

TOWN OF GRAFTON, VERMONT

AUDIT REPORT

JUNE 30, 2024

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, 2024, 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
Walker Bridge 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, 2024, 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 Walker Bridge 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 Walker Bridge Fund and the aggregate remaining fund information of the Town of Grafton, Vermont, as of June 30, 2024, 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.

Change in Accounting Principle

As described in Note I.E. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this matter.

Emphasis of Matter - 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 January 6, 2025 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.

January 5, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GRAFTON, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 539,114
Investments	1,216,020
	1,755,134
Total Assets	1,755,134
<u>LIABILITIES</u>	
Payroll Withholdings Liability	54
Due to State of Vermont	102
Due to Others	10,589
	10,745
Total Liabilities	10,745
<u>NET POSITION</u>	
Restricted:	
Non-Expendable:	
Cemetery Upkeep	36,535
Parks Upkeep	52,230
Expendable:	
Library Expenses	1,297,094
Cemetery Upkeep Expenses	13,223
Records Restoration	23,904
Handicap Access	6,689
Hydrant Maintenance	24,610
Wilson Park	6,846
Unrestricted	283,258
	283,258
Total Net Position	\$ 1,744,389

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, 2024

		Program Cash Receipts			Net (Disbursements)/ Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants/Loans and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs:					
Governmental Activities:					
General Government	\$ 358,836	\$ 28,346	\$ 55,232	\$ 0	\$ (275,258)
Public Safety	105,518	1,583	0	0	(103,935)
Public Works	2,230,698	0	469,301	205,150	(1,556,247)
Culture and Recreation	92,962	238	636	0	(92,088)
Cemetery	20,961	850	0	0	(20,111)
Debt Service	85,932	0	0	0	(85,932)
Total Governmental Activities	\$ 2,894,907	\$ 31,017	\$ 525,169	\$ 205,150	(2,133,571)
General Receipts:					
Property Taxes					1,121,919
Interest and Penalties on Delinquent Taxes					19,985
General State Grants					135,354
Donations					45,164
Unrestricted Investment Earnings					151,220
Other Revenues					4,141
Total General Receipts					1,477,783
Change in Net Position					(655,788)
Net Position - July 1, 2023					2,400,177
Net Position - June 30, 2024					\$ 1,744,389

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, 2024

		General Fund	Capital Projects Fund	Library Fund	Walker Bridge Fund	Trustees of Public Funds Fund	Total Governmental Funds
<u>ASSETS</u>							
Cash	\$	353,670	\$ 0	\$ 112,487	\$ 0	\$ 72,957	\$ 539,114
Investments		0	0	1,180,143	0	35,877	1,216,020
Due from Other Funds		<u>0</u>	<u>363,910</u>	<u>4,464</u>	<u>0</u>	<u>0</u>	<u>368,374</u>
Total Assets	\$	<u><u>353,670</u></u>	<u><u>363,910</u></u>	<u><u>1,297,094</u></u>	<u><u>0</u></u>	<u><u>108,834</u></u>	<u><u>2,123,508</u></u>
<u>LIABILITIES</u>							
Payroll Withholdings Liability	\$	54	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54
Due to State of Vermont		102		0		0	102
Due to Others		10,589	0	0	0	0	10,589
Due to Other Funds		<u>368,374</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>368,374</u>
Total Liabilities		<u>379,119</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>379,119</u>
<u>FUND BALANCES</u>							
Nonspendable		0	0	0	0	88,765	88,765
Restricted		55,203	0	1,297,094	0	20,069	1,372,366
Committed		55,646	363,910	0	0	0	419,556
Unassigned/(Deficit)		<u>(136,298)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(136,298)</u>
Total Fund Balances/(Deficit)		<u>(25,449)</u>	<u>363,910</u>	<u>1,297,094</u>	<u>0</u>	<u>108,834</u>	<u>1,744,389</u>
Total Liabilities and Fund Balances	\$	<u><u>353,670</u></u>	<u><u>363,910</u></u>	<u><u>1,297,094</u></u>	<u><u>0</u></u>	<u><u>108,834</u></u>	<u><u>2,123,508</u></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, 2024

	General Fund	Capital Projects Fund	Library Fund	Walker Bridge Fund	Trustees of Public Funds Fund	Total Governmental Funds
Cash Receipts:						
Property Taxes	\$ 921,919	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 1,121,919
Penalties and Interest on Delinquent Taxes	19,985	0	0	0	0	19,985
Intergovernmental	627,170	205,150	636	0	0	832,956
Charges for Services	10,235	0	238	0	850	11,323
Licenses, Permits and Fees	18,111	0	0	0	0	18,111
Investment Income	2,617	0	139,271	0	9,332	151,220
Donations	2,920	0	42,244	0	0	45,164
Other Income	2,825	0	1,316	0	0	4,141
Total Cash Receipts	1,605,782	405,150	183,705	0	10,182	2,204,819
Cash Disbursements:						
General Government	357,201	1,635	0	0	0	358,836
Public Safety	88,518	17,000	0	0	0	105,518
Public Works	1,449,525	13,575	0	0	0	1,463,100
Culture and Recreation	5,770	0	87,192	0	0	92,962
Cemeteries	18,481	0	0	0	2,480	20,961
Capital Outlay:						
Public Works	204,736	342,683	0	220,179	0	767,598
Debt Service:						
Principal	53,333	22,360	0	0	0	75,693
Interest	9,402	837	0	0	0	10,239
Total Cash Disbursements	2,186,966	398,090	87,192	220,179	2,480	2,894,907
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(581,184)	7,060	96,513	(220,179)	7,702	(690,088)
Other Financing Sources/(Uses):						
Proceeds From Long-term Debt	34,300	0	0	0	0	34,300
Transfers In	2	0	7,500	220,179	0	227,681
Transfers Out	(227,679)	0	0	0	(2)	(227,681)
Total Other Financing Sources/(Uses)	(193,377)	0	7,500	220,179	(2)	34,300
Net Changes in Fund Balances	(774,561)	7,060	104,013	0	7,700	(655,788)
Fund Balances - July 1, 2023	749,112	356,850	1,193,081	0	101,134	2,400,177
Fund Balances/(Deficit) - June 30, 2024	\$ (25,449)	\$ 363,910	\$ 1,297,094	\$ 0	\$ 108,834	\$ 1,744,389

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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Tax Revenues:			
Property Taxes	\$ 895,142	\$ 891,490	\$ (3,652)
Municipal Property Tax Adjustments	36,000	30,429	(5,571)
State of Vermont Current Use	<u>115,000</u>	<u>124,155</u>	<u>9,155</u>
Total Tax Revenues	<u>1,046,142</u>	<u>1,046,074</u>	<u>(68)</u>
Interest and Penalties:			
Interest on Overdue Taxes	5,000	11,425	6,425
8% Penalty on Delinquent Taxes	<u>5,000</u>	<u>8,560</u>	<u>3,560</u>
Total Interest and Penalties	<u>10,000</u>	<u>19,985</u>	<u>9,985</u>
Licenses and Permits:			
Liquor Licenses	400	485	85
Dog Licenses	<u>850</u>	<u>1,146</u>	<u>296</u>
Total Licenses and Permits	<u>1,250</u>	<u>1,631</u>	<u>381</u>
Intergovernmental Revenues:			
State of Vermont - Highways	130,000	134,104	4,104
State of Vermont - In Lieu of Taxes	2,000	5,886	3,886
State of Vermont - Reappraisal	0	5,313	5,313
State of Vermont - Civil Fines	800	1,583	783
State of Vermont - Other	0	52,700	52,700
U.S. Department of Agriculture	0	21,940	21,940
U.S. Government/FEMA	<u>0</u>	<u>313,257</u>	<u>313,257</u>
Total Intergovernmental Revenues	<u>132,800</u>	<u>534,783</u>	<u>401,983</u>
Charges for Services:			
Town Clerk's Fees	8,000	9,346	1,346
Preservation of Records	3,500	5,076	1,576
Copying Fees	100	108	8
Research Fees	400	677	277
Bank Fees Reimbursement	<u>80</u>	<u>0</u>	<u>(80)</u>
Total Charges for Services	<u>12,080</u>	<u>15,207</u>	<u>3,127</u>
Interest Earned:	<u>3,000</u>	<u>2,617</u>	<u>(383)</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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous Revenues:			
Rental - Town Hall	\$ 10,200	\$ 10,235	\$ 35
Grants/PACIF/Efficiency VT	0	2,532	2,532
Permits	500	1,273	773
Village Park Donations	0	2,922	2,922
Other	0	2,598	2,598
Total Miscellaneous Revenues	10,700	19,560	8,860
Interfund Revenues:			
Sherwin Cambridge Fund	0	227	227
Total Interfund Revenues	0	227	227
Total Cash Receipts	1,215,972	1,640,084	424,112
Cash Disbursements:			
Salaries/Compensation:			
Select Board	5,000	5,000	0
Select Board Town Administrator	43,750	39,290	4,460
Administrative Officer	600	630	(30)
Town Treasurer	27,500	28,530	(1,030)
Town Clerk	34,600	33,636	964
Assistant Town Clerk/Treasurer	15,000	9,504	5,496
Listers	15,000	9,518	5,482
Auditors	1,500	725	775
Trustee of Public Funds	300	300	0
Constables	1,000	1,000	0
Collector of Delinquent Taxes	1,500	8,560	(7,060)
Health Officer	1,200	1,500	(300)
Forest Fire Warden	500	500	0
Total Salaries/Compensation	147,450	138,693	8,757
Benefits:			
Social Security (FICA)	10,000	17,443	(7,443)
Medicare	2,300	4,060	(1,760)
Employee Health Insurance	20,000	23,441	(3,441)
Employee Dental Insurance	900	848	52
Retirement	7,200	7,797	(597)
Worker's Compensation	500	1,071	(571)
Unemployment Insurance	200	222	(22)
Total Benefits	41,100	54,882	(13,782)

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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Town Meetings and Elections:			
Ballot Clerk Compensation	\$ 900	\$ 273	\$ 627
Town Reports	1,200	1,084	116
Other Town Meeting/Election Expense	300	256	44
	<u>2,400</u>	<u>1,613</u>	<u>787</u>
Total Town Meetings and Elections			
Operating:			
Office Supplies	2,500	1,661	839
Postage	1,700	1,937	(237)
Telephone	3,400	2,818	582
Copier Expense	1,700	1,597	103
Computer Expense	18,000	8,498	9,502
Travel - Town Officials	300	40	260
Dues - Town Officials	300	140	160
Conferences	300	271	29
Dog Expense	600	531	69
Preservation of Records	0	544	(544)
Fire Alarm Systems T.H.	250	794	(544)
Cott Systems - Land Records	2,000	1,738	262
Liability Insurance	1,500	1,704	(204)
Public Official Insurance	3,000	2,543	457
Officers Bond	100	100	0
Kidder Bridge Insurance	90	30	60
Advertising	750	0	750
Other Professional Services	800	924	(124)
Legal Expense	4,000	3,045	955
Professional Auditor	17,000	17,500	(500)
Other Operating Expenses	0	577	(577)
Animal Control Officer	3,450	3,466	(16)
Listers Consultants	0	2,200	(2,200)
Computer IT Services	0	11,876	(11,876)
	<u>61,740</u>	<u>64,534</u>	<u>(2,794)</u>
Total Operating			
Sewage Study:	0	52,700	(52,700)
Recreation & Parks:			
Swimming Pool	500	1,400	(900)
Town Greens	300	400	(100)
Village Park	1,200	1,800	(600)
Wilson Park	500	400	100
Winnie Park	500	675	(175)
Village Park Maintenance	1,500	1,095	405
	<u>4,500</u>	<u>5,770</u>	<u>(1,270)</u>
Total Recreation & Parks			
Cemeteries:			
Benefits - FICA and Worker's Compensation	0	53	(53)
Sexton	1,500	1,500	0
Equipment/Supplies	500	0	500
Contractor Services	24,000	16,928	7,072
	<u>26,000</u>	<u>18,481</u>	<u>7,519</u>
Total Cemeteries			

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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Other Town:			
VLCT Dues	\$ 2,000	\$ 1,946	\$ 54
County Tax	12,000	15,671	(3,671)
Street & Bridge Lights	1,400	2,149	(749)
Grafton Public Library	7,500	7,500	0
Planning Commission	3,200	41	3,159
Development Review Board	600	950	(350)
Windham Regional Commission	1,700	1,649	51
Emergency Management	1,000	16,301	(15,301)
Sheriff's Department	6,000	5,936	64
Cornet Band	300	300	0
Hydrant Snow Removal	400	900	(500)
Reappraisal	0	1,800	(1,800)
Mutual Aid	16,000	16,605	(605)
Tax Maps	1,100	1,381	(281)
Miscellaneous	0	80	(80)
Total Other Town	<u>53,200</u>	<u>73,209</u>	<u>(20,009)</u>
Town Hall:			
Supplies	500	692	(192)
Insurance	2,000	2,865	(865)
Heat	7,000	0	7,000
Electricity	2,300	3,124	(824)
Repairs & Maintenance	5,000	4,372	628
Snow Removal	1,500	1,763	(263)
Janitor	1,700	1,530	170
Total Town Hall	<u>20,000</u>	<u>14,346</u>	<u>5,654</u>
Debt Service:			
Principal Expense	53,334	53,333	1
Interest Expense	11,500	9,402	2,098
Total Debt Service	<u>64,834</u>	<u>62,735</u>	<u>2,099</u>
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	0	2,037
Humanitarian Articles	12,181	12,181	0
Total Other Voted Articles	<u>57,668</u>	<u>55,391</u>	<u>2,277</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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Highway Salaries/Compensation:			
Labor - Regular Hours	\$ 177,000	\$ 202,345	\$ (25,345)
Labor - Overtime	15,000	23,851	(8,851)
Labor - Temporary	4,500	1,132	3,368
Total Highway Salaries/Compensation	196,500	227,328	(30,828)
Highway Benefits:			
Social Security (FICA)	11,400	6,895	4,505
Medicare	2,700	1,612	1,088
Health Insurance	50,000	46,029	3,971
Dental Insurance	1,300	1,175	125
Retirement - Highway	14,000	15,248	(1,248)
Worker's Compensation	12,500	11,408	1,092
Unemployment Insurance	350	276	74
Uniforms	6,500	8,393	(1,893)
Total Highway Benefits	98,750	91,036	7,714
Fuel:			
Truck 1 - 2018 Western Star	8,760	8,272	488
Truck 2 - 2023 Western Star	9,000	8,019	981
Truck 3 - 2019 Chevy Truck	3,400	3,696	(296)
Truck 4 - 2021 Freightliner	4,000	4,811	(811)
Loader - 2013 CAT	1,700	2,317	(617)
Grader - 2010 CAT	4,000	6,252	(2,252)
Backhoe - 2012 John Deere	700	4,404	(3,704)
Chipper	120	45	75
DEF for Equipment	1,000	0	1,000
Mower/Blower	1,200	1,392	(192)
Excavator	1,200	4,197	(2,997)
Other Equipment	500	186	314
Total Fuel	35,580	43,591	(8,011)
Repairs and Maintenance:			
Truck 1 - 2018 Western Star	7,500	9,822	(2,322)
Truck 2 - 2023 Western Star	2,000	579	1,421
Truck 3 - 2019 Chevy Truck	1,200	1,989	(789)
Truck 4 - 2021 Freightliner	2,000	1,384	616
Loader - 2013 CAT	2,500	6,274	(3,774)
Grader - 2010 CAT	3,500	250	3,250
Plows and Sanders	14,000	10,269	3,731
Backhoe - 2012 John Deere	1,000	313	687
Chipper	200	470	(270)
Mower/Blower	1,200	2,158	(958)
Eager Beaver Trailer 1996	500	25	475
Small Equipment Repairs	1,000	477	523
Excavator	1,000	239	761
Total Repairs and Maintenance	37,600	34,249	3,351

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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Contracted Services:			
Tree Removal Contractors	\$ 2,000	\$ 0	\$ 2,000
Retreatment Contractors	118,000	204,736	(86,736)
Bridge Maintenance	0	17	(17)
Street Sweeping Contracts	1,500	1,800	(300)
Beaver Maintenance	3,000	200	2,800
Generator Contract	500	717	(217)
Other Professional Services	2,000	750	1,250
Total Contracted Services	127,000	208,220	(81,220)
July 2021 Rain Contractors:	0	28,600	(28,600)
Materials and Supplies:			
Culvert Expenses	7,000	6,838	162
Cold Patch	1,500	2,164	(664)
Gravel Crushing and Hauling	35,000	52,371	(17,371)
Road Repair Material	25,000	11,849	13,151
Salt	60,000	52,915	7,085
Sand	60,000	59,870	130
Grant In Aid Grants	0	143	(143)
Chloride	9,500	3,657	5,843
Road Signs	1,500	2,838	(1,338)
Miscellaneous Supplies	1,500	704	796
Total Materials and Supplies	201,000	193,349	7,651
Town Garage:			
Supplies and Tools/Inventory	5,000	4,655	345
Radio	1,000	115	885
Telephone	1,600	1,872	(272)
Insurance	4,500	4,067	433
Heat	8,400	7,705	695
Electricity	1,600	1,686	(86)
Repairs and Maintenance - Town Shed	4,000	3,836	164
Pagers for Highway Workers	600	980	(380)
Fire Alarm System for New Town Shed	600	480	120
Total Town Garage	27,300	25,396	1,904
Storm Repairs:			
2023 Flood - Administration	0	37,780	(37,780)
2023 Flood - Administration - Overtime	0	1,887	(1,887)
2023 Flood - Contractors	0	747,177	(747,177)
Total Storm Repairs	0	786,844	(786,844)

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, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Other:			
Training	\$ 250	\$ 0	\$ 250
Advertising	500	609	(109)
Liability Insurance - Highway	2,600	3,189	(589)
Equipment Insurance	6,000	5,024	976
Safety Equipment	800	2,994	(2,194)
Commercial Licenses	200	308	(108)
General Road Permit	3,000	1,350	1,650
Safety Equipment	0	25	(25)
Transfer to Walker Bridge	0	220,179	(220,179)
	13,350	233,678	(220,328)
Total Other			
	1,215,972	2,414,645	(1,198,673)
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	\$ <u>0</u>	(774,561)	\$ <u>(774,561)</u>
Fund Balance - July 1, 2023		749,112	
Fund Balance/(Deficit) - June 30, 2024		\$ (25,449)	

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, 2024

	Private Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash	\$ 29,653	\$ 0
Investments	8,657	0
Total Assets	38,310	0
<u>LIABILITIES</u>		
Total Liabilities	0	0
<u>NET POSITION</u>		
Held in Trust for Various Purposes	38,310	0
Total Net Position	\$ 38,310	\$ 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, 2024

	Private Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ADDITIONS:</u>		
Net Investment Income	\$ 27	\$ 0
Education Taxes Collected for Other Governments	0	1,956,476
Total Additions	27	1,956,476
<u>DEDUCTIONS:</u>		
Education Taxes Distributed to Other Governments	0	1,956,476
Total Deductions	0	1,956,476
Change in Net Position	27	0
Net Position - July 1, 2023	38,283	0
Net Position - June 30, 2024	\$ 38,310	\$ 0

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

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024

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.

Walker Bridge Fund – This fund accounts for the Walker Bridge construction expenses.

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.

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.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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 others for underpayments to the school and permit deposits and payroll withholdings as liabilities.

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

E. New Pronouncement – Accounting Changes and Error Corrections

Effective June 30, 2024, the Town implemented GASB Statement No. 100, "Accounting Changes and Error Corrections", an amendment of GASB Statement No. 62. GASB Statement No. 100 identifies accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes various transactions or events included in these changes. This Statement established accounting and financial reporting requirements for each type of accounting change and correction of an error in previously issued financial statements. The implementation of this Standard did not have an impact on the financial statements.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

F. 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.

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, 2024, expenditures in the General Fund exceeded appropriations by \$1,198,673. These over-expenditures were partially funded by excess revenues and available fund balance but resulted in a deficit.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments at June 30, 2024 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$ 543,076
Deposits held by Investment Company	25,586
Cash on Hand	<u>105</u>
Total Cash	<u>568,767</u>
Investments:	
Certificates of Deposits	14,657
Exchange Traded Funds	859,000
Mutual Funds – Mixed Holdings	321,144
Common Stock	<u>29,876</u>
Total Investments	<u>1,224,677</u>
Total Cash and Investments	<u>\$1,793,444</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, 2024 to December 26, 2024.

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	\$504,265	\$507,234
	<u>79,054</u>	<u>182,025</u>
	<u>\$583,319</u>	<u>\$689,259</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$543,076
Cash – Deposits with Investment Company	25,586
Investments – Certificates of Deposit	<u>14,657</u>
Total	<u>\$583,319</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, 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.

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.

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.

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 GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024:

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)
Exchange Traded Funds	\$ 859,000	\$ 859,000	\$ 0	\$ 0
Mutual Fund - Mixed Holdings	321,144	321,144	0	0
Common Stock	29,876	29,876	0	0
Total	\$ <u>1,210,020</u>	\$ <u>1,210,020</u>	\$ <u>0</u>	\$ <u>0</u>

B. Interfund Balances and Activity

The due to/from balances as of June 30, 2024 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 368,374
Capital Projects Fund	363,910	0
Library Fund	4,464	0
Total	\$ <u>368,374</u>	\$ <u>368,374</u>

Interfund transfers during the year ended June 30, 2024 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Library Fund	\$ 7,500	Annual Funding
General Fund	Walker Bridge Fund	220,179	Fund Deficit
Trustees of Public Funds Fund	General Fund	2	Transfer Investment Earnings
Total		\$ <u>227,681</u>	

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024

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	\$ 36,535
Nonspendable for Wilson Park Upkeep Expenses by Bequest	46,230
Nonspendable for Village Park Upkeep Expenses by Bequest	<u>6,000</u>

Total Trustees of Public Funds Fund	<u>88,765</u>
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Total Nonspendable Fund Balances	<u>\$ 88,765</u>
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The fund balances in the following funds are restricted as follows:

General Fund:

Restricted for Town Clerk Restoration Expenses by Statute	\$ 23,904
Restricted for Town Hall Handicap Access by Donation	6,689
Restricted for Hydrant Maintenance Expenses by Grant	<u>24,610</u>

Total General Fund	<u>55,203</u>
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Library Fund:

Restricted for Library Expenses by Grants, Fees and Donations	<u>1,297,094</u>
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Trustees of Public Funds Fund:

Restricted for Cemetery Upkeep Expenses Unexpended Earnings on Bequest	13,223
Restricted for Wilson Park Upkeep Expenses Unexpended Earnings on Bequest	<u>6,846</u>

Total Trustees of Public Funds	<u>20,069</u>
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Total Restricted Fund Balances	<u>\$1,372,366</u>
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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	44,820
Committed for Village Park Maintenance	<u>9,343</u>

Total General Fund	<u>55,646</u>
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Capital Projects Fund:

Committed for Capital Projects by the Voters	<u>363,910</u>
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Total Committed Fund Balance	<u>\$ 419,556</u>
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TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

General Fund:

Assigned for Reappraisal Expenses	\$ 18,474
Assigned for Solid Waste Management Expenses	5,372
Assigned for Highway Retreatment Expenses	58,311
Assigned for Walker Bridge Project Expenses	<u>10,271</u>
Total	92,428
Assigned in Excess of Available Fund Balance	<u>(92,428)</u>
Total Assigned Fund Balance	<u>\$ _____ 0</u>

The unassigned deficit \$136,298 in the General Fund will be funded with future FEMA proceeds.

D. Restricted Net Position

The restricted net position of the Town as of June 30, 2024 consisted of the nonspendable fund balances of \$88,765 and the restricted fund balance of \$1,372,366 for a total of \$1,461,131 as detailed below:

Governmental Activities:

Restricted by Grants, Fees and Donations – Library	\$1,297,094
Restricted by Bequest – Cemetery	49,758
Restricted by Statute – Town Clerk Restoration Fund	23,904
Restricted by Bequest – Wilson Park	53,076
Restricted by Bequest – Village Park	6,000
Restricted by Donation – Town Hall Handicap Access	6,689
Restricted by Grants – Hydrant Maintenance	<u>24,610</u>
Total Governmental Activities	<u>\$1,461,131</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, 2024 consisted of the following:

Restricted for S.B. Jones Library and Church Fund by Donations	\$ 702
Restricted for Grafton Fund by Donations	8,114
Restricted for Edward Campbell Fund by Bequest	17,368
Restricted for Woolson Fund by Bequest	9,988
Restricted for Dean Baker Fund by Donations	1,100
Restricted for Edward Walker Fund by Donations	<u>1,038</u>
Total Private Purpose Trust Funds	<u>\$ 38,310</u>

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, 2023, the measurement date selected by the State of Vermont, the retirement system consisted of 357 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, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. The Town's proportionate share of this was 0.0677% resulting in a net pension liability of \$216,955. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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 0.0677% was a decrease of 0.0038 from its proportion measured as of the prior year.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Summary of Plan 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.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – 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.

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

Early Retirement 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; payable without reduction to Group D members.

Vesting – All Groups – Five (5) years of service. 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”.

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

Disability Retirement Amount – All Groups – 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 – All Groups – Death after five (5) years of service.

Death Benefit Amount – 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. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

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

Optional Benefit and Death after Retirement – Groups A, B and C – A lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. Group D – A 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 – 3.75% effective July 1, 2023; 4.00% effective July 1, 2024; 4.25% effective July 1, 2025, and thereafter.
- Group B – 6.125% effective July 1, 2023; 6.375% effective July 1, 2024; 6.625% effective July 1, 2025, and thereafter.
- Group C – 11.25% effective July 1, 2023; 11.50% effective July 1, 2024; 11.75% effective July 1, 2025, and thereafter.
- Group D – 12.60% effective July 1, 2023; 12.85% effective July 1, 2024; 13.10% effective July 1, 2025, and thereafter.

Employer Contribution Rates:

- Group A – 5.25% effective July 1, 2023; 5.50% effective July 1, 2024; 5.75% effective July 1, 2025, and thereafter.
- Group B – 6.75% effective July 1, 2023; 7.00% effective July 1, 2024; 7.25% effective July 1, 2025, and thereafter.
- Group C – 8.50% effective July 1, 2023; 8.75% effective July 1, 2024; 9.00% effective July 1, 2025, and thereafter.
- Group D – 11.10% effective July 1, 2023; 11.35% effective July 1, 2024; 11.60% effective July 1, 2025, and thereafter.

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

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

Salary Increases – Ranging from 4.07% to 6.21% based on service.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2024 COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2023 COLAs were 2.00% for Group A and 3.00% for Groups B, C and D.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

Healthy Post-Retirement – Retirees – Groups A and B – PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) 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.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44%	5.35%
Private Equity	10%	7.50%
Emerging Market Debt	2%	5.00%
Private and Alternative Credit	10%	5.50%
Non-Core Real Estate	4%	5.50%
Core Fixed Income	19%	1.50%
Core Real Estate	4%	3.25%
US TIPS	2%	1.50%
Infrastructure/Farmland	5%	4.25%

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2023, is 3.65%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. 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). 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, 2023. 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.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

TOWN OF GRAFTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$326,551	\$216,955	\$126,871

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.

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, 2024, taxes became due and payable on August 16, 2023, November 15, 2023, February 16, 2024 and May 15, 2024. 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 2024 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.3639	1.4201
Highway	0.3893	0.3893
Capital Projects	0.1312	0.1312
Local Agreements	0.0138	0.0138
Town	<u>0.1857</u>	<u>0.1857</u>
Total	<u>2.0839</u>	<u>2.1401</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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.

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 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.

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.

The State of Vermont offers a number of low and no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont State Revolving Fund for wastewater system projects.

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Long-term debt outstanding as of June 30, 2024 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.	\$426,667	\$ 0	\$ 53,333	\$373,334
Financed Purchase, Caterpillar Financial Services, Caterpillar Hydraulic Excavator, Annual Principal and Interest Payments of \$23,197, Interest at 3.85%, Due and Paid January, 2024	22,360	0	22,360	0
Bond Payable, Vermont Clean Water State Revolving Fund, Community Wastewater System Authorized up to \$34,300, 100% Forgivable.	<u>0</u>	<u>34,300</u>	<u>34,300*</u>	<u>0</u>
Total	<u>\$449,027</u>	<u>\$ 34,300</u>	<u>\$109,993</u>	<u>\$373,334</u>

*This is a 100% forgivable bond, the Town recognized debt forgiveness of \$34,300 during fiscal year 2024.

Debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 53,334	\$ 8,687
2026	53,334	7,328
2027	53,334	5,995
2028	53,333	4,661
2029	53,333	3,339
2030-2031	<u>106,666</u>	<u>2,655</u>
Total	<u>\$ 373,334</u>	<u>\$ 32,665</u>

TOWN OF GRAFTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

G. Related Party Transactions

A son of a Selectboard member owns a trucking company that the Town hired during the year. The amount paid to his company was \$432,174.

The Town Administrators' parents own a company that did ground work maintenance for the Town during the year. The amount paid to their company was \$157,424.

A Selectboard member was hired by the Town to do work related to the July, 2023 flood. The amount paid to him was \$7,740.

A relative of the Town Clerk owns a property management company that the Town hired during the year. The amount paid to him was \$8,405.

H. Subsequent Events

On July 11, 2024, the Town extended their \$1,000,000 line of credit with Community bank. It now expires December 13, 2024.

On October 30, 2024, the Town entered into a financed purchase agreement with Daimler Truck Financial Services USA for the purchase of a Western Star Truck. The agreement calls for five (5) annual payments of \$43,609, with an interest rate of 5.129%.

On November 5, 2024, the Town of Grafton voters approved the Town to enter into a new general obligation bond or note for the reconstruction of Bridge #B20 not to exceed \$946,525.

As of June 30, 2024, the Town of Grafton had only received \$313,257 of Federal Emergency Management Agency (FEMA) reimbursements related to the July, 2023 flood. Subsequent to year end, the Town has now received a total of \$966,992 from both Federal and State and expects to receive another \$131,535 to offset the large flooding expenses incurred by the Town during the year, and subsequent to year end.

TOWN OF GRAFTON, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY
 MODIFIED CASH BASIS NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2024

	S.B. Jones Library and Church Fund	Grafton Fund	Edward Campbell Fund	Woolson Fund	Dean Baker Fund	Edward Walker Fund	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>							
Cash	\$ 702	\$ 3,114	\$ 14,811	\$ 9,988	\$ 0	\$ 1,038	\$ 29,653
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>\$ 8,114</u>	<u>\$ 17,368</u>	<u>\$ 9,988</u>	<u>\$ 1,100</u>	<u>\$ 1,038</u>	<u>\$ 38,310</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>8,114</u>	<u>17,368</u>	<u>9,988</u>	<u>1,100</u>	<u>1,038</u>	<u>38,310</u>
Total Net Position	<u>702</u>	<u>8,114</u>	<u>17,368</u>	<u>9,988</u>	<u>1,100</u>	<u>1,038</u>	<u>38,310</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 702</u>	<u>\$ 8,114</u>	<u>\$ 17,368</u>	<u>\$ 9,988</u>	<u>\$ 1,100</u>	<u>\$ 1,038</u>	<u>\$ 38,310</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, 2024

	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	\$ 2	\$ 15	\$ 9	\$ 0	\$ 1	\$ 27
Total Additions	<u>0</u>	<u>2</u>	<u>15</u>	<u>9</u>	<u>0</u>	<u>1</u>	<u>27</u>
<u>DEDUCTIONS</u>							
Care of the Indigent and Needy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Deductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change In Net Position	0	2	15	9	0	1	27
Net Position - July 1, 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>
Net Position - June 30, 2024	<u>\$ 702</u>	<u>\$ 8,114</u>	<u>\$ 17,368</u>	<u>\$ 9,988</u>	<u>\$ 1,100</u>	<u>\$ 1,038</u>	<u>\$ 38,310</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, 2024, 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 January 6, 2025. 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.

Report on 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 have not been identified.

Report on 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.

January 6, 2025
Montpelier, Vermont
VT Lic. #92-000180