

TOWN OF GRAND ISLE, VERMONT

AUDIT REPORT

JUNE 30, 2023

TOWN OF GRAND ISLE, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page #</u>
Independent Auditor's Report	1-4
Basic Financial Statements:	
Statement of Net Position	Exhibit A 5
Statement of Activities	Exhibit B 6
Governmental Funds:	
Balance Sheet	Exhibit C 7
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit E 9
Fiduciary Fund:	
Statement of Fiduciary Net Position	Exhibit F 10
Statement of Changes in Fiduciary Net Position	Exhibit G 11
Notes to the Financial Statements	12-35
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	Schedule 1 36-41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Highway Fund	Schedule 2 42
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Library Fund	Schedule 3 43

TOWN OF GRAND ISLE, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2023

		<u>Page #</u>
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 4	44
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 5	45
Other Information:		
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 6	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 7	47
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"		48-49
Schedule of Findings and Deficiencies in Internal Control		50-51
Response to Deficiencies in Internal Control		

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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

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

Independent Auditor's Report

Selectboard
Town of 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, 2023, 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, 2023, 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, 2023, 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 \$79,371) by other auditing procedures.

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”.

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 January 31, 2024 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.

January 31, 2024
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GRAND ISLE, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,454,720
Investments	846,306
Receivables (Net of Allowance for Uncollectibles)	117,092
Prepaid Expenses	25,377
Capital Assets:	
Land	232,195
Construction in Progress	30,930
Other Capital Assets, (Net of Accumulated Depreciation)	4,612,843
Total Assets	7,319,463
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	62,658
Total Deferred Outflows of Resources	62,658
<u>LIABILITIES</u>	
Accounts Payable	279,253
Accrued Payroll and Benefits Payable	9,215
Unearned Revenue	100
Due to Delinquent Tax Collector	12,248
Due to Others	1,000
Accrued Interest Payable	5,791
Noncurrent Liabilities:	
Due Within One Year	139,881
Due in More than One Year	2,471,286
Total Liabilities	2,918,774
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	4,849
Deferred Inflows of Resources Related to the Town's Participation in VMERS	7,963
Total Deferred Inflows of Resources	12,812
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,428,349
Restricted:	
Non-Expendable:	
Cemetery	21,983
Expendable:	
Records Preservation	77,112
Unrestricted	1,923,091
Total Net Position	\$ 4,450,535

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, 2023

	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	\$ 568,972	\$ 65,698	\$ 12,616	\$ (490,658)
Public Safety	400,449	5,156	0	(395,293)
Highways and Streets	667,783	28,200	83,290	(556,293)
Parks and Recreation	27,502	7,804	0	(19,698)
Library Services	66,315	0	1,847	(64,468)
Cemetery	35,229	4,250	714	(30,265)
Solid Waste	80,009	79,371	0	(638)
Interest on Long-term Debt	<u>70,737</u>	<u>0</u>	<u>0</u>	<u>(70,737)</u>
Total Primary Government	\$ <u>1,916,996</u>	\$ <u>190,479</u>	\$ <u>98,467</u>	<u>(1,628,050)</u>
General Revenues:				
Property Taxes				1,496,571
Penalties and Interest on Delinquent Taxes				32,623
General State Grants				102,869
ARPA Funds				638,657
Unrestricted Investment Earnings				13,869
Other Revenues				<u>3,233</u>
Total General Revenues				<u>2,287,822</u>
Change in Net Position				659,772
Net Position - July 1, 2022				<u>3,790,763</u>
Net Position - June 30, 2023				\$ <u>4,450,535</u>

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

TOWN OF GRAND ISLE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Highway Fund	Library Fund	ARPA Fund	Non-Major Governmental Funds	Total
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 702,045	\$ 0	\$ 93,222	\$ 603,971	\$ 55,482	\$ 1,454,720
Investments	284,488	0	299,667	0	262,151	846,306
Receivables (Net of Allowance for Uncollectibles)	117,092	0	0	0	0	117,092
Due from Other Funds	0	237,411	27,107	0	28,525	293,043
Prepaid Items	<u>25,377</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,377</u>
Total Assets	<u>\$ 1,129,002</u>	<u>\$ 237,411</u>	<u>\$ 419,996</u>	<u>\$ 603,971</u>	<u>\$ 346,158</u>	<u>\$ 2,736,538</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 277,709	\$ 0	\$ 1,544	\$ 0	\$ 0	\$ 279,253
Accrued Payroll and Benefits Payable	9,215	0	0	0	0	9,215
Due to Other Funds	293,043	0	0	0	0	293,043
Unearned Revenue	0	0	0	0	100	100
Due to Delinquent Tax Collector	12,248	0	0	0	0	12,248
Due to Others	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total Liabilities	<u>593,215</u>	<u>0</u>	<u>1,544</u>	<u>0</u>	<u>100</u>	<u>594,859</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	4,849	0	0	0	0	4,849
Unavailable Property Taxes and Interest	<u>88,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>88,000</u>
Total Deferred Inflows of Resources	<u>92,849</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>92,849</u>
<u>FUND BALANCES</u>						
Nonspendable	25,377	0	0	0	21,983	47,360
Restricted	77,112	0	0	0	0	77,112
Committed	171,769	237,411	418,452	0	324,075	1,151,707
Assigned	97,112	0	0	603,971	0	701,083
Unassigned	<u>71,568</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>71,568</u>
Total Fund Balances	<u>442,938</u>	<u>237,411</u>	<u>418,452</u>	<u>603,971</u>	<u>346,058</u>	<u>2,048,830</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,129,002</u>	<u>\$ 237,411</u>	<u>\$ 419,996</u>	<u>\$ 603,971</u>	<u>\$ 346,158</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.						4,875,968
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						88,000
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.						(2,616,958)
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.						<u>54,695</u>
Net Position of Governmental Activities						<u>\$ 4,450,535</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, 2023

	General Fund	Highway Fund	Library Fund	ARPA Fund	Non-Major Governmental Funds	Total
Revenues:						
Property Taxes	\$ 878,654	\$ 521,000	\$ 65,797	\$ 0	\$ 36,120	\$ 1,501,571
Penalties and Interest on Delinquent Taxes	32,623	0	0	0	0	32,623
Intergovernmental	115,485	83,290	871	638,657	0	838,303
Charges for Services	96,649	28,000	0	0	10,233	134,882
Permits, Licenses and Fees	50,649	0	0	0	0	50,649
Fines and Forfeits	2,927	0	0	0	0	2,927
Investment Income/(Loss)	12,887	0	2,718	1,078	(2,814)	13,869
Donations	0	0	976	0	714	1,690
Other	3,233	200	0	0	1,821	5,254
Total Revenues	<u>1,193,107</u>	<u>632,490</u>	<u>70,362</u>	<u>639,735</u>	<u>46,074</u>	<u>2,581,768</u>
Expenditures:						
General Government	564,529	0	0	0	0	564,529
Public Safety	348,550	0	0	0	0	348,550
Highways and Streets	0	365,129	0	0	0	365,129
Parks and Recreation	0	0	0	0	26,550	26,550
Library Services	0	0	64,733	0	0	64,733
Cemetery	0	0	0	0	32,139	32,139
Solid Waste	76,688	0	0	0	0	76,688
Capital Outlay:						
General Government	7,043	0	0	36,000	0	43,043
Highways and Streets	0	176,678	0	0	0	176,678
Cemetery	0	0	0	0	6,420	6,420
Debt Service:						
Principal	87,500	52,381	0	0	0	139,881
Interest	49,188	21,798	0	0	0	70,986
Total Expenditures	<u>1,133,498</u>	<u>615,986</u>	<u>64,733</u>	<u>36,000</u>	<u>65,109</u>	<u>1,915,326</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>59,609</u>	<u>16,504</u>	<u>5,629</u>	<u>603,735</u>	<u>(19,035)</u>	<u>666,442</u>
Other Financing Sources/(Uses):						
Transfers In	602,657	0	0	602,657	50,104	1,255,418
Transfers Out	<u>(652,657)</u>	<u>(104)</u>	<u>0</u>	<u>(602,657)</u>	<u>0</u>	<u>(1,255,418)</u>
Total Other Financing Sources/(Uses)	<u>(50,000)</u>	<u>(104)</u>	<u>0</u>	<u>0</u>	<u>50,104</u>	<u>0</u>
Net Change in Fund Balances	9,609	16,400	5,629	603,735	31,069	666,442
Fund Balances - July 1, 2022	<u>433,329</u>	<u>221,011</u>	<u>412,823</u>	<u>236</u>	<u>314,989</u>	<u>1,382,388</u>
Fund Balances - June 30, 2023	<u>\$ 442,938</u>	<u>\$ 237,411</u>	<u>\$ 418,452</u>	<u>\$ 603,971</u>	<u>\$ 346,058</u>	<u>\$ 2,048,830</u>

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, 2023

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)	\$ 666,442
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$226,141) is allocated over their estimated useful lives and reported as depreciation expense (\$336,961). This is the amount by which depreciation exceeded capital outlays in the current period.	(110,820)
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.	(15,188)
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 (\$139,881) 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.	139,881
Governmental funds report employer pension contributions as expenditures (\$14,766). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$26,065) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(11,299)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.	(5,000)
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. This amount is the net difference in the treatment of these items from the previous year.	<u>(4,244)</u>
Change in net position of governmental activities (Exhibit B)	\$ <u><u>659,772</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, 2023

	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, 2023

	<u>Custodial Fund</u> <u>Education Tax</u> <u>Fund</u>
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>6,095,232</u>
Total Additions	<u>6,095,232</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>6,095,232</u>
Total Deductions	<u>6,095,232</u>
Change in Net Position	0
Net Position - July 1, 2022	<u>0</u>
Net Position - June 30, 2023	\$ <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, 2023

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, 2023

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct 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, 2023

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 – Subscription-Based Information Technology Arrangements

Effective June 30, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, “Leases”, as amended. The Town currently has no subscription-based information technology arrangements applicable to this Statement that are material to the financial statements.

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.

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

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
JUNE 30, 2023

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, 2023

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 transfers for the General Fund, unbudgeted expenditures for the Highway Fund and expenditures and transfers related to the prior year’s budgets for the Highway Fund and Library Fund.

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

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the Library Fund in the amount of \$10,585 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.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The Town's cash, cash equivalents and investments as of June 30, 2023 consisted of the following:

Cash and Cash Equivalents:

Deposits with Financial Institutions	\$1,431,473
Deposits with Investment Company	11,742
Certificate of Deposit	<u>11,505</u>
Total Cash and Cash Equivalents	<u>1,454,720</u>

Investments:

Certificates of Deposit	826,453
Common Stock	<u>19,853</u>
Total Investments	<u>846,306</u>

Total Cash, Cash Equivalents and Investments	<u>\$2,301,026</u>
--	--------------------

The Town has ten (10) 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>
TD Bank	\$241,922	3.69%	10/10/2023
M&T Bank	156,727	0.03%	06/30/2024
M&T Bank	124,170	0.03%	06/30/2024
M&T Bank	100,386	0.03%	05/28/2024
M&T Bank	77,112	0.03%	06/30/2024
Northfield Savings Bank	57,745	3.44%	01/13/2024
M&T Bank	35,607	0.18%	08/03/2023
M&T Bank	17,742	0.18%	08/19/2023
M&T Bank	15,042	4.40%	09/14/2024
M&T Bank	<u>11,505</u>	0.03%	07/17/2023
Total	<u>\$837,958</u>		

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The 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	\$ 904,631	\$ 905,232
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>1,376,542</u>	<u>1,415,548</u>
Total	<u>\$2,281,173</u>	<u>\$2,320,780</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,431,473
Cash – Deposits with Investment Company	11,742
Cash Equivalents – Certificate of Deposit	11,505
Investments – Certificates of Deposit	<u>826,453</u>
Total	<u>\$2,281,173</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.

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

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.

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

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

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

The Town has the following fair value measurements as of June 30, 2023:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Common Stock	\$ 19,853	\$ 19,853	\$ 0	\$ 0
Total	\$ 19,853	\$ 19,853	\$ 0	\$ 0

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

B. Receivables

Receivables as of June 30, 2023, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>
Delinquent Taxes Receivable	\$ 112,420
Penalties and Interest Receivable	19,500
Accounts Receivable	2,172
Allowance for Doubtful Accounts - Taxes, Penalties and Interest	<u>(17,000)</u>
Total	<u>\$ 117,092</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2023 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>24,510</u>	<u>6,420</u>	<u>0</u>	<u>30,930</u>
Total Capital Assets, Not Being Depreciated	<u>256,705</u>	<u>6,420</u>	<u>0</u>	<u>263,125</u>
Capital Assets, Being Depreciated:				
Land Improvements	22,266	0	0	22,266
Buildings and Building Improvements	3,502,223	0	5,500	3,496,723
Vehicles, Machinery, Equipment and Furniture	1,159,727	49,131	429,104	779,754
Infrastructure	<u>2,758,485</u>	<u>170,590</u>	<u>991,586</u>	<u>1,937,489</u>
Totals	<u>7,442,701</u>	<u>219,721</u>	<u>1,426,190</u>	<u>6,236,232</u>
Less Accumulated Depreciation for:				
Land Improvements	12,229	1,483	0	13,712
Buildings and Building Improvements	309,057	90,762	5,500	394,319
Vehicles, Machinery, Equipment and Furniture	706,318	80,489	413,916	372,891
Infrastructure	<u>1,669,826</u>	<u>164,227</u>	<u>991,586</u>	<u>842,467</u>
Totals	<u>2,697,430</u>	<u>336,961</u>	<u>1,411,002</u>	<u>1,623,389</u>
Total Capital Assets, Being Depreciated	<u>4,745,271</u>	<u>(117,240)</u>	<u>15,188</u>	<u>4,612,843</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,001,976</u>	<u>\$ (110,820)</u>	<u>\$ 15,188</u>	<u>\$ 4,875,968</u>

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

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 867
Public Safety	51,899
Highways and Streets	276,832
Parks and Recreation	952
Cemetery	3,090
Solid Waste	<u>3,321</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 336,961</u>

D. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2023 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 293,043
Highway Fund	237,411	0
Library Fund	27,107	0
Non-Major Governmental Funds	<u>28,525</u>	<u>0</u>
Total	<u>\$ 293,043</u>	<u>\$ 293,043</u>

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

Transfer From	Transfer To	Amount	Purpose
General Fund	Reappraisal Reserve Fund	\$ 10,000	* Appropriation
General Fund	ARPA Fund	602,657	Fund Future Projects
General Fund	Capital Equipment Fund	50,000	Appropriation
Highway Fund	Highway Garage Fund	104	Close Fund
ARPA Fund	General Fund	<u>602,657</u>	Fund General Government Expenditures
Total		<u>\$ 1,265,418</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.

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

E. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$11,588 from the difference between the expected and actual experience, \$25,052 from the net difference between the projected and actual investment earnings on pension plan investments, \$7,889 from changes in assumptions and \$3,363 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 \$14,766 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$62,658.

F. Unearned Revenue

Unearned revenue in the governmental activities and Non-Major Governmental Funds consists of \$100 of cemetery fees received in advance.

G. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$7,963 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 \$4,849 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$12,812.

Deferred inflows of resources in the General Fund consists of \$88,000 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 \$4,849 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$92,849.

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 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.

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

Long-term liabilities outstanding as of June 30, 2023 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	\$1,487,500	\$ 0	\$ 87,500	\$1,400,000
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	<u>1,100,000</u>	<u>0</u>	<u>52,381</u>	<u>1,047,619</u>
Total	<u>\$2,587,500</u>	<u>\$ 0</u>	<u>\$139,881</u>	<u>\$2,447,619</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	\$ 2,587,500	\$ 0	\$ 139,881	\$ 2,447,619	\$ 139,881
Compensated Absences Payable	4,749	4,493	0	9,242	0
Net Pension Liability	<u>75,801</u>	<u>78,505</u>	<u>0</u>	<u>154,306</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 2,668,050</u>	<u>\$ 82,998</u>	<u>\$ 139,881</u>	<u>\$ 2,611,167</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.

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

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
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	139,881	54,225	194,106
2029-2033	699,405	209,157	908,562
2034-2038	699,405	98,347	797,752
2039-2043	349,404	14,950	364,354
Total	<u>\$ 2,447,619</u>	<u>\$ 628,842</u>	<u>\$ 3,076,461</u>

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.

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

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	\$25,377

Non-Major Funds

Permanent Fund:	
Nonspendable for Perpetual Care	<u>21,983</u>
Total Nonspendable Fund Balances	<u>\$47,360</u>

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)	<u>\$77,112</u>
Total Restricted Fund Balances	<u>\$77,112</u>

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

Major Funds

General Fund:	
Committed for Reappraisal Expenses by the Voters	\$ <u>171,769</u>
Highway Fund:	
Committed for Highway Expenditures by the Voters	<u>237,411</u>
Library Fund:	
Committed for Library Expenses by the Voters	<u>418,452</u>

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

Non-Major Funds

Special Revenue Fund:	
Committed for Recreation Expenses by the Voters	\$ 16,883
Capital Project Funds:	
Committed for Capital Equipment Expenditures by the Voters	124,170
Permanent Fund:	
Committed for Cemetery Expenses by the Voters	<u>183,022</u>
Total Non-Major Funds	<u>324,075</u>
Total Committed Fund Balances	<u>\$1,151,707</u>

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

Major Funds

General Fund:	
Assigned to Reduce Property Taxes in Fiscal Year 2024	\$ 50,000
Assigned for Transfer Station Expenses	<u>47,112</u>
Total General Fund	97,112
ARPA Fund:	
Assigned for Community Building Project	<u>603,971</u>
Total Assigned Fund Balances	<u>\$701,083</u>

J. Restricted Net Position

The restricted net position of the Town as of June 30, 2023 consisted of the following:

Governmental Activities:	
Restricted for Cemetery Perpetual Care by Sale of Lots	\$21,983
Restricted for Records Preservation Expenses by Statute	<u>77,112</u>
Total Governmental Activities	<u>\$99,095</u>

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

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, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 participating employers.

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

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

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

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

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.0509% resulting in a net pension liability of \$154,306. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0509% was a decrease of 0.0006 from its proportion measured as of the prior year.

For the year ended June 30, 2023, the Town recognized pension expense of \$26,065.

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

As of June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,588	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	25,052	0
Changes in assumptions	7,889	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,363	7,963
Town's required employer contributions made subsequent to the measurement date	<u>14,766</u>	<u>0</u>
	<u>\$ 62,658</u>	<u>\$ 7,963</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$14,766 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2024	\$10,457
2025	9,308
2026	4,680
2027	<u>15,484</u>
Total	<u>\$39,929</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.

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

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

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

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.

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

Death Benefit:

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

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

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

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

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

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

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

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

Significant Actuarial Assumptions and Methods

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

Inflation: 2.30% per year.

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

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

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

Mortality:

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

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

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

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

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

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

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

Long-term Expected Rate of Return:

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

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

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

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

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

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$231,221	\$154,306	\$91,040

Additional Information

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

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

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, 2023, taxes became due and payable on October 31, 2022, January 31, 2023 and April 30, 2023. 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 2023 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.3361	.3361
Education	<u>1.5198</u>	<u>1.6017</u>
Total	<u>1.8559</u>	<u>1.9378</u>

D. Contingent Liabilities

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

TOWN OF 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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Revenues:			
Property Taxes	\$ 888,867	\$ 878,654	\$ (10,213)
State of Vermont - PILOT Program	39,000	42,561	3,561
Current Tax Interest	8,000	5,775	(2,225)
State of Vermont - Current Use	45,000	48,480	3,480
State of Vermont - State Owned Land	12,000	11,828	(172)
State of Vermont - Reimbursement Services	3,173	3,173	0
State of Vermont - Reappraisal	11,254	11,288	34
National Opioid Settlement Income	0	3,222	3,222
Total General Revenues	1,007,294	1,004,981	(2,313)
Town Revenues:			
Interest on Delinquent Taxes	12,500	7,740	(4,760)
Penalties on Delinquent Taxes	20,000	19,108	(892)
State of Vermont - Local Fines	5,000	2,927	(2,073)
Other	0	11	11
Total Town Revenues	37,500	29,786	(7,714)
Town Clerk Revenues:			
Copier Fees	4,500	2,564	(1,936)
Certified Copy Fees	800	600	(200)
Dog License Fees	1,250	1,115	(135)
Dog Fines	0	1,619	1,619
Liquor License Fees	620	185	(435)
Marriage License Fees	1,000	750	(250)
Recording Fees	35,002	19,841	(15,161)
Preservation of Records Fees	12,728	6,919	(5,809)
Town Clerk Fees	16,500	16,078	(422)
Vault Search Time Fees	1,200	573	(627)
Fax Fees	100	126	26
Spring Weight Permit Fees	680	750	70
DMV Temporary Renewal Fees	252	129	(123)
GISU/School District Reimbursement	4,250	1,475	(2,775)
Miscellaneous Income	0	8	8
Total Town Clerk Revenues	78,882	52,732	(26,150)
Other Revenues:			
Interest/Dividends	1,500	12,423	10,923
Solar Credits	0	9,878	9,878
Total Other Revenues	1,500	22,301	20,801
Listers Revenues:			
State of Vermont - Reappraisal Study	1,400	1,328	(72)
Lister Cards	400	243	(157)
Grand List	50	0	(50)
Total Listers Revenues	1,850	1,571	(279)

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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
DRB/Planning/Zoning Revenues:			
Planning - Bylaw/Town Plan Books	\$ 50	\$ 0	\$ (50)
DRB - Hearing Fees	4,000	3,700	(300)
Zoning - Building Permit Fees	10,000	4,750	(5,250)
Zoning - Square Footage Fees	12,500	6,319	(6,181)
Zoning - After the Fact Permit Fees	150	150	0
Zoning - Other Permit Fees	750	0	(750)
Zoning - Miscellaneous Income	50	165	115
Planning & DRB - Miscellaneous Income	0	30	30
Total DRB/Planning/Zoning Revenues	27,500	15,114	(12,386)
Solid Waste Revenues:			
Landfill Revenues	75,000	73,726	(1,274)
Recycling Revenues	7,500	4,240	(3,260)
Transfer Station Stickers	2,000	1,405	(595)
Total Solid Waste Revenues	84,500	79,371	(5,129)
Total Revenues	1,239,026	1,205,856	(33,170)
Expenditures:			
General Town Expenses:			
Town Report Preparers	1,000	1,000	0
Custodial Services	4,000	5,860	(1,860)
IT Administrator	5,000	9,961	(4,961)
Constable	2,070	2,070	0
Animal Control	0	1,956	(1,956)
Health Officer	1,433	1,433	0
Lawn Care	10,500	8,425	2,075
Selectboard	7,327	7,327	0
Selectboard Secretary	6,000	5,737	263
Delinquent Tax Penalty	20,000	33,110	(13,110)
FICA	3,277	3,802	(525)
Interest Expense	0	57	(57)
Audit	6,500	26,440	(19,940)
Computer	8,210	7,131	1,079
VLCT Dues	3,719	3,719	0
Law Enforcement	151,424	143,396	8,028
Electric	2,700	2,816	(116)
Water	1,275	780	495
Fuel	1,400	5,086	(3,686)
Legal Fees - Municipal	15,000	13,225	1,775
Legal Fees - Delinquent Tax Collector	2,500	316	2,184
Office Supplies	3,000	2,828	172
Capital Outlays	5,000	0	5,000
Postage	4,100	3,164	936
Public Notices	500	999	(499)
Town Report	1,200	1,200	0
Professional Education	750	20	730
Telephone	3,600	2,916	684
Copiers	3,500	3,345	155
Electric - Annex	0	500	(500)

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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
General Town Expenses/(Cont'd):			
Water - Annex	\$ 0	\$ 220	\$ (220)
Upkeep/Maintenance - Annex	5,000	3,013	1,987
Repairs/Maintenance	7,500	9,862	(2,362)
Mileage	50	0	50
Fish Hatchery - Fire Department	2,229	2,229	0
Fireworks Display	500	500	0
Fire Station Bond Payment	136,688	136,688	0
Fire Station Operation/Maintenance	10,000	10,876	(876)
National Opioid Settlement Expenses	0	90	(90)
Total General Town Expenses	436,952	462,097	(25,145)
Town Clerk/Treasurer:			
Town Clerk/Treasurer	99,682	92,467	7,215
Retirement	5,065	4,598	467
Health	10,585	0	10,585
Dental	600	598	2
FICA	7,626	6,940	686
Digitize Land Records Grant Expenses	0	824	(824)
Memberships/Dues	55	0	55
Animal Supplies & Expenses	150	1,230	(1,080)
Land/Vital Records Supplies	500	1,755	(1,255)
Restoration of Records	500	2,453	(1,953)
Professional Education	200	109	91
Mileage	1,550	1,558	(8)
Animal License Return	1,250	1,110	140
Marriage License Return	1,000	750	250
Total Town Clerk/Treasurer	128,763	114,392	14,371
GISU/School District Expenses:	4,500	1,475	3,025
Historical Buildings Operation:			
Electric	550	696	(146)
Payroll - Wages & FICA	4,000	3,919	81
Security/Telephone	850	783	67
Water	650	438	212
Buildings/Grounds Repairs/Maintenance	600	362	238
Total Historical Buildings Operation	6,650	6,198	452
Elections:			
Election Officials	3,500	3,974	(474)
FICA	268	292	(24)
Other Election Supplies	300	306	(6)
Program Tabulator/Ballots	2,000	1,344	656
Total Elections	6,068	5,916	152

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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Zoning Office:			
Zoning Administrator	\$ 26,000	\$ 27,914	\$ (1,914)
FICA	1,989	2,135	(146)
Mapping Services	825	925	(100)
Equipment	3,400	4,431	(1,031)
Legal Fees - Enforcement	3,000	766	2,234
Professional Education	150	28	122
Mileage	50	0	50
Total Zoning Office	<u>35,414</u>	<u>36,199</u>	<u>(785)</u>
Listers Office:			
Lister Salaries	35,000	27,199	7,801
FICA	2,678	2,081	597
Information Technology	200	0	200
Property Tax Map Update	825	925	(100)
Computer	250	238	12
Memberships/Dues	250	215	35
Public Notices	300	304	(4)
Professional Education	250	500	(250)
Mileage	600	246	354
Miscellaneous	100	0	100
Total Listers Office	<u>40,453</u>	<u>31,708</u>	<u>8,745</u>
Planning Commission:			
Administrative Assistant	4,300	4,300	0
Information Technology	1,200	0	1,200
FICA	421	329	92
NW Regional Planning Dues	2,336	2,336	0
Bylaws/Plan	450	1,197	(747)
Public Notices	400	0	400
Professional Education	250	10	240
Mileage	50	0	50
Total Planning Commission	<u>9,407</u>	<u>8,172</u>	<u>1,235</u>
Development Review Board:			
Clerk	12,850	8,498	4,352
Stipends	5,500	2,700	2,800
Information Technology	3,600	0	3,600
FICA	1,404	857	547
Equipment	400	0	400
Legal Fees	10,000	2,874	7,126
Public Notices	900	408	492
Professional Education	200	56	144
Miscellaneous	100	0	100
Total Development Review Board	<u>34,954</u>	<u>15,393</u>	<u>19,561</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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Solid Waste Operation:			
Attendant - Transfer Station	\$ 11,500	\$ 10,727	\$ 773
Attendant - Recycling Center	18,500	10,251	8,249
Highway Department - Labor	5,000	3,011	1,989
FICA	2,700	1,832	868
Utilities/Services	3,700	4,286	(586)
Equipment	1,000	0	1,000
Fuel	200	96	104
NWSW Dues	2,295	2,295	0
Supplies	200	2,269	(2,069)
Repairs/Maintenance	2,000	2,671	(671)
Miscellaneous	100	28	72
Total Solid Waste Operation	47,195	37,466	9,729
Solid Waste Disposal:			
Recyclables	2,000	2,273	(273)
Tires	1,400	1,092	308
Mixed Solid Waste	26,000	34,758	(8,758)
Scales & Building	200	175	25
Construction & Disposal	7,000	924	6,076
Total Solid Waste Disposal	36,600	39,222	(2,622)
Grand Isle County Tax:	137,570	138,888	(1,318)
Reappraisal Reserve Fund:	10,000	10,000	0
Articles:			
Emerald Ash Borer Tree Removal	10,000	2,363	7,637
UVM Home Health & Hospice	7,000	7,000	0
Grand Isle Rescue	73,000	73,000	0
Grand Isle Volunteer Fire Department	75,000	75,000	0
Grand Isle Volunteer Fire Department - Capital Equipment	30,000	30,000	0
Capital Equipment Reserve	50,000	50,000	0
Fire/Rescue Communications	10,000	11,979	(1,979)
Total Articles	255,000	249,342	5,658
Insurance:			
Unemployment	750	954	(204)
Municipal Insurance	48,750	49,289	(539)
Total Insurance	49,500	50,243	(743)
Total Expenditures	1,239,026	1,206,711	32,315
Excess/(Deficiency) of Revenues Over Expenditures	\$ 0	(855)	\$ (855)

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, 2023

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

Records Preservation Reserve Fund Income	\$ 132
Reappraisal Reserve Fund Income	263
Reappraisal Reserve Fund Transfer In	10,000
Transfer Station Reserve Fund Income	69
Unbudgeted Transfer from ARPA Fund	602,657
Unbudgeted Transfer to ARPA Fund	<u>(602,657)</u>
Net Change in Fund Balance	9,609
Fund Balance - July 1, 2022	<u>433,329</u>
Fund Balance - June 30, 2023	<u>\$ 442,938</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 and unbudgeted transfers.

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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 521,000	\$ 521,000	\$ 0
State of Vermont - State Aid	65,000	70,590	5,590
State of Vermont - Reimbursement Services	28,000	28,000	0
Grant Income	0	12,700	12,700
Miscellaneous	0	200	200
Total Revenues	614,000	632,490	18,490
Expenditures:			
Labor	137,500	112,737	24,763
Overtime Labor	15,250	14,526	724
Retirement	10,300	8,060	2,240
Health	21,200	14,131	7,069
Dental	1,200	798	402
FICA	11,700	9,565	2,135
Tools/Supplies	4,000	4,061	(61)
Highway Dump Truck Payment	25,000	0	25,000
Highway Dump Truck Interest	4,600	0	4,600
New Garage Principal & Interest	75,000	74,179	821
Road Materials	20,000	20,187	(187)
Equipment Repairs & Maintenance	20,000	19,935	65
Rented Equipment	9,000	9,013	(13)
Miscellaneous Equipment	2,500	3,173	(673)
Salt/Sand/Trucking	26,000	28,171	(2,171)
Equipment Fuel	20,000	22,814	(2,814)
Computer	1,500	564	936
Culverts	5,000	4,966	34
Office & Cell Phones	3,000	2,920	80
Electric	3,000	2,974	26
Fuel - Garage Heating	6,500	4,459	2,041
Road Signs & Posts	7,500	8,866	(1,366)
Water - Highway Department	1,000	614	386
Chloride	5,000	5,000	0
State of Vermont - State Aid Expenses	65,000	70,590	(5,590)
Grant Expenses	0	9,682	(9,682)
State Stormwater Permits	1,750	2,005	(255)
Retreatment	40,000	40,000	0
Outfitting New Garage	7,500	6,088	1,412
Miscellaneous	4,000	6,413	(2,413)
Road Materials - Blacktop	60,000	60,000	0
Total Expenditures	614,000	566,491	47,509
Excess of Revenues Over Expenditures	\$ 0	65,999	\$ 65,999

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

Unbudgeted Old Town Garage Demolition Expenditures	(49,495)
Unbudgeted Transfer Out - Prior Year Carryover Funds	(104)

Net Change in Fund Balance 16,400

Fund Balance - July 1, 2022 221,011

Fund Balance - June 30, 2023 \$ 237,411

The reconciling items are due to unbudgeted expenditures and transfers 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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 65,797	\$ 65,797	\$ 0
Donations	0	976	976
Interest	0	2,718	2,718
Grant Income	0	871	871
Total Revenues	65,797	70,362	4,565
Expenditures:			
Librarian Salaries	37,890	37,454	436
FICA	2,887	2,865	22
Health Insurance	10,585	0	10,585
Retirement	2,420	2,107	313
Dental	600	598	2
Booklist	170	170	0
Magazine Subscriptions	100	54	46
Adult Books	4,200	4,045	155
Audio Visual	1,000	972	28
Children's Books	2,200	2,185	15
GMLC	600	673	(73)
Professional Development	300	0	300
Utilities	4,000	0	4,000
Electric	0	1,461	(1,461)
Fuel	0	749	(749)
Telephone	0	1,533	(1,533)
Water	0	587	(587)
Office Supplies/Postage	1,900	1,536	364
Interlibrary Loan	1,060	1,125	(65)
Bank Fees/Miscellaneous	100	0	100
Computer Replacement	300	0	300
Technical/Computer Support	700	470	230
Travel	150	0	150
Dues	170	0	170
Cleaning - Library & Furnace	1,560	1,485	75
Programs	2,490	2,352	138
Automation/Follett	1,000	980	20
ARPA Expenses	0	1,226	(1,226)
Total Expenditures	76,382	64,627	11,755
Excess/(Deficiency) of Revenues Over Expenditures	\$ (10,585)	5,735	\$ 16,320
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Unbudgeted Expenditures - Prior Year Carryover Funds		(106)	
Net Change in Fund Balance		5,629	
Fund Balance - July 1, 2022		412,823	
Fund Balance - June 30, 2023		\$ 418,452	

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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 303,371,956	\$ 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	0.0509%	0.0515%	0.0483%	0.0580%	0.0670%	0.0651%	0.0748%	0.0690%	0.0788%
Town's Proportionate Share of the Net Pension Liability	\$ 154,306	\$ 75,801	\$ 122,076	\$ 100,547	\$ 94,291	\$ 78,828	\$ 96,243	\$ 51,550	\$ 7,192
Town's Covered Employee Payroll	\$ 203,614	\$ 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	75.7836%	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	73.60%	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.

Changes in Plan Provisions: At the November 17, 2020 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.50% each year for a period of four years, beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022.

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

TOWN OF GRAND ISLE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 14,766	\$ 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>14,766</u>	<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>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 227,164	\$ 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	6.500%	6.250%	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2022

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

TOWN OF GRAND ISLE, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Fund	Capital Projects Funds		Permanent Fund	
	Recreation Fund	Highway Garage Fund	Highway Capital Equipment Fund	Cemetery Fund	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 55,482	\$ 55,482
Investments	0	0	124,170	137,981	262,151
Due from Other Funds	16,883	0	0	11,642	28,525
Total Assets	<u>\$ 16,883</u>	<u>\$ 0</u>	<u>\$ 124,170</u>	<u>\$ 205,105</u>	<u>\$ 346,158</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Unearned Revenue	\$ 0	\$ 0	\$ 0	\$ 100	\$ 100
Total Liabilities	0	0	0	100	100
Fund Balances:					
Nonspendable	0	0	0	21,983	21,983
Committed	16,883	0	124,170	183,022	324,075
Total Fund Balances	16,883	0	124,170	205,005	346,058
Total Liabilities and Fund Balances	<u>\$ 16,883</u>	<u>\$ 0</u>	<u>\$ 124,170</u>	<u>\$ 205,105</u>	<u>\$ 346,158</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, 2023

	Special Revenue Fund	Capital Projects Funds		Permanent Fund	
	Recreation Fund	Highway Garage Fund	Highway Capital Equipment Fund	Cemetery Fund	Total
Revenues:					
Property Taxes	\$ 16,120	\$ 0	\$ 0	\$ 20,000	\$ 36,120
Charges for Services	5,983	0	0	4,250	10,233
Investment Income/(Loss)	0	0	133	(2,947)	(2,814)
Donations	0	0	0	714	714
Other	1,821	0	0	0	1,821
Total Revenues	23,924	0	133	22,017	46,074
Expenditures:					
Parks and Recreation	26,550	0	0	0	26,550
Cemetery	0	0	0	32,139	32,139
Capital Outlay: Cemetery	0	0	0	6,420	6,420
Total Expenditures	26,550	0	0	38,559	65,109
Excess/(Deficiency) of Revenues Over Expenditures	(2,626)	0	133	(16,542)	(19,035)
Other Financing Sources:					
Transfers In	0	104	50,000	0	50,104
Total Other Financing Sources	0	104	50,000	0	50,104
Net Change in Fund Balances	(2,626)	104	50,133	(16,542)	31,069
Fund Balances - July 1, 2022	19,509	(104)	74,037	221,547	314,989
Fund Balances - June 30, 2023	\$ 16,883	\$ 0	\$ 124,170	\$ 205,005	\$ 346,058

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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

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

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

Selectboard
Town of 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 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, 2023, 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 January 31, 2024. 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 a certain deficiency that we consider to be a material weakness 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 deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2023-001 to be a material weakness.

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 2023-002 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.

January 31, 2024
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GRAND ISLE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

Deficiencies in Internal Control:

Material Weaknesses:

2023-001 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.

Significant Deficiencies:

2023-002 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.

TOWN OF GRAND ISLE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

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

9 Hyde Road, P.O. Box 49, Grand Isle, Vermont 05458-0049

Phone (802) 372-8830 • Fax (802) 372-8815

www.grandislevt.org

January 31, 2024

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:

2023-01 Transfer Station Revenues – A new point-of-sale system has been installed at the Transfer Station as well conducting a fraud risk assessment yearly.

2023-02 Authorization of General Journal Entries – A new policy has been adopted that requires appropriate officials to authorize and review all adjustments made to the books of original entry.

Should any additional information be necessary feel free to contact me.

Best regards,

Melissa A. Boutin
Town Treasurer