Truck 2 - 2023 Western Star	9,500	2,142	7,358
Truck 3 - 2019 Chevy Truck	1,200	244	956
Truck 4 - 2021 Freightliner	2,000	1,385	615
Loader - 2013 CAT	2,000	2,335	(335)
Grader - 2010 CAT	3,500	4,840	(1,340)
Plows and Sanders	14,000	12,342	1,658
Backhoe - 2012 John Deere	1,000	885	115
Chipper	200	0	200
Mower/Blower	1,200	830	370
Eager Beaver Trailer 1996	500	1,235	(735)
Small Equipment Repairs	1,000	50	950
Excavator	1,000	508	492
Unforeseen Damages	0	2,400	(2,400)
Total Repairs and Maintenance	<u>44,600</u>	<u>37,642</u>	<u>6,958</u>

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Contracted Services:			
Tree Removal Contractors	\$ 2,000	\$ 1,300	\$ 700
Retreatment Contractors	105,000	0	105,000
Bridge Maintenance	3,000	0	3,000
Street Sweeping Contracts	1,500	1,800	(300)
Beaver Maintenance	2,000	3,500	(1,500)
Small Equipment Rental	1,000	0	1,000
Generator Contract	450	465	(15)
Other Professional Services	2,000	0	2,000
Equipment Rentals	0	10,525	(10,525)
	<u>116,950</u>	<u>17,590</u>	<u>99,360</u>
Total Contracted Services			
July 2021 Rain Contractors:	<u>0</u>	<u>178,650</u>	<u>(178,650)</u>
Materials and Supplies:			
Culvert Expenses	7,000	4,556	2,444
Cold Patch	1,500	1,920	(420)
Gravel Crushing and Hauling	35,000	33,198	1,802
Road Repair Material	25,000	18,603	6,397
Salt	60,000	76,958	(16,958)
Sand	60,000	38,704	21,296
Grant In Aid Grants	0	3,395	(3,395)
Chloride	9,500	5,466	4,034
Road Signs	1,500	2,869	(1,369)
Miscellaneous Supplies	1,500	776	724
	<u>201,000</u>	<u>186,445</u>	<u>14,555</u>
Total Materials and Supplies			
Town Garage:			
Supplies and Tools/Inventory	5,000	1,538	3,462
Radio	800	1,200	(400)
Telephone	1,400	1,850	(450)
Insurance	4,000	4,297	(297)
Heat	6,000	6,645	(645)
Electricity	1,600	1,396	204
Repairs and Maintenance - Town Shed	3,500	1,581	1,919
Pagers for Highway Workers	600	745	(145)
Fire Alarm System for New Town Shed	600	220	380
	<u>23,500</u>	<u>19,472</u>	<u>4,028</u>
Total Town Garage			

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Other:			
Training	\$ 250	\$ 150	\$ 100
Advertising	500	505	(5)
Liability Insurance - Highway	2,100	3,002	(902)
Equipment Insurance	6,000	4,537	1,463
Safety Equipment	800	224	576
Commercial Licenses	100	290	(190)
General Road Permit	3,000	1,765	1,235
Transfer to ARPA Fund	0	3,311	(3,311)
Total Other	12,750	13,784	(1,034)
Total Cash Disbursements	1,213,077	1,318,891	(105,814)
Excess of Cash Receipts Over Cash Disbursements	\$ 0	416,233	\$ 416,233
Fund Balance - July 1, 2022		332,879	
Fund Balance - June 30, 2023		\$ 749,112	

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

TOWN OF GRAFTON, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2023

	Private Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash	\$ 29,626	\$ 0
Investments	8,657	0
Total Assets	38,283	0
<u>LIABILITIES</u>		
Total Liabilities	0	0
<u>NET POSITION</u>		
Held in Trust for Various Purposes	38,283	0
Total Net Position	\$ 38,283	\$ 0

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

TOWN OF GRAFTON, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ADDITIONS:</u>		
Net Investment Income	\$ 35	\$ 0
Education Taxes Collected for Other Governments	0	2,216,013
Total Additions	35	2,216,013
<u>DEDUCTIONS:</u>		
Care of Indigent and Needy	1	0
Education Taxes Distributed to Other Governments	0	2,216,013
Total Deductions	1	2,216,013
Change in Net Position	34	0
Net Position - July 1, 2022	38,249	0
Net Position - June 30, 2023	\$ 38,283	\$ 0

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

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The Town of Grafton, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, solid waste, culture and recreation, 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 includes all of the activity of the Town of Grafton, 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, there are no other entities that should be combined with the financial statements of the Town.

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, liabilities, deferred inflows and outflows 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 GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through taxes, intergovernmental revenues, 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 function or program. Program receipts 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 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 emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

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.

Capital Projects Fund – This fund accounts for the capital project activities of the Town.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

Library Fund – This fund accounts for the library activities of the Town.

Trustees of Public Funds Fund – The fund accounts for the assets held by the Town in trust for various purposes.

Additionally, the Town reports the following fund types:

Private Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of the indigent, elderly, destitute and for payments to the church. Only investment earnings may be used to support these activities.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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 revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements 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 investments at market value as assets and amounts due to the delinquent tax collector, amounts due to others and payroll withholdings as liabilities, and prepaid property taxes as deferred inflows of resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt 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.

2. Investments

The Town invests in investments as allowed by State Statute. Investments in certificates of deposit are reported at cost and investments in corporate bonds, mutual funds and stocks are reported at current market value. The modified cash basis of accounting requires that all investments be reported at cost.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

3. Due To/From Other Funds

Transactions between funds that are representative of lending/borrowing arrangement 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 to/from other funds”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 the government-wide and fiduciary funds 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 of governmental funds 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 Town’s intended use of the resources); and unassigned.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures in the General Fund exceeded appropriations by \$105,814. These over-expenditures were funded by excess revenues.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments at June 30, 2023 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$1,283,475
Deposits held by Investment Company	13,253
Cash on Hand	<u>138</u>
Total Cash	<u>1,296,866</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Investments:

Certificates of Deposits	\$ 14,657
Corporate Bonds	24,422
Exchange Traded Funds	792,962
Mutual Funds – Mixed Holdings	297,439
Common Stock	<u>20,751</u>
 Total Investments	 <u>1,150,231</u>
 Total Cash and Investments	 <u>\$2,447,097</u>

The Town has four (4) certificates of deposit with amounts ranging from \$1,100 to \$6,000, all with interest rates of 0.18% and maturities ranging from August 13, 2023 to December 26, 2023.

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 bonds, exchange traded funds, mutual funds, and common stock are not exposed to custodial credit risk because they are in the name of the Town. 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/SIPC Insured		
Uninsured – Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	\$ 576,858	\$ 578,407
	<u>734,527</u>	<u>774,686</u>
	<u>\$1,311,385</u>	<u>\$1,353,093</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	\$1,283,475
Cash – Deposits with Investment Company	13,253
Investments – Certificates of Deposit	<u>14,657</u>
 Total	 <u>\$1,311,385</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, exchange traded funds and common stock are not subject to interest rate risk disclosure. The Town's mutual funds are open-ended and, therefore, also exempt from interest rate risk disclosure.

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. Corporate bonds are shown at their actual maturity.

	Remaining Maturity	
Investment Type	Less than 1 Year	Total
Corporate Bonds	\$ <u>24,422</u>	\$ <u>24,422</u>
Total	\$ <u><u>24,422</u></u>	\$ <u><u>24,422</u></u>

Credit Risk

Generally, credit risk is the risk that 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's certificates of deposit, exchange traded funds, mutual funds and common stock are exempt from this analysis. The Town does not have any policy to limit the exposure to credit risk.

The credit rating for the bonds are as follows:

	Standard and Poor's Rating as of June 30, 2023 Corporate Bonds
A+	\$ <u>24,422</u>
Total	\$ <u><u>24,422</u></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 mutual funds are open ended and therefore are excluded from concentration of credit risk analysis. There are no other investments in any one issue that represent more than 5% of total investments.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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 June 30, 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 Bonds	\$ 24,422	\$ 24,422	\$ 0	\$ 0
Exchange Traded Funds	792,962	792,962	0	0
Mutual Fund - Mixed Holdings	297,439	297,439	0	0
Common Stock	20,751	20,751	0	0
Total	\$ <u>1,135,574</u>	\$ <u>1,135,574</u>	\$ <u>0</u>	\$ <u>0</u>

B. Interfund Balances and Activity

The due to/from balances as of June 30, 2023 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 356,850
Capital Projects Fund	<u>356,850</u>	<u>0</u>
Total	\$ <u>356,850</u>	\$ <u>356,850</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Interfund transfers during the year ended June 30, 2023 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library Fund	\$ 6,500	Annual Funding
General Fund	ARPA Fund	3,311	Fund Deficit and Close Fund
Trustees of Public Funds Fund	General Fund	<u>7</u>	Transfer Investment Earnings
Total		<u>\$ 9,818</u>	

C. 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. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to the stabilization amount, and circumstances under which those amounts may be spent. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. 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 GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The fund balances in the following funds are nonspendable as follows:

Major Funds

Trustees of Public Funds Fund:

Nonspendable for Cemetery Upkeep Expenses by Bequest	\$ <u>36,535</u>
Nonspendable for Wilson Park Upkeep Expenses by Bequest	46,230
Loss on Market Value of Stock	<u>(2,439)</u>
Balance of Nonspendable for Wilson Park	<u>43,791</u>
Nonspendable for Village Park Upkeep Expenses by Bequest	<u>6,000</u>
Total Trustees of Public Funds Fund	<u>86,326</u>
Total Nonspendable Fund Balances	<u>\$ 86,326</u>

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

General Fund:

Restricted for Town Clerk Restoration Expenses by Statute	\$ 19,372
Restricted for Town Hall Handicap Access by Donation	6,689
Restricted for Hydrant Maintenance Expenses by Grant	<u>25,694</u>
Total General Fund	<u>51,755</u>

Library Fund:

Restricted for Library Expenses by Grants, Fees and Donations	<u>1,193,081</u>
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Trustees of Public Funds Fund:

Restricted for Cemetery Upkeep Expenses Unexpended Earnings on Bequest	<u>14,808</u>
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Total Restricted Fund Balances \$1,259,644

The fund balance in the following funds are committed as follows:

General Fund:

Committed for Town Hall Restoration Expenses	\$ 1,483
Committed for Walker Bridge Project Expenses	265,000
Committed for Village Park Maintenance	<u>6,423</u>

Total General Fund 272,906

Capital Projects Fund:

Committed for Capital Projects by the Voters	<u>356,850</u>
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Total Committed Fund Balance \$ 629,756

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The fund balance in the following fund is assigned as follows:

General Fund:

Assigned for Reappraisal Expenses	\$ 13,161
Assigned for Solid Waste Management Expenses	5,372
Assigned for Highway Retreatment Expenses	145,048
Assigned for Walker Bridge Project Expenses	<u>10,271</u>
Total Assigned Fund Balance	<u>\$173,852</u>

D. Restricted Net Position

The restricted net position of the Town as of June 30, 2023 consisted of the nonspendable fund balances of \$86,326 and the restricted fund balance of \$1,259,644 for a total of \$1,345,970 as detailed below:

Governmental Activities:

Restricted by Grants, Fees and Donations – Library	\$1,193,081
Restricted by Bequest – Cemetery	51,343
Restricted by Statute – Town Clerk Restoration Fund	19,372
Restricted by Bequest – Wilson Park	43,791
Restricted by Bequest – Village Park	6,000
Restricted by Donation – Town Hall Handicap Access	6,689
Restricted by Grants – Hydrant Maintenance	<u>25,694</u>
Total Governmental Activities	<u>\$1,345,970</u>

E. Net Position Held in Trust for Various Purposes

The net position held in trust for various purposes in the Town’s Private Purpose Trust Funds at June 30, 2023 consisted of the following:

Restricted for S.B. Jones Library and Church Fund by Donations	\$ 702
Restricted for Grafton Fund by Donations	8,112
Restricted for Edward Campbell Fund by Bequest	17,353
Restricted for Woolson Fund by Bequest	9,979
Restricted for Dean Baker Fund by Donations	1,100
Restricted for Edward Walker Fund by Donations	<u>1,037</u>
Total Private Purpose Trust Funds	<u>\$ 38,283</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

IV. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

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. As of June 30, 2023, the Town's proportionate share of this was 0.0715% resulting in a net pension liability of \$217,034. 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 0.0715% was a decrease of 0.0012 from its proportion measured as of the prior year.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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>
\$325,216	\$217,034	\$128,050

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 GRAFTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

B. Contingent Liabilities

The Town is a participating member in the Southern Windsor/Windham Counties Solid Waste District. The Town could be subject to a portion of the District’s debt if the District experiences financial problems.

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.

C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are assessed based on property valuations as of April 1 and the approved budgets. Taxes are collected four (4) times per year. During the tax year ended June 30, 2023, taxes became due and payable on August 16, 2022, November 15, 2022, February 16, 2023 and May 15, 2023. The penalty is eight percent (8%). Interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month for each month thereafter.

The tax rates for 2023 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.4671	1.4391
Highway	0.4057	0.4057
Capital Projects	0.1313	0.1313
Local Agreements	0.0138	0.0138
Town	<u>0.1920</u>	<u>0.1920</u>
Total	<u>2.2099</u>	<u>2.1819</u>

D. Risk Management

The Town of Grafton 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 of Grafton 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 of Grafton. 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.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

E. Short-Term Debt

On August 19, 2021, the Town obtained an \$800,000 line of credit with Community Bank. Interest is at 1.45% and expired on August 18, 2022. The Town did not draw on this line of credit.

F. Long-Term Debt

Notes Payable - The Town has a note payable to finance capital purchases through a local bank.

Financed Purchase - The Town entered into a lease agreement as the lessee for the purpose of financing the acquisition of a major piece of equipment. This lease agreement qualifies as a financed purchase for accounting purposes (even though leases may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, has been recorded at the present value of the future minimum lease payment as of the inception date of the lease.

Long-term debt outstanding as of June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Merchants Bank, New Town Garage Construction, Principal Payments of \$53,333 Payable Annually, Interest at 2.35% Payable Semi-Annually, Due July 1, 2030.	\$480,000	\$ 0	\$ 53,333	\$426,667
Financed Purchase, Caterpillar Financial Services, Caterpillar Hydraulic Excavator, Annual Principal and Interest Payments of \$23,197, Interest at 3.85%, Due January, 2024	<u>43,847</u>	<u>0</u>	<u>21,487</u>	<u>22,360</u>
Total	<u>\$523,847</u>	<u>\$ 0</u>	<u>\$ 74,820</u>	<u>\$449,027</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 75,693	\$ 10,855
2025	53,334	8,687
2026	53,333	7,328
2027	53,333	5,995
2028	53,334	4,661
2029-2033	<u>160,000</u>	<u>5,994</u>
Total	<u>\$ 449,027</u>	<u>\$ 43,520</u>

G. Subsequent Events

On July 18, 2023, the Town obtained a \$1,000,000 line of Credit with Community Bank to help fund expenses related to the July, 2023 flood. Interest is at 5.28% and expires on July 18, 2024. The Town has not drawn on this line of credit.

TOWN OF GRAFTON, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY
 MODIFIED CASH BASIS NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2023

	S.B. Jones Library and Church Fund	Grafton Fund	Edward Campbell Fund	Woolson Fund	Dean Baker Fund	Edward Walker Fund	Totals
<u>ASSETS</u>							
Cash	\$ 702	\$ 3,112	\$ 14,796	\$ 9,979	\$ 0	\$ 1,037	\$ 29,626
Investments	<u>0</u>	<u>5,000</u>	<u>2,557</u>	<u>0</u>	<u>1,100</u>	<u>0</u>	<u>8,657</u>
Total Assets	<u>\$ 702</u>	<u>\$ 8,112</u>	<u>\$ 17,353</u>	<u>\$ 9,979</u>	<u>\$ 1,100</u>	<u>\$ 1,037</u>	<u>\$ 38,283</u>
<u>LIABILITIES AND NET POSITION</u>							
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position:							
Held in Trust for Various Purposes	<u>702</u>	<u>8,112</u>	<u>17,353</u>	<u>9,979</u>	<u>1,100</u>	<u>1,037</u>	<u>38,283</u>
Total Net Position	<u>702</u>	<u>8,112</u>	<u>17,353</u>	<u>9,979</u>	<u>1,100</u>	<u>1,037</u>	<u>38,283</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 702</u>	<u>\$ 8,112</u>	<u>\$ 17,353</u>	<u>\$ 9,979</u>	<u>\$ 1,100</u>	<u>\$ 1,037</u>	<u>\$ 38,283</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAFTON, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
 MODIFIED CASH BASIS NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	S.B. Jones Library and Church Fund	Grafton Fund	Edward Campbell Fund	Woolson Fund	Dean Baker Fund	Edward Walker Fund	Totals
<u>ADDITIONS</u>							
Investment Earnings:							
Net Investment Income	\$ 0	\$ 5	\$ 19	\$ 9	\$ 1	\$ 1	\$ 35
Total Additions	<u>0</u>	<u>5</u>	<u>19</u>	<u>9</u>	<u>1</u>	<u>1</u>	<u>35</u>
<u>DEDUCTIONS</u>							
Care of the Indigent and Needy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Total Deductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Change In Net Position	0	5	19	9	0	1	34
Net Position - July 1, 2022	<u>702</u>	<u>8,107</u>	<u>17,334</u>	<u>9,970</u>	<u>1,100</u>	<u>1,036</u>	<u>38,249</u>
Net Position - June 30, 2023	<u>\$ 702</u>	<u>\$ 8,112</u>	<u>\$ 17,353</u>	<u>\$ 9,979</u>	<u>\$ 1,100</u>	<u>\$ 1,037</u>	<u>\$ 38,283</u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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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 Grafton, Vermont
P.O. Box 180
Grafton, Vermont 05146

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 Grafton, Vermont as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Grafton, Vermont's basic financial statements and have issued our report thereon dated October 13, 2023. Our opinion on the governmental activities, the Library Fund and the Trustees of Public Funds Fund is qualified because of the recording of investments at market value rather than cost.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Grafton, 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 Grafton, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Grafton, 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 Grafton, Vermont'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 of this section 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grafton, 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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under “Government Auditing Standards”.

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 Grafton, 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 Grafton, Vermont’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

October 13, 2023
Montpelier, Vermont
VT Lic. #92-000180