

TOWN OF GRANVILLE, VERMONT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF GRANVILLE, VERMONT
 FOR THE YEAR ENDED JUNE 30, 2022
 TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Exhibit A	10
Statement of Activities - Exhibit B	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds - Exhibit C & D	12-13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Exhibit E	14
Notes to Financial Statements	15-34
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability – VMERS Defined Benefit Plan – Schedule 1	35
Schedule of Contributions – VMERS Defined Benefit Plan Schedule 2	36
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – General Fund – Schedule 3	37
Other Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Highway Fund – Schedule 4	38
Balance Sheet – Other Funds – Schedule 5	39

TOWN OF GRANVILLE, VERMONT
FOR THE YEAR ENDED JUNE 30, 2022
TABLE OF CONTENTS
(continued)

	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances Other Funds – Schedule 6	40
Balance Sheet – Special Revenue Funds – Schedule 7	41
Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds – Schedule 8	42
Balance Sheet – Capital Projects Funds – Schedule 9	43
Statement of Revenues, Expenditures, and Changes in Fund Balances Capital Projects Funds – Schedule 10	44
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>	45-46



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Granville
Granville, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Granville, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Granville, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Granville, Vermont, as of June 30, 2022, 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 (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAP). 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 Granville, 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 (GAAP), 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 Granville, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Granville'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 substantial doubt about the Town of Granville'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 (GAAP) require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 36-38, respectively, the Schedule of Proportionate Share of the Net Position Liability on Schedule 1 and the Schedule of Contributions on Schedule 2 and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on Schedule 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 Village of Granville's basic financial statements. The 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. 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 (GAAP). In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Batchelder Associates, PC

Batchelder Associates, PC
License #945
Barre, Vermont
December 12, 2022

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

As management of the Town of Granville, Vermont ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,542,888 (*net position*). Of this amount, \$140,271 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.

The Town's total net position for governmental activities increased by \$81,670.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$316,310, an increase of \$100,707 from the prior year end. Of the total ending fund balances, \$313,967 is available for spending at the government's discretion. Of this amount, \$138,638 is assigned, \$44,250 is restricted, and \$131,081 is unassigned.

The Highway Fund reported a surplus this year of \$37,132 which resulted in a fund balance of \$21,827 as of June 30, 2022.

The Cemetery Fund reported a surplus this year of \$326 which resulted in a fund balance of \$18,407 as of June 30, 2022.

The Grants Fund reported a surplus this year of \$56,727 which resulted in a fund balance of \$56,727 as of June 30, 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and social services, conservation and development.

The government-wide financial statements are designed to include not only the Town itself (*known as the primary government*), but also any legally separate entities for which the Town is financially accountable (*known as component units*). The Town has no such entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

2. 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

A. Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four (4) individual governmental funds, including the General Fund, eleven (11) Special Revenue Funds, and four (4) Capital Projects Funds and two (2) Fiduciary Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund all other Major Funds, Special Revenue Funds, Capital Projects Funds (which are considered to be non-major funds) and Fiduciary Funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds.

The basic governmental fund financial statements can be found in Exhibits C through E of this report.

B. Proprietary Funds

The Town has no Proprietary Funds.

C. Fiduciary Funds

The Town has no Fiduciary Funds.

3. 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 fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Town as a Whole – Net Position

Governmental Activities - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$1,542,888 at the close of the fiscal year end.

By far the largest portion of the Town's net position, reflective of 78.9% of the balance, is the investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position of \$325,500 may be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net position are amounts that management has committed and assigned for particular purposes, such as special revenue funds capital project funds and reserves for expenditures in subsequent years.

At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position for the government as a whole.

	Governmental Activities 2022	Total 2022
ASSETS		
Current and other assets	\$ 360,302	\$ 360,302
Capital assets, depreciable	1,349,296	1,349,296
Total Assets	1,709,599	1,709,599
DEFERRED OUTFLOW OF RESOURCES	39,435	39,435
LIABILITIES		
Other liabilities	19,728	19,728
Long-term liabilities outstanding	125,283	125,283
Total Liabilities	145,011	145,011
DEFERRED INFLOWS OF RESOURCES	61,134	61,134
NET POSITION		
Invested in capital assets, net of related debt	1,217,388	1,217,388
Restricted	44,250	44,250
Committed	2,341	2,341
Assigned	138,638	138,638
Unrestricted	140,271	140,271
Total Net Position	\$ 1,542,888	\$ 1,542,888

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Town as a Whole – Changes in Net Position

Governmental activities increased the Town's net position by \$81,670 during the current fiscal year.

	Governmental Activities	Total
	<u>2022</u>	<u>2022</u>
REVENUES		
Program revenues		
Charges for services	\$ 6,344	\$ 6,344
Operating grants and contributions	195,206	195,206
Capital grants and contributions	10,920	10,920
General revenues		
Property taxes	323,097	323,097
Unrestricted investment earnings	302	302
Other revenues	<u>8,944</u>	<u>8,944</u>
 Total Revenues	 <u>544,813</u>	 <u>544,813</u>
EXPENSES		
Governmental activities		
General government	174,968	174,968
Public safety	50,976	50,976
Public works	225,802	225,802
Health and social services	8,137	8,137
Interest on long-term debt	<u>3,260</u>	<u>3,260</u>
 Total Expenses	 <u>463,143</u>	 <u>463,143</u>
 Change in net assets	 81,670	 81,670
 Net position-beginning of year (restated)	 <u>1,461,218</u>	 <u>1,461,218</u>
 Net position - end of year	 <u>\$ 1,542,888</u>	 <u>\$ 1,542,888</u>

Below is a table showing cost of each of the Town's five (5) largest programs – general government, public safety, public works, health & social services, conservation, and development, and cultural and recreation – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions:

	<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 174,968	\$ 8,525
Public safety	50,976	50,976
Public works	225,802	179,775
Health and social services	8,137	8,137
Interest	<u>3,260</u>	<u>3,260</u>
	 <u>\$ 463,143</u>	 <u>\$ 250,673</u>

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$316,310 an increase of \$100,707 in comparison to the prior year.

a. General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year the General Fund unrestricted balance was a surplus of \$74,354. As a measure of the General Fund's liquidity, it would be useful to compare total fund balance to total general fund expenditures and operating transfers. The general fund balance represents 18.17% of the total general fund expenditures and operating transfers for the year ended June 30, 2022.

The General Fund balance decreased by \$28,594 during the fiscal year.

b. Non-Major Funds

Non-Major funds include the following funds:

- Municipal Officers Fund
- Picture Framing Fund
- Constable Capital Investment Fund
- Welcome Signs Fund
- E. Granville Fire Protection Fund
- Reappraisal GL Maintenance Fund
- Historical Investment Fund
- Fire Department Capital Investment Fund
- Municipal Capital Investment Fund
- Conservation Commission Fund
- Preservation Fund
- Paving Roads Fund
- Highway Budget Surplus Fund
- Town Share Structures Grant Fund
- Fire Station Reserve Fund

Total Non-Major Fund balances are \$142,654.

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Financial Analysis of the Government's Funds (continued)

The table below compares actual to budget for the General Fund. The most significant variances of actual to budget is as follows:

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 377,604	\$ 266,927	\$ (110,677)
All Other Revenues	-	126,340	126,340
Total Revenues	\$ 377,604	\$ 393,267	\$ 15,663
EXPENDITURES			
General Government	\$ 200,264	\$ 107,446	\$ (92,818)
All Other Activities	176,800	314,415	\$ 137,615
Total Expenditures	\$ 377,064	\$ 421,861	\$ 44,797

Capital Asset and Debt Administration

1. Capital Assets

The Town's reinstated in capital assets for its governmental funds for the year ended, amounted to \$1,349,296 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, furniture, vehicles, and equipment.

	Governmental Activities		Total	
	2022	2021	2022	2021
Land				
Granted Land	\$ -	\$ -	\$ -	\$ -
Capital assets				
Buildings and improvements	811,420	762,851	811,420	762,851
Vehicles and equipment	-	11,446	-	11,446
Infrastructure	537,876	554,520	537,876	554,520
Total Net Assets	\$ 1,349,296	\$ 1,328,817	\$ 1,349,296	\$ 1,328,817

Additional information on the Town's capital assets can be found in Note 6 of the notes to financial statements.

2. Long-term Debt

At the end of the current year, the Town had total long-term debt outstanding of \$131,910. This debt was a result of the Series 1 Bond outstanding, Bond 2 outstanding, and a promissory note from Mascoma Bank.

The Town's total debt increased by \$48,717 during the year.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. The current debt limit for the Town is significantly in excess of the Town's outstanding bonded debt.

TOWN OF GRANVILLE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Economic Factors and Next Year's Budgets and Rates

Recent data on Vermont economic conditions indicate that the performance of the Vermont economy has generally outperformed the developments in the U.S. economy overall during the past 12 to 18 months.

All of these factors were considered in preparing the Town's budget for the year ended June 30, 2022 and fiscal year ended June 30, 2023.

The Town approved a general fund budget for the year ended June 30, 2022, in the amount of \$185,411 and for the fiscal year 2023 in the amount of \$200,264. This represents an annualized increase of \$14,893 (8%) from the approved budget for the prior fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Treasurer, 4157 VT Route 100, Granville, VT 05764 (802) 767-4403. Or by email: Cheryl Sargeant, Town Clerk, or Nancy Demers, Assistant Town Treasurer at granvilletown@gmavt.net.

TOWN OF GRANVILLE, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT A

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 257,640	\$ 257,640
Investments	40,890	40,890
Receivables (net of allowance for uncollectible accounts)		
Taxes receivable	59,431	59,431
Prepaid expenses	2,341	2,341
Capital assets (net of accumulated depreciation)		
Land	-	-
Building and building improvements	811,420	811,420
Vehicles and equipment	-	-
Infrastructure	537,876	537,876
Total Assets	1,709,598	1,709,598
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to the Town's participation in VMERS	39,435	39,435
Total Deferred Outflows of Resources	39,435	39,435
LIABILITIES		
Accounts payable	-	-
Accrued liabilities	1,775	1,775
Accrued expenses	4,906	4,906
Due within one year	13,046	13,046
Non-current obligations		
Pension liability	6,420	6,420
Due in more than one year	118,864	118,864
Total Liabilities	145,011	145,011
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to the Town's participation in VMERS	61,134	61,134
Total Deferred Inflows of Resources	61,134	61,134
NET POSITION		
Net investment in capital assets	1,217,388	1,217,388
Restricted	44,250	44,250
Committed	2,341	2,341
Assigned	138,638	138,638
Unrestricted	140,271	140,271
Total Net Position	\$ 1,542,888	\$ 1,542,888

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
STATEMENT OF ACTIVITIES
JUNE 30, 2022

EXHIBIT B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
		Charges for Services	Operating Grants	Capital Grants & Contributions	Governmental Activities	Total
Governmental activities						
General government	\$ 174,968	\$ 6,344	\$ 94,292	65,807	\$ (8,525)	\$ (8,525)
Public safety	50,976	-	-	-	(50,976)	(50,976)
Public works	225,802	-	35,107	10,920	(179,775)	(179,775)
Health and social services	8,137	-	-	-	(8,137)	(8,137)
Interest on long-term debt	3,260	-	-	-	(3,260)	(3,260)
Total Governmental Activities	<u>463,143</u>	<u>6,344</u>	<u>129,399</u>	<u>76,727</u>	<u>(250,673)</u>	<u>(250,673)</u>
			General revenues:			
			Property taxes	323,097	323,097	
			Unrestricted investment earnings	302	302	
			Fees and licenses	3,066	3,066	
			Other revenues	5,878	5,878	
			Total General Revenues and Transfers	<u>332,343</u>	<u>332,343</u>	
			Change in net assets	<u>81,670</u>	<u>81,670</u>	
			Net position, June 30, 2021 (restated)	<u>1,461,218</u>	<u>1,461,218</u>	
			Net position, June 30, 2022	<u>\$ 1,542,888</u>	<u>\$ 1,542,888</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT C

	General Funds	Highway Fund	Cemetery Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and equivalents	\$ 63,941		\$ 18,406	\$ 45,807	\$ 142,652	\$ 270,806
Investments	40,890	-	-	-	-	40,890
Receivables (net of allowance)						
Property taxes, interest and penalty receivable	59,431	-	-	-	-	59,431
Grant receivable	-	-	-	-	-	-
Prepaid Expenses	2,341	-	-	-	-	2,341
Due from other funds	-	34,994	1	10,920	14	45,929
Total Assets	166,603	34,994	18,407	56,727	142,666	\$ 419,397
LIABILITIES						
Accounts payable	-	\$ 13,167	-	-	-	13,167
Accrued liabilities	-	-	-	-	-	-
Accrued expenses	4,906	-	-	-	-	4,906
Other current liabilities	1,775	-	-	-	-	1,775
Due to other funds	45,917	-	-	-	12	45,929
Total Liabilities	52,598	13,167	-	-	12	65,777
DEFERRED INFLOWS OF RESOURCES						
Unavailable receivables	-	-	-	-	-	-
Unavailable property taxes	37,310	-	-	-	-	37,310
Total Deferred Inflows of Resources	37,310	-	-	-	-	37,310
FUND BALANCES						
Restricted	-	-	18,407	-	25,843	44,250
Nonspendable	2,341	-	-	-	-	2,341
Assigned	-	21,827	-	-	116,811	138,638
Unassigned	74,354	-	-	56,727	-	131,081
Total Fund Balances	76,695	21,827	18,407	56,727	142,654	316,310
Total Liabilities and Fund Balances	\$ 166,603	\$ 34,994	\$ 18,407	\$ 56,727	\$ 142,666	

Amounts reported for Government 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	1,349,297
Other assets are not available to pay for current period expenditures, and, therefore, are not reported in the funds	37,310
Long-term and accrued liabilities, including notes payable, net pension liability and accrued vacation are not due or payable in the current period and, therefore, are not reported in the funds	(138,330)
Deferred outflows and inflows of resources relating to the Town's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds	(21,701)
Net position of Governmental Activities	\$ 1,542,888

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT D

	General Funds	Highway Fund	Cemetery Fund	Grants Fund	Other Funds	Total Funds
REVENUES						
Taxes	\$ 266,927	\$ -	\$ -	\$ -	\$ -	\$ 266,927
Tax penalties and interest	18,864	-	-	-	-	18,864
Fees, licenses and permits	3,066	-	-	-	-	3,066
Intergovernmental revenues	94,292	35,107	-	76,727	-	206,126
Charges for current services	4,446	-	-	-	1,898	6,344
Interest	70	-	51	-	181	302
Other revenues	5,602	-	275	-	-	5,877
Total Revenues	<u>393,267</u>	<u>35,107</u>	<u>326</u>	<u>76,727</u>	<u>2,079</u>	<u>507,506</u>
EXPENDITURES						
General government	107,446	-	-	19,125	-	126,571
Public safety	39,530	-	-	-	-	39,530
Public works	10,502	184,785	-	-	-	195,287
Health	8,137	-	-	-	-	8,137
Conservation and development	-	-	-	-	-	-
Cultural & Recreation	-	-	-	-	-	-
Debt service expenditures						
Principal and lease payments	9,268	-	-	-	-	9,268
Interest	3,260	-	-	-	-	3,260
Capital expenditures						
General government	-	-	-	58,850	10,000	68,850
Public works	-	13,871	-	-	-	13,871
Public safety	-	-	-	-	-	-
Total Expenditures	<u>178,143</u>	<u>198,656</u>	<u>-</u>	<u>77,975</u>	<u>10,000</u>	<u>464,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>215,124</u>	<u>(163,549)</u>	<u>326</u>	<u>(1,248)</u>	<u>(7,921)</u>	<u>42,732</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	-	57,975	-	57,975
Transfers in	9,519	210,200	-	-	43,037	262,756
Transfers out	<u>(253,237)</u>	<u>(9,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(262,756)</u>
Total Other Financing Sources (Uses)	<u>(243,718)</u>	<u>200,681</u>	<u>-</u>	<u>57,975</u>	<u>43,037</u>	<u>57,975</u>
Net change in fund balances	<u>(28,594)</u>	<u>37,132</u>	<u>326</u>	<u>56,727</u>	<u>35,116</u>	<u>100,707</u>
Fund balances, June 30, 2021	<u>105,289</u>	<u>(15,305)</u>	<u>18,081</u>	<u>-</u>	<u>107,539</u>	<u>215,604</u>
Fund balances, June 30, 2022	<u>\$ 76,695</u>	<u>\$ 21,827</u>	<u>\$ 18,407</u>	<u>\$ 56,727</u>	<u>\$ 142,654</u>	<u>\$ 316,310</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022

EXHIBIT E

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

Net change in fund balance - total government funds (Exhibit D).	<u>\$ 100,707</u>
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	20,479
Accrued compensation and expenses is not reflected in the government funds.	-
Government funds report note proceeds and repayment as revenue and expenditures, respectively. The statement of activities does not reflect these as current inflows and outflows, but shows on the statement of net position.	(48,707)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	37,310
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 government funds.	<u>(28,119)</u>
Change in net assets of governmental activities (Exhibit B).	<u><u>\$ 81,670</u></u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Granville, Vermont ("Town") is organized as a Town under the applicable laws and regulations of the State of Vermont. It is governed by a Select Board elected by registered voters of the Town to provide public health and safety, highways and street, public improvements, water, sanitation, planning and zoning, recreation, and general administration. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The accounting policies adopted by the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

The Financial Reporting Entity

The Select Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity. A component unit is another operation in the Town that has a separately elected Board such as a town school district, cemetery, or library.

This report includes all of the funds of the Town. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organizations governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. There are no agencies or entities that should be combined with the financial statements of the Town.

Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

Basic Financial Statements - Government-Wide Statements

The statement of net position and the statement of activities display information about the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds; however, interfund services provided and used are not eliminated. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category - governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports on the following major governmental funds:

General Fund - This is the general operating fund of the Town. It accounts for all financial resources of the general government, except those not accounted for in another fund.

Highway Fund – This is the highways operating fund of the Town. It accounts for all financial resources for the town highways and roads.

Cemetery Fund – This is the fund for the Town's cemeteries. It accounts for all financial resources related to the upkeep and maintenance.

Grants Fund – This is the fund for the receipt and disbursement of grant for the Town.

Special Revenue Funds - These funds are special revenue funds used to track all revenue and expenditures related to project expenditures and associated grants. Expenditures consist of various projects for recreation, record preservation, grants, and reappraisal.

Capital Projects Funds - These funds are capital project funds used to track all revenue and expenditures related to capital expenditures and associated grants. Expenditures consist of various projects to restore, improve and create Town improvements.

Measurement Focus

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

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

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrual Basis of Accounting

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

Modified Accrual Basis of Accounting

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

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

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Cash and cash equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six (6) months or less from the date of acquisition.

Budget Accounting

The Town is required by state law to adopt a budget for the General and Highway Funds. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). The operating budget is prepared by the Select Board and approved by the Select Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by Town voters at a properly warned annual Town meeting. The voters vote on the total expense amount, but voters have discretion to change individual line items within the budget, thereby changing the total voted expense amount.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities' column in the governmental-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and estimated useful life in excess of one year. Such assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets reported in the government-wide fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, using the straight-line method of calculating depreciation

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

	Capitalization Threshold	Estimated Service Life
Land Improvements	\$ 10,000	10-50 years
Building and Building Improvements	\$ 20,000	10-75 years
Vehicles and Equipment	\$ 5,000	3-25 years
Infrastructure	\$ 20,000	20-75 years

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

Accrued Compensated Balances

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements – Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances (continued)

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so-designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so-designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Investments

State statute does not restrict the types of investments the Town can make. All investments require the authorization of the Board of Selectmen. The Town has no investments.

In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments," investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

Interfund Balances

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (for the current portion of the interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Pension Plans

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources," represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources (continued)

source; deferred outflows related to the Town's participation in the Vermont Municipal Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town's participation in the Vermont Employees Retirement System. The governmental funds balance sheet reports deferred inflows of resources from three sources; prepaid property taxes, unavailable property taxes, penalties and interest and unavailable receivables. The business-type activities and proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town's participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related, or when the amounts become available.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used by the Town are the estimated useful lives used to calculate depreciation of property, plant and equipment.

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Elimination of Due To/From	Statement of Net Position Total
ASSETS						
Cash	\$ 270,806	\$ -	\$ -	\$ -	\$ -	\$ 270,806
Investments	40,890	-	-	-	-	40,890
Receivable (net of allowance for uncollectible accounts):						
Taxes receivable	59,431	-	-	-	-	59,431
Prepaid Expenses	2,341	-	-	-	-	2,341
Due to/from	45,929	-	-	-	(45,929)	-
Capital assets	-	-	1,349,297	-	-	1,349,297
Total Assets	419,397	-	1,349,297	-	(45,929)	1,722,765
Deferred outflows	-	39,435	-	-	-	39,435
LIABILITIES						
Accounts payable	13,167	-	-	-	-	13,167
Accrued liabilities	-	-	-	-	-	-
Accrued expenses	4,907	-	-	-	-	4,907
Other current liabilities	1,775	-	-	-	-	1,775
Due to/from	45,929	-	-	-	(45,929)	-
Deferred taxes	37,310	(37,310)	-	-	-	-
Pension liability	-	6,420	-	-	-	6,420
Long-term debt	-	-	-	131,910	-	131,910
Total Liabilities	103,088	(30,890)	-	131,910	(45,929)	158,179
Deferred inflows	-	61,134	-	-	-	61,134
NET ASSETS						
Invested in capital assets	-	-	1,349,297	(131,910)	-	1,217,387
Unassigned	131,081	9,191	-	-	-	140,272
Nonspendable	2,341	-	-	-	-	2,341
Assigned	138,638	-	-	-	-	138,638
Restricted	44,250	-	-	-	-	44,250
Total Net Assets	\$ 316,310	\$ 9,191	\$ 1,349,297	\$ (131,910)	\$ -	\$ 1,542,888

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

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Net Assets Total
REVENUES					
Taxes	\$ 266,922	\$ 37,310	\$ -	\$ -	\$ 304,232
Tax penalties and interest	18,865	-	-	-	18,865
Fees and licenses	3,066	-	-	-	3,066
Intergovernmental	206,126	-	-	-	206,126
Charges for current services	6,344	-	-	-	6,344
Interest	302	-	-	-	302
Other revenues	5,878	-	-	-	5,878
	<u>507,502</u>	<u>37,310</u>	<u>-</u>	<u>-</u>	<u>544,813</u>
EXPENDITURES					
Current expenditures					
General government	126,568	28,119	20,281	-	174,968
Public safety	39,530	-	11,446	-	50,976
Public works	195,287	-	30,515	-	225,802
Health and social services	8,137	-	-	-	8,137
Debt service expenditures					
Principal	9,268	-	-	(9,268)	-
Interest	3,260	-	-	-	3,260
Capital expenditures					
General government	68,850	-	(68,850)	-	-
Public works	13,871	-	(13,871)	-	-
Public safety	-	-	-	-	-
	<u>464,771</u>	<u>28,119</u>	<u>(20,479)</u>	<u>(9,268)</u>	<u>463,143</u>
Excess (Deficiency) of revenues over (Under) expenditures	<u>42,731</u>	<u>9,191</u>	<u>20,479</u>	<u>9,268</u>	<u>81,670</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	57,975	-	-	(57,975)	-
Transfers in	262,756	-	-	-	262,756
Transfers out	(262,756)	-	-	-	(262,756)
	<u>57,975</u>	<u>-</u>	<u>-</u>	<u>(57,975)</u>	<u>-</u>
Net change in fund balances	<u>\$ 100,707</u>	<u>\$ 9,191</u>	<u>\$ 20,479</u>	<u>\$ (48,707)</u>	<u>\$ 81,670</u>

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

NOTE 3. CASH AND CASH EQUIVALENTS

At June 30, 2022, the carrying amount of the Town's deposits with financial institutions was \$203,225. Of the funds on deposit, all \$203,225 was covered by the Federal Deposit Insurance Corporation (FDIC) and was collateralized.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

Balances held in each area are as follows:

	Book Balance	Bank Balance
FDIC insured	\$ 250,000	\$ 262,927
Category 1	-	-
Category 2	-	-
Category 3	-	-
Category 4	20,806	-
Total Deposits	\$ 270,806	\$ 262,927

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

None of the Town's cash deposits at year end is subject to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The Town does not have policies regarding custodial credit risk, credit risk, concentration of credit risk, interest risk, or foreign currency risk.

GASB Statement No. 40 requires the Town's investments be categorized indicating the level of risk assumed by the Town at year end. Category 1 includes investments that are insured, registered or securities that are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments, which are held by a trust department or agent in the Town's name. At June 30, 2022, all the Town's investments were in Category 1.

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

NOTE 4. RECEIVABLES

Accounts receivable are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables. Receivables as of June 30, 2022 are as follows:

	Net Receivables
General Fund:	
Taxes receivable	59,431
Grant receivable	-
Total General Fund	59,431
Total Receivables	\$ 59,431

Grants receivable represent amounts due from the State of Vermont for grants reimbursements. Based on experience and because the receivables are in accordance with formal agreements, the Town has not established an allowance for uncollectible receivables.

NOTE 5. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2022:

	Receivables	Payables
General fund	\$ 45,917	\$ -
Highway fund	-	34,994
Cemetery fund	-	1
Grants fund	-	10,920
Special revenue fund	-	14
Capital project fund	12	-
Total	\$ 45,929	\$ 45,929

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

NOTE 5. INTERFUND BALANCES AND TRANSFERS (continued)

Operating Interfund Transfers

The Town occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. Interfund transfers during the year ending June 30, 2022, are detailed below.

	Receivables	Payables
General fund	\$ 9,519	\$ 253,237
Highway fund	210,200	9,519
Cemetery fund	-	-
Grants fund	-	-
Special revenue fund	2,000	-
Capital project fund	41,037	-
Total	\$ 262,756	\$ 262,756

NOTE 6. CAPITAL ASSET ACTIVITY

Capital asset activity of the Town for the year ended June 30, 2022, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Non-Depreciable Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable Assets:				
Building & improvements	1,423,760	68,850	-	1,492,610
Equipment & vehicles	104,000	-	-	104,000
Infrastructure	611,126	13,871	-	624,997
Total Capital Assets	\$ 2,138,886	\$ 82,721	\$ -	\$ 2,221,607
	Balances	Increases	Decreases	Balances
Accumulated Depreciation:				
Building & improvements	\$ 660,909	\$ 20,281	\$ -	\$ 681,190
Equipment & vehicles	92,554	11,446	-	104,000
Infrastructure	56,606	30,515	-	87,121
Total Accumulated Depreciation	810,069	62,242	-	872,311
Net Assets	\$ 1,328,817	\$ 20,479	\$ -	\$ 1,349,296

Depreciation expense was charged to governmental functions as follows:

General government	\$ 20,281
Public Safety	11,446
Public Works	30,515
Total 2022 Governmental Depreciation Expense	\$ 62,242

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

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

The Town has deferred outflows of resources in the Governmental Activities consisting of required employer pension contributions made subsequent to the measurement date, as further described in Note 13, of \$39,435.

NOTE 8. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of \$61,134 to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 13. Deferred inflows for governmental fund are unavailable property taxes of \$37,310.

NOTE 9. LONG-TERM DEBT

Long-term debt consisted of the following:

Long-term Debt	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bonds:				
USDA Rural Development Bond 2011-2031. \$105,300 at 3.759% interest rate. Annual payment Semi-annual interest. Maturity June 27, 2031.	\$ 52,650	\$ -	\$ 5,265	\$ 47,385
USDA Rural Development Bond series II 2011-2031. \$59,000 at 4.250% interest rate. Annual payment Semi-annual interest. Maturity June 27, 2031.	<u>29,500</u>	<u>-</u>	<u>2,950</u>	<u>26,550</u>
Total Bonds Payable	82,150	-	8,215	73,935
Notes payables & lines of credit				
Revolving Loan, Water System. People's United Bank	1,053	-	1,053	-
Promissary Note, Mascoma Bank Bethel Loan date : September 13, 2021, payments begin September 13, 2022. No Interest listed Maturity Date September 13, 2026	-	57,975	-	57,975
Line of Credit, Mascoma Bank Bethel Loan Date : September 13, 2021, No interest rate listed. Maturity Date September 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total notes payable & lines of credit	\$ 1,053	\$ 57,975	\$ 1,053	\$ 57,975
	<u>\$ 83,203</u>	<u>\$ 57,975</u>	<u>\$ 9,268</u>	<u>\$ 131,910</u>

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

NOTE 9. LONG-TERM DEBT (continued)

Principle maturities on long term debt are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 13,046	\$ 2,904	\$ 15,950
2024	22,709	2,584	25,293
2025	22,709	2,904	25,613
2026	22,709	2,584	25,293
2027	17,878	2,260	20,138
thereafter	32,860	3,228	36,088
	<u>\$ 131,910</u>	<u>\$ 16,464</u>	<u>\$ 148,375</u>

Long-term liabilities include notes payable. Long-term liabilities also include other obligations such as compensated absences and post-employment benefits. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

NOTE 10. COMMITTED AND ASSIGNED FUND BALANCES

At June 30, 2022, the Town had assigned fund balances for the following purposes:

	General Fund	Highway Fund	Cemetery Fund	Grants Fund	Special Revenue Fund	Capital Project Fund	Total
Unassigned	\$ 74,354	\$ -	\$ -	\$ 56,727	\$ -	\$ -	\$ 131,081
Nonspendable	2,341	-	-	-	-	-	2,341
Assigned	-	21,827	-	-	-	116,811	138,638
Restricted	-	-	18,407	-	25,843	-	44,250
	<u>\$ 76,695</u>	<u>\$ 21,827</u>	<u>\$ 18,407</u>	<u>\$ 56,727</u>	<u>\$ 25,843</u>	<u>\$ 116,811</u>	<u>\$ 316,310</u>

NOTE 11. CONTINGENT LIABILITIES

The Town participates in a number of federally assisted and state granted programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2022, have not yet been review by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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

NOTE 12. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed based on property valuations as of April 1 annually. Taxes were levied during May and were due and payable during September and December 2021, March, and May 2022.

During the tax year ended June 30, 2022, taxes were billed in four installments. Taxes paid before the due date are allowed a 2% discount. Payments received after due date are subject to an 8% penalty and 1% interest per month for the first three months and 1.5% per month thereafter. Because unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale by the delinquent tax collector, the Town has not established an allowance for uncollectible taxes receivable.

As of June 30, 2022, delinquent taxes receivable was \$59,431 inclusive of interest and penalties, with no allowance for uncollectible taxes.

The tax rates for FY2022 are as follows:

	Homestead	Non-Residential	
Town	\$ 0.5555	\$ 0.5555	
Educational Tax	1.7837	1.6806	
Total	\$ 2.3392	\$ 2.2361	

NOTE 13. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2022, the retirement system consisted of 423 participating employers.

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

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

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

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

NOTE 13. PENSION PLAN (continued)

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net pension liability of \$147,184,198. As of June 30, 2021, the Town's proportionate share of this was 0.00436% resulting in a liability of \$6,420. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2021, the Town's proportion of 0.00436% was a decrease of 0.0414% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$597.

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

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	\$ 1,197	\$ -
Changes in assumptions	1,015	-
Difference between projected and actual earnings on pension plan investments	-	3,786
Changes in proportional share of contributions	36,626	57,348
Difference between the employer contributions and proportionate share of total contributions	-	-
Town's required employer contributions made subsequent to the measurement date	597	-
	\$ 39,435	\$ 61,134

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$597 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2022	\$ (2,053)
2023	(2,201)
2024	(2,682)
2025	(15,360)
Total	\$ (22,296)

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

NOTE 13. PENSION PLAN (continued)

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups A and C.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Group A – Average annual compensation during highest 5 consecutive years, and C – Average annual compensation during highest 3 consecutive years.

Service Retirement Allowance:

Eligibility: Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service.
Group C – Age 55 with five (5) years of service.

Amount: Group A – 1.4% of AFC service x service.
Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.

Maximum benefit is 60% of AFC for Group A and 50% of AFC for Groups. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group A.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group A members.

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments."

Disability Retirement Allowance:

Eligibility: Five (5) years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

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

Amount: For Groups A and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement: For Groups A and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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

NOTE 13. PENSION PLAN (continued)

Refund of Contribution: Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

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

Member Contributions: Group A – 3.25%
Group C – 10.75%

Employer Contributions: Group A – 4.75%
Group C – 8.0%

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

Significant Actuarial Assumptions and Methods

Interest Rate – 7.0% per annum.

Salary increases – Varying service-based rates from 0-10 years of service, then a single rate of 4.5% (includes assumed inflation of 2.30%) for all subsequent years.

Mortality:

Pre-retirement – 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, generational projection using scale MP-2019.

Healthy Post-retirement: 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

Healthy Post-retirement – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-retirement – PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

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

Cost-of-Living Adjustments to Benefits - 1.1% per annum for Group A and 1.20% for Group C members. The January 1, 2021 COLA is assumed to be 2.00% for Group A and 2.30% for Group C.

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

Actuarial Value of Assets – A smoothing method is used, 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. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation- 2.30%

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

NOTE 13. PENSION PLAN (continued)

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, is summarized in the following table:

Significant Actuarial Assumptions and Methods (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equities Sm/Mid Cap	3.00%	4.50%
Non-US Developed US Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%
Private and Alt Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2022. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the pension liability would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%) than the current rate:

<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
\$12,690	\$6,420	\$1,265

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

NOTE 13. PENSION PLAN (continued)

Additional Information

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

NOTE 14. RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injured to employees; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

1. The Property and Casualty Inter-Municipal Fund, Inc. (PACIF) for multi-line insurance;
2. The Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and
3. The Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation.

PACIF, VLCTHT, and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guarantee Association. To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. If total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance, and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

In addition, the Town is a member of Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance Trusts: To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and provides excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

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

NOTE 15. LINE OF CREDIT

The Town of Granville currently has no line of credit outstanding.

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

NOTE 16. LONG-TERM CONTRACTS AND COMMITMENTS

The Town participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the Town, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 17. LEASE AGREEMENTS

The Town of Granville currently has no current lease agreements.

NOTE 18. SUBSEQUENT EVENTS

Events of the Town have been evaluated from June 30, 2022, through the date of these financial statements for subsequent events which would impact the financial standing. There are no events that would significantly impact the presentation of these financial statements.

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

SCHEDULE 1

	2022
Total Plan Net Pension Liability	\$ 147,184,198
Town's Proportion of the Net Pension Liability	0.00436%
Town's Proportionate Share of the Net Pension Liability	\$ 6,420
Town's Covered Employee Payroll	\$ 12,572
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	51.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net position liability was lowered from **7.5% to 7.0%**, due to the adoption by the Board of Trustees of a **7.50%** expected future rate of return on assets for funding purposes.

We were only provided with information pertaining to fiscal year 2022, so only one (1) year is shown.

TOWN OF GRANVILLE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2022

SCHEDULE 2

	2022
Contractually Required Contribution (Actuarially Determined)	\$ 597
Contributions in Relation to the Actuarially Determined Contributions	597
Contribution Excess/(Deficiency)	\$ -
Town's Covered Employee Payroll	\$ 12,572
Contributions as a Percentage of Town's Covered Employee Payroll	4.75%

Notes to Schedule

Valuation Date: June 30, 2021

We were only provided with information pertaining to fiscal year 2022, so only one (1) year is shown.

TOWN OF GRANVILLE, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2022

SCHEDULE 3

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 185,411	266,927	\$ 81,516
Taxes penalties and interest	-	18,864	18,864
Fees and licenses	-	3,066	3,066
Intergovernmental revenues	-	94,292	94,292
Charges for current services	-	4,446	4,446
Interest	-	70	70
Other revenues	-	5,602	5,602
	<u>185,411</u>	<u>393,267</u>	<u>207,856</u>
EXPENDITURES			
General government	126,277	107,446	18,831
Public safety	39,232	39,530	(298)
Public works	12,265	10,502	1,763
Health and social services	7,637	8,137	(500)
Conservation and development	-	-	-
Cultural and recreation	-	-	-
Debt service expenditures:			
Principal and lease payments	-	9,268	(9,268)
Interest	-	3,260	(3,260)
Capital expenditures:			
General government	-	-	-
Library	-	-	-
Total Expenditures	<u>185,411</u>	<u>178,143</u>	<u>7,268</u>
Excess(deficiency) of revenues over expenditures	<u>-</u>	<u>215,124</u>	<u>215,124</u>
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Transfers in	-	9,519	9,519
Transfer out	-	(253,237)	(253,237)
	<u>-</u>	<u>(243,718)</u>	<u>(243,718)</u>
Total Other Financing Sources (uses)	<u>-</u>	<u>(243,718)</u>	<u>(243,718)</u>
Net change in fund balances	<u>\$ -</u>	<u>(28,594)</u>	<u>\$ (28,594)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HIGHWAY FUND
JUNE 30, 2022

SCHEDULE 4

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 189,600	\$ -	\$ (189,600)
Intergovernmental revenues	-	35,107	35,107
Other revenues	-	-	-
Total Revenues	<u>189,600</u>	<u>35,107</u>	<u>(154,493)</u>
EXPENDITURES			
Public works	-	184,785	(184,785)
Roads	176,800	-	176,800
Equipment	-	-	-
Garage & other	7,800	-	7,800
Road crew	5,000	-	5,000
Capital expenditures			
Public works	-	13,871	
Total Expenditures	<u>189,600</u>	<u>198,656</u>	<u>4,815</u>
Excess(deficiency) of revenues over expenditures	<u>-</u>	<u>(163,549)</u>	<u>(163,549)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	210,200	210,200
Transfer out	-	(9,519)	(9,519)
Total Other Financing Sources (uses)	<u>-</u>	<u>200,681</u>	<u>200,681</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 37,132</u>	<u>\$ 37,132</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
BALANCE SHEET
OTHER FUNDS
JUNE 30, 2022

SCHEDULE 5

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 25,829	\$ 116,823	\$ 142,652
Accounts receivable	-	-	-
Due from other funds	14	-	14
	<u>25,843</u>	<u>116,823</u>	<u>142,666</u>
Total Assets	<u>25,843</u>	<u>116,823</u>	<u>142,666</u>
LIABILITIES			
Accounts Payable	-	-	-
Deferred grant revenue	-	-	-
Due to other funds	-	12	12
	<u>-</u>	<u>12</u>	<u>12</u>
Total Liabilities	<u>-</u>	<u>12</u>	<u>12</u>
FUND BALANCES			
Restricted	25,843	-	25,843
Assigned	-	116,811	116,811
	<u>25,843</u>	<u>116,811</u>	<u>142,654</u>
Total Fund Balances	<u>25,843</u>	<u>116,811</u>	<u>142,654</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,843</u>	<u>\$ 116,823</u>	<u>\$ 142,666</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
OTHER FUNDS
JUNE 30, 2022

SCHEDULE 6

	Special Revenue Fund	Capital Project Fund	Total
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	1,898	-	1,898
Investment income	47	134	181
Other	-	-	-
	1,945	134	2,079
EXPENDITURES			
General government	-	-	-
Public works	-	-	-
Public Safety	-	-	-
Cultural and recreation	-	-	-
Debt service expenditures			
Principal	-	-	-
Interest	-	-	-
Capital expenditures			
Public works	10,000	-	10,000
Total Expenditures	10,000	-	10,000
Excess/(Deficiency) of revenues			
Over expenditures	(8,055)	134	(7,921)
Other financing sources:			
Loan proceeds	-	-	-
Transfers in	2,000	41,037	43,037
	2,000	41,037	43,037
Net change in fund balances	(6,055)	41,171	35,116
Fund balances - June 30, 2021	31,899	75,640	107,539
Fund balances - June 30, 2022	\$ 25,843	\$ 116,811	142,654

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Municipal Officers Fund	Picture Framing Fund	Constable Capital Investment Fund	Welcome Signs Fund	E. Granville Fire Protection Fund	Reappraisal GL Maintenance Fund	Historical Investment Fund	Fire Department Capital Investment Fund	Municipal Capital Investment Fund	Conservation Commission Fund	Preservation Fund	Total
ASSETS												
Cash	\$ 38	\$ 217	\$ 1,502	\$ 537	\$ 3,357	\$ 13,027	\$ 41	\$ 85	\$ 877	\$ 3,211	\$ 2,937	\$ 25,829
Grant receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	14	-	-	-	-	-	14
Total Assets	38	217	1,502	537	3,357	13,041	41	85	877	3,211	2,937	25,843
LIABILITIES												
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES												
Restricted	38	217	1,502	537	3,357	13,041	41	85	877	3,211	2,937	25,843
Total Fund Balances	38	217	1,502	537	3,357	13,041	41	85	877	3,211	2,937	25,843
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38	\$ 217	\$ 1,502	\$ 537	\$ 3,357	\$ 13,041	\$ 41	\$ 85	\$ 877	\$ 3,211	\$ 2,937	\$ 25,843

TOWN OF GRANVILLE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Municipal Offices Fund	Picture Framing Fund	Constable Capital Investment Fund	Welcome Signs Fund	E. Granville Fire Protection Fund	Reappraisal GL Maintenance Fund	Historical Investment Fund	Fire Department Capital Investment Fund	Municipal Capital Investment Fund	Conservation Commission Fund	Preservation Fund	Total
REVENUES:												
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	-	-	-	-	-	-	-	1,898	1,898
Interest	-	-	2	1	4	30	-	-	2	4	4	47
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	2	1	4	30	-	-	2	4	1,902	1,945
EXPENDITURES:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	10,000	-	-	10,000
Total Expenditures	-	-	-	-	-	-	-	-	10,000	-	-	10,000
Excess/(Deficiency) of Revenues Over Expenditures	-	-	2	1	4	30	-	-	(9,998)	4	1,902	(8,055)
Other Financing Sources:												
Transfers in	-	-	1,500	-	500	-	-	-	-	-	-	2,000
Total Other Financing Sources	-	-	1,500	-	500	-	-	-	-	-	-	2,000
Net Change in Fund Balances	-	-	1,502	1	504	30	-	-	(9,998)	4	1,902	(6,055)
Fund Balances - June 30, 2021	38	217	-	536	2,853	13,011	41	85	10,875	3,207	1,036	31,899
Fund Balances - June 30, 2022	\$ 38	\$ 217	\$ 1,502	\$ 537	\$ 3,357	\$ 13,041	\$ 41	\$ 85	\$ 877	\$ 3,211	\$ 2,937	\$ 25,843

TOWN OF GRANVILLE, VERMONT
BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2022

SCHEDULE 9

	Paving Roads Fund	Highway Budget Surplus Fund	Town Share Structures Grant Fund	Fire Station Reserve Fund	Total
ASSETS					
Cash	\$ 18,111	\$ 66,807	\$ 21,820	\$ 10,085	\$ 116,823
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	18,111	66,807	21,820	10,085	116,823
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	12	12
Total Liabilities	-	-	-	12	12
FUND BALANCES					
Assigned	18,111	66,807	21,820	10,073	116,811
Total Fund Balances	18,111	66,807	21,820	10,073	116,811
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,111	\$ 66,807	\$ 21,820	\$ 10,085	\$ 116,823

The notes to the financial statements are an integral part of this statement.

TOWN OF GRANVILLE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
CAPITAL PROJECTS FUND
JUNE 30, 2022

SCHEDULE 10

	Paving Roads Fund	Highway Budget Surplus Fund	Town Share Structures Grant Fund	Fire Station Reserve Fund	Total
REVENUES:					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	-	-	-	-
Investment income	23	84	27	-	134
Other	-	-	-	-	-
Total Revenues	23	84	27	-	134
EXPENDITURES:					
General government	-	-	-	-	-
Community Development	-	-	-	-	-
Public works	-	-	-	-	-
Debt service expenditures					-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital expenditures					-
Public works	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess/(Deficiency) of Revenues Over Expenditures	23	84	27	-	134
Other Financing Sources:					
Loan proceeds	-	-	-	-	-
Transfers in	6,000	35,037	-	-	41,037
Total Other Financing Sources	6,000	35,037	-	-	41,037
Net Change in Fund Balances	6,023	35,121	27	-	41,171
Fund Balances - June 30, 2021	12,088	31,686	21,793	10,073	75,640
Fund Balances - June 30, 2022	<u>\$ 18,111</u>	<u>\$ 66,807</u>	<u>\$ 21,820</u>	<u>\$ 10,073</u>	<u>\$ 116,811</u>

The notes to the financial statements are an integral part of this statement.



Batchelder Associates, PC

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

To the Select Board
Town of Granville, Vermont
Granville, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Granville, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Granville, Vermont's basic financial statements and have issued our report thereon dated December 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Granville, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Granville, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Granville, Vermont's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the management recommendation letter included with the audit report, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. These are described in the Schedule of Finding and Deficiencies in Internal Control as Items 2022-01 and 2022-02.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Granville, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items.

We noted certain other matters that we reported to management of the Town in a separate letter. There are no documented responses included with this audit.

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.

Batchelder Associates, PC

Batchelder Associates, PC
Vermont License #945
Barre, Vermont
December 12, 2022

TOWN OF GRANVILLE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2022

Material Weaknesses in Internal Control

2022-01:

Criteria: Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

Condition: Balance sheet accounts were misstated in several cases, causing unreliable information to Select Board.

Cause: Payments for loan proceeds, debt payments, inaccurate deposits in transit and outstanding checks were recorded on the balance sheet incorrectly.

Effect: The Town's account balances were incorrect.

Recommendation: We recommend that all balance sheet accounts be reconciled to supporting documentation in order to detect and correct errors.

2022-02:

Criteria: Municipalities are required to use fund accounting

Condition: Accounting software was not established to track funds, transfers between funds and/or creating of Due to/from accounts.

Cause: Fund balances by fund did not exist due to the lack of tracking the accounting by fund.

Effect: The Town's fund balances were inaccurate and incorrect information is relied on to make Town decisions, set tax rates, and spend funds.

Recommendation: We recommend that the Town move to a fund-based accounting system and ensure that proper training is in place for staff responsible for the Town's finances.

Restriction on Use

This information is intended solely for the information and use of the board of Selectmen and management of Town of Granville, Vermont and is not intended to be, and should not be, used by anyone other than these specified parties. Thank you for your help with this audit.