

TOWN OF GRAND ISLE, VERMONT

AUDIT REPORT

JUNE 30, 2022

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 AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Grand Isle, Vermont
9 Hyde Road
Grand Isle, Vermont 05458

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Grand Isle, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Grand Isle, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

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

Qualified Opinions on the Governmental Activities and General 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 and the General Fund of the Town of Grand Isle, Vermont, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Highway Fund, the Library 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 Highway Fund, the Library Fund, the ARPA Fund and the aggregate remaining fund information of the Town of Grand Isle, Vermont, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Grand Isle, 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 and the General Fund

We did not audit the solid waste revenues because of inadequacies in the Town’s controls over solid waste receipts during the year. We were unable to obtain sufficient appropriate audit evidence about the completeness of the solid waste revenues in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund (stated at \$82,777) by other auditing procedures.

Correction of Errors

As described in Note III.D. to the financial statements, certain errors were corrected by management during the current year. Our opinion is not modified with respect to this matter.

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2022, the Town implemented GASB Statement No. 87, “Leases”.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Grand Isle, 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 Grand Isle, 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 Grand Isle, 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.

Required Supplementary Information

Management has omitted Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Schedules 1 through 3, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 4 and the Schedule of Contributions on Schedule 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Isle, 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 February 12, 2023 on our consideration of the Town of Grand Isle, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Grand Isle, 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 Grand Isle, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

February 12, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GRAND ISLE, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,171,663
Investments	767,320
Receivables	140,247
Prepaid Expenses	15,591
Capital Assets:	
Land	232,195
Construction in Progress	24,510
Other Capital Assets, (Net of Accumulated Depreciation)	<u>4,745,271</u>
Total Assets	<u>7,096,797</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>43,620</u>
Total Deferred Outflows of Resources	<u>43,620</u>
<u>LIABILITIES</u>	
Accounts Payable	279,069
Accrued Payroll and Benefits Payable	9,380
Unearned Revenue	319,253
Due to Delinquent Tax Collector	9,282
Due to Others	1,000
Accrued Interest Payable	6,040
Noncurrent Liabilities:	
Due Within One Year	139,881
Due in More than One Year	<u>2,528,169</u>
Total Liabilities	<u>3,292,074</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	1,449
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>56,131</u>
Total Deferred Inflows of Resources	<u>57,580</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,414,476
Restricted:	
Records Preservation	73,277
Other	21,683
Unrestricted	<u>1,281,327</u>
Total Net Position	<u>\$ 3,790,763</u>

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

TOWN OF GRAND ISLE, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General Government	\$ 592,351	\$ 109,407	\$ 12,521	\$ (470,423)
Public Safety	326,257	3,106	0	(323,151)
Highways and Streets	606,897	7,998	84,154	(514,745)
Parks and Recreation	17,837	8,017	0	(9,820)
Library Services	65,074	0	5,655	(59,419)
Cemetery	20,398	3,950	0	(16,448)
Solid Waste	103,877	82,777	0	(21,100)
Interest on Long-term Debt	52,373	0	0	(52,373)
Total Primary Government	\$ 1,785,064	\$ 215,255	\$ 102,330	(1,467,479)
General Revenues:				
Property Taxes				1,282,198
Penalties and Interest on Delinquent Taxes				32,815
General State Grants				97,141
Unrestricted Investment Earnings				552
Other Revenues				1,152
Total General Revenues				1,413,858
Change in Net Position				(53,621)
Net Position - July 1, 2021				3,844,384
Net Position - June 30, 2022				\$ 3,790,763

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

TOWN OF GRAND ISLE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Highway Fund	Library Fund	ARPA Fund	Non-Major Governmental Funds	Total
ASSETS						
Cash and Cash Equivalents	\$ 676,857	\$ 0	\$ 94,763	\$ 319,489	\$ 80,554	\$ 1,171,663
Investments	255,283	0	297,023	0	215,014	767,320
Receivables	140,134	113	0	0	0	140,247
Due from Other Funds	0	220,898	22,821	0	24,421	268,140
Prepaid Items	15,591	0	0	0	0	15,591
Total Assets	<u>\$ 1,087,865</u>	<u>\$ 221,011</u>	<u>\$ 414,607</u>	<u>\$ 319,489</u>	<u>\$ 319,989</u>	<u>\$ 2,362,961</u>
LIABILITIES						
Accounts Payable	\$ 272,285	\$ 0	\$ 1,784	\$ 0	\$ 5,000	\$ 279,069
Accrued Payroll and Benefits Payable	9,380	0	0	0	0	9,380
Due to Other Funds	268,140	0	0	0	0	268,140
Unearned Revenue	0	0	0	319,253	0	319,253
Due to Delinquent Tax Collector	9,282	0	0	0	0	9,282
Due to Others	1,000	0	0	0	0	1,000
Total Liabilities	<u>560,087</u>	<u>0</u>	<u>1,784</u>	<u>319,253</u>	<u>5,000</u>	<u>886,124</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid Property Taxes	1,449	0	0	0	0	1,449
Unavailable Property Taxes and Interest	93,000	0	0	0	0	93,000
Total Deferred Inflows of Resources	<u>94,449</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>94,449</u>
FUND BALANCES						
Nonspendable	15,591	0	0	0	21,683	37,274
Restricted	73,277	0	0	0	0	73,277
Committed	146,463	221,011	412,823	0	293,410	1,073,707
Assigned	47,042	0	0	236	0	47,278
Unassigned/(Deficit)	150,956	0	0	0	(104)	150,852
Total Fund Balances	<u>433,329</u>	<u>221,011</u>	<u>412,823</u>	<u>236</u>	<u>314,989</u>	<u>1,382,388</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,087,865</u>	<u>\$ 221,011</u>	<u>\$ 414,607</u>	<u>\$ 319,489</u>	<u>\$ 319,989</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						5,001,976
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						93,000
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.						(2,674,090)
Deferred Outflows and Inflows of Resources relating to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.						(12,511)
Net Position of Governmental Activities						<u>\$ 3,790,763</u>

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

TOWN OF GRAND ISLE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Highway Fund	Library Fund	ARPA Fund	Non-Major Governmental Funds	Total
Revenues:						
Property Taxes	\$ 741,766	\$ 467,180	\$ 65,659	\$ 0	\$ 34,120	\$ 1,308,725
Penalties and Interest on Delinquent Taxes	32,815	0	0	0	0	32,815
Intergovernmental	109,662	84,154	5,070	0	0	198,886
Charges for Services	128,645	0	0	0	11,967	140,612
Permits, Licenses and Fees	68,445	0	0	0	0	68,445
Fines and Forfeits	3,106	0	0	0	0	3,106
Investment Income/(Loss)	1,445	0	1,157	236	(2,286)	552
Donations	0	0	585	0	0	585
Other	0	3,092	152	0	1,000	4,244
Total Revenues	1,085,884	554,426	72,623	236	44,801	1,757,970
Expenditures:						
General Government	591,783	0	0	0	0	591,783
Public Safety	272,042	0	0	0	0	272,042
Highways and Streets	0	316,502	0	0	15,747	332,249
Parks and Recreation	0	0	0	0	16,885	16,885
Library Services	0	0	65,074	0	0	65,074
Cemetery	0	0	0	0	17,833	17,833
Solid Waste	100,556	0	0	0	0	100,556
Capital Outlay:						
General Government	2,500	0	0	0	0	2,500
Highways and Streets	0	264,321	0	0	55,000	319,321
Library Services	0	0	2,500	0	0	2,500
Cemetery	0	0	0	0	12,550	12,550
Debt Service:						
Principal	117,535	0	0	0	0	117,535
Interest	40,316	6,017	0	0	0	46,333
Total Expenditures	1,124,732	586,840	67,574	0	118,015	1,897,161
Excess/(Deficiency) of Revenues Over Expenditures	(38,848)	(32,414)	5,049	236	(73,214)	(139,191)
Other Financing Sources/(Uses):						
Transfers In	0	4,906	0	0	30,000	34,906
Transfers Out	(34,906)	0	0	0	0	(34,906)
Total Other Financing Sources/(Uses)	(34,906)	4,906	0	0	30,000	0
Net Change in Fund Balances	(73,754)	(27,508)	5,049	236	(43,214)	(139,191)
Fund Balances - July 1, 2021, As Reclassified	507,083	248,519	407,774	0	358,203	1,521,579
Fund Balances - June 30, 2022	\$ 433,329	\$ 221,011	\$ 412,823	\$ 236	\$ 314,989	\$ 1,382,388

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

TOWN OF GRAND ISLE, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	(139,191)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$336,871) is allocated over their estimated useful lives and reported as depreciation expense (\$333,645). This is the amount by which capital outlays exceeded depreciation in the current period.		3,226
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(2,569)
The issuance of long-term debt (\$-0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$117,535) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		117,535
Governmental funds report employer pension contributions as expenditures (\$12,726). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$12,603) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		123
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(26,527)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(6,218)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(53,621)</u></u>

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

TOWN OF GRAND ISLE, VERMONT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2022

	Custodial Fund Education Tax Fund
 <u>ASSETS</u>	
Assets:	\$ <u>0</u>
 <u>LIABILITIES</u>	
Liabilities:	<u>0</u>
 <u>NET POSITION</u>	
Net Position:	\$ <u><u>0</u></u>

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

TOWN OF GRAND ISLE, VERMONT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>6,451,498</u>
Total Additions	<u>6,451,498</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>6,451,498</u>
Total Deductions	<u>6,451,498</u>
Change in Net Position	0
Net Position - July 1, 2021	<u>0</u>
Net Position - June 30, 2022	\$ <u><u>0</u></u>

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

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The Town of Grand Isle, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, parks and recreation, library services, cemetery, solid waste, public improvements, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Grand Isle, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. 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 Grand Isle, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. 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 and present a longer-term view of the Town's finances. 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 and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

Highway Fund – This fund accounts for the resources of the Highway Department.

Library Fund – This fund accounts for the resources of the Grand Isle Free Library.

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.

Additionally, the Town reports the following fund type:

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) 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., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

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 government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under financed purchases and sales of capital assets are reported as other financing sources.

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. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

TOWN OF GRAND ISLE, VERMONT
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Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New Pronouncement – Leases

Effective June 30, 2022, the Town implemented GASB Statement No. 87, “Leases”. GASB Statement No. 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. This Statement replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. The Town currently has no lease arrangements applicable to this Statement.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

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

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other fund balances.

2. Investments

The Town invests in investments as allowed by State statutes. Investments with readily determinable fair values are reported at fair value. Unrealized gains and losses are included in revenue.

3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

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4. Due from/to Other Funds

Activity 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 from/to other funds.”

5. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees’ Retirement System (VMERS) plan and additions to/deductions from the VMERS’ fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Prepaid Expenses/Items

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

Reported prepaid items of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 5,000	Not Depreciated
Land Improvements	\$ 5,000	15 Years
Buildings and Building Improvements	\$ 5,000	20-40 Years
Vehicles, Machinery, Equipment and Furniture	\$ 5,000	3-25 Years
Infrastructure	\$ 5,000	10-30 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

9. Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

Long-term liabilities include bonds and notes payable, financed purchases and other obligations such as compensated absences and the Town’s net pension liability. Long-term liabilities are reported in the government-wide financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

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

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS**

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as an expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year’s required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town’s proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund, Highway Fund and Library Fund budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The budgets presented herein are for the Town’s “General Fund”, “Highway Fund” and “Library Fund” only and do not include the Records Preservation Reserve Fund, the Reappraisal Reserve Fund and the Transfer Station Reserve Fund activity that is included with the General Fund, unbudgeted expenditures and related funding for the Highway Fund and expenditures related to the prior year’s budgets for the Highway Fund and Library Fund.

TOWN OF GRAND ISLE, VERMONT
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B. Budgeted Deficits

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$75,000 in order to utilize a portion of the previous year’s surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

The Town budgeted a current year’s deficiency of revenues over expenditures in the Library Fund in the amount of \$10,000 in order to utilize a portion of the previous year’s surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 3.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, expenditures in the General Fund exceeded appropriations by \$17,423. These over-expenditures were funded by excess revenues and available fund balance.

D. Reclassification of Fund Balances

The fund balances of the following funds were reclassified as follows:

	General Fund	Non-Major Governmental Funds
Fund Balances - June 30, 2021, As Originally Reported	\$ 250,012	\$ 615,274
Reclassification of Fund Types	<u>257,071</u>	<u>(257,071)</u>
Fund Balances - June 30, 2021, As Reclassified	<u>\$ 507,083</u>	<u>\$ 358,203</u>

The Town reclassified the Records Preservation Reserve Fund, the Reappraisal Reserve Fund and the Transfer Station Reserve Fund, previously reported as separate Special Revenue Funds in the Other Governmental Funds, with the General Fund as they do not qualify to be reported as separate Special Revenue Funds which resulted in a \$257,071 increase in the General Fund fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The Town’s cash, cash equivalents and investments as of June 30, 2022 consisted of the following:

Cash and Cash Equivalents:	
Deposits with Financial Institutions	\$1,148,422
Deposits with Investment Company	11,741
Certificate of Deposit	11,500
Total Cash and Cash Equivalents	<u>1,171,663</u>

TOWN OF GRAND ISLE, VERMONT
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Investments:

Certificates of Deposit	\$ 744,274
Common Stock	<u>23,046</u>
 Total Investments	 <u>767,320</u>
 Total Cash, Cash Equivalents and Investments	 <u>\$1,938,983</u>

The Town has eight (8) certificates of deposit at various banks as shown in the following table.

<u>Bank</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Northfield Savings Bank	\$297,023	0.15%	02/05/2023
M&T Bank	146,464	0.18%	06/30/2023
M&T Bank	100,220	0.18%	05/28/2023
M&T Bank	74,037	0.18%	06/30/2023
M&T Bank	73,277	0.18%	06/30/2023
M&T Bank	35,542	0.18%	08/03/2023
M&T Bank	17,711	0.18%	08/19/2023
M&T Bank	<u>11,500</u>	0.08%	08/03/2022
 Total	 <u>\$755,774</u>		

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 common stock is in the name of the Town and is not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 856,504	\$ 857,727
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	1,012,410	1,063,367
Uninsured, Uncollateralized	<u>47,023</u>	<u>47,023</u>
 Total	 <u>\$1,915,937</u>	 <u>\$1,968,117</u>

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

TOWN OF GRAND ISLE, VERMONT
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The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,148,422
Cash – Deposits with Investment Company	11,741
Cash Equivalents – Certificate of Deposit	11,500
Investments – Certificates of Deposit	<u>744,274</u>
Total	<u>\$1,915,937</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 and common stock are not subject to 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. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town’s certificates of deposit and common stock are exempt from credit risk analysis.

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. There are no investments in any one issuer that represent more than 5% of total investments.

Fair Value

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

TOWN OF GRAND ISLE, VERMONT
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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, 2022:

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)
Common Stock	\$ 23,046	\$ 23,046	\$ 0	\$ 0
Total	\$ 23,046	\$ 23,046	\$ 0	\$ 0

B. Receivables

Receivables as of June 30, 2022, as reported in the statement of net position, are as follows:

	Governmental Activities
Delinquent Taxes Receivable	\$ 116,028
Penalties and Interest Receivable	19,470
Accounts Receivable	4,749
Total	\$ 140,247

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 232,195	\$ 0	\$ 0	\$ 232,195
Construction in Progress	<u>21,826</u>	<u>5,000</u>	<u>2,316</u>	<u>24,510</u>
Total Capital Assets, Not Being Depreciated	<u>254,021</u>	<u>5,000</u>	<u>2,316</u>	<u>256,705</u>
Capital Assets, Being Depreciated:				
Land Improvements	22,266	0	0	22,266
Buildings and Building Improvements	3,534,323	5,000	37,100	3,502,223
Vehicles, Machinery, Equipment and Furniture	1,114,534	134,300	89,107	1,159,727
Infrastructure	<u>3,044,468</u>	<u>192,571</u>	<u>478,554</u>	<u>2,758,485</u>
Totals	<u>7,715,591</u>	<u>331,871</u>	<u>604,761</u>	<u>7,442,701</u>
Less Accumulated Depreciation for:				
Land Improvements	10,746	1,483	0	12,229
Buildings and Building Improvements	255,521	90,636	37,100	309,057
Vehicles, Machinery, Equipment and Furniture	715,085	80,340	89,107	706,318
Infrastructure	<u>1,986,941</u>	<u>161,186</u>	<u>478,301</u>	<u>1,669,826</u>
Totals	<u>2,968,293</u>	<u>333,645</u>	<u>604,508</u>	<u>2,697,430</u>
Total Capital Assets, Being Depreciated	<u>4,747,298</u>	<u>(1,774)</u>	<u>253</u>	<u>4,745,271</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,001,319</u>	<u>\$ 3,226</u>	<u>\$ 2,569</u>	<u>\$ 5,001,976</u>

During the year, the Town wrote-off \$2,316 of projects that were included in construction in progress.

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 513
Public Safety	51,899
Highways and Streets	274,395
Parks and Recreation	952
Cemetery	2,565
Solid Waste	<u>3,321</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 333,645</u>

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

D. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2022 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 268,140
Highway Fund	220,898	0
Library Fund	22,821	0
Non-Major Governmental Funds	<u>24,421</u>	<u>0</u>
Total	<u>\$ 268,140</u>	<u>\$ 268,140</u>

Interfund transfers during the year ended June 30, 2022 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Reappraisal Reserve Fund	\$ 10,000	* Appropriation
General Fund	Highway Fund	4,906	Fish Culture Station Road Maintenance
General Fund	Capital Equipment Fund	<u>30,000</u>	Appropriation
Total		<u>\$ 44,906</u>	

* The transfer between the General Fund and the Reappraisal Reserve Fund is netted within the General Fund as this fund is consolidated within the General Fund in order to comply with GASB Statement No. 54.

E. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$14,128 from the difference between the expected and actual experience, \$11,981 from changes in assumptions and \$4,785 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$12,726 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$43,620.

F. Unearned Revenue

Unearned revenue in the governmental activities and ARPA Fund consists of \$319,253 of grant revenue received in advance.

G. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$44,694 from the difference between the projected and actual investment earnings and \$11,437 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$1,449 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$57,580.

TOWN OF GRAND ISLE, VERMONT
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Deferred inflows of resources in the General Fund consists of \$93,000 of delinquent property taxes and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$1,449 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$94,449.

H. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The Town had a bond anticipation note and note payable to finance capital projects and purchases through a local bank.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town’s share of the net pension liability is recorded in the government-wide financial statements.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Station, Principal Payments of \$87,500 Payable on November 1 Annually, Interest Ranging from 1.75% to 3.79% Payable on May 1 and November 1, Due November, 2038	\$1,575,000	\$ 0	\$ 87,500	\$1,487,500
Bond Payable, Vermont Municipal Bond Bank, Highway Garage, Principal Payments of \$52,381 Payable on November 1 Annually, Interest at 2.03% Payable on May 1 and November 1, Due November, 2042	0	1,100,000	0	1,100,000
Bond Anticipation Note, M&T Bank, Highway Garage, Interest at 1.55%. This Note was Refinanced During the Year.	1,100,000	0	1,100,000	0

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, M&T Bank, Capital Equipment, Principal Payments of \$30,035 Plus Interest Payable on August 22 Annually, Interest at 2.85%, Due and Paid August, 2021	\$ 30,035	\$ 0	\$ 30,035	\$ 0
Total	<u>\$2,705,035</u>	<u>\$1,100,000</u>	<u>\$1,217,535</u>	<u>\$2,587,500</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 1,575,000	\$ 1,100,000	\$ 87,500	\$ 2,587,500	\$ 139,881
Notes Payable	1,130,035	0	1,130,035	0	0
Compensated Absences Payable	4,571	178	0	4,749	0
Net Pension Liability	<u>122,076</u>	<u>0</u>	<u>46,275</u>	<u>75,801</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 2,831,682</u>	<u>\$ 1,100,178</u>	<u>\$ 1,263,810</u>	<u>\$ 2,668,050</u>	<u>\$ 139,881</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 139,881	\$ 77,003	\$ 216,884
2024	139,881	67,937	207,818
2025	139,881	64,765	204,646
2026	139,881	61,478	201,359
2027	139,881	57,983	197,864
2028-2032	699,405	230,215	929,620
2033-2037	699,405	120,692	820,097
2038-2042	436,905	25,240	462,145
2043	<u>52,380</u>	<u>532</u>	<u>52,912</u>
Total	<u>\$ 2,587,500</u>	<u>\$ 705,845</u>	<u>\$ 3,293,345</u>

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

I. Fund Balances

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

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

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

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

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

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

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

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

Major Funds

General Fund:

Nonspendable Prepaid Items	\$15,591
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Non-Major Funds

Permanent Fund:

Nonspendable for Perpetual Care	<u>21,683</u>
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Total Nonspendable Fund Balances	<u>\$37,274</u>
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TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

Major Funds

General Fund:

 Restricted for Records Preservation Expenses by Statute
 (Source of Revenue is Restoration Fees) \$73,277

Total Restricted Fund Balances \$73,277

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

Major Funds

General Fund:

 Committed for Reappraisal Expenses by the Voters \$ 146,463

Highway Fund:

 Committed for Highway Expenditures by the Voters 221,011

Library Fund:

 Committed for Library Expenses by the Voters 412,823

Non-Major Funds

Special Revenue Fund:

 Committed for Recreation Expenses by the Voters 19,509

Capital Project Funds:

 Committed for Capital Equipment Expenditures by the Voters 74,037

Permanent Fund:

 Committed for Cemetery Expenses by the Voters 199,864

Total Non-Major Funds 293,410

Total Committed Fund Balances \$1,073,707

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

Major Funds

General Fund:

 Assigned for Transfer Station Expenses \$47,042

ARPA Fund:

 Assigned for ARPA Expenses 236

Total Assigned Fund Balances \$47,278

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The unassigned deficit of \$104 in the Highway Garage Fund will be funded by a transfer from the Highway Fund.

J. Restricted Net Position

The restricted net position of the Town as of June 30, 2022 consisted of the following:

Governmental Activities:

Restricted for Cemetery Perpetual Care by Sale of Lots	\$21,683
Restricted for Records Preservation Expenses by Statute	<u>73,277</u>
Total Governmental Activities	<u>\$94,960</u>

V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

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, 2021, the measurement date selected by the State of Vermont, the retirement system consisted of 353 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.

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.0515% resulting in a net pension liability of \$75,801. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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 0.0515% was an increase of 0.0032 from its proportion measured as of the prior year.

For the year ended June 30, 2022, the Town recognized pension expense of \$12,603.

As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 14,128	\$ 0
Difference between projected and actual investment earnings on pension assets	0	44,694
Changes in assumptions	11,981	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,785	11,437
Town's required employer contributions made subsequent to the measurement date	<u>12,726</u>	<u>0</u>
	<u>\$ 43,620</u>	<u>\$ 56,131</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$12,726 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Year Ending <u>June 30</u>	
2023	\$ (3,004)
2024	(5,047)
2025	(6,233)
2026	<u>(10,953)</u>
Total	<u>\$(25,237)</u>

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 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.

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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”.

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 annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

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 Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.

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.

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

Employer Contributions – 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.

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Significant Actuarial Assumptions and Methods

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

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.

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.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Groups B, C and D members.

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.

Inflation: 2.30%

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	5.05%
Active Global Equities	5%	5.05%
Large Cap US Equities	4%	4.00%
Small/Mid Cap US Equities	3%	4.50%
Non-US Developed Market Equities	7%	5.50%
Private Equity	10%	6.75%
Emerging Market Debt	4%	3.00%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	5.75%
Core Fixed Income	19%	0.00%
Core Real Estate	4%	3.75%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	3%	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, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. 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, 2021. 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>
\$149,824	\$75,801	\$14,932

TOWN OF GRAND ISLE, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

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. Risk Management

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

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

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. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected three (3) times per year. During the tax year ended June 30, 2022, taxes became due and payable on October 31, 2021, January 31, 2022 and April 30, 2022. Interest is assessed at 1% per month. All unpaid taxes after the April 30 payment are subject to an 8% penalty. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.2939	.2939
Education	<u>1.6717</u>	<u>1.6896</u>
Total	<u>1.9656</u>	<u>1.9835</u>

TOWN OF GRAND ISLE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

D. Contingent Liabilities

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

E. Subsequent Events

Subsequent to year-end, the Town will receive the second half of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funds in the amount of \$319,253.

TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
General Revenues:			
Property Taxes	\$ 725,126	\$ 741,766	\$ 16,640
State of Vermont - PILOT Program	32,400	39,856	7,456
Current Tax Interest	7,500	7,717	217
State of Vermont - Current Use	37,500	45,607	8,107
State of Vermont - State Owned Land	12,500	11,678	(822)
State of Vermont - Reimbursement Services	31,173	31,173	0
State of Vermont - Reappraisal	11,050	11,203	153
Total General Revenues	<u>857,249</u>	<u>889,000</u>	<u>31,751</u>
Town Revenues:			
Interest on Delinquent Taxes	0	10,129	10,129
Penalties on Delinquent Taxes	0	1,425	1,425
State of Vermont - Local Fines	4,850	3,106	(1,744)
Total Town Revenues	<u>4,850</u>	<u>14,660</u>	<u>9,810</u>
Annex Revenues:			
1st Floor Rents	0	145	145
Total Annex Revenues	<u>0</u>	<u>145</u>	<u>145</u>
Town Clerk Revenues:			
Copier Fees	4,200	3,332	(868)
Certified Copy Fees	700	610	(90)
Dog License Fees	1,215	1,275	60
Liquor License Fees	485	370	(115)
Marriage License Fees	1,050	650	(400)
Recording Fees	35,002	30,667	(4,335)
Preservation of Records Fees	12,728	10,600	(2,128)
Town Clerk Fees	14,750	16,508	1,758
Vault Search Time Fees	1,200	867	(333)
Fax Fees	100	47	(53)
Spring Weight Permit Fees	650	710	60
DMV Temporary Renewal Fees	252	111	(141)
GISU/School District Reimbursement	5,000	4,475	(525)
Total Town Clerk Revenues	<u>77,332</u>	<u>70,222</u>	<u>(7,110)</u>
Other Revenues:			
Interest/Dividends	7,500	971	(6,529)
Solar Credits	0	10,420	10,420
Total Other Revenues	<u>7,500</u>	<u>11,391</u>	<u>3,891</u>
Listers Revenues:			
State of Vermont - Reappraisal Study	1,300	1,318	18
Lister Cards	400	373	(27)
Grand List	50	20	(30)
Total Listers Revenues	<u>1,750</u>	<u>1,711</u>	<u>(39)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
DRB/Planning/Zoning Revenues:			
Planning - Bylaw/Town Plan Books	\$ 20	\$ 20	\$ 0
DRB - Hearing Fees	4,000	2,400	(1,600)
Zoning - Building Permit Fees	10,000	7,342	(2,658)
Zoning - Square Footage Fees	10,000	8,634	(1,366)
Zoning - After the Fact Permit Fees	150	300	150
Zoning - Other Permit Fees	1,000	20	(980)
Zoning - Miscellaneous Income	100	74	(26)
Planning & DRB - Miscellaneous Income	50	0	(50)
Total DRB/Planning/Zoning Revenues	25,320	18,790	(6,530)
Solid Waste Revenues:			
Landfill Revenues	100,000	73,404	(26,596)
Recycling Revenues	5,000	7,963	2,963
Refuse Container Contract	500	0	(500)
Transfer Station Stickers	1,000	1,410	410
Total Solid Waste Revenues	106,500	82,777	(23,723)
Total Revenues	1,080,501	1,088,696	8,195
Expenditures:			
General Town Expenses:			
Town Report Preparers	1,000	400	600
Custodial Services	5,000	5,049	(49)
IT Administrator	5,000	7,062	(2,062)
Constable	2,009	2,009	0
Health Officer	1,391	1,391	0
Lawn Care	9,500	8,515	985
Selectboard	7,113	7,113	0
Selectboard Secretary	6,366	6,366	0
FICA	3,000	3,406	(406)
Interest Expense	0	846	(846)
Audit	6,500	58,850	(52,350)
Computer	4,600	11,044	(6,444)
VLCT Dues	3,600	3,644	(44)
Law Enforcement	148,720	133,082	15,638
Electric	2,700	2,612	88
Water	1,225	768	457
Fuel	1,300	2,517	(1,217)
Legal Fees - Municipal	15,000	11,588	3,412
Legal Fees - Delinquent Tax Collector	2,500	3,212	(712)
Office Supplies	3,500	3,672	(172)
Capital Outlays	5,000	0	5,000
Postage	4,000	3,573	427
Public Notices	500	734	(234)
Town Report	1,200	414	786
Professional Education	150	785	(635)
Telephone	3,000	3,313	(313)
Copiers	4,000	3,560	440
Electric - Annex	0	1,125	(1,125)

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TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
General Town Expenses/(Cont'd):			
Water - Annex	\$ 0	\$ 648	\$ (648)
Fuel - Annex	0	3,020	(3,020)
Upkeep/Maintenance - Annex	5,500	653	4,847
Repairs/Maintenance	7,500	9,751	(2,251)
Buildings - Garage/Library	0	2,500	(2,500)
Mileage	100	0	100
Fish Hatchery - Highway	4,906	4,906	0
Fish Hatchery - Fire Department	2,229	2,229	0
Fireworks Display	500	500	0
Fire Station Bond Payment	139,423	138,534	889
Fire Station Operation/Maintenance	11,650	10,429	1,221
New Highway Garage BAN Interest Payment	9,300	18,471	(9,171)
	<u>428,982</u>	<u>478,291</u>	<u>(49,309)</u>
Total General Town Expenses			
Town Clerk/Treasurer:			
Town Clerk/Treasurer	96,779	96,618	161
Retirement	6,000	4,487	1,513
Health	11,280	0	11,280
Dental	1,300	598	702
FICA	7,404	7,257	147
Digitize Land Records Grant Expenses	0	824	(824)
Memberships/Dues	100	35	65
Animal Supplies & Expenses	150	131	19
Land/Vital Records Supplies	500	1,646	(1,146)
Restoration of Records	0	789	(789)
Professional Education	100	218	(118)
Mileage	1,250	1,498	(248)
Animal License Return	1,200	1,285	(85)
Marriage License Return	1,050	650	400
Miscellaneous	100	0	100
	<u>127,213</u>	<u>116,036</u>	<u>11,177</u>
Total Town Clerk/Treasurer			
GISU/School District Expenses:	<u>0</u>	<u>4,475</u>	<u>(4,475)</u>
Historical Buildings Operation:			
Electric	300	402	(102)
Payroll - Wages & FICA	4,000	2,181	1,819
Security/Telephone	750	772	(22)
Water	600	583	17
Buildings/Grounds Repairs/Maintenance	750	1,182	(432)
Miscellaneous	250	0	250
	<u>6,650</u>	<u>5,120</u>	<u>1,530</u>
Total Historical Buildings Operation			
Elections:			
Election Officials	3,000	1,821	1,179
FICA	230	139	91
Other Election Supplies	300	459	(159)
Program Tabulator/Ballots	2,250	1,432	818
	<u>5,780</u>	<u>3,851</u>	<u>1,929</u>
Total Elections			

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TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Zoning Office:			
Zoning Administrator	\$ 20,965	\$ 22,594	\$ (1,629)
FICA	1,604	1,728	(124)
Mapping Services	1,650	825	825
Equipment	100	0	100
Legal Fees - Enforcement	1,000	6,064	(5,064)
Professional Education	100	0	100
	<u>25,419</u>	<u>31,211</u>	<u>(5,792)</u>
Listers Office:			
Lister Salaries	20,000	29,421	(9,421)
FICA	1,530	2,251	(721)
Property Tax Map Update	1,650	825	825
Memberships/Dues	100	265	(165)
Public Notices	300	279	21
Professional Education	100	0	100
Mileage	600	258	342
Town-wide Reappraisal	24,000	0	24,000
Miscellaneous	100	0	100
	<u>48,380</u>	<u>33,299</u>	<u>15,081</u>
Planning Commission:			
Administrative Assistant	4,175	4,175	0
FICA	320	320	0
NW Regional Planning Dues	2,356	2,356	0
Bylaws/Plan	450	0	450
Public Notices	400	152	248
Professional Education	250	0	250
Mileage	50	0	50
	<u>8,001</u>	<u>7,003</u>	<u>998</u>
Development Review Board:			
Clerk	12,025	10,114	1,911
Stipends	5,500	4,100	1,400
FICA	1,341	1,088	253
Equipment	400	0	400
Legal Fees	2,000	1,574	426
Public Notices	800	478	322
Professional Education	200	28	172
Miscellaneous	100	0	100
	<u>22,366</u>	<u>17,382</u>	<u>4,984</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Solid Waste Operation:			
Attendant - Transfer Station	\$ 10,200	\$ 10,864	\$ (664)
Attendant - Recycling Center	17,500	9,832	7,668
Highway Department - Labor	4,700	4,835	(135)
FICA	2,500	1,953	547
Utilities/Services	3,600	3,763	(163)
Equipment	5,000	30,035	(25,035)
Fuel	200	132	68
NWSW Dues	2,057	2,057	0
Supplies	500	117	383
Repairs/Maintenance	5,000	2,568	2,432
Miscellaneous	500	0	500
Total Solid Waste Operation	<u>51,757</u>	<u>66,156</u>	<u>(14,399)</u>
Solid Waste Disposal:			
Recyclables	2,000	2,329	(329)
Tires	1,500	1,163	337
Mixed Solid Waste	35,000	26,995	8,005
Scales & Building	2,000	175	1,825
Construction & Disposal	7,000	3,738	3,262
Total Solid Waste Disposal	<u>47,500</u>	<u>34,400</u>	<u>13,100</u>
Grand Isle County Tax:	<u>146,877</u>	<u>146,877</u>	<u>0</u>
Reappraisal Reserve Fund:	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Articles:			
Emerald Ash Borer Tree Removal	10,000	0	10,000
Grand Isle Lakeshore Restoration Association	10,000	10,000	0
UVM Home Health & Hospice	6,520	6,520	0
Grand Isle Rescue	20,200	20,200	0
Grand Isle Volunteer Fire Department	67,156	67,156	0
Grand Isle Volunteer Fire Department - Capital Equipment	30,000	30,000	0
Capital Equipment Reserve	30,000	30,000	0
Fire/Rescue Communications	8,000	8,946	(946)
Island Arts	1,950	1,950	0
Total Articles	<u>183,826</u>	<u>174,772</u>	<u>9,054</u>
Insurance:			
Unemployment	750	674	76
Municipal Insurance	42,000	43,377	(1,377)
Total Insurance	<u>42,750</u>	<u>44,051</u>	<u>(1,301)</u>
Total Expenditures	<u>1,155,501</u>	<u>1,172,924</u>	<u>(17,423)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (75,000)</u>	<u>(84,228)</u>	<u>\$ (9,228)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
Records Preservation Reserve Fund Income	\$ 115
Reappraisal Reserve Fund Income	273
Reappraisal Reserve Fund Transfer In	10,000
Transfer Station Reserve Fund Income	<u>86</u>
Net Change in Fund Balance	(73,754)
Fund Balance - July 1, 2021, As Reclassified	<u>507,083</u>
Fund Balance - June 30, 2022	\$ <u><u>433,329</u></u>

The reconciling items are due to combining three (3) funds, the Records Preservation Reserve Fund, the Reappraisal Reserve Fund and the Transfer Station Reserve Fund with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF GRAND ISLE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 HIGHWAY FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 467,180	\$ 467,180	\$ 0
Grants-in-Aid Grant Income	0	7,820	7,820
Miscellaneous	0	3,092	3,092
Transfer In	0	4,906	4,906
	<u>467,180</u>	<u>482,998</u>	<u>15,818</u>
Total Revenues			
Expenditures:			
Labor	129,854	102,171	27,683
Overtime Labor	14,800	16,182	(1,382)
Retirement	8,680	6,041	2,639
Health	22,560	10,874	11,686
Dental	1,250	598	652
FICA	11,066	8,925	2,141
Tools/Supplies	4,000	4,202	(202)
Highway Dump Truck Payment	25,000	0	25,000
Highway Dump Truck Interest	4,600	0	4,600
New Garage Principal & Interest	25,000	6,017	18,983
Road Materials	20,000	21,726	(1,726)
Equipment Repairs & Maintenance	18,000	21,322	(3,322)
Rented Equipment	9,000	9,538	(538)
Miscellaneous Equipment	2,000	1,949	51
Salt/Sand/Trucking	26,000	24,869	1,131
Equipment Fuel	19,000	24,264	(5,264)
Computer	1,500	1,093	407
Culverts	5,000	5,000	0
Office & Cell Phones	1,920	2,865	(945)
Electric	2,200	3,478	(1,278)
Fuel - Garage Heating	6,500	6,896	(396)
Road Signs & Posts	7,500	7,706	(206)
Water - Highway Department	1,000	811	189
Chloride	5,000	4,990	10
State Stormwater Permits	1,750	1,350	400
Retreatment	40,000	40,000	0
Miscellaneous	4,000	3,487	513
Road Materials - Blacktop	50,000	50,000	0
	<u>467,180</u>	<u>386,354</u>	<u>80,826</u>
Total Expenditures			
Excess of Revenues Over Expenditures	<u>\$ 0</u>	96,644	<u>\$ 96,644</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Unbudgeted State Highway Aid Income		76,334	
Unbudgeted State Highway Aid Expenditures		(76,334)	
Unbudgeted Equipment Expenditures		(84,300)	
Unbudgeted New Garage Outfitting Expenditures		(19,184)	
Highway Prior Year Carryover Expenditures		<u>(20,668)</u>	
Net Change in Fund Balance		(27,508)	
Fund Balance - July 1, 2021		<u>248,519</u>	
Fund Balance - June 30, 2022		<u>\$ 221,011</u>	

The reconciling items are due to unbudgeted expenditures and related funding and expenditures related to the prior year's budget.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAND ISLE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 LIBRARY FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 65,659	\$ 65,659	\$ 0
Donations	0	585	585
Interest	0	1,157	1,157
Grant Income	0	5,070	5,070
Miscellaneous	0	152	152
	<u>65,659</u>	<u>72,623</u>	<u>6,964</u>
Total Revenues			
Expenditures:			
Librarian Salaries	36,853	36,039	814
FICA	2,819	2,757	62
Health Insurance	11,280	0	11,280
Retirement	2,089	2,132	(43)
Dental	618	598	20
Booklist	200	0	200
Magazine Subscriptions	100	93	7
Adult Books	4,200	3,953	247
Audio Visual	1,200	1,049	151
Children's Books	2,200	2,823	(623)
GMLC	750	622	128
Professional Development	300	248	52
Utilities	4,000	0	4,000
Electric	0	1,313	(1,313)
Fuel	0	770	(770)
Telephone	0	1,437	(1,437)
Water	0	605	(605)
Office Supplies/Postage	2,000	1,378	622
Interlibrary Loan	500	1,057	(557)
Bank Fees/Miscellaneous	130	58	72
Computer Replacement	300	0	300
Technical/Computer Support	800	1,166	(366)
Travel	300	30	270
Dues	200	0	200
Cleaning - Library & Furnace	600	438	162
Programs	2,500	1,589	911
Furniture/Fixtures/Hardware	120	453	(333)
Automation/Follett	1,000	922	78
E-Book Subscription	600	0	600
ARPA Expenses	0	2,952	(2,952)
Capital Outlays	0	2,500	(2,500)
	<u>75,659</u>	<u>66,982</u>	<u>8,677</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(10,000)</u>	5,641	\$ <u>15,641</u>

Adjustments to Reconcile from the Budgetary Basis of Accounting
to the Modified Accrual Basis of Accounting:

Library Prior Year Carryover Expenditures (592)

Net Change in Fund Balance 5,049

Fund Balance - July 1, 2021 407,774

Fund Balance - June 30, 2022 \$ 412,823

The reconciling item is due to expenditures related to the prior year's budget.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAND ISLE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.0515%	0.0483%	0.0580%	0.0670%	0.0651%	0.0748%	6.6900%	0.0788%
Town's Proportionate Share of the Net Pension Liability	\$ 75,801	\$ 122,076	\$ 100,547	\$ 94,291	\$ 78,828	\$ 96,243	\$ 51,550	\$ 7,192
Town's Covered Employee Payroll	\$ 190,837	\$ 173,934	\$ 197,941	\$ 213,458	\$ 193,188	\$ 206,649	\$ 173,893	\$ 198,347
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	39.7203%	70.1852%	50.7964%	44.1731%	40.8038%	46.5732%	29.6447%	3.6260%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

TOWN OF GRAND ISLE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 12,726	\$ 11,450	\$ 10,001	\$ 11,135	\$ 11,740	\$ 10,626	\$ 11,366	\$ 9,347
Contributions in Relation to the Actuarially Determined Contributions	<u>12,726</u>	<u>11,450</u>	<u>10,001</u>	<u>11,135</u>	<u>11,740</u>	<u>10,626</u>	<u>11,366</u>	<u>9,347</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 203,614	\$ 190,837	\$ 173,934	\$ 197,941	\$ 213,458	\$ 193,188	\$ 206,649	\$ 173,893
Contributions as a Percentage of Town's Covered Employee Payroll	6.250%	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2021

Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

TOWN OF GRAND ISLE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Fund <u>Recreation Fund</u>	<u>Capital Projects Funds</u>		Permanent Fund <u>Cemetery Fund</u>	
		Highway Garage Fund	Highway Capital Equipment Fund		<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 4,896	\$ 0	\$ 75,658	\$ 80,554
Investments	0	0	74,037	140,977	215,014
Due from Other Funds	<u>19,509</u>	<u>0</u>	<u>0</u>	<u>4,912</u>	<u>24,421</u>
Total Assets	<u>\$ 19,509</u>	<u>\$ 4,896</u>	<u>\$ 74,037</u>	<u>\$ 221,547</u>	<u>\$ 319,989</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ <u>0</u>	\$ <u>5,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>5,000</u>
Total Liabilities	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Fund Balances:					
Nonspendable	0	0	0	21,683	21,683
Committed	19,509	0	74,037	199,864	293,410
Unassigned/(Deficit)	<u>0</u>	<u>(104)</u>	<u>0</u>	<u>0</u>	<u>(104)</u>
Total Fund Balances	<u>19,509</u>	<u>(104)</u>	<u>74,037</u>	<u>221,547</u>	<u>314,989</u>
Total Liabilities and Fund Balances	<u>\$ 19,509</u>	<u>\$ 4,896</u>	<u>\$ 74,037</u>	<u>\$ 221,547</u>	<u>\$ 319,989</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF GRAND ISLE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Fund	Capital Projects Funds		Permanent Fund	Total
	Recreation Fund	Highway Garage Fund	Highway Capital Equipment Fund	Cemetery Fund	
Revenues:					
Property Taxes	\$ 16,120	\$ 0	\$ 0	\$ 18,000	\$ 34,120
Charges for Services	8,017	0	0	3,950	11,967
Investment Income/(Loss)	0	1	219	(2,506)	(2,286)
Other	1,000	0	0	0	1,000
Total Revenues	<u>25,137</u>	<u>1</u>	<u>219</u>	<u>19,444</u>	<u>44,801</u>
Expenditures:					
Highways and Streets	0	60	15,687	0	15,747
Parks and Recreation	16,885	0	0	0	16,885
Cemetery	0	0	0	17,833	17,833
Capital Outlay:					
Highways and Streets	0	5,000	50,000	0	55,000
Cemetery	0	0	0	12,550	12,550
Total Expenditures	<u>16,885</u>	<u>5,060</u>	<u>65,687</u>	<u>30,383</u>	<u>118,015</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>8,252</u>	<u>(5,059)</u>	<u>(65,468)</u>	<u>(10,939)</u>	<u>(73,214)</u>
Other Financing Sources:					
Transfers In	0	0	30,000	0	30,000
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Net Change in Fund Balances	8,252	(5,059)	(35,468)	(10,939)	(43,214)
Fund Balances - July 1, 2021, As Reclassified	<u>11,257</u>	<u>4,955</u>	<u>109,505</u>	<u>232,486</u>	<u>358,203</u>
Fund Balances - June 30, 2022	<u>\$ 19,509</u>	<u>\$ (104)</u>	<u>\$ 74,037</u>	<u>\$ 221,547</u>	<u>\$ 314,989</u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Selectboard
Town of Grand Isle, Vermont
9 Hyde Road
Grand Isle, Vermont 05458

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 governmental activities, each major fund and the aggregate remaining fund information of the Town of Grand Isle, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Grand Isle, Vermont's basic financial statements and have issued our report thereon dated February 12, 2023. Our opinion on the governmental activities and the General Fund was qualified because of the inadequacies in the Town's controls over solid waste revenues during the year.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 Grand Isle, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2022-01 and 2022-02 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2022-03 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grand Isle, 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".

Town of Grand Isle, Vermont's Response to Findings

"Government Auditing Standards" requires the auditor to perform limited procedures on the Town of Grand Isle, Vermont's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Deficiencies in Internal Control. Town of Grand Isle, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Grand Isle, 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 Grand Isle, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

February 12, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GRAND ISLE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2022

Deficiencies in Internal Control:

Material Weaknesses:

2022-01 Transfer Station Revenues

Criteria:

Internal controls over transfer station revenues should be in place so that no individual can both perpetrate and conceal errors or irregularities.

Condition:

The Town does not have adequate internal controls in place over transfer station revenues. Therefore, the Town cannot be sure that all of the cash collected is being handed over to them by the transfer station employees. In addition, the transfer station does not consistently provide a receipt for all cash collected nor is there a sign that indicates that customers must take a receipt. Furthermore, the transfer station does not verify that the deposits turned over to the Town were deposited in the bank in full.

Cause:

Unknown.

Effect:

The collections at the transfer station are subject to misappropriation.

Recommendation:

Our primary recommendation is that the Town consider selling transfer station coupons off-site at the Town Treasurer's office and/or at local businesses. If sales take place at the transfer station, we recommend that the Town require prenumbered cash receipts to be issued to all customers. We also recommend that the Town place a sign at the transfer station offering incentives to customers if a receipt is not provided by the attendant. Furthermore, the transfer station staff should verify that the deposits turned over to the Town were deposited in the bank in full.

2022-02 Fund Balance Entries

Criteria:

Internal controls should be in place to ensure that all revenues and expenses are recorded correctly. Separate revenue and expense accounts should be utilized to record the Town's revenues and expenses. Fund balances should only be posted to in the event of a correction of an error or change in accounting principle.

TOWN OF GRAND ISLE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2022

Condition:

The Town posted current year activity to fund balance rather than to separate revenue and expense accounts.

Cause:

Unknown.

Effect:

Adjustments were required to correct the fund balance, revenues and expenses.

Recommendation:

We recommend that the Town implement controls to ensure that all revenues and expenses are recorded correctly.

Significant Deficiencies:

2022-03 Authorization of General Journal Entries

Criteria:

Internal controls should be in place that requires appropriate officials to authorize and review all adjustments to the books of original entry.

Condition:

The Town does not have a policy in place to require authorization or review of adjustments to the books of original entry.

Cause:

Unknown.

Effect:

This deficiency in the internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town enact a policy that requires appropriate officials to authorize and review all general journal entries so as not to circumvent the original approval process.



TOWN OF GRAND ISLE

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Email: grandislevtclerk@gmail.com

February 14, 2023

Sullivan, Powers & Company

77 Barre Street

Montpelier, VT 05601

This letter is to address the deficiencies in Internal Control for the Town of Grand Isle.

2022-01 Transfer Station Revenues – There has been recent discussion to research and put into place a POS system at the Transfer Station as well as offering of some kind should a receipt not be provided.

2022-02 Fund Balance Entries – All uses of fund balances will be directly recorded in a revenue or expenditure account.

2022-03 General Journal Entry Authorization – A monthly posting register will be printed, reviewed and signed off by authorized officials for adjustments made to the books of original entry.

Should any addition information be necessary, please feel free to reach me.

Best regards,

Melissa A. Boutin

Town Clerk/Treasurer