

Federal Compliance Audit

Town of Fair Haven, Vermont

June 30, 2023



Proven Expertise & Integrity

TOWN OF FAIR HAVEN, VERMONT

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 13
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	14 - 15
STATEMENT B - STATEMENT OF ACTIVITIES	16 - 17
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	18
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	22
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	23
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	24
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	25

STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	26
NOTES TO FINANCIAL STATEMENTS	27 - 55

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	56
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	57
SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - HIGHWAY FUND	58
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	59
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	63
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	64 - 65
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	66
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	67
SPECIAL REVENUE FUNDS DESCRIPTION	68
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	69 - 70
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	71 - 72

CAPITAL PROJECTS FUNDS DESCRIPTION	73
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	74 - 75
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	76 - 77
FIDUCIARY FUNDS DESCRIPTION	78
SCHEDULE I - COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS	79
SCHEDULE J - COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS	80
<u>FEDERAL COMPLIANCE</u>	
FEDERAL COMPLIANCE DESCRIPTION	81
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	82
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	83
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 <i>GOVERNMENT AUDITING STANDARDS</i>	84 - 85
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	86 - 88
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	89 - 90



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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Fair Haven
Fair Haven, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, 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 Fair Haven, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, Vermont as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Fair Haven, 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 audit opinions.

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 Fair Haven, 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 Fair Haven, 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 judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Fair Haven, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 13 and 57 through 61 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fair Haven, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2024 on our consideration of the Town of Fair Haven, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Fair Haven, 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 Fair Haven, Vermont's internal control over financial reporting and compliance.



Buxton, Maine
Vermont Registration No. 092.0000697
September 6, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of the Town of Fair Haven, Vermont's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Fair Haven's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, highway budgetary comparison schedule, pension information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Fair Haven are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, highways, public works, culture and recreation, cemeteries, health and welfare and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Fair Haven include the water fund, sewer fund and water and sewer reserve fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Fair Haven, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Fair Haven can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Fair Haven presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the highway fund and the GF reserve fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general and highway funds are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund and the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Fair Haven maintains three proprietary funds, the water fund, sewer fund and the water and sewer reserve fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$590,438 from \$5,151,843 to \$5,742,281. For business-type activities, the Town's total net position increased by \$897,735 from \$5,726,795 to \$6,624,530.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for the governmental activities to a balance of \$2,305,312 at the end of the fiscal year. For the business-type activities, unrestricted net position increased to a balance of \$39,630.

Table 1
Town of Fair Haven, Vermont
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022 (Restated)</u>
Assets:				
Current Assets	\$ 2,578,448	\$ 2,487,057	\$ 995,332	\$ 1,331,770
Noncurrent Assets - Capital Assets	3,657,263	3,244,519	11,312,682	10,970,804
Noncurrent Assets - Note Receivable	218,664	218,664	-	-
Total Assets	<u>6,454,375</u>	<u>5,950,240</u>	<u>12,308,014</u>	<u>12,302,574</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	237,923	162,957	102,544	66,561
Total Deferred Outflows of Resources	<u>237,923</u>	<u>162,957</u>	<u>102,544</u>	<u>66,561</u>
Liabilities:				
Current Liabilities	269,137	327,546	275,476	766,689
Noncurrent Liabilities	655,051	426,296	5,503,860	5,794,076
Total Liabilities	<u>924,188</u>	<u>753,842</u>	<u>5,779,336</u>	<u>6,560,765</u>
Deferred Inflows of Resources:				
Prepaid Taxes	13,911	10,536	1,555	1,120
Deferred Inflows Related to Pensions	11,918	196,976	5,137	80,455
Total Deferred Inflows of Resources	<u>25,829</u>	<u>207,512</u>	<u>6,692</u>	<u>81,575</u>
Net Position:				
Net Investment in Capital Assets	3,250,553	3,093,379	5,840,344	5,035,320
Restricted: Special Revenue Funds	186,416	124,344	-	-
Enterprise Funds	-	-	744,556	830,928
Unrestricted (deficit)	2,305,312	1,934,120	39,630	(139,453)
Total Net Position	<u>\$ 5,742,281</u>	<u>\$ 5,151,843</u>	<u>\$ 6,624,530</u>	<u>\$ 5,726,795</u>

Table 2
Town of Fair Haven, Vermont
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2023</u>	<u>2021</u>	<u>2023</u>	<u>2021</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 545,814	\$ 401,215	\$ 1,009,099	\$ 987,181
Operating grants and contributions	93,677	101,287	1,052,625	1,486,605
<i>General Revenues:</i>				
Taxes	2,217,289	2,096,989	-	-
Grants and contributions not restricted to specific programs	809,456	546,965	-	-
Miscellaneous	105,506	269,140	16,806	21,015
Total Revenues	<u>3,771,742</u>	<u>3,415,596</u>	<u>2,078,530</u>	<u>2,494,801</u>
Expenses				
General government	361,619	73,856	-	-
Public safety	550,290	472,807	-	-
Highways	788,640	591,823	-	-
Public works	339,311	254,236	970,062	1,385,358
Culture and recreation	97,763	177,350	-	-
Cemeteries	27,591	30,570	-	-
Health and welfare	1,671	1,842	-	-
County tax	13,074	11,257	-	-
Interest on long-term debt	3,470	4,742	7,089	35,842
Depreciation	-	-	245,280	247,541
Unclassified	956,239	1,266,827	-	-
Total Expenses	<u>3,139,668</u>	<u>2,885,310</u>	<u>1,222,431</u>	<u>1,668,741</u>
Transfers	<u>(41,636)</u>	<u>-</u>	<u>41,636</u>	<u>-</u>
Change in Net Position	590,438	530,286	897,735	826,060
Net Position - July 1, Restated	<u>5,151,843</u>	<u>4,621,557</u>	<u>5,726,795</u>	<u>4,900,735</u>
Net Position - June 30	<u>\$ 5,742,281</u>	<u>\$ 5,151,843</u>	<u>\$ 6,624,530</u>	<u>\$ 5,726,795</u>

Revenues and Expenses

Revenues for the Town of Fair Haven's governmental activities increased by 10.43%, while total expenses increased by 8.82%. The increase in revenues was primarily due to taxes and grants and contributions not restricted to specific programs.

Revenues for the business-type activities decreased by 16.69%, while total expenses decreased by 26.75%. Refer to Statement H on page 23 for detailed information.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Fair Haven, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 6,197	\$ -	\$ 6,197
Assigned	96,809	96,809	-
Unassigned	<u>111,914</u>	<u>138,835</u>	<u>(26,921)</u>
Total General Fund	<u>\$ 214,920</u>	<u>\$ 235,644</u>	<u>\$ (20,724)</u>
Highway Fund			
Committed	\$ 82,298	\$ 116,777	\$ (34,479)
Assigned	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Highway Fund	<u>\$ 132,298</u>	<u>\$ 166,777</u>	<u>\$ (34,479)</u>
GF Reserve Fund:			
Committed	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Total GF Reserve Fund	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 186,416	\$ 124,344	\$ 62,072
Committed	610,478	599,245	11,233
Capital Projects Funds:			
Committed	982,397	889,230	93,167
Unassigned	<u>(5,620)</u>	<u>(19,330)</u>	<u>13,710</u>
Total Nonmajor Funds	<u>\$ 1,773,671</u>	<u>\$ 1,593,489</u>	<u>\$ 180,182</u>

The changes to total fund balances for the general fund, highway fund, GF reserve fund and nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water fund had a decrease in the net position for the fiscal year of \$119,641. The sewer fund had an increase in net position this fiscal year of \$1,103,748. The water and sewer fund reserve had a decrease in net position of \$86,372.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$159,945. All revenue categories were in excess of budgeted amounts.

The general fund actual expenditures exceeded budgeted amounts by \$130,669. Most expenditure categories were expended in excess of budgeted amounts with the exception of cemeteries, health and welfare, county tax, debt service - principal and transfers to other funds. The excess expenditures were offset by revenues that exceeded budget.

There was no difference between the original and final budget for the highway fund.

The highway fund actual revenues exceeded budgeted amounts by \$2,200. All revenue categories were receipted within or in excess of budgeted amounts except for miscellaneous revenues.

The highway fund actual expenditures exceeded budgeted amounts by \$36,679. Most expenditure categories exceeded budgeted amounts with the exception of admin, winter work, hydrant replacement and debt service - principal.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$754,622 from the prior year. The increase is the result of capital additions of \$1,168,345, less current year net disposals of \$26,931 and depreciation of \$386,792.

Table 4
Town of Fair Haven, Vermont
Capital Assets (Net of Depreciation)
June 30,

	2023	2022 (Restated)
Land	\$ 35,837	\$ 35,837
Construction in progress	805,656	6,299,924
Buildings, building improvements and land improvements	9,083,322	2,716,468
Machinery, equipment and vehicles	720,813	678,317
Infrastructure	4,324,317	4,484,777
Total	\$ 14,969,945	\$ 14,215,323

Debt

At June 30, 2023, the Town had \$5,879,048 in bonds and notes from direct borrowings payable versus \$6,086,624 last year. Refer to Note 7 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately one month. However, the Town continues to maintain significant reserves for future operations, capital and program needs. The current period's decrease was due to expenses exceeding budget along with a budgeted use of fund balance.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 5 North Park Place, Fair Haven, Vermont 05743.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,383,287	\$ 719,055	\$ 3,102,342
Accounts receivable (net of allowance for uncollectibles):			
Taxes	224,069	-	224,069
Other	147,222	93,040	240,262
Prepaid items	6,197	-	6,197
Loan receivable	-	910	910
Internal balances	(182,327)	182,327	-
Total current assets	<u>2,578,448</u>	<u>995,332</u>	<u>3,573,780</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	840,741	752	841,493
Depreciable assets, net of accumulated depreciation	2,816,522	11,311,930	14,128,452
Total capital assets	<u>3,657,263</u>	<u>11,312,682</u>	<u>14,969,945</u>
Note receivable	218,664	-	218,664
Total noncurrent assets	<u>3,875,927</u>	<u>11,312,682</u>	<u>15,188,609</u>
TOTAL ASSETS	<u>6,454,375</u>	<u>12,308,014</u>	<u>18,762,389</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>237,923</u>	<u>102,544</u>	<u>340,467</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>237,923</u>	<u>102,544</u>	<u>340,467</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,692,298</u>	<u>\$ 12,410,558</u>	<u>\$ 19,102,856</u>

STATEMENT A (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 190,168	\$ 28,909	\$ 219,077
Accrued expenses	23,773	6,002	29,775
Due to ther governments	743	-	743
Current portion of long-term obligations	54,453	240,565	295,018
Total current liabilities	<u>269,137</u>	<u>275,476</u>	<u>544,613</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	-	5,213,996	5,213,996
Notes from direct borrowings payable	354,015	18,000	372,015
Accrued compensated absences	33,406	4,234	37,640
Net pension liability	267,630	267,630	535,260
Total noncurrent liabilities	<u>655,051</u>	<u>5,503,860</u>	<u>6,158,911</u>
TOTAL LIABILITIES	<u>924,188</u>	<u>5,779,336</u>	<u>6,703,524</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes/fees	13,911	1,555	15,466
Deferred inflows related to pensions	11,918	5,137	17,055
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>25,829</u>	<u>6,692</u>	<u>32,521</u>
NET POSITION			
Net investment in capital assets	3,250,553	5,840,344	9,090,897
Restricted	186,416	744,556	930,972
Unrestricted	2,305,312	39,630	2,344,942
TOTAL NET POSITION	<u>5,742,281</u>	<u>6,624,530</u>	<u>12,366,811</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,692,298</u>	<u>\$ 12,410,558</u>	<u>\$ 19,102,856</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 361,619	\$ 61,282	\$ -	\$ -	\$ (300,337)	\$ -	\$ (300,337)
Public safety	550,290	199,017	-	-	(351,273)	-	(351,273)
Highways	788,640	-	93,677	-	(694,963)	-	(694,963)
Public works	339,311	162,453	-	-	(176,858)	-	(176,858)
Culture and recreation	97,763	123,062	-	-	25,299	-	25,299
Cemeteries	27,591	-	-	-	(27,591)	-	(27,591)
Health and welfare	1,671	-	-	-	(1,671)	-	(1,671)
County tax	13,074	-	-	-	(13,074)	-	(13,074)
Interest on long-term debt	3,470	-	-	-	(3,470)	-	(3,470)
Unclassified	956,239	-	-	-	(956,239)	-	(956,239)
Total governmental activities	<u>3,139,668</u>	<u>545,814</u>	<u>93,677</u>	<u>-</u>	<u>(2,500,177)</u>	<u>-</u>	<u>(2,500,177)</u>
Business-type activities:							
Water fund	575,204	446,017	-	-	-	923,438	923,438
Sewer fund	519,219	563,082	1,052,625	-	-	43,863	43,863
Water and sewer reserve fund	128,008	-	-	-	-	(128,008)	(128,008)
Total business-type activities	<u>1,222,431</u>	<u>1,009,099</u>	<u>1,052,625</u>	<u>-</u>	<u>-</u>	<u>839,293</u>	<u>839,293</u>
Total government	<u>\$ 4,362,099</u>	<u>\$ 1,554,913</u>	<u>\$ 1,146,302</u>	<u>\$ -</u>	<u>(2,500,177)</u>	<u>839,293</u>	<u>(1,660,884)</u>

STATEMENT B (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(2,500,177)</u>	<u>839,293</u>	<u>(1,660,884)</u>
General revenues:			
Taxes, levied for general purposes	2,217,289	-	2,217,289
Grants and contributions not restricted to specific programs	809,456	-	809,456
Miscellaneous	<u>105,506</u>	<u>16,806</u>	<u>122,312</u>
Total general revenues	<u>3,132,251</u>	<u>16,806</u>	<u>3,149,057</u>
Transfers	<u>(41,636)</u>	<u>41,636</u>	<u>-</u>
Change in net position	590,438	897,735	1,488,173
NET POSITION - JULY 1, RESTATED	<u>5,151,843</u>	<u>5,726,795</u>	<u>10,878,638</u>
NET POSITION - JUNE 30	<u>\$ 5,742,281</u>	<u>\$ 6,624,530</u>	<u>\$ 12,366,811</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Highway Fund	GF Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 652,254	\$ -	\$ 1,171,850	\$ 559,183	\$ 2,383,287
Accounts receivable (net of allowance for uncollectibles):					
Taxes	224,069	-	-	-	224,069
Other	132,665	-	-	14,557	147,222
Prepaid items	6,197	-	-	-	6,197
Note receivable	218,664	-	-	-	218,664
Due from other funds	1,669,279	141,118	-	1,467,239	3,277,636
TOTAL ASSETS	\$ 2,903,128	\$ 141,118	\$ 1,171,850	\$ 2,040,979	\$ 6,257,075
LIABILITIES					
Accounts payable	\$ 41,244	\$ 2,920	\$ -	\$ 146,004	\$ 190,168
Accrued expenses	17,873	5,900	-	-	23,773
Due to other governments	743	-	-	-	743
Due to other funds	2,216,809	-	1,121,850	121,304	3,459,963
TOTAL LIABILITIES	2,276,669	8,820	1,121,850	267,308	3,674,647
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	13,911	-	-	-	13,911
Deferred tax revenue	178,964	-	-	-	178,964
Deferred notes receivable	218,664	-	-	-	218,664
TOTAL DEFERRED INFLOWS OF RESOURCES	411,539	-	-	-	411,539
FUND BALANCES					
Nonspendable	6,197	-	-	-	6,197
Restricted	-	-	-	186,416	186,416
Committed	-	82,298	50,000	1,592,875	1,725,173
Assigned	96,809	50,000	-	-	146,809
Unassigned (deficit)	111,914	-	-	(5,620)	106,294
TOTAL FUND BALANCES	214,920	132,298	50,000	1,773,671	2,170,889
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,903,128	\$ 141,118	\$ 1,171,850	\$ 2,040,979	\$ 6,257,075

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds
Total Fund Balances	\$ 2,170,889
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, net of accumulated depreciation	3,657,263
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred tax revenues	178,964
Deferred notes receivable	218,664
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	237,923
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Notes from direct borrowings payable	(406,710)
Accrued compensated absences	(35,164)
Net pension liability	(267,630)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(11,918)
Net position of governmental activities	\$ 5,742,281

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Highway Fund	GF Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,633,774	\$ 617,995	\$ -	\$ -	\$ 2,251,769
Intergovernmental	32,858	93,677	-	776,598	903,133
Charges for services	422,752	-	-	123,062	545,814
Miscellaneous revenues	76,616	8,523	-	20,367	105,506
TOTAL REVENUES	2,166,000	720,195	-	920,027	3,806,222
EXPENDITURES					
Current:					
General government	389,159	-	-	-	389,159
Public safety	543,070	-	-	25,000	568,070
Highways	-	748,704	-	-	748,704
Public works	269,119	-	-	40,768	309,887
Culture and recreation	62,542	-	-	22,605	85,147
Cemeteries	26,988	-	-	-	26,988
Health and welfare	1,671	-	-	-	1,671
County tax	13,074	-	-	-	13,074
Unclassified	780,401	-	-	657,836	1,438,237
Debt service:					
Principal	5,200	-	-	-	5,200
Interest	-	3,470	-	-	3,470
TOTAL EXPENDITURES	2,091,224	752,174	-	746,209	3,589,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	74,776	(31,979)	-	173,818	216,615
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	50,000	48,000	98,000
Transfers (out)	(95,500)	(2,500)	-	(41,636)	(139,636)
TOTAL OTHER FINANCING SOURCES (USES)	(95,500)	(2,500)	50,000	6,364	(41,636)
NET CHANGE IN FUND BALANCES	(20,724)	(34,479)	50,000	180,182	174,979
FUND BALANCES - JULY 1	235,644	166,777	-	1,593,489	1,995,910
FUND BALANCES - JUNE 30	\$ 214,920	\$ 132,298	\$ 50,000	\$ 1,773,671	\$ 2,170,889

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, 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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 174,979</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	581,187
Capital asset disposals	(26,931)
Depreciation expense	<u>(141,512)</u>
	<u>412,744</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Deferred taxes	<u>(34,480)</u>
Deferred notes receivable	
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>74,966</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>60,295</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(315,865)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>185,058</u>
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:	
Accrued compensated absences	(9,484)
Net pension liability	<u>42,225</u>
	<u>32,741</u>
Change in net position of governmental activities (Statement B)	<u>\$ 590,438</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 719,055	\$ 719,055
Accounts receivable (net of allowance for uncollectibles)	41,641	51,399	-	93,040
Loans receivable	-	910	-	910
Due from other funds	-	608,452	-	608,452
Total current assets	<u>41,641</u>	<u>660,761</u>	<u>719,055</u>	<u>1,421,457</u>
Noncurrent assets:				
Capital assets:				
Land	751	1	-	752
Buildings and building improvements	5,276,413	6,479,943	-	11,756,356
Equipment and vehicles	205,860	274,428	-	480,288
Infrastructure	4,801,550	148,050	-	4,949,600
Less: accumulated depreciation	(5,632,774)	(241,540)	-	(5,874,314)
Total noncurrent assets	<u>4,651,800</u>	<u>6,660,882</u>	<u>-</u>	<u>11,312,682</u>
TOTAL ASSETS	<u>4,693,441</u>	<u>7,321,643</u>	<u>719,055</u>	<u>12,734,139</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	49,655	52,889	-	102,544
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>49,655</u>	<u>52,889</u>	<u>-</u>	<u>102,544</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,743,096</u>	<u>\$ 7,374,532</u>	<u>\$ 719,055</u>	<u>\$ 12,836,683</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 4,635	\$ 24,274	\$ -	\$ 28,909
Accrued expenses	2,605	3,397	-	6,002
Due to other funds	321,280	-	104,845	426,125
Current portion of long-term obligations	82,313	158,252	-	240,565
Total current liabilities	<u>410,833</u>	<u>185,923</u>	<u>104,845</u>	<u>701,601</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations				
Bonds payable	1,792,192	3,421,804	-	5,213,996
Notes from direct borrowings payable	-	18,000	-	18,000
Accrued compensated absences	1,314	2,920	-	4,234
Net pension liability	129,595	138,035	-	267,630
Total noncurrent liabilities	<u>1,923,101</u>	<u>3,580,759</u>	<u>-</u>	<u>5,503,860</u>
TOTAL LIABILITIES	<u>2,333,934</u>	<u>3,766,682</u>	<u>104,845</u>	<u>6,205,461</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid fees	1,078	477	-	1,555
Deferred inflows related to pensions	2,488	2,649	-	5,137
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,566</u>	<u>3,126</u>	<u>-</u>	<u>6,692</u>
NET POSITION				
Net investment in capital assets	2,792,360	3,047,984	-	5,840,344
Restricted	-	130,346	614,210	744,556
Unrestricted (deficit)	(386,764)	426,394	-	39,630
TOTAL NET POSITION	<u>2,405,596</u>	<u>3,604,724</u>	<u>614,210</u>	<u>6,624,530</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,743,096</u>	<u>\$ 7,374,532</u>	<u>\$ 719,055</u>	<u>\$ 12,836,683</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
OPERATING REVENUES				
Intergovernmental	\$ -	\$ 1,052,625	\$ -	\$ 1,052,625
Charges for services	446,017	563,082	-	1,009,099
Other	9,546	7,260	-	16,806
TOTAL OPERATING REVENUES	455,563	1,622,967	-	2,078,530
OPERATING EXPENSES				
Payroll	156,717	166,924	-	323,641
Benefits	61,840	53,575	-	115,415
Supplies	43,339	48,328	-	91,667
Equipment	13,806	18,711	-	32,517
Purchased services	11,901	154,284	-	166,185
Repairs and maintenance	13,641	3,004	128,008	144,653
Utilities	18,441	45,385	-	63,826
Miscellaneous	6,164	2,220	-	8,384
Insurance	11,887	11,887	-	23,774
Depreciation	231,279	14,001	-	245,280
TOTAL OPERATING EXPENSES	569,015	518,319	128,008	1,215,342
OPERATING INCOME (LOSS)	(113,452)	1,104,648	(128,008)	863,188
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(6,189)	(900)	-	(7,089)
Transfers in	-	-	41,636	41,636
Transfers (out)	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(6,189)	(900)	41,636	34,547
CHANGE IN NET POSITION	(119,641)	1,103,748	(86,372)	897,735
NET POSITION - JULY 1, RESTATED	2,525,237	2,500,976	700,582	5,726,795
NET POSITION - JUNE 30	\$ 2,405,596	\$ 3,604,724	\$ 614,210	\$ 6,624,530

See accompanying independent auditor's report and notes to financial statements.

STATEMENT I

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 445,795	\$ 570,709	\$ -	\$ 1,016,504
Intergovernmental revenues	-	1,052,625	-	1,052,625
Other receipts	9,546	7,260	-	16,806
Internal activity - receipts (payments) from/to other funds	8,653	151,113	86,372	246,138
Payments to employees	(203,934)	(207,450)	-	(411,384)
Payments to suppliers	(79,864)	(741,293)	(128,008)	(949,165)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	180,196	832,964	(41,636)	971,524
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	41,636	41,636
NET CASH PROVIDED (USED) FROM NONCAPITAL FINANCING ACTIVITIES	-	-	41,636	41,636
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on long-term debt	(6,189)	(900)	-	(7,089)
Capital asset additions	(1,310)	(550,615)	-	(551,925)
Proceeds from notes from direct borrowings payable	-	14,983	-	14,983
Principal payments on long-term debt	(172,697)	(296,432)	-	(469,129)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(180,196)	(832,964)	-	(1,013,160)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	719,055	719,055
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ 719,055	\$ 719,055
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (113,452)	\$ 1,104,648	\$ (128,008)	\$ 863,188
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	231,279	14,001	-	245,280
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(180)	7,150	-	6,970
(Increase) decrease in prepaid items	39,097	-	-	39,097
(Increase) decrease in due from other funds	-	45,763	-	45,763
(Increase) decrease in deferred outflows of resources	(17,522)	(18,461)	-	(35,983)
Increase (decrease) in accounts payable	(756)	(460,871)	-	(461,627)
Increase (decrease) in accrued expenses	974	3,397	-	4,371
Increase (decrease) due to other funds	8,653	105,350	86,372	200,375
Increase (decrease) prepaid fees	(42)	477	-	435
Increase (decrease) in accrued compensated absences	-	(2,097)	-	(2,097)
Increase (decrease) in net pension liability	68,497	72,573	-	141,070
Increase (decrease) deferred inflows of resources	(36,352)	(38,966)	-	(75,318)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 180,196	\$ 832,964	\$ (41,636)	\$ 971,524
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	\$ 6,189	\$ 900	\$ -	\$ 7,089

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	Total Private-Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 5,043
Investments	543,141
TOTAL ASSETS	<u>\$ 548,184</u>
LIABILITIES	
Due to other governments	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted	<u>\$ 548,184</u>
TOTAL NET POSITION	<u>548,184</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 548,184</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS	
Investment earnings	<u>\$ 388,821</u>
Total additions	<u>388,821</u>
DEDUCTIONS	
Other	<u>-</u>
Total deductions	<u>-</u>
CHANGE IN NET POSITION	388,821
NET POSITION - JULY 1	<u>159,363</u>
NET POSITION - JUNE 30	<u><u>\$ 548,184</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Fair Haven was incorporated under the laws of the State of Vermont. The Town operates under the Selectboard-manager form of government and provides the following services: general government, public safety, highways, public works, culture and recreation, cemeteries, health and welfare and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water, sewer and water and sewer reserve funds are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Highway Fund is used to account for proceeds from highway grant intergovernmental revenue related to highway expenditures. The sources of revenues are from property taxes and intergovernmental revenues.
- c. The GF Reserve Fund is used to account for acquisition or construction of major capital facilities or equipment. Revenue sources are from transfers from other funds.

Nonmajor funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

1. Accrual

Governmental activities in the government-wide financial statements and proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. In the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A Town meeting of the residents of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$240,262 for the year ended June 30, 2023. The allowance for uncollectible accounts for loans and notes receivable is estimated to be \$0 as of June 30, 2023. Loans and notes receivable netted with allowances for uncollectible accounts were \$219,574 for the year ended June 30, 2023.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town.

Estimated useful lives are as follows:

Buildings and improvements	10 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 25 years
Vehicles	3 - 25 years

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by the vote of the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions 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 Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. 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.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption outflow of resources (expense/expenditure) until then. The Town has only one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred tax revenues and deferred notes receivable, which arise only under a modified accrual basis of accounting, qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes/fees also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied in July on the assessed value listed as of April 1, annually, for all real and personal property located in the Town. Taxes were due in four installments on August 10, November 10, February 10 and May 10. All delinquent payments on May 11 are subject to an 8% penalty. Interest is calculated at 1% per month for September through November and 1.5%, thereafter, following a 30-day grace period.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2023, the Town's cash balance of \$3,107,385 was comprised of deposits amounting to \$2,759,909. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these deposits, \$250,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,509,909 was collateralized by the financial institution in the Town's name.

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 216,264
Repurchase agreements	2,537,706
Money market accounts	1,796
Cash equivalents	4,143
	\$ 2,759,909

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$543,141 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Town's investments of \$543,141 were comprised of certificates of deposit. The entire amount was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 1,669,279	\$ 2,216,809
Highway Fund	141,118	-
GF Reserve Fund	-	1,121,850
Nonmajor Special Revenue Funds	569,527	115,684
Nonmajor Capital Projects Funds	897,712	5,620
Water Fund	-	321,280
Sewer Fund	608,452	-
Water and Sewer Reserve Fund	-	104,845
	<u>\$ 3,886,088</u>	<u>\$ 3,886,088</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 95,500	\$ -
Highway Fund	2,500	-
GF Reserve Fund	-	50,000
Nonmajor Special Revenue Funds	41,636	-
Nonmajor Capital Projects Funds	-	48,000
Water and Sewer Reserve Fund	-	41,636
	<u>\$ 139,636</u>	<u>\$ 139,636</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 35,085	\$ -	\$ -	\$ 35,085
Construction in progress	323,659	481,997	-	805,656
	<u>358,744</u>	<u>481,997</u>	<u>-</u>	<u>840,741</u>
Depreciated assets:				
Land improvements	7,900	-	-	7,900
Buildings and building improvements	161,742	-	-	161,742
Vehicles	1,621,844	67,490	(55,255)	1,634,079
Machinery and equipment	1,011,734	31,700	-	1,043,434
Infrastructure	2,920,254	-	-	2,920,254
	<u>5,723,474</u>	<u>99,190</u>	<u>(55,255)</u>	<u>5,767,409</u>
Less: accumulated depreciation	<u>(2,837,699)</u>	<u>(141,512)</u>	<u>28,324</u>	<u>(2,950,887)</u>
	<u>2,885,775</u>	<u>(42,322)</u>	<u>(26,931)</u>	<u>2,816,522</u>
Net governmental capital assets	<u>\$ 3,244,519</u>	<u>\$ 439,675</u>	<u>\$ (26,931)</u>	<u>\$ 3,657,263</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 752	\$ -	\$ -	\$ 752
Construction in progress	5,976,265	-	(5,976,265)	-
	<u>5,977,017</u>	<u>-</u>	<u>(5,976,265)</u>	<u>752</u>
Depreciated assets:				
Building and building improvements	5,260,831	6,495,525	-	11,756,356
Infrastructure	4,949,600	-	-	4,949,600
Machinery and equipment	321,906	-	-	321,906
Vehicles	125,717	67,898	(35,232)	158,383
	<u>10,658,054</u>	<u>6,563,423</u>	<u>(35,232)</u>	<u>17,186,245</u>
Less: accumulated depreciation	<u>(5,664,267)</u>	<u>(245,280)</u>	<u>35,232</u>	<u>(5,874,315)</u>
	<u>4,993,787</u>	<u>6,318,143</u>	<u>-</u>	<u>11,311,930</u>
Net business-type capital assets	<u>\$ 10,970,804</u>	<u>\$ 6,318,143</u>	<u>\$ (5,976,265)</u>	<u>\$ 11,312,682</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 4,455
Public safety				14,720
Public works				106,625
Cemetery				603
Recreation				12,616
Transfer station				2,493
Total governmental activities depreciation expense				<u>\$ 141,512</u>
<u>Business-type activities</u>				
Water				\$ 231,279
Sewer				14,001
Total business-type activities depreciation expense				<u>\$ 245,280</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Notes from direct borrowings payable	\$ 151,140	\$ 315,865	\$ (60,295)	\$ 406,710	\$ 52,695
<u>Business-type activities:</u>					
Bonds payable	\$ 5,899,484	\$ 14,983	\$ (469,129)	\$ 5,445,338	\$ 231,341
Notes from direct borrowings payable	36,000	-	(9,000)	27,000	9,000
Totals	<u>\$ 5,935,484</u>	<u>\$ 14,983</u>	<u>\$ (478,129)</u>	<u>\$ 5,472,338</u>	<u>\$ 240,341</u>

The following is a summary of outstanding bonds and notes from direct borrowings payable:

Governmental activities notes from direct borrowings payable:

\$71,000, Note payable to State of Vermont Municipal Equipment Loan Fund in varying annual principal payments beginning June 30, 2020. Interest charged at a fixed rate of 2.000% per annum.	\$ 14,200
\$97,226, Note payable to State of Vermont Municipal Equipment Loan Fund in varying annual principal payments beginning June 30, 2020. Interest charged at a fixed rate of 2.000% per annum.	19,445
\$43,750, Note payable to Community Bank, N.A. in annual principal payments of \$8,750 beginning November 20, 2020. Interest charged at a fixed rate of 3.250% per annum.	17,500
\$20,000, Note payable to the State of Vermont Agency of Natural Resources in annual principal payments of \$4,000 beginning January 1, 2021. Zero percent interest.	1,600
\$63,500, Note payable to Community Bank N.A. in annual principal installments of \$12,700 beginning February 10, 2022. Interest is charged at a fixed rate of 2.500% per annum.	38,100
\$37,490, Note payable to Community Bank N.A in annual principal installments of \$7,498 beginning August 15, 2024. Interest is charged at a fixed rate of 5.06%.	37,490
\$278,375 Note payable to Community Bank N.A. in annual principal installments of \$55,675 beginning August 2024. Interest is charge at a fixed rate of 5.06%.	<u>278,375</u>
Total governmental activities notes from direct borrowings payable:	<u>\$ 406,710</u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Business-type activities bonds payable:

\$1,946,681, RF3-155 2009 GO Bonds payable to VT Municipal Bond Bank, due in net annual payments of \$39,097 through July 2039. Interest charged at a fixed rate of 3.000% per annum.	\$ 664,654
\$1,615,233, RF3-342-3.1 2016 GO Bonds payable to VT Municipal Bond Bank, due in annual net payments of \$49,120 through October 2048. Interest charged at a fixed rate of 0.500% per annum.	1,194,786
\$3,720,000 2022 USDA Bond for Waste Water System Improvements, due in semi-annual combined principal and interest payments of \$74,549 through February 2052. Interest charged at a fixed rate of 1.250% per annum	3,570,902
\$17,000, RF3-472-1.0 Bond with the Vermont Municipal Bond Bank, due in annual net payments of 1,700 starting in May 2028 through May 2032. A zero percent interest rate was given and \$8,500 was forgiven.	<u>14,996</u>
Total business-type activities bonds payable	<u><u>\$ 5,445,338</u></u>

Business-type activities notes from direct borrowings payable:

\$45,000, Note payable to Community Bank N.A. in annual principal installments of \$9,000 beginning February 10, 2022. Interest is charged at a fixed rate of 2.5% per annum.	<u>\$ 27,000</u>
Total business-type activities notes from direct borrowings payable	<u><u>\$ 27,000</u></u>

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the fiscal years ending June 30:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>				<u>Total Principal</u>
	<u>Notes from Direct Borrowings Payable</u>		<u>Bonds Payable</u>		<u>Notes from Direct Borrowings Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 52,695	\$ 1,877	\$ 231,341	\$ 5,974	\$ 9,000	\$ 450	\$ 293,036
2025	88,623	14,958	231,557	5,758	9,000	225	329,180
2026	75,873	11,269	231,773	5,541	9,000	-	316,646
2027	63,173	8,451	231,991	5,324	-	-	295,164
2028	63,173	5,634	232,210	5,105	-	-	295,383
2029-2033	63,173	2,825	1,164,375	22,199	-	-	1,227,548
2034-2038	-	-	1,170,016	16,558	-	-	1,170,016
2039-2043	-	-	1,058,508	10,775	-	-	1,058,508
2044-2048	-	-	844,691	4,845	-	-	844,691
2049-2053	-	-	48,876	244	-	-	48,876
	<u>\$ 406,710</u>	<u>\$ 45,014</u>	<u>\$ 5,445,338</u>	<u>\$ 82,323</u>	<u>\$ 27,000</u>	<u>\$ 675</u>	<u>\$ 5,879,048</u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2023 was \$7,089.

All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 25,680	\$ 9,484	\$ -	\$ 35,164	\$ 1,758
Net pension liability	309,855	-	(42,225)	267,630	-
	<u>\$ 335,535</u>	<u>\$ 9,484</u>	<u>\$ (42,225)</u>	<u>\$ 302,794</u>	<u>\$ 1,758</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 6,554	\$ -	\$ (2,097)	\$ 4,457	\$ 223
Net pension liability	126,560	547,487	(53,085)	620,962	-
	<u>\$ 133,114</u>	<u>\$ 547,487</u>	<u>\$ (55,182)</u>	<u>\$ 625,419</u>	<u>\$ 223</u>

Refer to Notes 8 and 17 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Town's liability for compensated absences is \$39,621.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

	Governmental Activities	Business--type Activities
Invested in capital assets	\$ 6,608,150	\$ 17,186,997
Accumulated depreciation	(2,950,887)	(5,874,315)
Outstanding capital related debt	(406,710)	(5,472,338)
	<u>\$ 3,250,553</u>	<u>\$ 5,840,344</u>

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following restricted net position:

Governmental Activities:

Nonmajor Special Revenue Funds:

Airport Park	\$ 822
Community Gardens	605
Grants - Planning	116,667
Jaws of Life	988
Police Seizure Fund	5,268
Small Business RLF	15,000
Grant Fund	47,066
	<u>\$ 186,416</u>

Business-type Activities:

Sewer Fund	\$ 130,346
Water and Sewer Reserve Fund	614,210
	<u>\$ 744,556</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Town had the following nonspendable fund balance:

General fund:

Prepaid items	<u>\$ 6,197</u>
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NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 186,416</u>
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TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

Highway Fund	\$	82,298
GF Reserve Fund		50,000
Nonmajor Special Revenue Funds (Schedule E)		610,478
Nonmajor Capital Projects Funds (Schedule G)		982,397
		\$ 1,725,173

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General Fund - Grant match reserve fund	\$	96,809
Highway Fund - Public works vehicles and equipment reserve fund		50,000
		\$ 146,809

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

NOTE 16 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a Town for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a Town in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the Town, then the person is an "employee" if these criteria are met by the combined hours worked for the Town and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

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 Schools 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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Groups B and C. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% of gross salary

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled \$75,964. The Town contributed \$81,084 for the year ended June 30, 2023. The Town's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$1,074,561.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$888,592 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2022, the Town's proportion was 0.29291% for VMERS, which was a decrease of 0.00360% from its proportion measured as of June 30, 2021 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Town recognized pension revenue of \$302,249 for the VMERS plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,734	\$ -
Changes of assumptions	45,429	-
Net difference between projected and actual earnings on pension plan investments	144,263	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,956	17,055
Contributions subsequent to the measurement date	81,084	-
Total	\$ 340,466	\$ 17,055

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$81,084 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date 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 related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2023	\$ 77,839
2024	57,940
2025	17,360
2026	89,187
2027	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

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

Inflation: 2.30%

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.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pre-Retirement:

- Groups A/B/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/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/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.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

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 Accrued Actuarial 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.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Market Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	6.50%
Infrastructure/Farmland	4.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 1,331,516	\$ 888,592	\$ 524,268

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

NOTE 18 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2023, the Town had the following overspent appropriations:

General government	\$ 66,343
Public safety	86,242
Public works	34,165
Culture and recreation	5,092
Unclassified	44,407
	<u>\$ 236,249</u>

The Town was noncompliant with the legally adopted budget, overspending the general fund appropriation of \$2,056,055 by \$130,669 at June 30, 2023. This was offset by actual revenues that exceeded the revenue budget by \$159,945.

NOTE 19 - RESTATEMENTS

The net position of the business-type activities has been restated at July 1, 2022 to increase the capital asset balance by \$1,050,956 and liability accounts were decreased by \$349,290. The resulting restatement increased the business-type activities net position from \$4,326,549 to \$5,726,795.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 235,644	\$ 235,644	\$ 235,644	\$ -
Resources (Inflows):				
Property taxes	1,598,655	1,598,655	1,633,774	35,119
Intergovernmental	26,000	26,000	32,858	6,858
Charges for services	306,450	306,450	422,752	116,302
Miscellaneous revenues	74,950	74,950	76,616	1,666
Amounts Available for Appropriation	<u>2,241,699</u>	<u>2,241,699</u>	<u>2,401,644</u>	<u>159,945</u>
Charges to Appropriations (Outflows):				
General government	322,816	322,816	389,159	(66,343)
Public safety	456,828	456,828	543,070	(86,242)
Public works	234,954	234,954	269,119	(34,165)
Culture and recreation	57,450	57,450	62,542	(5,092)
Cemeteries	32,573	32,573	26,988	5,585
Health and welfare	1,740	1,740	1,671	69
County tax	18,000	18,000	13,074	4,926
Debt service:				
Principal	85,200	85,200	5,200	80,000
Unclassified	735,994	735,994	780,401	(44,407)
Transfers to other funds	110,500	110,500	95,500	15,000
Total Charges to Appropriations	<u>2,056,055</u>	<u>2,056,055</u>	<u>2,186,724</u>	<u>(130,669)</u>
Budgetary Fund Balance, June 30	<u>\$ 185,644</u>	<u>\$ 185,644</u>	<u>\$ 214,920</u>	<u>\$ 29,276</u>
Utilization of Unassigned Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - HIGHWAY FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 166,777	\$ 166,777	\$ 166,777	\$ -
Resources (Inflows):				
Property taxes	617,995	617,995	617,995.00	-
Intergovernmental	90,000	90,000	93,677	3,677
Miscellaneous revenues	10,000	10,000	8,523	(1,477)
Amounts Available for Appropriation	<u>884,772</u>	<u>884,772</u>	<u>886,972</u>	<u>2,200</u>
Charges to Appropriations (Outflows):				
Admin	79,359	79,359	65,268	14,091
Summer work	310,848	310,848	325,513	(14,665)
Winter work	129,209	129,209	128,736	473
Buildings	24,915	24,915	30,996	(6,081)
Equipment	112,300	112,300	141,343	(29,043)
Hydrant replacement	2,800	2,800	1,753	1,047
Debt service:				
Principal	55,095	55,095	55,095	-
Interest	3,469	3,469	3,470	(1)
Transfers to other funds	-	-	2,500	(2,500)
Total Charges to Appropriations	<u>717,995</u>	<u>717,995</u>	<u>754,674</u>	<u>(36,679)</u>
Budgetary Fund Balance, June 30	<u>\$ 166,777</u>	<u>\$ 166,777</u>	<u>\$ 132,298</u>	<u>\$ (34,479)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>									
Proportion of the net pension liability	0.29%	0.30%	0.31%	0.31%	0.29%	0.36%	0.34%	0.36%	0.36%
Proportionate share of the net pension liability	\$ 888,592	\$ 436,415	\$ 773,235	\$ 537,632	\$ 414,904	\$ 433,159	\$ 433,159	\$ 280,594	\$ 33,115
Covered payroll	\$ 1,062,634	\$ 994,345	\$ 998,257	\$ 968,876	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405	\$ 890,188
Proportionate share of the net pension liability as a percentage of its covered payroll	83.62%	43.89%	77.46%	55.49%	47.36%	49.33%	50.18%	31.58%	3.72%
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%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>									
Contractually required contribution	\$ 81,084	\$ 73,284	\$ 65,924	\$ 63,349	\$ 59,540	\$ 51,660	\$ 52,451	\$ 51,497	\$ 49,950
Contributions in relation to the contractually required contribution	<u>(81,084)</u>	<u>(73,284)</u>	<u>(65,924)</u>	<u>(63,349)</u>	<u>(59,540)</u>	<u>(51,660)</u>	<u>(52,451)</u>	<u>(51,497)</u>	<u>(49,950)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,074,561	\$ 1,062,634	\$ 994,345	\$ 998,257	\$ 968,876	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405
Contributions as a percentage of covered payroll	7.55%	6.90%	6.63%	6.35%	6.15%	5.90%	5.97%	5.97%	5.62%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

VMERS Pension Plan:

The July 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Statement of Net Position - Fiduciary Funds - Private-Purpose Funds
- Combining Statement of Changes in Net Position - Fiduciary Funds - Private-Purpose Funds

TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 1,598,655	\$ 1,598,655	\$ 1,633,774	\$ 35,119
Intergovernmental revenues:				
PILOT	26,000	26,000	32,858	6,858
Charges for services:				
Fees and fines	900	900	840	(60)
Permits and licenses	2,300	2,300	2,737	437
Clerk revenue	23,100	23,100	26,021	2,921
Cemetery revenue	10,600	10,600	31,602	21,002
Police revenue	91,400	91,400	198,997	107,597
Animal control	50	50	20	(30)
Air park revenue	-	-	82	82
Solid waste revenue	178,100	178,100	162,453	(15,647)
Other income:				
Interest and penalties	53,200	53,200	42,465	(10,735)
Interest income	10,000	10,000	11,829	1,829
Other income	11,750	11,750	22,322	10,572
TOTAL REVENUES	<u>\$ 2,006,055</u>	<u>\$ 2,006,055</u>	<u>\$ 2,166,000</u>	<u>\$ 159,945</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Selectboard	\$ 28,200	\$ -	\$ 28,200	\$ 39,030	\$ (10,830)
Town manager	57,733	-	57,733	56,576	1,157
Elections unit	4,500	-	4,500	4,228	272
Town treasurer	3,612	-	3,612	5,750	(2,138)
Accounting department	58,781	-	58,781	59,669	(888)
Auditing	16,100	-	16,100	17,923	(1,823)
Listing	33,000	-	33,000	31,438	1,562
Tax collecting	4,500	-	4,500	-	4,500
Town clerk	45,635	-	45,635	39,327	6,308
Board of Adjust	500	-	500	205	295
Municipal planning commission	2,850	-	2,850	539	2,311
Municipal zoning	16,020	-	16,020	17,278	(1,258)
Town buildings	51,385	-	51,385	117,196	(65,811)
	<u>322,816</u>	<u>-</u>	<u>322,816</u>	<u>389,159</u>	<u>(66,343)</u>
Public safety:					
Police	332,758	-	332,758	427,547	(94,789)
Police training	2,050	-	2,050	629	1,421
Police vehicles and equipment	20,450	-	20,450	34,694	(14,244)
Constables	4,350	-	4,350	2,887	1,463
Emergency management	2,075	-	2,075	2,258	(183)
Fire department	13,305	-	13,305	19,351	(6,046)
Fire department training	4,615	-	4,615	2,245	2,370
Fire department communications	12,510	-	12,510	11,558	952
Fire department equipment	25,490	-	25,490	8,946	16,544
Forest fire warden	200	-	200	-	200
Animal control	2,125	-	2,125	2,503	(378)
Street lights	36,900	-	36,900	30,452	6,448
	<u>456,828</u>	<u>-</u>	<u>456,828</u>	<u>543,070</u>	<u>(86,242)</u>
Public works:					
Air park	3,500	-	3,500	4,294	(794)
Transfer station	231,454	-	231,454	264,825	(33,371)
	<u>234,954</u>	<u>-</u>	<u>234,954</u>	<u>269,119</u>	<u>(34,165)</u>

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Culture and recreation:					
Recreation	57,450	-	57,450	62,542	(5,092)
	<u>57,450</u>	<u>-</u>	<u>57,450</u>	<u>62,542</u>	<u>(5,092)</u>
Health and welfare	1,740	-	1,740	1,671	69
County tax	18,000	-	18,000	13,074	4,926
Unclassified:					
Memberships	7,500	-	7,500	12,296	(4,796)
Judgements and damages	6,000	-	6,000	6,693	(693)
Benefits	377,100	-	377,100	416,018	(38,918)
Appropriations	345,394	-	345,394	345,394	-
	<u>735,994</u>	<u>-</u>	<u>735,994</u>	<u>780,401</u>	<u>(44,407)</u>
Cemeteries	32,573	-	32,573	26,988	5,585
Debt service:					
Principal	85,200	-	85,200	5,200	80,000
	<u>85,200</u>	<u>-</u>	<u>85,200</u>	<u>5,200</u>	<u>80,000</u>
Transfers to other funds:					
PW vehicles and equipment	58,000	-	58,000	8,000	50,000
Police vehicles and equipment	10,000	-	10,000	60,000	(50,000)
Fire vehicles and equipment	7,500	-	7,500	7,500	-
Streets and sidewalks	10,000	-	10,000	10,000	-
Municipal building	5,000	-	5,000	5,000	-
Grant match	15,000	-	15,000	-	15,000
Transfer station	5,000	-	5,000	5,000	-
	<u>110,500</u>	<u>-</u>	<u>110,500</u>	<u>95,500</u>	<u>15,000</u>
Total Departmental Operations	<u>\$ 2,056,055</u>	<u>\$ -</u>	<u>\$ 2,056,055</u>	<u>\$ 2,186,724</u>	<u>\$ (130,669)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 474,498	\$ 84,685	\$ 559,183
Accounts receivable (net of allowance for uncollectibles)	14,557	-	14,557
Due from other funds	569,527	897,712	1,467,239
TOTAL ASSETS	<u>\$ 1,058,582</u>	<u>\$ 982,397</u>	<u>\$ 2,040,979</u>
LIABILITIES			
Accounts payable	\$ 146,004	\$ -	\$ 146,004
Due to other funds	115,684	5,620	121,304
TOTAL LIABILITIES	<u>261,688</u>	<u>5,620</u>	<u>267,308</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	186,416	-	186,416
Committed	610,478	982,397	1,592,875
Assigned	-	-	-
Unassigned (deficit)	-	(5,620)	(5,620)
TOTAL FUND BALANCES	<u>796,894</u>	<u>976,777</u>	<u>1,773,671</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,058,582</u>	<u>\$ 982,397</u>	<u>\$ 2,040,979</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 776,598	\$ -	\$ 776,598
Charges for services	-	123,062	123,062
Other	7,752	12,615	20,367
TOTAL REVENUES	<u>784,350</u>	<u>135,677</u>	<u>920,027</u>
EXPENDITURES			
Public safety	-	25,000	25,000
Public works	-	40,768	40,768
Recreation	-	22,605	22,605
Program expenses	657,836	-	657,836
TOTAL EXPENDITURES	<u>657,836</u>	<u>88,373</u>	<u>746,209</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>126,514</u>	<u>47,304</u>	<u>173,818</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	48,000	48,000
Transfers (out)	(41,636)	-	(41,636)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(41,636)</u>	<u>48,000</u>	<u>6,364</u>
NET CHANGE IN FUND BALANCES	84,878	95,304	180,182
FUND BALANCES - JULY 1	<u>712,016</u>	<u>881,473</u>	<u>1,593,489</u>
FUND BALANCES - JUNE 30	<u>\$ 796,894</u>	<u>\$ 976,777</u>	<u>\$ 1,773,671</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
ASSETS					
Cash and cash equivalents	\$ -	\$ 605	\$ 468,624	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	822	-	-	116,667	988
TOTAL ASSETS	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 468,624</u>	<u>\$ 116,667</u>	<u>\$ 988</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	115,683	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>115,683</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	822	605	-	116,667	988
Committed	-	-	352,941	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>822</u>	<u>605</u>	<u>352,941</u>	<u>116,667</u>	<u>988</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 468,624</u>	<u>\$ 116,667</u>	<u>\$ 988</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Police Seizure Fund	Small Business RLF	Grant Fund	Reappraisal	Restoration Trees	Total
ASSETS						
Cash and cash equivalents	\$ 5,269	\$ -	\$ -	\$ -	\$ -	\$ 474,498
Accounts receivable (net of allowance for uncollectibles)	-	-	14,557	-	-	14,557
Due from other funds	-	15,000	178,513	245,487	12,050	569,527
TOTAL ASSETS	<u>\$ 5,269</u>	<u>\$ 15,000</u>	<u>\$ 193,070</u>	<u>\$ 245,487</u>	<u>\$ 12,050</u>	<u>\$ 1,058,582</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 146,004	\$ -	\$ -	\$ 146,004
Due to other funds	1	-	-	-	-	115,684
TOTAL LIABILITIES	<u>1</u>	<u>-</u>	<u>146,004</u>	<u>-</u>	<u>-</u>	<u>261,688</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	5,268	15,000	47,066	-	-	186,416
Committed	-	-	-	245,487	12,050	610,478
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,268</u>	<u>15,000</u>	<u>47,066</u>	<u>245,487</u>	<u>12,050</u>	<u>796,894</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,269</u>	<u>\$ 15,000</u>	<u>\$ 193,070</u>	<u>\$ 245,487</u>	<u>\$ 12,050</u>	<u>\$ 1,058,582</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	(300)	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Program expenses	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(300)	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>822</u>	<u>605</u>	<u>353,241</u>	<u>116,667</u>	<u>988</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 352,941</u>	<u>\$ 116,667</u>	<u>\$ 988</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Police Seizure Fund	Small Business RLF	Grant Fund	Reappraisal	Restoration Trees	Total
REVENUES						
Intergovernmental	\$ -	\$ 30,000	\$ 735,065	\$ 11,533	\$ -	\$ 776,598
Other income	6	-	8,046	-	-	7,752
TOTAL REVENUES	<u>6</u>	<u>30,000</u>	<u>743,111</u>	<u>11,533</u>	<u>-</u>	<u>784,350</u>
EXPENDITURES						
Program expenses	-	15,000	642,836	-	-	657,836
TOTAL EXPENDITURES	<u>-</u>	<u>15,000</u>	<u>642,836</u>	<u>-</u>	<u>-</u>	<u>657,836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6</u>	<u>15,000</u>	<u>100,275</u>	<u>11,533</u>	<u>-</u>	<u>126,514</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(41,636)	-	-	(41,636)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(41,636)</u>	<u>-</u>	<u>-</u>	<u>(41,636)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	6	15,000	58,639	11,533	-	84,878
FUND BALANCES (DEFICITS) - JULY 1	<u>5,262</u>	<u>-</u>	<u>(11,573)</u>	<u>233,954</u>	<u>12,050</u>	<u>712,016</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 5,268</u>	<u>\$ 15,000</u>	<u>\$ 47,066</u>	<u>\$ 245,487</u>	<u>\$ 12,050</u>	<u>\$ 796,894</u>

See accompanying independent auditor’s report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Public Works Equipment Replacement	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Municipal Building	Police Cruiser Replacement
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	68,824	73,802	254,561	16,485	86,796	15,140
TOTAL ASSETS	\$ 68,824	\$ 73,802	\$ 254,561	\$ 16,485	\$ 86,796	\$ 15,140
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	68,824	73,802	254,561	16,485	86,796	15,140
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	68,824	73,802	254,561	16,485	86,796	15,140
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 68,824	\$ 73,802	\$ 254,561	\$ 16,485	\$ 86,796	\$ 15,140

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 84,685	\$ -	\$ -	\$ -	\$ -	\$ 84,685
Due from other funds	40,599	21,354	-	230,546	67,005	22,600	897,712
TOTAL ASSETS	\$ 40,599	\$ 106,039	\$ -	\$ 230,546	\$ 67,005	\$ 22,600	\$ 982,397
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 5,620	\$ -	\$ -	\$ -	\$ 5,620
TOTAL LIABILITIES	-	-	5,620	-	-	-	5,620
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	40,599	106,039	-	230,546	67,005	22,600	982,397
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(5,620)	-	-	-	(5,620)
TOTAL FUND BALANCES (DEFICITS)	40,599	106,039	(5,620)	230,546	67,005	22,600	976,777
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 40,599	\$ 106,039	\$ -	\$ 230,546	\$ 67,005	\$ 22,600	\$ 982,397

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Public Works Equipment Replacement	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Municipal Building	Police Cruiser Replacement
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	4,896	-	-	-	-	-
TOTAL REVENUES	4,896	-	-	-	-	-
EXPENDITURES						
Public safety	-	-	-	-	-	25,000
Public works	38,385	-	-	-	-	-
Recreation	-	-	-	-	-	-
TOTAL EXPENDITURES	38,385	-	-	-	-	25,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,489)	-	-	-	-	(25,000)
OTHER FINANCING SOURCES (USES)						
Transfers in	10,500	-	7,500	-	5,000	10,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,500	-	7,500	-	5,000	10,000
NET CHANGE IN FUND BALANCES (DEFICITS)	(22,989)	-	7,500	-	5,000	(15,000)
FUND BALANCES (DEFICITS) - JULY 1	91,813	73,802	247,061	16,485	81,796	30,140
FUND BALANCES (DEFICITS) - JUNE 30	\$ 68,824	\$ 73,802	\$ 254,561	\$ 16,485	\$ 86,796	\$ 15,140

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
REVENUES							
Charges for services	\$ -	\$ 123,062	\$ -				\$ 123,062
Other income	-	7,427	292	-	-	-	12,615
TOTAL REVENUES	-	130,489	292	-	-	-	135,677
EXPENDITURES							
Public safety	-	-	-	-	-	-	25,000
Public works	-	-	-	2,383	-	-	40,768
Recreation	-	22,605	-	-	-	-	22,605
TOTAL EXPENDITURES	-	22,605	-	2,383	-	-	88,373
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	107,884	292	(2,383)	-	-	47,304
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	10,000	-	5,000	48,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	10,000	-	5,000	48,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	107,884	292	7,617	-	5,000	95,304
FUND BALANCES (DEFICITS) - JULY 1	40,599	(1,845)	(5,912)	222,929	67,005	17,600	881,473
FUND BALANCES (DEFICITS) - JUNE 30	\$ 40,599	\$ 106,039	\$ (5,620)	\$ 230,546	\$ 67,005	\$ 22,600	\$ 976,777

See accompanying independent auditor's report and notes to financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town that are legally restricted for purposes that benefit parties outside of the Town.

TOWN OF FAIR HAVEN, VERMONT

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE FUNDS
JUNE 30, 2023

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
ASSETS				
Cash and cash equivalents	\$ 4,443	\$ 513	\$ 87	\$ 5,043
Investments	478,477	55,288	9,376	543,141
TOTAL ASSETS	\$ 482,920	\$ 55,801	\$ 9,463	\$ 548,184
LIABILITIES				
Due to other governments	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
NET POSITION				
Restricted	482,920	55,801	9,463	548,184
TOTAL NET POSITION	482,920	55,801	9,463	548,184
TOTAL LIABILITIES AND NET POSITION	\$ 482,920	\$ 55,801	\$ 9,463	\$ 548,184

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
ADDITIONS				
Investment earnings	342,530	39,579	6,712	\$ 388,821
Total additions	<u>342,530</u>	<u>39,579</u>	<u>6,712</u>	<u>388,821</u>
DEDUCTIONS				
Other	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	342,530	39,579	6,712	388,821
NET POSITION - JULY 1	<u>140,390</u>	<u>16,222</u>	<u>2,751</u>	<u>159,363</u>
NET POSITION - JUNE 30	<u>\$ 482,920</u>	<u>\$ 55,801</u>	<u>\$ 9,463</u>	<u>\$ 548,184</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance Description

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- 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*
- Independent Auditor's Report on Compliance of Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass Through Grantor Program Title	Federal AL Number	Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Direct			
Community Facilities Loans and Grants Cluster			
Community Facilities Loans and Grants-Grant	10.766	N/A	\$ 878,799
Subtotal Community Facilities Loans and Grants Cluster			<u>878,799</u>
Total U.S. Department of Agriculture			<u>878,799</u>
U.S. Department of Housing and Urban Development			
Passed through the VT Agency of Commerce and Community Development			
Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii	14.228	07110-IG-2018	<u>463,473</u>
Total U.S. Department of Housing and Urban Development			<u>463,473</u>
U.S. Department of Transportation			
Passed through the VT Agency of Transportation			
Highway Planning and Construction	20.205	CA0625	27,006
Highway Planning and Construction	20.205	CA0626	8,095
Highway Planning and Construction	20.205	CA0581	<u>57,516</u>
			<u>92,617</u>
Total U.S. Department of Transportation			<u>92,617</u>
Department of Environmental Protection Agency			
Pass through State of Vermont Environmental Conservation			
Clean Water State Revolving Fund (CWSRF) Cluster:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	06140-RF3-472-1.0	<u>6,697</u>
Subtotal Clean Water State Revolving Fund (CWSRF) Cluster			<u>6,697</u>
Total Department of Environmental Protection Agency			<u>6,697</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 1,441,586</u></u>

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Fair Haven, Vermont under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Fair Haven, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Fair Haven, Vermont.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Fair Haven, Vermont has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.
- c. Loan Outstanding

In addition to programs reported on the Schedule of Federal Awards, the Town of Fair Haven, Vermont has an outstanding federal loan program as follows. We considered the outstanding loan balances in determining programs to be tested under the Uniform Guidance.

Federal AL Number	Program Name	Outstanding Balance 6/30/23
10.766	Community Facilities Loans and Grants	<u>\$3,570,902</u>



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard
Town of Fair Haven
Fair Haven, Vermont

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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, 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 Fair Haven, Vermont's basic financial statements and have issued our report thereon dated September 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Fair Haven, Vermont's internal control over financial reporting (internal control) to determine the 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 Fair Haven, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fair Haven, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 to be a significant deficiency.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fair Haven, 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 determination of financial statement amounts. 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*. We noted certain other matters that we reported to the management of the Town of Fair Haven, Vermont in a separate letter dated September 6, 2024.

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
September 6, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Selectboard
Town of Fair Haven
Fair Haven, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Fair Haven, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Fair Haven, Vermont's major federal programs for the year ended June 30, 2023. The Town of Fair Haven, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Fair Haven, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Town of Fair Haven, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Fair Haven, Vermont's compliance with the compliance requirements referred to above.

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Management's Responsibility

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

Auditor's Responsibility

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Fair Haven, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Fair Haven, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Fair Haven, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
September 6, 2024

TOWN OF FAIR HAVEN, VERMONT

SCHEDULES OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

TOWN OF FAIR HAVEN, VERMONT

SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCY

2023-001 - Balance Sheet Account Reconciliations:

Criteria: The Town currently uses a pooled cash system for many of its Governmental funds. The Balance sheet is also pooled for many of its balance sheet accounts within the Town's General Fund.

Condition: During the audit, we determined that monthly reconciliations were performed but the reconciliations were out of balance. Interfund did not completely tie out and it was difficult to determine certain postings for special revenue funds including grants.

Cause: We identified several significant issues with the reconciliations, including journal entries that were posted but that were not posted to all of the required accounts. In some cases, some of these reconciling items should not have been identified as reconciling items (e.g. non-cash transactions, such as an interfund transfer).

Effect: As the Town had not completely reconciled some of these general ledger accounts, the Town for a period of time, had unadjusted actual balances in these accounts. The importance is that significant errors could have gone undetected for several months.

Identification of Questioned Costs: None identified.

Context: The reconciliations for various general ledger balance sheet accounts were reviewed during the audit, and it was determined that the certain reconciliations were out of balance.

Repeat Finding: This is not a repeat finding.

Recommendation: The Town should identify someone within its staff who can either perform these general ledger reconciliations timely and accurately

Section III – Federal Awards Findings and Questioned Costs

None