

TOWN OF CHARLOTTE, VERMONT

AUDIT REPORT

JUNE 30, 2022

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AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Charlotte, Vermont
P.O. Box 119
Charlotte, Vermont 05445

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Charlotte, 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 Charlotte, 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, each major fund and the aggregate remaining fund information of the Town of Charlotte, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Charlotte, 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.

Change in Accounting Principles

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Charlotte, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and "Government Auditing Standards", we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Charlotte, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Charlotte, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 4 through 8, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

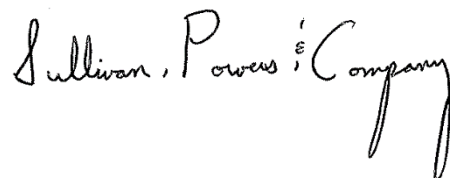
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Charlotte, Vermont’s basic financial statements. The combining fund financial statements and the schedule of taxes raised are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated November 7, 2022 on our consideration of the Town of Charlotte, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Charlotte, Vermont’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Charlotte, Vermont’s internal control over financial reporting and compliance.

November 7, 2022
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

The Town of Charlotte (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal years ending June 30, 2022 and 2021.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2022 by \$10,663,364 (*net position*). Of this amount, \$1,750,038 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations.
- The Town's total governmental activities net position increased by \$386,870.
- Fund Balances of Governmental Funds increased by \$633,948 to a total of \$2,483,096 in fiscal year 2022. The General Fund had a total fund balance of \$129,761 of which \$67,783 was unassigned.

Overview of the Town's Financial Statements:

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

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

The *statement of net position* presents information on all of the Town of Charlotte's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position.

The *statement of activities* presents information showing how the Town's net position changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. 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) whereas the *statement of revenues, expenditures and changes in fund balances - governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus in the *statement of activities*, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The major governmental activities of the Town of Charlotte include general government, highways and streets, public safety and culture and recreation. The government-wide financial statements can be found in Exhibits A and B of this report. The business-type activity of the Town is the wastewater operation on Thompson's Point, which is accounted for in the proprietary fund statements.

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 has three types of funds: governmental funds, a proprietary fund and fiduciary funds. The proprietary fund of the Town is an enterprise fund (business activities). This covers our Thompson's Point wastewater department. Fund financial statements can be found in Exhibits C through J.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Notes to the financial statements. The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Other Information. This section of the report includes the budgetary comparison for the General Fund and information related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as required by U.S. GAAP. It also includes the combined information for individual non-major governmental funds.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Current and Other Assets	\$ 2,731,953	\$ 2,268,064	\$ 306,920	\$ 327,760	\$ 3,038,873	\$ 2,595,824
Capital Assets	8,442,960	8,734,552	954,560	927,548	9,397,520	9,662,100
Total Assets	<u>11,174,913</u>	<u>11,002,616</u>	<u>1,261,480</u>	<u>1,255,308</u>	<u>12,436,393</u>	<u>12,257,924</u>
Deferred Outflows of Resources	125,463	138,042	0	0	125,463	138,042
Current Liabilities	207,876	322,331	0	0	207,876	322,331
Long-term Liabilities	1,564,548	1,785,968	0	0	1,564,548	1,785,968
Total Liabilities	<u>1,772,424</u>	<u>2,108,299</u>	<u>0</u>	<u>0</u>	<u>1,772,424</u>	<u>2,108,299</u>
Deferred Inflows of Resources	126,068	17,345	0	0	126,068	17,345
Net Investment in Capital Assets	7,902,960	8,170,009	954,560	927,548	8,857,520	9,097,557
Restricted	55,806	620,427	0	0	55,806	620,427
Unrestricted	1,443,118	224,578	306,920	327,760	1,750,038	552,338
Total Net Position	<u>\$ 9,401,884</u>	<u>\$ 9,015,014</u>	<u>\$ 1,261,480</u>	<u>\$ 1,255,308</u>	<u>\$ 10,663,364</u>	<u>\$ 10,270,322</u>

As indicated above, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,663,364 at the end of fiscal year 2022. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,270,322 at the end of fiscal year 2021.

The largest portion of the Town's net position is in its investment in capital assets (83.1% = \$8,857,520). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore these assets are not available for future spending. A portion (0.5% = \$55,806) of the Town's net position is subject to restrictions on how it may be used (e.g. highway maintenance, trails, etc.). The remaining balance is an unrestricted net position (16.4% = \$1,750,038) that may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in the unrestricted net position have been assigned by management for particular purposes (e.g. capital projects).

Governmental activities. Governmental activities increased the Town's net position by \$386,870 in FY22.

**TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 2
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,180,670	\$ 1,220,979	\$ 185,265	\$ 147,032	\$ 1,365,935	\$ 1,368,011
Operating Grants and Contributions	257,090	313,586	0	0	257,090	313,586
Capital Grants and Contributions	44,016	105,369	0	0	44,016	105,369
General Revenues:						
Property Taxes	1,883,102	1,872,113	0	0	1,883,102	1,872,113
Penalties and Interest on Delinquent Taxes	47,285	26,169	0	0	47,285	26,169
General State Grants	86,775	88,913	0	0	86,775	88,913
ARPA Funds	527,870	0	0	0	527,870	0
Unrestricted Investment Earnings	4,725	5,655	18	0	4,743	5,655
Proceeds from Sale of Materials	0	10,000	0	0	0	10,000
Proceeds from Sale of Equipment	0	6,850	0	0	0	6,850
Other Revenues	1,736	1,660	0	0	1,736	1,660
Total Revenues	4,033,269	3,651,294	185,283	147,032	4,218,552	3,798,326
Expenses:						
General Government	1,040,558	1,226,394	0	0	1,040,558	1,226,394
Public Safety	854,839	966,822	0	0	854,839	966,822
Highways and Streets	929,574	911,896	0	0	929,574	911,896
Culture and Recreation	778,639	527,053	0	0	778,639	527,053
Community Development	175	1,000	0	0	175	1,000
Interest on Long-term Debt	42,614	38,684	0	0	42,614	38,684
Wastewater	0	0	179,111	123,324	179,111	123,324
Total Expenses	3,646,399	3,671,849	179,111	123,324	3,825,510	3,795,173
Increase/(Decrease) in Net Position	\$ <u>386,870</u>	\$ <u>(20,555)</u>	\$ <u>6,172</u>	\$ <u>23,708</u>	\$ <u>393,042</u>	\$ <u>3,153</u>

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund balance decreased \$297,489 from \$427,250 at the end of fiscal year 2021 to \$129,761 at the end of fiscal year 2022.

The total revenues budgeted were \$3,380,774. The actual revenues collected were \$3,462,659, which was \$81,885 more than budgeted. A large portion of the excess in revenues was due to property tax revenues and the interest and penalty on delinquent tax collections coming in more than expected (\$49,027) and receiving unbudgeted highway supplement payments from the State of Vermont (\$22,495).

The total expenses budgeted were \$3,537,774. The actual expenses were \$3,777,718, which was \$239,944 more than budgeted. Among the line items that were overspent were: planning and zoning (by \$61,214), employee benefits (by \$54,046) and library (by \$54,075) while highways was underspent (by \$322,029). One of the contributing factors to the overspending was due to a re-evaluation of employee pay-rates in which actual pay was greater than budgeted (by a total of \$134,161). The Road Commissioner voluntarily reduced his expenditures (particularly for retreatment) in anticipation that any surplus could be applied towards the construction of a Town Highway Garage.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

In the highway expense budget a total of \$581,221 was spent, \$322,029 less than the budget of \$903,250. Some line items were underspent and some were overspent. The lines that were underspent the most were retreatment and winter plow/sand/ice, which were underspent by \$235,000 and \$39,614, respectively. \$203,246 of Class II Highway State Aid and highway supplement payments of \$22,495 was received during the year helping to offset maintenance expenses.

The Highway Reserve Fund

The Highway Reserve Fund ended fiscal year 2022 with a fund balance of \$781,127. The prior year fund balance was \$441,492 resulting in a current year increase of \$339,635.

Other Funds

The Town has the following reserve funds at June 30, 2022:

Highway Reserve Fund	\$ 781,127
Conservation Fund	354,834
Fire & Rescue Capital Fund	17,008
ARPA Fund	410
Non-Major Government Funds	<u>1,199,956</u>
Total Other Funds	<u>\$2,353,335</u>

Restricted Net Position and Fund Balances

The restricted net position was \$55,806 on June 30, 2022. These funds are reserved for specific future expenses, such as records restoration and other purposes determined by trust or grant agreements.

The unassigned fund balance of the Governmental Funds was \$67,783 on June 30, 2022. These funds are available to address planned or unexpected expenses in the General Fund.

Capital Assets

Governmental Capital Assets decreased \$291,592 net of accumulated depreciation to a total of \$8,442,960 as of June 30, 2022. The Town spent \$126,698 on capital asset additions during the fiscal year. Some of the notable additions include the following: preliminary work on the new Town Highway Garage (\$59,459) and a new dock at the Town beach (\$28,532).

Long-term Debt

At the end of the current year, the Town had total long-term debt outstanding of \$1,320,000. This amount represents bonded debt backed by the full faith and credit of the Town.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Table 3
Outstanding Debt at Year-End

	Governmental Activities	
	FY2022	FY2021
Bonds Payable	\$ <u>1,320,000</u>	\$ <u>1,428,750</u>

The Town's total debt decreased by \$108,750 during the year, reflecting the repayments of principal.

Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information on the Town's long-term debt can be found in Note IV.I. in the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in the development of the budget for FY23:

The Town approved a General Fund budget for fiscal year 2023 in the amount of \$3,790,108, including the articles for allocations to CVFRS and the Library. This represented an increase of \$252,334 (7%) from the approved budget for the prior fiscal year.

The following factors will influence the General Fund budget in the next fiscal year:

The Selectboard plans to keep spending relatively level, in order to minimize the tax burden on residents. The FY24 budget will also need to anticipate first year bond payments for the Town Garage.

Requests for Information

This financial report is designed to provide a general overview of the Town of Charlotte, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Administrator or the Town Treasurer, P.O. Box 119, Charlotte, Vermont 05445.

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 2,591,232	\$ 221,429	\$ 2,812,661
Deposits with Insurance Company	18,630	0	18,630
Receivables	81,045	64,000	145,045
Loans Receivable	0	26,250	26,250
Internal Balances	4,759	(4,759)	0
Prepaid Expenses	36,287	0	36,287
Capital Assets:			
Land	1,827,100	0	1,827,100
Construction in Progress	117,316	0	117,316
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,498,544</u>	<u>954,560</u>	<u>7,453,104</u>
Total Assets	<u>11,174,913</u>	<u>1,261,480</u>	<u>12,436,393</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>125,463</u>	<u>0</u>	<u>125,463</u>
Total Deferred Outflows of Resources	<u>125,463</u>	<u>0</u>	<u>125,463</u>
<u>LIABILITIES</u>			
Accounts Payable	137,267	0	137,267
Accrued Payroll and Benefits Payable	11,555	0	11,555
Unearned Revenue	45,224	0	45,224
Due to Others	1,803	0	1,803
Accrued Interest Payable	12,027	0	12,027
Noncurrent Liabilities:			
Due Within One Year	108,750	0	108,750
Due in More than One Year	<u>1,455,798</u>	<u>0</u>	<u>1,455,798</u>
Total Liabilities	<u>1,772,424</u>	<u>0</u>	<u>1,772,424</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	2,752	0	2,752
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>123,316</u>	<u>0</u>	<u>123,316</u>
Total Deferred Inflows of Resources	<u>126,068</u>	<u>0</u>	<u>126,068</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	7,902,960	954,560	8,857,520
Restricted	55,806	0	55,806
Unrestricted	<u>1,443,118</u>	<u>306,920</u>	<u>1,750,038</u>
Total Net Position	<u>\$ 9,401,884</u>	<u>\$ 1,261,480</u>	<u>\$ 10,663,364</u>

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,040,558	\$ 1,038,454	\$ 22,222	\$ 0	\$ 20,118	\$ 0	\$ 20,118
Public Safety	854,839	1,248	0	0	(853,591)	0	(853,591)
Highways and Streets	929,574	1,000	232,194	16,207	(680,173)	0	(680,173)
Culture and Recreation	778,639	139,968	1,874	27,809	(608,988)	0	(608,988)
Community Development	175	0	800	0	625	0	625
Interest on Long-term Debt	42,614	0	0	0	(42,614)	0	(42,614)
Total Governmental Activities	3,646,399	1,180,670	257,090	44,016	(2,164,623)	0	(2,164,623)
Business-type Activities:							
Wastewater	179,111	185,265	0	0	0	6,154	6,154
Total Business-type Activities	179,111	185,265	0	0	0	6,154	6,154
Total Primary Government	\$ 3,825,510	\$ 1,365,935	\$ 257,090	\$ 44,016	(2,164,623)	6,154	(2,158,469)
General Revenues:							
Property Taxes					1,883,102	0	1,883,102
Penalties and Interest on Delinquent Taxes					47,285	0	47,285
General State Grants					86,775	0	86,775
ARPA Funds					527,870	0	527,870
Unrestricted Investment Earnings					4,725	18	4,743
Other Revenues					1,736	0	1,736
Total General Revenues					2,551,493	18	2,551,511
Change in Net Position					386,870	6,172	393,042
Net Position - July 1, 2021					9,015,014	1,255,308	10,270,322
Net Position - June 30, 2022					\$ 9,401,884	\$ 1,261,480	\$ 10,663,364

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

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

	General Fund	Highway Reserve Fund	Conservation Fund	Fire & Rescue Capital Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 2,581,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,003	\$ 2,591,232
Deposits with Insurance Company	18,630	0	0	0	0	0	18,630
Receivables	81,045	0	0	0	0	0	81,045
Due from Other Funds	0	781,127	354,834	17,008	43,830	1,191,757	2,388,556
Prepaid Items	36,287	0	0	0	0	0	36,287
Total Assets	\$ 2,717,191	\$ 781,127	\$ 354,834	\$ 17,008	\$ 43,830	\$ 1,201,760	\$ 5,115,750
LIABILITIES							
Accounts Payable	\$ 137,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,267
Accrued Payroll and Benefits Payable	11,555	0	0	0	0	0	11,555
Due to Other Funds	2,383,797	0	0	0	0	0	2,383,797
Unearned Revenue	0	0	0	0	43,420	1,804	45,224
Due to Others	1,803	0	0	0	0	0	1,803
Total Liabilities	2,534,422	0	0	0	43,420	1,804	2,579,646
DEFERRED INFLOWS OF RESOURCES							
Prepaid Property Taxes	2,752	0	0	0	0	0	2,752
Unavailable Property Taxes, Penalties and Interest	19,000	0	0	0	0	0	19,000
Unavailable Fees	30,364	0	0	0	0	0	30,364
Unavailable Grants	892	0	0	0	0	0	892
Total Deferred Inflows of Resources	53,008	0	0	0	0	0	53,008
FUND BALANCES							
Nonspendable	36,287	0	0	0	0	0	36,287
Restricted	500	0	0	0	0	55,306	55,806
Committed	0	0	354,834	17,008	0	549,955	921,797
Assigned	25,191	781,127	0	0	410	594,695	1,401,423
Unassigned	67,783	0	0	0	0	0	67,783
Total Fund Balances	129,761	781,127	354,834	17,008	410	1,199,956	2,483,096
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,717,191	\$ 781,127	\$ 354,834	\$ 17,008	\$ 43,830	\$ 1,201,760	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:							
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.							8,442,960
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.							50,256
Long-Term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds							(1,576,575)
Deferred Outflows of Resources and Deferred Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, therefore, are not Reported in the Funds.							2,147
Net Position of Governmental Activities							\$ 9,401,884

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

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

	General Fund	Highway Reserve Fund	Conservation Fund	Fire & Rescue Capital Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 1,919,102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,919,102
Penalties and Interest on Delinquent Taxes	47,285	0	0	0	0	0	47,285
Intergovernmental	320,660	0	0	0	522,367	54,077	897,104
Charges for Services	988,116	0	0	0	0	0	988,116
Permits, Licenses and Fees	181,096	0	0	0	0	10,825	191,921
Fines and Forfeits	1,248	0	0	0	0	0	1,248
Investment Income	2,818	434	355	31	410	677	4,725
Donations	1,100	0	0	0	0	19,238	20,338
Other	1,736	0	0	0	0	0	1,736
Total Revenues	<u>3,463,161</u>	<u>434</u>	<u>355</u>	<u>31</u>	<u>522,777</u>	<u>84,817</u>	<u>4,071,575</u>
Expenditures:							
General Government	983,506	0	0	0	0	25,041	1,008,547
Public Safety	812,736	0	0	42,103	0	0	854,839
Highways and Streets	582,571	2,511	0	0	0	1,670	586,752
Culture and Recreation	694,026	0	0	0	0	21,231	715,257
Community Development	0	0	0	0	0	175	175
Capital Outlay:							
General Government	0	0	0	0	0	14,645	14,645
Highways and Streets	0	10,955	0	0	0	70,566	81,521
Culture and Recreation	0	0	0	0	0	30,532	30,532
Debt Service:							
Principal	30,000	0	0	78,750	0	0	108,750
Interest	13,994	0	0	22,615	0	0	36,609
Total Expenditures	<u>3,116,833</u>	<u>13,466</u>	<u>0</u>	<u>143,468</u>	<u>0</u>	<u>163,860</u>	<u>3,437,627</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>346,328</u>	<u>(13,032)</u>	<u>355</u>	<u>(143,437)</u>	<u>522,777</u>	<u>(79,043)</u>	<u>633,948</u>
Other Financing Sources/(Uses):							
Transfers In	522,367	352,667	25,000	95,000	0	693,517	1,688,551
Transfers Out	<u>(1,166,184)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(522,367)</u>	<u>0</u>	<u>(1,688,551)</u>
Total Other Financing Sources/(Uses)	<u>(643,817)</u>	<u>352,667</u>	<u>25,000</u>	<u>95,000</u>	<u>(522,367)</u>	<u>693,517</u>	<u>0</u>
Net Change in Fund Balances	(297,489)	339,635	25,355	(48,437)	410	614,474	633,948
Fund Balances - July 1, 2021	<u>427,250</u>	<u>441,492</u>	<u>329,479</u>	<u>65,445</u>	<u>0</u>	<u>585,482</u>	<u>1,849,148</u>
Fund Balances - June 30, 2022	<u>\$ 129,761</u>	<u>\$ 781,127</u>	<u>\$ 354,834</u>	<u>\$ 17,008</u>	<u>\$ 410</u>	<u>\$ 1,199,956</u>	<u>\$ 2,483,096</u>

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

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

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

Net change in fund balances - total government funds (Exhibit D)	\$	633,948
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$126,698) is allocated over their estimated useful lives and reported as depreciation expense (\$418,290). This is the amount by which depreciation exceeded capital outlays in the current period.		(291,592)
The issuance of long-term debt (\$-0-) (e.g., bonds, financed purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$108,750) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		108,750
Governmental funds report employer pension contributions as expenditures (\$39,148). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$49,533) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(10,385)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(38,306)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(15,545)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>386,870</u></u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	<u>Wastewater Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 221,429
Receivables	64,000
Loans Receivable	<u>26,250</u>
Total Current Assets	<u>311,679</u>
Noncurrent Assets:	
Distribution and Collection Systems	1,719,449
Less: Accumulated Depreciation	<u>(764,889)</u>
Total Noncurrent Assets	<u>954,560</u>
Total Assets	<u>\$ 1,266,239</u>
<u>LIABILITIES</u>	
Liabilities:	
Due to Other Funds	\$ <u>4,759</u>
Total Liabilities	<u>4,759</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	954,560
Unrestricted	<u>306,920</u>
Total Net Position	<u>1,261,480</u>
Total Liabilities and Net Position	<u>\$ 1,266,239</u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Wastewater Fund</u>
Operating Revenues:	
Charges for Services	\$ <u>161,549</u>
Total Operating Revenues	<u>161,549</u>
Operating Expenses:	
Contract Services	68,559
Utilities	3,365
Repairs and Maintenance	44,274
Materials and Supplies	4,061
Fees and Permits	873
Testing Fees	10,784
Depreciation	<u>47,195</u>
Total Operating Expenses	<u>179,111</u>
Operating Income/(Loss)	<u>(17,562)</u>
Non-Operating Revenues:	
Investment Income	18
Connection Fees	<u>23,716</u>
Total Non-Operating Revenues	<u>23,734</u>
Change in Net Position	6,172
Net Position - July 1, 2021	<u>1,255,308</u>
Net Position - June 30, 2022	<u>\$ <u>1,261,480</u></u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Wastewater Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 156,259
Payments for Goods and Services	<u>(131,916)</u>
Net Cash Provided by Operating Activities	<u>24,343</u>
Cash Flows From Noncapital Financing Activities:	
(Decrease)/Increase in Due to Other Funds	<u>4,397</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,397</u>
Cash Flows From Capital and Related Financing Activities:	
Payments Received on Loan Receivable and Connection Fees	15,316
Acquisition and Construction of Capital Assets	<u>(74,207)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(58,891)</u>
Cash Flows From Investing Activities:	
Receipt of Interest & Dividends	<u>18</u>
Net Cash Provided by Investing Activities	<u>18</u>
Net Increase/(Decrease) in Cash	(30,133)
Cash - July 1, 2021	<u>251,562</u>
Cash - June 30, 2022	<u>\$ 221,429</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	\$ (17,562)
Depreciation	47,195
(Increase)/Decrease in Receivables	<u>(5,290)</u>
Net Cash Provided by Operating Activities	<u>\$ 24,343</u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash	\$ 7,954	\$ 0
Investments	574,316	0
Total Assets	\$ 582,270	\$ 0
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ 0	\$ 0
Net Position:		
Restricted:		
Held in Trust for Individuals and Organizations	582,270	0
Total Liabilities and Net Position	\$ 582,270	\$ 0

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income/(Loss)	\$ (129,902)	\$ 0
Education Taxes Collected for Other Governments	0	13,577,558
Total Additions	(129,902)	13,577,558
Deductions:		
Grandview Cemetery	7,806	0
Miscellaneous	220	0
Education Taxes Distributed to Other Governments	0	13,577,558
Total Deductions	8,026	13,577,558
Change in Net Position	(137,928)	0
Net Position - July 1, 2021	720,198	0
Net Position - June 30, 2022	\$ 582,270	\$ 0

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

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

The Town of Charlotte, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, wastewater and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Charlotte, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

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

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

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

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Highway Reserve Fund – The fund accounts for the highway capital expenditures of the Town.

Conservation Fund – This fund accounts for the resources used for land preservation.

Fire & Rescue Capital Fund – This fund accounts for the fire and rescue capital expenditures of the Town.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

The Town reports on the following major enterprise fund:

Wastewater Fund – This fund accounts for the operations of the Thompson's Point Wastewater Department.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Town reports the following fund types:

Private-Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of individuals. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

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

C. Measurement Focus

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

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

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide, proprietary and fiduciary 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. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

E. Use of Estimates

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

F. New Pronouncement – Leases

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

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

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

1. Cash

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

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances from/to other funds”. All other outstanding balances between funds are reported as “due from/to 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”.

5. Pensions

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

6. Prepaid Expenses/Items

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

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

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

7. Deferred Outflows/Inflows of Resources

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

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

8. Capital Assets

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

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

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

	Capitalization Threshold	Estimated Service Life
Land	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 20,000	10-75 Years
Vehicles and Equipment	\$ 5,000	3-25 Years
Infrastructure	\$ 20,000	20-75 Years
Distribution and Collection Systems	\$ 20,000	20-75 Years

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

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

9. Compensated Absences

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

10. Long-term Liabilities

Long-term liabilities include bonds and notes payable and other obligations such as compensated absences and the Town's net pension liability. 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 statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide, proprietary and fiduciary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances in governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

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

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budget is approved at the annual Town Meeting in March. Budget changes within a department, which do not change the total expenditures, require approval of the Selectboard. Any budget changes which change total expenditures requires voter approval. There were no budget amendments during the year. The budget presented herein is for the Town's "General Fund" only and does not include the HRA Fund and the Park & Wildlife Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$157,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022 expenditures in the General Fund exceeded appropriations by \$239,944. These over-expenditures were funded by excess revenues and available fund balance.

TOWN OF CHARLOTTE, VERMONT
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IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Cash:	
Deposits with Financial Institutions	\$2,814,518
Deposits with Investment Company	5,997
Cash on Hand	<u>100</u>
Total Cash	<u>2,820,615</u>
Investments:	
Exchange-Traded Funds	222,724
Mutual Funds – Mixed Holdings	<u>351,592</u>
Total Investments	<u>574,316</u>
Total Cash and Investments	<u>\$3,394,931</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The exchange-traded funds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town’s cash.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 255,997	\$ 255,997
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Bank’s Name for the Benefit of the Town	<u>2,564,518</u>	<u>2,668,993</u>
Total	<u>\$2,820,515</u>	<u>\$2,924,990</u>

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

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

Cash – Deposits with Financial Institutions	\$2,814,518
Cash – Deposits with Investment Company	<u>5,997</u>
Total	<u>\$2,820,515</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town’s policy does not limit its exposure to interest rate risk. The Town’s exchange-traded funds are exempt from interest rate risk disclosure. The Town’s mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town’s exchange-traded funds are not subject to credit risk disclosure. The Town’s mutual funds are open-ended and, therefore, are also excluded from the credit risk analysis.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than mutual funds, that represent more than 5% of total investments.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application.” The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

TOWN OF CHARLOTTE, VERMONT
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Level 1 – Unadjusted quoted prices for identical instruments in active markets

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

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

The Town has the following fair value measurements as of June 30, 2022:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Exchange-Traded Funds	\$ 222,724	\$ 222,724	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	351,592	351,592	0	0
Total	\$ 574,316	\$ 574,316	\$ 0	\$ 0

B. Receivables

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

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 41,141	\$ 0	\$ 41,141
Penalties and Interest Receivable	7,521	0	7,521
Thompson's Point Rent Receivable	31,491	0	31,491
Grants Receivable	892	0	892
Unbilled Services	0	64,000	64,000
Total	\$ 81,045	\$ 64,000	\$ 145,045

C. Loans Receivable

The Town has three (3) outstanding wastewater loans totaling \$26,250 to homeowners for hook-on fees to the sewer system on Lane's Lane. Loan terms vary from 10 to 20 years. Interest is at 0%.

TOWN OF CHARLOTTE, VERMONT
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D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,827,100	\$ 0	\$ 0	\$ 1,827,100
Construction in Progress	131,604	83,521	97,809	117,316
Total Capital Assets, Not Being Depreciated	1,958,704	83,521	97,809	1,944,416
Capital Assets, Being Depreciated:				
Land Improvements	28,090	0	0	28,090
Buildings and Building Improvements	2,610,324	0	0	2,610,324
Vehicles and Equipment	113,603	0	0	113,603
Infrastructure	6,756,913	140,986	259,390	6,638,509
Distribution and Collection Systems	146,693	0	0	146,693
Totals	9,655,623	140,986	259,390	9,537,219
Less Accumulated Depreciation for:				
Land Improvements	3,609	2,009	0	5,618
Buildings and Building Improvements	585,519	55,091	0	640,610
Vehicles and Equipment	21,246	6,747	0	27,993
Infrastructure	2,212,409	351,068	259,390	2,304,087
Distribution and Collection Systems	56,992	3,375	0	60,367
Totals	2,879,775	418,290	259,390	3,038,675
Total Capital Assets, Being Depreciated	6,775,848	(277,304)	0	6,498,544
Governmental Activities Capital Assets, Net	\$ 8,734,552	\$ (193,783)	\$ 97,809	\$ 8,442,960
Business-type Activities				
Capital Assets, Being Depreciated:				
Distribution and Collection Systems	\$ 1,645,242	\$ 74,207	\$ 0	\$ 1,719,449
Totals	1,645,242	74,207	0	1,719,449
Less Accumulated Depreciation for:				
Distribution and Collection Systems	717,694	47,195	0	764,889
Totals	717,694	47,195	0	764,889
Total Capital Assets, Being Depreciated	927,548	27,012	0	954,560
Business-type Activities Capital Assets, Net	\$ 927,548	\$ 27,012	\$ 0	\$ 954,560

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 21,702	Wastewater	\$ 47,195
Highways and Streets	342,822		
Culture and Recreation	53,766		
Total Depreciation Expense - Governmental Activities	\$ 418,290	Total Depreciation Expense - Business-type Activities	\$ 47,195

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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E. Interfund Balances and Activity

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 2,383,797
Highway Reserve Fund	781,127	0
Conservation Fund	354,834	0
Fire & Rescue Capital Fund	17,008	0
ARPA Fund	43,830	0
Non-Major Governmental Funds	1,191,757	0
Wastewater Fund	0	4,759
Total	\$ 2,388,556	\$ 2,388,556

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

Transfer From	Transfer To	Amount	Purpose
General Fund	HRA Fund	\$ 67,000	* Appropriation
General Fund	Highway Reserve Fund	352,667	Transfer Highway Surplus
General Fund	Conservation Fund	25,000	Appropriation
General Fund	Fire & Rescue Capital Fund	95,000	Appropriation
General Fund	Reappraisal Fund	25,000	Appropriation
General Fund	Conservation Commission Fund	600	Appropriation
General Fund	Tree Fund	20,000	Appropriation
General Fund	Repairs and Improvements Fund	33,550	Appropriation
General Fund	Trails Reserve Fund	62,000	Appropriation
General Fund	Recreation Capital Fund	30,000	Appropriation
General Fund	Town Garage Fund	522,367	To Fund Future Town Garage Expenditures
ARPA Fund	General Fund	522,367	Revenue Replacement
Total		\$ 1,755,551	

* The transfer from the General Fund to the HRA Fund is netted within the General Fund as this fund is consolidated within the General Fund to comply with GASB Statement No. 54.

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$38,484 from the difference between the expected and actual experience, \$32,637 from changes in assumptions and \$15,194 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$39,148 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$125,463.

G. Unearned Revenue

Unearned revenue in the ARPA Fund consists of \$43,420 of grant revenue received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$1,804 of grant revenue

TOWN OF CHARLOTTE, VERMONT
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 JUNE 30, 2022

received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$121,746 from the difference between the projected and actual investment earnings and \$1,570 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$2,752 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$126,068.

Deferred inflows of resources in the General Fund consists of \$19,000 of delinquent property taxes, penalties and interest on those taxes, \$30,364 of Thompson's Point rental fees and \$892 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$2,752 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$53,008.

I. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for governmental activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

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

Long-term debt outstanding as of June 30, 2022 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire and Rescue Pumper, Principal Payments of \$20,000 Payable on November 15 Annually, Average Interest Rate of 4.928% Payable May 15 and November 15, Due December, 2024	\$ 80,000	\$ 0	\$ 20,000	\$ 60,000
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$31,250 Payable on November 1 Annually, Interest Ranging from 1.78% to 3.70% Payable on May 1 and November 1, Due				

TOWN OF CHARLOTTE, VERMONT
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November, 2037	531,250	0	31,250	500,000
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Library Improvements, Principal Payments of \$30,000 Payable on November 1 Annually, Interest Ranging from 1.35% to 3.12% Payable on May 1 and November 1, Due November, 2039	\$ 570,000	\$ 0	\$ 30,000	\$ 540,000
Bond Payable, Vermont Municipal Bond Bank, Ambulance, Principal Payments of \$27,500 Payable on November 1 Annually, Interest Ranging from 1.35% to 2.70% Payable on May 1 and November 1, Due November, 2039	<u>247,500</u>	<u>0</u>	<u>27,500</u>	<u>220,000</u>
Total Governmental Activities	<u>\$1,428,750</u>	<u>\$ 0</u>	<u>\$108,750</u>	<u>\$1,320,000</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 1,428,750	\$ 0	\$ 108,750	\$ 1,320,000	\$ 108,750
Compensated Absences	28,528	9,540	0	38,068	0
Net Pension Liability	<u>328,690</u>	<u>0</u>	<u>122,210</u>	<u>206,480</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,785,968</u>	<u>\$ 9,540</u>	<u>\$ 230,960</u>	<u>\$ 1,564,548</u>	<u>\$ 108,750</u>

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

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

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 108,750	\$ 34,192
2024	108,750	31,805
2025	108,750	28,073
2026	88,750	23,660
2027	88,750	26,277
2028-2032	388,750	83,109
2033-2037	306,250	41,222
2038-2040	<u>121,250</u>	<u>4,775</u>
Total	<u>\$ 1,320,000</u>	<u>\$ 273,113</u>

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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J. Fund Balances

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

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

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

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does have a minimum fund balance policy which is to maintain an unassigned fund balance between 5% and 15% of General Fund operating expenditures. The unassigned fund balance is \$67,783 which is 2% of the 2022 operating expenditures.

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Items	\$ <u>36,287</u>
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Total Nonspendable Fund Balances	\$ <u>36,287</u>
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TOWN OF CHARLOTTE, VERMONT
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The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Park & Wildlife Expenses by Donations (Source of Revenue is Donations)	\$ <u>500</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Scenic Preservation Expenses by Donations (Source of Revenue is Donations)	12
Restricted for Community Library Expenses by Donations (Source of Revenue is Donations)	3,455
Restricted for Restoration of Records Expenses by Statute (Source of Revenue is Restoration Fees)	13,264
Restricted for Ski Program Expenses by Agreement (Source of Revenue is Recreation Fees)	18,404
Restricted for Conservation Commission by Donations (Source of Revenue is Donations)	897
Restricted for Tree Planting Expenses by Donations (Source of Revenue is Donations)	5,489
Restricted for Mack Scholarship Expenses by Donations (Source of Revenue is Donations)	6,710
Restricted for Energy Expenses by Donations (Source of Revenue is Donations)	<u>674</u>

Total Special Revenue Funds	<u>48,905</u>
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Capital Projects Funds:

Restricted for Thorp Barn Expenditures by Donations (Source of Revenue is Donations)	<u>6,401</u>
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Total Non-Major Funds	<u>55,306</u>
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Total Restricted Fund Balances	<u>\$55,806</u>
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The fund balances in the following funds are committed as follows:

Major Funds

Conservation Fund:

Committed for Land Preservation by the Voters	<u>\$354,834</u>
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Fire & Rescue Capital Fund:

Committed for Fire & Rescue Capital by the Voters	<u>17,008</u>
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TOWN OF CHARLOTTE, VERMONT
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Non-Major Funds

Special Revenue Funds:	
Committed for Restoration of Records by the Voters	\$ 7,800
Committed for Cemetery Expenses by the Voters	10,003
Committed for the Conservation Commission by the Voters	1,600
Committed for Tree Planting Expenses by the Voters	20,000
Committed for Affordable Housing by the Voters	<u>131,454</u>
Total Special Revenue Funds	<u>170,857</u>
Capital Projects Funds:	
Committed for Repairs and Improvements by the Voters	99,833
Committed for Trails by the Voters	140,834
Committed for Recreation Capital by the Voters	69,132
Committed for Highway Capital Expenditures by the Voters	<u>69,299</u>
Total Capital Projects Funds	<u>379,098</u>
Total Non-Major Funds	<u>549,955</u>
Total Committed Fund Balances	<u>\$921,797</u>

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

Major Funds

General Fund:	
Assigned for HRA Expenses	\$ <u>25,191</u>
Highway Reserve Fund:	
Assigned for Highway Capital Expenditures	<u>781,127</u>
ARPA Fund:	
Assigned for ARPA Expenses	<u>410</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>72,328</u>
Capital Projects Funds:	
Assigned for Town Garage Expenditures	<u>522,367</u>
Total Non-Major Funds	<u>594,695</u>
Total Assigned Fund Balances	<u>\$1,401,423</u>

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

K. Net Position

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

Governmental Activities:

Restricted for Park & Wildlife Expenses by Donations	\$ 500
Restricted for Scenic Preservation Expenses by Donations	12
Restricted for Community Library Expenses by Donations	3,455
Restricted for Restoration of Records Expenses by Statute	13,264
Restricted for Ski Program Expenses by Agreement	18,404
Restricted for Conservation Commission by Donations	897
Restricted for Tree Planting Expenses by Donations	5,489
Restricted for Mack Scholarship Expenses by Donations	6,710
Restricted for Energy Expenses by Donations	674
Restricted for Thorp Barn Expenditures by Donations	<u>6,401</u>
 Total Governmental Activities	 <u>\$55,806</u>

The designated net position of the Town's Proprietary Fund as of June 30, 2022 consisted of the following:

Wastewater Fund:

Designated for Wastewater Capital Projects	<u>\$111,538</u>
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The governmental activities Net Investment in Capital Assets does not include the long-term debt for the fire and rescue vehicles and building as the Town does not own these assets and debt payments are made on behalf of Charlotte Fire and Rescue Services, Inc.

L. Net Position Held in Trust for Various Purposes

The net position held in Trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2022 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Serrell Fund by Donations	\$ 1,957
Restricted for Grandview Cemetery by Trust Agreement	<u>580,313</u>
 Total Private-Purpose Trust Funds	 <u>\$582,270</u>

TOWN OF CHARLOTTE, VERMONT
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JUNE 30, 2022

V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2021, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

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

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

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

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.1403% resulting in a net pension liability of \$206,480. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.1403% was an increase of 0.0104 from its proportion measured as of the prior year.

TOWN OF CHARLOTTE, VERMONT
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For the year ended June 30, 2022, the Town recognized pension expense of \$49,533.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 38,484	\$ 0
Difference between projected and actual investment earnings on pension assets	0	121,746
Changes in assumptions	32,637	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,194	1,570
Town's required employer contributions made subsequent to the measurement date	39,148	0
	\$ 125,463	\$ 123,316

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$39,148 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2023	\$ 3,856
2024	(1,763)
2025	(9,787)
2026	<u>(29,307)</u>
Total	<u><u>\$(37,001)</u></u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Group B.

Creditable Service – Service as a member plus purchased service.

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

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Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

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

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

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

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

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

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

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

Significant Actuarial Assumptions and Methods

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

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

Mortality:

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

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

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

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

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

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

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

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

Inflation: 2.30%

Long-term Expected Rate of Return:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	5.05%
Active Global Equities	5%	5.05%
Large Cap US Equities	4%	4.00%
Small/Mid Cap US Equities	3%	4.50%
Non-US Developed Market Equities	7%	5.50%
Private Equity	10%	6.75%
Emerging Market Debt	4%	3.00%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	5.75%
Core Fixed Income	19%	0.00%
Core Real Estate	4%	3.75%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	3%	4.25%

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Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans’ Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$408,119	\$206,480	\$40,673

Additional Information

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

B. Risk Management

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

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

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C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are due and payable on November 15 and become delinquent on November 16. The Town assesses an 8% penalty after the November 15 deadline. Interest is assessed at one percent (1%) per month for the first three months and one and a half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.5409	1.6970
Local Agreement	0.0005	0.0005
Town	<u>0.2016</u>	<u>0.2016</u>
Total	<u>1.7430</u>	<u>1.8991</u>

D. Contingent Liabilities

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

E. Thompson’s Point Rent

Thompson's Point is a summer community located in Charlotte, Vermont on Lake Champlain. The Town owns the land and rents it to residents who build beach homes on the land. The rental agreements are done in 20-year increments and can be renewed at expiration. The annual rent is calculated based on the combined tax rates for the Town and School District and the fair market value of the premises. For the year ending June 30, 2022, rental income was \$857,067.

F. Subsequent Events

Subsequent to year-end, the Town will receive the second half of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funds in the amount of \$522,367.

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 1,887,360	\$ 1,919,102	\$ 31,742
Interest on Delinquent Taxes	15,000	20,185	5,185
Penalty on Delinquent Taxes	15,000	27,100	12,100
Education Billing Fee Retained	30,800	30,619	(181)
Current Use	69,107	69,080	(27)
Land Use Change Tax	0	5,052	5,052
PILOT Payment	11,912	12,031	119
Thompson's Point Rent	883,000	857,067	(25,933)
Railroad Tax	600	612	12
Vault Time Fees	8,000	8,442	442
Recording Fees	70,000	67,668	(2,332)
Dog Licenses	1,200	1,453	253
Hunting & Fishing Licenses	25	58	33
Marriage Licenses	250	190	(60)
Green Mountain Passports	200	100	(100)
Miscellaneous Town Clerk Fees	0	42	42
Planning and Zoning - Board Adjustments	5,000	2,375	(2,625)
Planning and Zoning - Building Permits	21,000	31,865	10,865
Planning and Zoning - Subdivision Applications	10,000	9,600	(400)
Planning and Zoning - Miscellaneous Income	40	0	(40)
DRB Fees	0	5,335	5,335
Septic Applications	12,000	9,850	(2,150)
Certificate of Compliance	5,000	3,915	(1,085)
Certificate of Occupancy	4,000	4,350	350
Highway Access Permit	1,000	1,000	0
Senior Center Programs	30,000	32,861	2,861
Building Rental	1,500	1,200	(300)
Beach Fees	20,000	33,828	13,828
Recreation Programs	62,700	61,254	(1,446)
Highway State Aid	203,248	203,246	(2)
Highway Supplement Payment	0	22,495	22,495
Highway Grant Income	0	8,144	8,144
Court Fines	4,500	1,248	(3,252)
Agricultural Lease	4,852	5,115	263
Interest Income	1,800	2,816	1,016
Charging Station Fees	380	1,025	645
Conservation Commission Calendars	600	600	0
Miscellaneous	700	1,736	1,036
Total Revenues	3,380,774	3,462,659	81,885
Expenditures:			
Selectmen:			
Selectmen Salaries	9,000	7,375	1,625
Minute-Taker Salary	3,800	3,614	186
Town Administrator	71,552	80,080	(8,528)
Legal Expense	35,000	43,666	(8,666)
Advertising	3,000	2,128	872
Seminars	200	103	97
Mileage	120	178	(58)
Memberships	85	85	0
Miscellaneous	0	7,691	(7,691)
Total Selectmen	122,757	144,920	(22,163)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk:			
Clerk Salary	\$ 73,029	\$ 80,063	\$ (7,034)
Assistant Clerk/Treasurer Salary	47,382	41,735	5,647
Mileage	100	0	100
Telephone	2,300	2,178	122
Seminars/Training	200	0	200
Supplies	3,900	5,076	(1,176)
Memberships	100	55	45
Service Contracts	7,900	7,866	34
Total Town Clerk	<u>134,911</u>	<u>136,973</u>	<u>(2,062)</u>
Treasurer:			
Supplies	800	658	142
Audit Expense	17,000	17,510	(510)
Total Treasurer	<u>17,800</u>	<u>18,168</u>	<u>(368)</u>
Elections and Town Meeting:			
Elections	200	28	172
Town Meetings	2,500	434	2,066
Town Report Expenses	5,500	6,981	(1,481)
Total Elections and Town Meeting	<u>8,200</u>	<u>7,443</u>	<u>757</u>
Planning and Zoning:			
Zoning Administrator	42,182	49,118	(6,936)
Planner Salary	47,715	60,744	(13,029)
Planning and Zoning Assistant	0	27,012	(27,012)
Minute-Taker Salary	3,000	4,886	(1,886)
Legal	8,000	14,440	(6,440)
Mileage	700	935	(235)
Telephone	850	686	164
Advertising	1,800	2,050	(250)
Equipment	600	248	352
Seminars	600	327	273
Computer Upgrade	1,100	273	827
Supplies	1,000	1,089	(89)
Memberships	400	587	(187)
Engineering	18,000	25,984	(7,984)
Copier	2,800	2,711	89
Planning Consultants	2,500	1,753	747
Mapping	500	40	460
Miscellaneous	0	78	(78)
Total Planning and Zoning	<u>131,747</u>	<u>192,961</u>	<u>(61,214)</u>
Constable:			
Halloween Lights	825	756	69
Total Constable	<u>825</u>	<u>756</u>	<u>69</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Listers:			
Wages	\$ 26,175	\$ 28,529	\$ (2,354)
Contract Appraiser	39,000	36,344	2,656
Telephone	1,820	2,259	(439)
Computer Software	225	215	10
Supplies	250	404	(154)
Memberships	60	0	60
MS Service Contract	600	661	(61)
Mapping Contract	5,500	6,300	(800)
Total Listers	<u>73,630</u>	<u>74,712</u>	<u>(1,082)</u>
Delinquent Taxes:			
Delinquent Tax Collector Salary	7,200	7,200	0
Total Delinquent Taxes	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Employee Benefits:			
Social Security	38,500	46,242	(7,742)
Health Insurance	166,700	201,905	(35,205)
Retirement	31,500	39,148	(7,648)
Unemployment Compensation	900	1,269	(369)
MEDI Expense	9,000	10,814	(1,814)
Medicare Reimbursement	5,200	4,801	399
Eyemed Vision Plan	1,400	1,531	(131)
Delta Dental	10,740	12,276	(1,536)
Total Employee Benefits	<u>263,940</u>	<u>317,986</u>	<u>(54,046)</u>
Highway:			
Retreatment	235,000	0	235,000
Winter Plow/Sand/Ice	225,000	185,386	39,614
Gravel Roads Maintenance	200,250	242,368	(42,118)
Ditching	50,000	24,761	25,239
Brush/Tree Removal	75,000	51,245	23,755
Culvert Replacement/Repair	40,000	19,566	20,434
Roadside Mowing	40,000	31,238	8,762
Sweeping/Shoulders	5,000	7,125	(2,125)
Cold Patch	4,000	4,390	(390)
Bridge/Guardrail Repair	5,000	1,425	3,575
Road Signs	15,000	8,257	6,743
Town Garage - Route 7	0	4,440	(4,440)
Covered Bridges	5,000	780	4,220
Bike Path Maintenance	3,000	0	3,000
Miscellaneous	1,000	240	760
Total Highway	<u>903,250</u>	<u>581,221</u>	<u>322,029</u>
Stormwater Discharge:	<u>1,590</u>	<u>1,350</u>	<u>240</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Lands:			
Skating Rink	\$ 500	\$ 0	\$ 500
Landfill Monitor	7,866	11,072	(3,206)
Village Mowing	4,800	4,609	191
Cemetery Maintenance	11,950	6,151	5,799
Park Security	6,800	6,834	(34)
Lake Field/Beach Mowing	7,000	6,529	471
Park Maintenance	15,300	19,742	(4,442)
Berry Farm Field	12,000	12,884	(884)
Brush-Hogging	5,380	5,572	(192)
Trail Maintenance	2,400	3,315	(915)
Thompsons Point Trash	534	1,113	(579)
Tree Care/Treatment	1,530	1,530	0
Village WW System Maintenance	2,495	1,290	1,205
Museum Maintenance	0	702	(702)
Water Quality Monitoring	2,700	2,700	0
	<u>81,255</u>	<u>84,043</u>	<u>(2,788)</u>
Total Town Lands			
Library:			
Library Director	61,173	76,403	(15,230)
Library Assistants	49,749	53,923	(4,174)
Youth Librarian	32,604	49,274	(16,670)
Technical Librarian	32,978	49,459	(16,481)
Custodial Service	7,800	8,560	(760)
Postage/Miscellaneous	700	969	(269)
Telecommunications	2,100	2,468	(368)
Supplies	2,100	2,302	(202)
Professional Development	1,500	260	1,240
Association Dues	325	250	75
Acquisitions	10,000	10,181	(181)
Special Programs	2,000	1,188	812
Energy	5,000	6,968	(1,968)
Maintenance	4,200	5,383	(1,183)
Computer Support	2,000	2,123	(123)
Computer Equipment	3,700	2,293	1,407
	<u>217,929</u>	<u>272,004</u>	<u>(54,075)</u>
Total Library			
Annual Requests:			
Lewis Creek Association	600	600	0
Visiting Nurses Association	4,500	4,500	0
C.V. Agency on Aging	1,700	1,700	0
Steps to End Domestic Violence	600	600	0
Center/Independent Living	200	200	0
Vermont Association for Blind	250	250	0
Vermont Rural Fire Protection	0	100	(100)
Front Porch Forum	200	200	0
Charlotte News	500	500	0
Vermont Family Network	200	200	0
Winooski NRC District	700	700	0
	<u>9,450</u>	<u>9,550</u>	<u>(100)</u>
Total Annual Requests			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation:			
Beach Attendant Wages	\$ 11,500	\$ 11,406	\$ 94
Beach Maintenance	2,700	1,702	998
Mileage	300	133	167
Telephone	700	922	(222)
Advertising	0	135	(135)
Recreation Software	3,495	2,995	500
Beach Supplies	1,300	1,357	(57)
Memberships/Seminars	350	0	350
Tennis Courts	2,000	0	2,000
Beach Garbage Removal	200	222	(22)
Beach Electricity	300	300	0
Docks In and Out	4,000	5,797	(1,797)
Skating Rink Maintenance	600	608	(8)
Skating Rink Electricity	600	464	136
Recreation Program Director	40,154	44,554	(4,400)
Recreation Program Expense	49,000	43,641	5,359
CCS Facility Usage Fees	7,425	6,650	775
Beach Water Testing	780	720	60
Total Recreation	125,404	121,606	3,798
Conservation:			
Charlotte Invasives	1,500	1,500	0
Membership/Dues	50	0	50
Green-Up Day	100	82	18
Total Conservation	1,650	1,582	68
Town Hall:			
Maintenance	7,000	5,651	1,349
Custodian	8,800	6,790	2,010
Town Postage	5,500	4,600	900
Equipment	1,300	2,063	(763)
Supplies	2,500	1,601	899
Trash Removal	1,700	1,723	(23)
Utilities	4,700	5,215	(515)
Fuel Oil	3,800	4,445	(645)
Computer Service	16,000	14,913	1,087
Total Town Hall	51,300	47,001	4,299
Senior Center:			
Maintenance	12,000	17,282	(5,282)
Snow Plowing	1,800	2,615	(815)
Custodial Service	9,400	9,628	(228)
Miscellaneous	200	250	(50)
Postage	800	417	383
Telecommunications	2,400	2,215	185
Supplies	2,100	1,922	178
Trash	1,900	1,629	271
Energy	7,000	8,744	(1,744)
Director	45,261	67,784	(22,523)
Part-Time Coordinator	11,536	6,973	4,563
Program Expenses	30,000	37,616	(7,616)
Total Senior Center	124,397	157,075	(32,678)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Insurance	\$ 39,000	\$ 19,793	\$ 19,207
Flea Market Electricity	180	0	180
Street Lights Electricity	1,750	1,781	(31)
Museum Electricity	400	409	(9)
Animal Control Officer	3,000	3,108	(108)
Dogs/Miscellaneous	900	1,398	(498)
Trails Committee	1,500	1,910	(410)
Traffic Enforcement	22,000	30,540	(8,540)
Charlotte Land Trust	5,000	5,000	0
Energy Committee	3,250	3,048	202
Tree Warden	1,500	1,343	157
	<u>78,480</u>	<u>68,330</u>	<u>10,150</u>
Total Miscellaneous			
Intergovernmental Taxes and Dues:			
VLCT Dues	5,753	5,753	0
CCRPC Dues	10,374	10,374	0
Special Investigations	7,092	5,864	1,228
County Tax	41,500	40,839	661
	<u>64,719</u>	<u>62,830</u>	<u>1,889</u>
Total Intergovernmental Taxes and Dues			
Debt Service - Library Bond:	<u>43,994</u>	<u>43,994</u>	<u>0</u>
Transfers:			
Transfer to Highway Reserve Fund	0	352,667	(352,667)
Transfer to Conservation Fund	25,000	25,000	0
Transfer to Fire & Rescue Capital Fund	95,000	95,000	0
Transfer to Reappraisal Fund	25,000	25,000	0
Transfer to Conservation Commission Fund	600	600	0
Transfer to Tree Fund	20,000	20,000	0
Transfer to Repairs and Improvements Fund	33,550	33,550	0
Transfer to Trails Reserve Fund	62,000	62,000	0
Transfer to Recreation Capital Fund	30,000	30,000	0
	<u>291,150</u>	<u>643,817</u>	<u>(352,667)</u>
Total Transfers			
Fire and Rescue Appropriation:	<u>782,196</u>	<u>782,196</u>	<u>0</u>
Total Expenditures	<u>3,537,774</u>	<u>3,777,718</u>	<u>(239,944)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (157,000)</u>	<u>(315,059)</u>	<u>\$ (158,059)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

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

	Actual
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
HRA Fund Transfer In	\$ 67,000
HRA Fund Expenses	(49,932)
Park & Wildlife Fund Income	502
Unbudgeted Transfer from ARPA Fund	522,367
Unbudgeted Transfer to Town Garage Fund	(522,367)
Net Change in Fund Balance	(297,489)
Fund Balance - July 1, 2021	427,250
Fund Balance - June 30, 2022	\$ 129,761

The reconciling items are due to combining two (2) funds, the HRA Fund and the Park & Wildlife Fund, with the General Fund in order to comply with GASB Statement No. 54 and unbudgeted transfers.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.1403%	0.1299%	0.1316%	0.1321%	0.1264%	0.1280%	0.1252%	0.1175%
Town's Proportionate Share of the Net Pension Liability	\$ 206,480	\$ 328,690	\$ 228,387	\$ 185,839	\$ 153,170	\$ 164,748	\$ 96,554	\$ 10,723
Town's Covered Employee Payroll	\$ 626,370	\$ 519,841	\$ 468,323	\$ 449,651	\$ 420,709	\$ 388,264	\$ 353,746	\$ 325,703
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	32.9645%	63.2289%	48.7670%	41.3296%	36.4076%	42.4320%	27.2947%	3.2923%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 39,148	\$ 31,190	\$ 26,929	\$ 25,293	\$ 23,139	\$ 21,355	\$ 19,456	\$ 17,507
Contributions in Relation to the Actuarially Determined Contributions	<u>39,148</u>	<u>31,190</u>	<u>26,929</u>	<u>25,293</u>	<u>23,139</u>	<u>21,355</u>	<u>19,456</u>	<u>17,507</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 626,370	\$ 519,841	\$ 468,323	\$ 449,651	\$ 420,709	\$ 388,264	\$ 353,746	\$ 325,703
Contributions as a Percentage of Town's Covered Employee Payroll	6.250%	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2021

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

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

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 10,003	\$ 0	\$ 10,003
Due from Other Funds	<u>283,891</u>	<u>907,866</u>	<u>1,191,757</u>
Total Assets	<u>\$ 293,894</u>	<u>\$ 907,866</u>	<u>\$ 1,201,760</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Unearned Revenue	\$ <u>1,804</u>	\$ <u>0</u>	\$ <u>1,804</u>
Total Liabilities	<u>1,804</u>	<u>0</u>	<u>1,804</u>
Fund Balances:			
Restricted	48,905	6,401	55,306
Committed	170,857	379,098	549,955
Assigned	<u>72,328</u>	<u>522,367</u>	<u>594,695</u>
Total Fund Balances	<u>292,090</u>	<u>907,866</u>	<u>1,199,956</u>
Total Liabilities and Fund Balances	<u>\$ 293,894</u>	<u>\$ 907,866</u>	<u>\$ 1,201,760</u>

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

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 22,679	\$ 31,398	\$ 54,077
Permits, Licenses and Fees	10,825	0	10,825
Investment Income	257	420	677
Donations	6,620	12,618	19,238
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	40,381	44,436	84,817
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
General Government	3,476	21,565	25,041
Highways and Streets	0	1,670	1,670
Culture and Recreation	15,215	6,016	21,231
Community Development	175	0	175
Capital Outlay:			
General Government	0	14,645	14,645
Highways and Streets	0	70,566	70,566
Culture and Recreation	0	30,532	30,532
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	18,866	144,994	163,860
	<u> </u>	<u> </u>	<u> </u>
Excess/(Deficiency) of Revenues Over Expenditures	21,515	(100,558)	(79,043)
	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources:			
Transfers In	45,600	647,917	693,517
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources	45,600	647,917	693,517
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	67,115	547,359	614,474
Fund Balances - July 1, 2021	224,975	360,507	585,482
	<u> </u>	<u> </u>	<u> </u>
Fund Balances - June 30, 2022	\$ 292,090	\$ 907,866	\$ 1,199,956
	<u> </u>	<u> </u>	<u> </u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Scenic Preservation Fund	Community Library Fund	Reappraisal Fund	Restoration of Records Fund	Cemetery Fund	Ski Program Fund	Conservation Commission Fund	Tree Fund	Mack Scholarship Fund	Affordable Housing Fund	Energy Fund	Library ARPA Fund	Total
ASSETS													
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,003	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,003
Due from Other Funds	<u>12</u>	<u>3,455</u>	<u>72,328</u>	<u>21,064</u>	<u>0</u>	<u>18,404</u>	<u>2,497</u>	<u>25,489</u>	<u>6,710</u>	<u>131,454</u>	<u>674</u>	<u>1,804</u>	<u>283,891</u>
Total Assets	<u>\$ 12</u>	<u>\$ 3,455</u>	<u>\$ 72,328</u>	<u>\$ 21,064</u>	<u>\$ 10,003</u>	<u>\$ 18,404</u>	<u>\$ 2,497</u>	<u>\$ 25,489</u>	<u>\$ 6,710</u>	<u>\$ 131,454</u>	<u>\$ 674</u>	<u>\$ 1,804</u>	<u>\$ 293,894</u>
LIABILITIES AND FUND BALANCES													
Liabilities:													
Unearned Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,804	\$ 1,804
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,804</u>	<u>1,804</u>
Fund Balances:													
Restricted	12	3,455	0	13,264	0	18,404	897	5,489	6,710	0	674	0	48,905
Committed	0	0	0	7,800	10,003	0	1,600	20,000	0	131,454	0	0	170,857
Assigned	<u>0</u>	<u>0</u>	<u>72,328</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>72,328</u>
Total Fund Balances	<u>12</u>	<u>3,455</u>	<u>72,328</u>	<u>21,064</u>	<u>10,003</u>	<u>18,404</u>	<u>2,497</u>	<u>25,489</u>	<u>6,710</u>	<u>131,454</u>	<u>674</u>	<u>0</u>	<u>292,090</u>
Total Liabilities and Fund Balances	<u>\$ 12</u>	<u>\$ 3,455</u>	<u>\$ 72,328</u>	<u>\$ 21,064</u>	<u>\$ 10,003</u>	<u>\$ 18,404</u>	<u>\$ 2,497</u>	<u>\$ 25,489</u>	<u>\$ 6,710</u>	<u>\$ 131,454</u>	<u>\$ 674</u>	<u>\$ 1,804</u>	<u>\$ 293,894</u>

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

	Scenic Preservation Fund	Community Library Fund	Reappraisal Fund	Restoration of Records Fund	Cemetery Fund	Ski Program Fund	Conservation Commission Fund	Tree Fund	Mack Scholarship Fund	Affordable Housing Fund	Energy Fund	Library ARPA Fund	Total
Revenues:													
Intergovernmental	\$ 0	\$ 0	\$ 17,176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,503	\$ 22,679
Permits, Licenses and Fees	0	0	0	0	0	10,825	0	0	0	0	0	0	10,825
Investment Income	0	4	51	22	1	17	3	17	7	135	0	0	257
Donations	0	1,374	0	0	0	0	2,946	800	0	0	1,500	0	6,620
Total Revenues	0	1,378	17,227	22	1	10,842	2,949	817	7	135	1,500	5,503	40,381
Expenditures:													
General Government	0	0	0	0	0	0	2,650	0	0	0	826	0	3,476
Culture and Recreation	0	2,262	0	0	0	7,450	0	0	0	0	0	5,503	15,215
Community Development	0	0	0	0	0	0	0	175	0	0	0	0	175
Total Expenditures	0	2,262	0	0	0	7,450	2,650	175	0	0	826	5,503	18,866
Excess/(Deficiency) of Revenues Over Expenditures	0	(884)	17,227	22	1	3,392	299	642	7	135	674	0	21,515
Other Financing Sources:													
Transfers In	0	0	25,000	0	0	0	600	20,000	0	0	0	0	45,600
Total Other Financing Sources	0	0	25,000	0	0	0	600	20,000	0	0	0	0	45,600
Net Change in Fund Balances	0	(884)	42,227	22	1	3,392	899	20,642	7	135	674	0	67,115
Fund Balances - July 1, 2021	12	4,339	30,101	21,042	10,002	15,012	1,598	4,847	6,703	131,319	0	0	224,975
Fund Balances - June 30, 2022	\$ 12	\$ 3,455	\$ 72,328	\$ 21,064	\$ 10,003	\$ 18,404	\$ 2,497	\$ 25,489	\$ 6,710	\$ 131,454	\$ 674	\$ 0	\$ 292,090

TOWN OF CHARLOTTE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Highway Capital Reserve Fund	Town Garage Fund	Total
<u>ASSETS</u>							
Due from Other Funds	\$ 99,833	\$ 140,834	\$ 69,132	\$ 6,401	\$ 69,299	\$ 522,367	\$ 907,866
Total Assets	<u>\$ 99,833</u>	<u>\$ 140,834</u>	<u>\$ 69,132</u>	<u>\$ 6,401</u>	<u>\$ 69,299</u>	<u>\$ 522,367</u>	<u>\$ 907,866</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:							
Restricted	0	0	0	6,401	0	0	6,401
Committed	99,833	140,834	69,132	0	69,299	0	379,098
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>522,367</u>	<u>522,367</u>
Total Fund Balances	<u>99,833</u>	<u>140,834</u>	<u>69,132</u>	<u>6,401</u>	<u>69,299</u>	<u>522,367</u>	<u>907,866</u>
Total Liabilities and Fund Balances	<u>\$ 99,833</u>	<u>\$ 140,834</u>	<u>\$ 69,132</u>	<u>\$ 6,401</u>	<u>\$ 69,299</u>	<u>\$ 522,367</u>	<u>\$ 907,866</u>

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

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Highway Capital Reserve Fund	Town Garage Fund	Total
Revenues:							
Intergovernmental	\$ 0	\$ 0	\$ 15,191	\$ 0	\$ 16,207	\$ 0	\$ 31,398
Investment Income	100	119	71	6	124	0	420
Donations	<u>0</u>	<u>6,185</u>	<u>6,433</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,618</u>
Total Revenues	<u>100</u>	<u>6,304</u>	<u>21,695</u>	<u>6</u>	<u>16,331</u>	<u>0</u>	<u>44,436</u>
Expenditures:							
General Government	21,565	0	0	0	0	0	21,565
Highways and Streets	0	0	0	0	1,670	0	1,670
Culture and Recreation	0	6,016	0	0	0	0	6,016
Capital Outlay:							
General Government	14,645	0	0	0	0	0	14,645
Highways and Streets	0	0	0	0	70,566	0	70,566
Culture and Recreation	<u>0</u>	<u>2,000</u>	<u>28,532</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,532</u>
Total Expenditures	<u>36,210</u>	<u>8,016</u>	<u>28,532</u>	<u>0</u>	<u>72,236</u>	<u>0</u>	<u>144,994</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(36,110)</u>	<u>(1,712)</u>	<u>(6,837)</u>	<u>6</u>	<u>(55,905)</u>	<u>0</u>	<u>(100,558)</u>
Other Financing Sources:							
Transfers In	<u>33,550</u>	<u>62,000</u>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>522,367</u>	<u>647,917</u>
Total Other Financing Sources	<u>33,550</u>	<u>62,000</u>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>522,367</u>	<u>647,917</u>
Net Change in Fund Balances	(2,560)	60,288	23,163	6	(55,905)	522,367	547,359
Fund Balances - July 1, 2021	<u>102,393</u>	<u>80,546</u>	<u>45,969</u>	<u>6,395</u>	<u>125,204</u>	<u>0</u>	<u>360,507</u>
Fund Balances - June 30, 2022	<u>\$ 99,833</u>	<u>\$ 140,834</u>	<u>\$ 69,132</u>	<u>\$ 6,401</u>	<u>\$ 69,299</u>	<u>\$ 522,367</u>	<u>\$ 907,866</u>

TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2022

	<u>Serrell Fund</u>	<u>Trustee of Public Funds Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,957	\$ 5,997	\$ 7,954
Investments	<u>0</u>	<u>574,316</u>	<u>574,316</u>
Total Assets	<u>\$ 1,957</u>	<u>\$ 580,313</u>	<u>\$ 582,270</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position:			
Restricted:			
Held in Trust for Individuals and Organizations	<u>1,957</u>	<u>580,313</u>	<u>582,270</u>
Total Liabilities and Net Position	<u>\$ 1,957</u>	<u>\$ 580,313</u>	<u>\$ 582,270</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Serrell Fund	Trustee of Public Funds Fund	Total
Additions:			
Investment Income/(Loss)	\$ <u>0</u>	\$ <u>(129,902)</u>	\$ <u>(129,902)</u>
Total Additions	<u>0</u>	<u>(129,902)</u>	<u>(129,902)</u>
Deductions:			
Grandview Cemetery	0	7,806	7,806
Miscellaneous	<u>220</u>	<u>0</u>	<u>220</u>
Total Deductions	<u>220</u>	<u>7,806</u>	<u>8,026</u>
Change in Net Position	(220)	(137,708)	(137,928)
Net Position - July 1, 2021	<u>2,177</u>	<u>718,021</u>	<u>720,198</u>
Net Position - June 30, 2022	\$ <u><u>1,957</u></u>	\$ <u><u>580,313</u></u>	\$ <u><u>582,270</u></u>

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TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF TAXES RAISED
FOR THE YEAR ENDED JUNE 30, 2022

April 2021 Grandlist Used for Fiscal Year 2022 Taxes Billed:	
Homestead Education Grandlist	\$ 6,209,531.00
Non-Residential Grandlist	\$ 3,125,567.69
Municipal Grandlist	\$ 9,369,919.00
Tax Rates:	
Homestead Education Tax Rate	1.5409
Non-Residential Education Tax Rate	1.6970
Municipal Tax Rate	0.2016
Local Agreement Tax Rate	0.0005
Charlotte's Fiscal Year 2022 Education Property Tax Liability:	
Residential Taxes	\$ 9,568,266.44
Nonresidential Taxes	5,301,492.34
Local Agreement Taxes to Cover Education Liability for Exempt Properties	<u>4,685.39</u>
Total Property Tax Liability for State Education Fund	14,874,444.17
Municipal Taxes	<u>1,888,975.24</u>
Total Education and Municipal Taxes Raised	<u>\$ 16,763,419.41</u>
Allocation of State Education Taxes:	
Transfer to Champlain Valley Union High School	\$ 9,887,841.72
.225 of 1% of Residential and Non-Residential Liability Retained by Town	30,619.03
Late Fee Retained by Town	435.00
Income Sensitivity Credits to Charlotte Residents, Education Tax	1,266,099.80
Income Sensitivity Credits to Charlotte Residents, Municipal Tax	8,653.00
Balance to State Education Fund	<u>3,689,716.45</u>
Total Allocation of State Education Taxes	14,883,365.00
Current Taxes Received	1,844,577.51
Delinquent Taxes	<u>35,476.90</u>
Total Fiscal Year 2022 Property Taxes	<u>\$ 16,763,419.41</u>

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

Selectboard
Town of Charlotte, Vermont
P.O. Box 119
Charlotte, Vermont 05445

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, each major fund, and the aggregate remaining fund information of the Town of Charlotte, 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 Charlotte, Vermont's basic financial statements and have issued our report thereon dated November 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Charlotte, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Charlotte, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Charlotte, 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 Town of Charlotte, Vermont'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

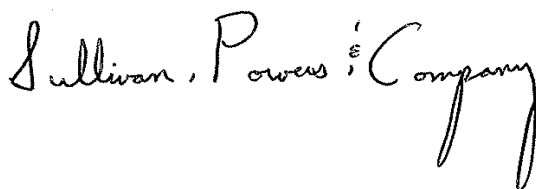
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Charlotte, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Charlotte, Vermont's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Charlotte, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 7, 2022
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a long, sweeping tail on the word "Company".