

TOWN OF CHARLOTTE, VERMONT

AUDIT REPORT

JUNE 30, 2023

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”.

Reclassification

As described in Note III.C. to the financial statements, the Town reclassified the Highway Reserve Fund as part of the General Fund during the current year. Our opinion is not modified with respect to this matter.

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 5 through 9, 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 2, 2023 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.

Sullivan, Powers & Co.

November 2, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The Town of Charlotte (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal years ending June 30, 2023 and 2022.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2023 by \$10,964,924 (*net position*). Of this amount, \$765,521 (*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 \$301,715.
- Fund Balances of Governmental Funds decreased by \$1,022,854 to a total of \$1,460,242 in fiscal year 2023. The General Fund had a total fund balance of \$485,261.

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, 2023

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	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Current and Other Assets	\$ 1,913,052	\$ 2,731,953	\$ 339,517	\$ 306,920	\$ 2,252,569	\$ 3,038,873
Capital Assets	9,731,682	8,442,960	923,174	954,560	10,654,856	9,397,520
Total Assets	11,644,734	11,174,913	1,262,691	1,261,480	12,907,425	12,436,393
Deferred Outflows of Resources	216,369	125,463	0	0	216,369	125,463
Current Liabilities	425,474	207,876	1,366	0	426,840	207,876
Long-term Liabilities	1,728,104	1,564,548	0	0	1,728,104	1,564,548
Total Liabilities	2,153,578	1,772,424	1,366	0	2,154,944	1,772,424
Deferred Inflows of Resources	3,926	126,068	0	0	3,926	126,068
Net Investment in Capital Assets	9,221,682	7,902,960	923,174	954,560	10,144,856	8,857,520
Restricted	54,547	55,806	0	0	54,547	55,806
Unrestricted	427,370	1,443,118	338,151	306,920	765,521	1,750,038
Total Net Position	\$ 9,703,599	\$ 9,401,884	\$ 1,261,325	\$ 1,261,480	\$ 10,964,924	\$ 10,663,364

As indicated above, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,964,924 at the end of fiscal year 2023. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,663,364 at the end of fiscal year 2022.

The largest portion of the Town's net position is in its investment in capital assets (92.5% = \$10,144,856). 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% = \$54,547) 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 (7.0% = \$765,521) 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 \$301,715 in FY23.

**TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

**Table 2
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,159,624	\$ 1,180,670	\$ 160,858	\$ 185,265	\$ 1,320,482	\$ 1,365,935
Operating Grants and Contributions	244,414	257,090	0	0	244,414	257,090
Capital Grants and Contributions	92,415	44,016	0	0	92,415	44,016
General Revenues:						
Property Taxes	2,283,518	1,883,102	0	0	2,283,518	1,883,102
Penalties and Interest on Delinquent Taxes	21,179	47,285	0	0	21,179	47,285
General State Grants	90,195	86,775	0	0	90,195	86,775
ARPA Funds	567,515	527,870	0	0	567,515	527,870
Unrestricted Investment Earnings	60,920	4,725	2,177	18	63,097	4,743
Other Revenues	1,282	1,736	0	0	1,282	1,736
Total Revenues	4,521,062	4,033,269	163,035	185,283	4,684,097	4,218,552
Expenses:						
General Government	1,335,969	1,040,558	0	0	1,335,969	1,040,558
Public Safety	918,568	854,839	0	0	918,568	854,839
Highways and Streets	1,075,559	929,574	0	0	1,075,559	929,574
Culture and Recreation	845,982	778,639	0	0	845,982	778,639
Community Development	7,675	175	0	0	7,675	175
Cemetery	9,059	0	0	0	9,059	0
Interest on Long-term Debt	26,535	42,614	0	0	26,535	42,614
Wastewater	0	0	163,190	179,111	163,190	179,111
Total Expenses	4,219,347	3,646,399	163,190	179,111	4,382,537	3,825,510
Increase/(Decrease) in Net Position	\$ <u>301,715</u>	\$ <u>386,870</u>	\$ <u>(155)</u>	\$ <u>6,172</u>	\$ <u>301,560</u>	\$ <u>393,042</u>

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund balance decreased \$425,627 from \$910,888 at the end of fiscal year 2022 to \$485,261 at the end of fiscal year 2023.

The total revenues budgeted were \$3,790,108. The actual revenues collected were \$3,914,119, which was \$124,011 more than budgeted. A large portion of the excess in revenues was due to receiving unbudgeted highway grant income from the State of Vermont (\$97,210) and receiving more interest income than expected due to the increase in interest rates (\$31,745).

The total expenses budgeted were \$3,790,108. The actual expenses were \$3,941,036, which was \$150,928 more than budgeted. Among the line items that were overspent were: planning and zoning (by \$24,205) and employee benefits (by \$72,868). One of the contributing factors to the overspending was due to greater use of the health reimbursement arrangement (HRA) than was budgeted; an additional factor was a market adjustment to employee pay-rates.

In the highway expense budget a total of \$891,874 was spent, \$11,376 less than the budget of \$903,250. Some line items were underspent and some were overspent. The lines that were underspent the most were gravel roads maintenance and ditching, which were underspent by \$27,629 and \$26,171, respectively. The line items that were overspent the most were winter plow/sand/ice and bridge/guardrail repair, which were overspent by \$41,901 and \$21,785, respectively.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Other Funds

The Town has the following reserve funds at June 30, 2023:

Conservation Fund	\$281,204
Fire & Rescue Capital Fund	20,584
ARPA Fund	857
Non-Major Government Funds	<u>672,336</u>
 Total Other Funds	 <u>\$974,981</u>

Restricted Net Position and Fund Balances

The restricted net position was \$54,547 on June 30, 2023. These funds are reserved for specific future expenses, such as records restoration and other purposes determined by trust or grant agreements.

Capital Assets

Governmental Capital Assets increased \$1,288,722 net of accumulated depreciation to a total of \$9,731,682 as of June 30, 2023. The Town spent \$1,776,182 on capital asset additions during the fiscal year. Some of the notable additions include the following: work on the new Town Highway Garage (\$1,410,518) and paving portions of Spear Street and Mt. Philo Road (\$340,249).

Long-term Debt

At the end of the current year, the Town had total long-term debt outstanding of \$1,211,250. This amount represents bonded debt backed by the full faith and credit of the Town.

Table 3
Outstanding Debt at Year-End

	Governmental Activities	
	FY2023	FY2022
Bonds Payable	\$ <u>1,211,250</u>	\$ <u>1,320,000</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.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Economic Factors and Next Year's Budget and Rates

The following factors were considered in the development of the budget for FY24:

The Town approved a General Fund budget for fiscal year 2024 in the amount of \$4,070,875, including the articles for allocations to CVFRS and the Library. This represented an increase of \$280,767 (7.4%) 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.

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, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,945,347	\$ 0	\$ 1,945,347
Deposits with Insurance Company	37,260	0	37,260
Receivables	142,438	70,193	212,631
Loans Receivable	0	24,150	24,150
Internal Balances	(245,174)	245,174	0
Prepaid Expenses	33,181	0	33,181
Capital Assets:			
Land	1,827,100	0	1,827,100
Construction in Progress	1,477,338	0	1,477,338
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,427,244</u>	<u>923,174</u>	<u>7,350,418</u>
Total Assets	<u>11,644,734</u>	<u>1,262,691</u>	<u>12,907,425</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>216,369</u>	<u>0</u>	<u>216,369</u>
Total Deferred Outflows of Resources	<u>216,369</u>	<u>0</u>	<u>216,369</u>
<u>LIABILITIES</u>			
Accounts Payable	337,002	1,366	338,368
Accrued Payroll and Benefits Payable	17,009	0	17,009
Unearned Revenue	63,762	0	63,762
Due to Others	750	0	750
Due to Fiduciary Fund	1,577	0	1,577
Accrued Interest Payable	5,374	0	5,374
Noncurrent Liabilities:			
Due Within One Year	108,750	0	108,750
Due in More than One Year	<u>1,619,354</u>	<u>0</u>	<u>1,619,354</u>
Total Liabilities	<u>2,153,578</u>	<u>1,366</u>	<u>2,154,944</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	2,910	0	2,910
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>1,016</u>	<u>0</u>	<u>1,016</u>
Total Deferred Inflows of Resources	<u>3,926</u>	<u>0</u>	<u>3,926</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	9,221,682	923,174	10,144,856
Restricted	54,547	0	54,547
Unrestricted	<u>427,370</u>	<u>338,151</u>	<u>765,521</u>
Total Net Position	<u>\$ 9,703,599</u>	<u>\$ 1,261,325</u>	<u>\$ 10,964,924</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, 2023

	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	\$ 1,335,969	\$ 986,229	\$ 18,790	\$ 0	\$ (330,950)	\$ 0	\$ (330,950)
Public Safety	918,568	2,186	0	0	(916,382)	0	(916,382)
Highways and Streets	1,075,559	1,000	217,073	88,000	(769,486)	0	(769,486)
Culture and Recreation	845,982	170,209	907	0	(674,866)	0	(674,866)
Community Development	7,675	0	1,995	4,415	(1,265)	0	(1,265)
Cemetery	9,059	0	5,649	0	(3,410)	0	(3,410)
Interest on Long-term Debt	26,535	0	0	0	(26,535)	0	(26,535)
Total Governmental Activities	4,219,347	1,159,624	244,414	92,415	(2,722,894)	0	(2,722,894)
Business-type Activities:							
Wastewater	163,190	160,858	0	0	0	(2,332)	(2,332)
Total Business-type Activities	163,190	160,858	0	0	0	(2,332)	(2,332)
Total Primary Government	\$ 4,382,537	\$ 1,320,482	\$ 244,414	\$ 92,415	(2,722,894)	(2,332)	(2,725,226)
General Revenues:							
Property Taxes					2,283,518	0	2,283,518
Penalties and Interest on Delinquent Taxes					21,179	0	21,179
General State Grants					90,195	0	90,195
ARPA Funds					567,515	0	567,515
Unrestricted Investment Earnings					60,920	2,177	63,097
Other Revenues					1,282	0	1,282
Total General Revenues					3,024,609	2,177	3,026,786
Change in Net Position					301,715	(155)	301,560
Net Position - July 1, 2022					9,401,884	1,261,480	10,663,364
Net Position - June 30, 2023					\$ 9,703,599	\$ 1,261,325	\$ 10,964,924

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

TOWN OF CHARLOTTE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Conservation Fund	Fire & Rescue Capital Fund	ARPA Fund	Town Garage Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,945,347	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,945,347
Deposits with Insurance Company	37,260	0	0	0	0	0	37,260
Receivables	142,438	0	0	0	0	0	142,438
Due from Other Funds	0	281,204	20,584	44,277	255,499	701,857	1,303,421
Prepaid Items	33,181	0	0	0	0	0	33,181
Total Assets	\$ 2,158,226	\$ 281,204	\$ 20,584	\$ 44,277	\$ 255,499	\$ 701,857	\$ 3,461,647
LIABILITIES							
Accounts Payable	\$ 72,824	\$ 0	\$ 0	\$ 0	\$ 255,499	\$ 8,679	\$ 337,002
Accrued Payroll and Benefits Payable	17,009	0	0	0	0	0	17,009
Due to Other Funds	1,549,672	0	0	0	0	500	1,550,172
Unearned Revenue	0	0	0	43,420	0	20,342	63,762
Due to Others	750	0	0	0	0	0	750
Total Liabilities	1,640,255	0	0	43,420	255,499	29,521	1,968,695
DEFERRED INFLOWS OF RESOURCES							
Prepaid Property Taxes	2,910	0	0	0	0	0	2,910
Unavailable Property Taxes, Penalties and Interest	29,800	0	0	0	0	0	29,800
Total Deferred Inflows of Resources	32,710	0	0	0	0	0	32,710
FUND BALANCES							
Nonspendable	33,181	0	0	0	0	0	33,181
Restricted	2,774	0	0	0	0	51,773	54,547
Committed	0	281,204	20,584	0	0	545,661	847,449
Assigned	449,306	0	0	857	0	75,402	525,565
Unassigned/(Deficit)	0	0	0	0	0	(500)	(500)
Total Fund Balances	485,261	281,204	20,584	857	0	672,336	1,460,242
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,158,226	\$ 281,204	\$ 20,584	\$ 44,277	\$ 255,499	\$ 701,857	
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.							9,731,682
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.							29,800
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							(1,733,478)
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.							215,353
Net Position of Governmental Activities							\$ 9,703,599

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

	General Fund	Conservation Fund	Fire & Rescue Capital Fund	ARPA Fund	Town Garage Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 2,272,718	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,272,718
Penalties and Interest on Delinquent Taxes	21,179	0	0	0	0	0	21,179
Intergovernmental	396,160	0	0	566,054	0	18,751	980,965
Charges for Services	995,600	0	0	0	0	0	995,600
Permits, Licenses and Fees	176,649	0	0	0	0	15,553	192,202
Fines and Forfeits	2,186	0	0	0	0	0	2,186
Investment Income	41,403	3,370	255	447	8,340	7,105	60,920
Donations	1,500	0	0	0	0	12,966	14,466
Other	1,282	0	0	0	0	0	1,282
Total Revenues	3,908,677	3,370	255	566,501	8,340	54,375	4,541,518
Expenditures:							
General Government	1,166,057	102,000	0	0	0	16,380	1,284,437
Public Safety	910,247	0	8,321	0	0	0	918,568
Highways and Streets	660,025	0	0	0	0	3,542	663,567
Culture and Recreation	719,164	0	0	0	0	43,782	762,946
Community Development	0	0	0	0	0	7,675	7,675
Cemetery	0	0	0	0	0	9,059	9,059
Capital Outlay:							
Highways and Streets	340,249	0	0	0	1,410,518	2,511	1,753,278
Culture and Recreation	0	0	0	0	0	22,904	22,904
Debt Service:							
Principal	30,000	0	78,750	0	0	0	108,750
Interest	13,580	0	19,608	0	0	0	33,188
Total Expenditures	3,839,322	102,000	106,679	0	1,410,518	105,853	5,564,372
Excess/(Deficiency) of Revenues Over Expenditures	69,355	(98,630)	(106,424)	566,501	(1,402,178)	(51,478)	(1,022,854)
Other Financing Sources/(Uses):							
Transfers In	581,054	25,000	110,000	0	879,811	61,225	1,657,090
Transfers Out	(1,076,036)	0	0	(566,054)	0	(15,000)	(1,657,090)
Total Other Financing Sources/(Uses)	(494,982)	25,000	110,000	(566,054)	879,811	46,225	0
Net Change in Fund Balances	(425,627)	(73,630)	3,576	447	(522,367)	(5,253)	(1,022,854)
Fund Balances - July 1, 2022, As Reclassified	910,888	354,834	17,008	410	522,367	677,589	2,483,096
Fund Balances - June 30, 2023	\$ 485,261	\$ 281,204	\$ 20,584	\$ 857	\$ 0	\$ 672,336	\$ 1,460,242

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, 2023

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

Net change in fund balances - total government funds (Exhibit D)	\$	(1,022,854)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,776,182) is allocated over their estimated useful lives and reported as depreciation expense (\$429,603). This is the amount by which capital outlays exceeded depreciation in the current period.		1,346,579
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(57,857)
The issuance of long-term debt (\$-0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$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 (\$44,923). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$99,918) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(54,995)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.		(20,456)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net difference in the treatment of these items from the previous year.		<u>2,548</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>301,715</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, 2023

	Wastewater Fund
<u>ASSETS</u>	
Current Assets:	
Receivables	\$ 70,193
Loans Receivable - Current Portion	2,100
Due from Other Funds	245,174
Total Current Assets	317,467
Noncurrent Assets:	
Loans Receivable - Noncurrent Portion	22,050
Distribution and Collection Systems	1,736,090
Less: Accumulated Depreciation	(812,916)
Total Noncurrent Assets	945,224
Total Assets	\$ 1,262,691
<u>LIABILITIES</u>	
Liabilities:	
Accounts Payable	\$ 1,366
Total Liabilities	1,366
<u>NET POSITION</u>	
Net Investment in Capital Assets	923,174
Unrestricted	338,151
Total Net Position	1,261,325
Total Liabilities and Net Position	\$ 1,262,691

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, 2023

	Wastewater Fund
Operating Revenues:	
Charges for Services	\$ <u>160,858</u>
Total Operating Revenues	<u>160,858</u>
Operating Expenses:	
Contract Services	76,141
Utilities	3,899
Repairs and Maintenance	4,668
Materials and Supplies	7,505
Fees and Permits	873
Testing Fees	22,077
Depreciation	<u>48,027</u>
Total Operating Expenses	<u>163,190</u>
Operating Income/(Loss)	<u>(2,332)</u>
Non-Operating Revenues:	
Investment Income	<u>2,177</u>
Total Non-Operating Revenues	<u>2,177</u>
Change in Net Position	(155)
Net Position - July 1, 2022	<u>1,261,480</u>
Net Position - June 30, 2023	\$ <u><u>1,261,325</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, 2023

	Wastewater Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 154,665
Payments for Goods and Services	<u>(113,797)</u>
Net Cash Provided by Operating Activities	<u>40,868</u>
Cash Flows From Noncapital Financing Activities:	
(Increase)/Decrease in Due from Other Funds	(245,174)
Increase/(Decrease) in Due to Other Funds	<u>(4,759)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(249,933)</u>
Cash Flows From Capital and Related Financing Activities:	
Payments Received on Loans Receivable	2,100
Acquisition and Construction of Capital Assets	<u>(16,641)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(14,541)</u>
Cash Flows From Investing Activities:	
Receipt of Interest and Dividends	<u>2,177</u>
Net Cash Provided by Investing Activities	<u>2,177</u>
Net Increase/(Decrease) in Cash	(221,429)
Cash - July 1, 2022	<u>221,429</u>
Cash - June 30, 2023	<u><u>\$ 0</u></u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	\$ (2,332)
Depreciation	48,027
(Increase)/Decrease in Receivables	(6,193)
Increase/(Decrease) in Accounts Payable	<u>1,366</u>
Net Cash Provided by Operating Activities	<u><u>\$ 40,868</u></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, 2023

<u>ASSETS</u>	<u>Private-Purpose Trust Funds</u>	<u>Custodial Fund Education Tax Fund</u>
Cash	\$ 11,928	\$ 0
Investments	630,434	0
Due from Other Funds	<u>1,577</u>	<u>0</u>
Total Assets	<u>\$ 643,939</u>	<u>\$ 0</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ <u>0</u>	\$ <u>0</u>
Net Position:		
Restricted:		
Held in Trust for Individuals and Organizations	<u>643,939</u>	<u>0</u>
Total Liabilities and Net Position	<u>\$ 643,939</u>	<u>\$ 0</u>

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, 2023

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 70,135	\$ 0
Education Taxes Collected for Other Governments	0	13,269,768
Total Additions	70,135	13,269,768
Deductions:		
Grandview Cemetery	8,066	0
Miscellaneous	400	0
Education Taxes Distributed to Other Governments	0	13,269,768
Total Deductions	8,466	13,269,768
Change in Net Position	61,669	0
Net Position - July 1, 2022	582,270	0
Net Position - June 30, 2023	\$ 643,939	\$ 0

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

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

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, cemetery, 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, 2023

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. 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.

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.

Town Garage Fund – This fund accounts for the capital expenditures related to the construction of the Town garage.

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, 2023

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, 2023

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 – Subscription-Based Information Technology Arrangements

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

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

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, 2023

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, 2023

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, the Park & Wildlife Fund and the Highway Reserve Fund activity that is included with the General Fund and unbudgeted transfers.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures in the General Fund exceeded appropriations by \$150,928. These over-expenditures were funded by excess revenues and available fund balance.

C. Reclassification

The Town reclassified the Highway Reserve Fund into the General Fund because the Highway Reserve Fund does not qualify to be reported as a separate fund under Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and, therefore, is now reported as part of the General Fund. The effect of this reclassification is that the General Fund fund balance was increased by \$781,127.

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

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Cash:	
Deposits with Financial Institutions	\$1,945,247
Deposits with Investment Company	11,928
Cash on Hand	<u>100</u>
Total Cash	<u>1,957,275</u>
Investments:	
Exchange-Traded Funds	240,675
Mutual Funds – Mixed Holdings	<u>389,759</u>
Total Investments	<u>630,434</u>
Total Cash and Investments	<u>\$2,587,709</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.

	Book <u>Balance</u>	Bank <u>Balance</u>
FDIC Insured	\$ 292,176	\$ 292,176
Uninsured, Collateralized by Irrevocable Standby Letter of Credit	<u>1,664,999</u>	<u>2,047,811</u>
Total	<u>\$1,957,175</u>	<u>\$2,339,987</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
NOTES TO THE FINANCIAL STATEMENTS
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The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,945,247
Cash – Deposits with Investment Company	<u>11,928</u>
Total	<u>\$1,957,175</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
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Exchange-Traded Funds	\$ 240,675	\$ 240,675	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	389,759	389,759	0	0
Total	\$ 630,434	\$ 630,434	\$ 0	\$ 0

B. Receivables

Receivables as of June 30, 2023, as reported in the statement of net position, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 36,391	\$ 0	\$ 36,391
Penalties and Interest Receivable	6,565	0	6,565
Thompson's Point Rent Receivable	174	0	174
Grants Receivable	92,658	0	92,658
Miscellaneous Receivables	6,650	0	6,650
Billed Services	0	4,193	4,193
Unbilled Services	0	66,000	66,000
Total	\$ 142,438	\$ 70,193	\$ 212,631

C. Loans Receivable

The Town has three (3) outstanding wastewater loans totaling \$24,150 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%. The Town estimates that \$2,100 will be collected during fiscal year 2024 and the remainder of \$22,050 in future years.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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D. Capital Assets

Capital asset activity for the year ended June 30, 2023 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	<u>117,316</u>	<u>1,417,879</u>	<u>57,857</u>	<u>1,477,338</u>
Total Capital Assets, Not Being Depreciated	<u>1,944,416</u>	<u>1,417,879</u>	<u>57,857</u>	<u>3,304,438</u>
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	6,638,509	358,303	0	6,996,812
Distribution and Collection Systems	<u>146,693</u>	<u>0</u>	<u>0</u>	<u>146,693</u>
Totals	<u>9,537,219</u>	<u>358,303</u>	<u>0</u>	<u>9,895,522</u>
Less Accumulated Depreciation for:				
Land Improvements	5,618	2,009	0	7,627
Buildings and Building Improvements	640,610	55,091	0	695,701
Vehicles and Equipment	27,993	6,747	0	34,740
Infrastructure	2,304,087	362,381	0	2,666,468
Distribution and Collection Systems	<u>60,367</u>	<u>3,375</u>	<u>0</u>	<u>63,742</u>
Totals	<u>3,038,675</u>	<u>429,603</u>	<u>0</u>	<u>3,468,278</u>
Total Capital Assets, Being Depreciated	<u>6,498,544</u>	<u>(71,300)</u>	<u>0</u>	<u>6,427,244</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,442,960</u>	<u>\$ 1,346,579</u>	<u>\$ 57,857</u>	<u>\$ 9,731,682</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Being Depreciated:				
Distribution and Collection Systems	\$ 1,719,449	\$ 16,641	\$ 0	\$ 1,736,090
Totals	<u>1,719,449</u>	<u>16,641</u>	<u>0</u>	<u>1,736,090</u>
Less Accumulated Depreciation for:				
Distribution and Collection Systems	<u>764,889</u>	<u>48,027</u>	<u>0</u>	<u>812,916</u>
Totals	<u>764,889</u>	<u>48,027</u>	<u>0</u>	<u>812,916</u>
Total Capital Assets, Being Depreciated	<u>954,560</u>	<u>(31,386)</u>	<u>0</u>	<u>923,174</u>
Business-type Activities Capital Assets, Net	<u>\$ 954,560</u>	<u>\$ (31,386)</u>	<u>\$ 0</u>	<u>\$ 923,174</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 19,925	Wastewater	\$ <u>48,027</u>
Highways and Streets	354,135		
Culture and Recreation	<u>55,543</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 429,603</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 48,027</u>

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, 2023 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,549,672
Conservation Fund	281,204	0
Fire & Rescue Capital Fund	20,584	0
ARPA Fund	44,277	0
Town Garage Fund	255,499	0
Non-Major Governmental Funds	701,857	500
Wastewater Fund	245,174	0
Private-Purpose Trust Fund - Serrell Fund	<u>1,577</u>	<u>0</u>
Total	<u>\$ 1,550,172</u>	<u>\$ 1,550,172</u>

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

Transfer From	Transfer To	Amount	Purpose
General Fund	HRA Fund	\$ 98,630 *	Appropriation
General Fund	Conservation Fund	25,000	Appropriation
General Fund	Fire & Rescue Capital Fund	110,000	Appropriation
General Fund	Town Garage Fund	566,054	To Fund Town Garage Expenditures
General Fund	Repairs and Improvements Fund	46,225	Appropriation
General Fund	Recreation Capital Fund	15,000	Appropriation
Highway Reserve Fund	Town Garage Fund	313,757 *	To Fund Town Garage Expenditures
ARPA Fund	General Fund	566,054	Revenue Replacement
Reappraisal Fund	General Fund	<u>15,000</u>	Appropriation
Total		<u>\$ 1,755,720</u>	

* 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 and the transfer from the Highway Reserve Fund to the Town Garage Fund is included with the General Fund in order to comply with GASB Statement No. 54.

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$35,649 from the difference between the expected and actual experience, \$77,065 from the net difference between the projected and actual investment earnings on pension plan investments, \$24,268 from changes in assumptions and \$34,464 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 \$44,923 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$216,369.

TOWN OF CHARLOTTE, VERMONT
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G. Unearned Revenue

Unearned revenue in the governmental activities consists of \$63,762 of grant revenue received in advance.

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 \$20,342 of grant revenue received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$1,016 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 \$2,910 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$3,926.

Deferred inflows of resources in the General Fund consists of \$29,800 of delinquent property taxes, penalties and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$2,910 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$32,710.

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.

TOWN OF CHARLOTTE, VERMONT
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Long-term debt outstanding as of June 30, 2023 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	\$ 60,000	\$ 0	\$ 20,000	\$ 40,000
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 November, 2037	500,000	0	31,250	468,750
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	540,000	0	30,000	510,000
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>220,000</u>	<u>0</u>	<u>27,500</u>	<u>192,500</u>
Total Governmental Activities	<u>\$1,320,000</u>	<u>\$ 0</u>	<u>\$108,750</u>	<u>\$1,211,250</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	\$ 1,320,000	\$ 0	\$ 108,750	\$ 1,211,250	\$ 108,750
Compensated Absences	38,068	4,105	0	42,173	0
Net Pension Liability	<u>206,480</u>	<u>268,201</u>	<u>0</u>	<u>474,681</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 1,564,548</u>	<u>\$ 272,306</u>	<u>\$ 108,750</u>	<u>\$ 1,728,104</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.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 108,750	\$ 31,805
2025	108,750	28,074
2026	88,750	23,660
2027	88,750	26,277
2028	88,750	24,169
2029-2033	361,250	87,593
2034-2038	306,250	35,761
2039-2040	60,000	1,870
Total	\$ 1,211,250	\$ 259,209

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, however the unassigned fund balance is \$-0-.

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

TOWN OF CHARLOTTE, VERMONT
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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 balance in the following fund is nonspendable as follows:

Major Funds

General Fund:	
Nonspendable Prepaid Items	\$ <u>33,181</u>
Total Nonspendable Fund Balances	\$ <u>33,181</u>

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>2,774</u>

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)	2,548
Restricted for Restoration of Records Expenses by Statute (Source of Revenue is Restoration Fees)	13,479
Restricted for Ski Program Expenses by Agreement (Source of Revenue is Recreation Fees)	21,703
Restricted for Conservation Commission by Donations (Source of Revenue is Donations)	922
Restricted for Mack Scholarship Expenses by Donations (Source of Revenue is Donations)	<u>6,642</u>
Total Special Revenue Funds	<u>45,306</u>
Capital Projects Funds:	
Restricted for Thorp Barn Expenditures by Donations (Source of Revenue is Donations)	<u>6,467</u>
Total Non-Major Funds	<u>51,773</u>
Total Restricted Fund Balances	\$ <u>54,547</u>

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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 \$281,204

Fire & Rescue Capital Fund:

 Committed for Fire & Rescue Capital by the Voters 20,584

Non-Major Funds

Special Revenue Funds:

 Committed for Restoration of Records by the Voters 7,800

 Committed for Cemetery Expenses by the Voters 6,695

 Committed for the Conservation Commission by the Voters 1,600

 Committed for Tree Planting Expenses by the Voters 20,018

 Committed for Affordable Housing by the Voters 132,797

 Total Special Revenue Funds 168,910

Capital Projects Funds:

 Committed for Repairs and Improvements by the Voters 131,763

 Committed for Trails by the Voters 118,146

 Committed for Recreation Capital by the Voters 62,517

 Committed for Highway Capital Expenditures by the Voters 64,325

 Total Capital Projects Funds 376,751

 Total Non-Major Funds 545,661

 Total Committed Fund Balances \$847,449

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned for HRA Expenses	\$ 37,405
Assigned for Highway Expenditures	482,775
Assigned in Excess of Available Fund Balance	<u>(70,874)</u>
Total General Fund	<u>449,306</u>

ARPA Fund:

Assigned for ARPA Expenses	<u>857</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	75,397
Assigned for Library ARPA Expenses	<u>5</u>
Total Non-Major Funds	<u>75,402</u>

Total Assigned Fund Balances	<u>\$525,565</u>
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The unassigned deficit of \$500 in the Garage Solar Project Fund will be funded with proceeds from long-term debt.

K. Net Position

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

Governmental Activities:

Restricted for Park & Wildlife Expenses by Donations	\$ 2,774
Restricted for Scenic Preservation Expenses by Donations	12
Restricted for Community Library Expenses by Donations	2,548
Restricted for Restoration of Records Expenses by Statute	13,479
Restricted for Ski Program Expenses by Agreement	21,703
Restricted for Conservation Commission by Donations	922
Restricted for Mack Scholarship Expenses by Donations	6,642
Restricted for Thorp Barn Expenditures by Donations	<u>6,467</u>
Total Governmental Activities	<u>\$54,547</u>

TOWN OF CHARLOTTE, VERMONT
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The designated net position of the Town's Proprietary Fund as of June 30, 2023 consisted of the following:

Wastewater Fund:	
Designated for Wastewater Capital Projects	\$ <u>135,048</u>

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, 2023 consisted of the following:

Private-Purpose Trust Funds:	
Restricted for Serrell Fund by Donations	\$ 1,577
Restricted for Grandview Cemetery by Trust Agreement	<u>642,362</u>
Total Private-Purpose Trust Funds	\$ <u>643,939</u>

V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 participating employers.

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

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

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

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

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.1565% resulting in a net pension liability of \$474,681. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.1565% was an increase of 0.0162 from its proportion measured as of the prior year.

For the year ended June 30, 2023, the Town recognized pension expense of \$99,918.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 35,649	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	77,065	0
Changes in assumptions	24,268	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,464	1,016
Town's required employer contributions made subsequent to the measurement date	<u>44,923</u>	<u>0</u>
	<u>\$ 216,369</u>	<u>\$ 1,016</u>

TOWN OF CHARLOTTE, VERMONT
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The deferred outflows of resources resulting from the Town’s required employer contributions made subsequent to the measurement date in the amount of \$44,923 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2024	\$ 51,964
2025	43,005
2026	21,180
2027	<u>54,281</u>
Total	<u>\$170,430</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

TOWN OF CHARLOTTE, VERMONT
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Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

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

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

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

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

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

Significant Actuarial Assumptions and Methods

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

Inflation: 2.30% per year.

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

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

Mortality:

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

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

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

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

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

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

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

Long-term Expected Rate of Return:

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

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

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

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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>
\$711,288	\$474,681	\$280,061

Additional Information

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

B. Risk Management

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

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

C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are 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 2023 were as follows:

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	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.5062	1.5866
Local Agreement	0.0005	0.0005
Town	<u>0.2416</u>	<u>0.2416</u>
Total	<u>1.7483</u>	<u>1.8287</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, 2023, rental income was \$853,703.

F. Subsequent Events

On August 10, 2023, the Town received \$1,500,000 in bond proceeds from the Vermont Municipal Bond Bank to be used towards the construction of the Town garage. The bond requires annual principal payments of \$75,000 beginning November 1, 2024 and ending November 1, 2043 with an interest rate of 3.823%.

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,278,651	\$ 2,272,718	\$ (5,933)
Interest on Delinquent Taxes	15,000	7,538	(7,462)
Penalty on Delinquent Taxes	15,000	13,641	(1,359)
Education Billing Fee Retained	30,800	29,926	(874)
Current Use	71,372	71,234	(138)
Land Use Change Tax	0	6,045	6,045
PILOT Payment	12,000	12,304	304
Thompson's Point Rent	855,000	853,703	(1,297)
Railroad Tax	600	612	12
Vault Time Fees	9,000	7,544	(1,456)
Recording Fees	70,000	45,169	(24,831)
Dog Licenses	1,700	1,497	(203)
Hunting & Fishing Licenses	25	14	(11)
Marriage Licenses	200	200	0
Green Mountain Passports	130	126	(4)
Miscellaneous Town Clerk Fees	0	61	61
Planning and Zoning - Board Adjustments	7,000	0	(7,000)
Planning and Zoning - Building Permits	30,000	25,870	(4,130)
Planning and Zoning - Subdivision Applications	15,000	0	(15,000)
Planning and Zoning - Miscellaneous Income	50	31	(19)
DRB Fees	0	22,525	22,525
Septic Applications	15,000	11,978	(3,022)
Certificate of Compliance	4,000	4,380	380
Certificate of Occupancy	6,000	3,450	(2,550)
Highway Access Permit	1,000	1,000	0
Senior Center Programs	34,000	34,760	760
Building Rental	1,000	1,765	765
Beach Fees	30,000	44,566	14,566
Recreation Programs	60,000	73,565	13,565
Highway State Aid	203,248	208,755	5,507
Highway Grant Income	0	97,210	97,210
Court Fines	1,500	2,186	686
Agricultural Lease	4,852	1,881	(2,971)
Interest Income	1,600	33,345	31,745
Charging Station Fees	380	1,269	889
Village Wastewater Fees	0	6,969	6,969
Transfer from Reappraisal Fund	15,000	15,000	0
Miscellaneous	1,000	1,282	282
Total Revenues	3,790,108	3,914,119	124,011
Expenditures:			
Selectmen:			
Selectmen Salaries	9,000	7,511	1,489
Minute-Taker Salary	3,800	4,131	(331)
Town Administrator	84,776	87,627	(2,851)
Legal Expense	35,000	32,701	2,299
Human Resources Consultant	3,000	14,175	(11,175)
Advertising	4,000	7,853	(3,853)
Seminars	250	66	184
Mileage	140	140	0
Memberships	85	0	85
Miscellaneous	0	1,576	(1,576)
Total Selectmen	140,051	155,780	(15,729)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk:			
Clerk Salary	\$ 84,776	\$ 87,627	\$ (2,851)
Assistant Clerk/Treasurer Salary	53,664	63,128	(9,464)
Mileage	0	59	(59)
Telephone	2,300	2,506	(206)
Seminars/Training	100	28	72
Supplies	4,200	4,080	120
Memberships	100	55	45
Service Contracts	8,000	7,815	185
Total Town Clerk	153,140	165,298	(12,158)
Treasurer:			
Supplies	800	1,183	(383)
Audit Expense	18,000	19,697	(1,697)
Miscellaneous	0	1,000	(1,000)
Total Treasurer	18,800	21,880	(3,080)
Elections and Town Meeting:			
Elections	1,000	619	381
Town Meetings	2,500	489	2,011
Town Report Expenses	5,500	8,893	(3,393)
Total Elections and Town Meeting	9,000	10,001	(1,001)
Planning and Zoning:			
Zoning Administrator	61,360	64,779	(3,419)
Planner Salary	56,414	60,595	(4,181)
Planning and Zoning Assistant	35,217	38,752	(3,535)
Minute-Taker Salary	3,000	6,494	(3,494)
Legal	15,000	9,803	5,197
Mileage	300	1,159	(859)
Telephone	900	805	95
Advertising	2,500	1,233	1,267
Equipment	600	11	589
Seminars	600	110	490
Computer	3,000	2,587	413
Supplies	1,000	1,338	(338)
Memberships	400	523	(123)
Engineering	23,000	36,116	(13,116)
Copier	2,800	2,227	573
Planning Consultants	0	4,114	(4,114)
Mapping	500	55	445
Miscellaneous	100	195	(95)
Total Planning and Zoning	206,691	230,896	(24,205)
Constable:			
Halloween Lights	800	860	(60)
Total Constable	800	860	(60)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Assessor:			
Wages	\$ 30,388	\$ 31,976	\$ (1,588)
Contract Appraiser	31,200	39,501	(8,301)
Online Lister Card Service	1,000	0	1,000
Telephone	2,000	2,531	(531)
Advertising	300	0	300
Computers/Equipment	2,000	1,938	62
Seminars	400	50	350
Computer Software	300	394	(94)
Supplies	300	366	(66)
MS Service Contract	600	693	(93)
Mapping Contract	4,200	4,200	0
Furniture	1,200	0	1,200
Reappraisal	3,000	4,681	(1,681)
Total Assessor	<u>76,888</u>	<u>86,330</u>	<u>(9,442)</u>
Delinquent Taxes:			
Delinquent Tax Collector Salary	7,800	7,800	0
Total Delinquent Taxes	<u>7,800</u>	<u>7,800</u>	<u>0</u>
Employee Benefits:			
Social Security	47,325	51,066	(3,741)
Health Insurance	175,700	243,424	(67,724)
Retirement	44,100	44,923	(823)
Unemployment Compensation	1,335	1,182	153
MEDI Expense	11,100	11,943	(843)
Eyemed Vision Plan	1,400	1,269	131
Delta Dental	11,700	11,721	(21)
Total Employee Benefits	<u>292,660</u>	<u>365,528</u>	<u>(72,868)</u>
Highway:			
Retreatment	235,000	235,000	0
Winter Plow/Sand/Ice	225,000	266,901	(41,901)
Gravel Roads Maintenance	200,250	172,621	27,629
Ditching	50,000	23,829	26,171
Brush/Tree Removal	75,000	67,225	7,775
Culvert Replacement/Repair	40,000	28,168	11,832
Roadside Mowing	40,000	38,218	1,782
Sweeping/Shoulders	5,000	7,263	(2,263)
Cold Patch	4,000	5,401	(1,401)
Bridge/Guardrail Repair	5,000	26,785	(21,785)
Road Signs	15,000	13,548	1,452
Covered Bridges	5,000	3,075	1,925
Bike Lane Maintenance	3,000	2,850	150
Miscellaneous	1,000	990	10
Total Highway	<u>903,250</u>	<u>891,874</u>	<u>11,376</u>
Stormwater Discharge:	<u>1,590</u>	<u>1,765</u>	<u>(175)</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Lands:			
Landfill Monitor	\$ 7,976	\$ 4,143	\$ 3,833
Village Mowing	4,700	4,312	388
Cemetery Maintenance	8,000	6,430	1,570
Park Security	7,300	7,328	(28)
Lake Field/Beach Mowing	6,900	8,663	(1,763)
Park Maintenance	17,500	15,101	2,399
Berry Farm Field	12,000	13,480	(1,480)
Brush-Hogging	5,600	6,460	(860)
Trail Maintenance	2,700	3,156	(456)
Thompsons Point Trash	534	1,378	(844)
Ash Tree Removal	15,000	15,000	0
Tree Care/Treatment	780	570	210
Village WW System Maintenance	1,500	5,205	(3,705)
Museum Maintenance	1,500	1,405	95
Water Quality Monitoring	2,700	2,700	0
Total Town Lands	94,690	95,331	(641)
Library:			
Library Director	80,877	77,066	3,811
Library Assistants	58,279	55,060	3,219
Youth Librarian	51,404	52,978	(1,574)
Technical Librarian	51,404	52,576	(1,172)
Custodial Service	7,800	9,240	(1,440)
Postage/Miscellaneous	1,000	1,000	0
Telecommunications	2,100	2,383	(283)
Supplies	2,100	1,053	1,047
Professional Development	1,500	610	890
Association Dues	350	235	115
Acquisitions	10,000	6,711	3,289
Special Programs	2,000	515	1,485
Energy	5,000	5,660	(660)
Maintenance	4,000	4,789	(789)
Computer Support	2,000	1,383	617
Computer Equipment	3,700	4,259	(559)
Total Library	283,514	275,518	7,996
Annual Requests:			
Lewis Creek Association	600	600	0
UVM Home Health & Hospice	4,500	4,500	0
C.V. Agency on Aging	2,000	2,000	0
GBIC	100	100	0
Steps to End Domestic Violence	900	900	0
Center/Independent Living	200	200	0
Vermont Association for Blind	250	250	0
American Red Cross	1,000	1,000	0
Vermont Rural Fire Protection	100	100	0
Child Care Resources	250	250	0
Vermont Family Network	200	200	0
Total Annual Requests	10,100	10,100	0

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation:			
Beach Attendant Wages	\$ 14,400	\$ 12,419	\$ 1,981
Beach Maintenance	4,200	3,791	409
Mileage	300	349	(49)
Telephone	540	529	11
Advertising	0	129	(129)
Recreation Software	3,495	3,295	200
Beach Supplies	1,700	1,805	(105)
Memberships/Seminars	350	190	160
Tennis Courts	2,800	0	2,800
Beach Garbage Removal	200	314	(114)
Beach Electricity	300	609	(309)
Docks In and Out	4,000	6,649	(2,649)
Skating Rink Maintenance	2,010	360	1,650
Skating Rink Electricity	550	285	265
Recreation Program Director	47,389	50,904	(3,515)
Recreation Program Expense	45,000	60,123	(15,123)
Site Plan - Beach Improvement	800	190	610
Beach Water Testing	750	1,210	(460)
Total Recreation	128,784	143,151	(14,367)
Conservation:			
Charlotte Invasives	1,500	1,170	330
Membership/Dues	50	50	0
Green-Up Day	100	35	65
Wildlife Data/Equipment	0	67	(67)
Total Conservation	1,650	1,322	328
Town Hall:			
Maintenance	8,000	10,536	(2,536)
Custodian	9,075	9,251	(176)
Town Postage	5,500	5,882	(382)
Equipment	5,000	1,871	3,129
Supplies	2,200	2,995	(795)
Trash Removal	1,700	1,724	(24)
Utilities	5,500	5,716	(216)
Fuel Oil	3,500	4,897	(1,397)
Computer Service	18,000	19,188	(1,188)
Total Town Hall	58,475	62,060	(3,585)
Senior Center:			
Maintenance	10,000	9,286	714
Snow Plowing	1,800	2,700	(900)
Custodial Service	9,400	8,523	877
Miscellaneous	200	0	200
Postage	1,200	244	956
Telecommunications/Technology	2,400	2,808	(408)
Supplies	2,100	1,895	205
Trash	1,900	580	1,320
Energy	7,000	9,106	(2,106)
Director	47,224	60,313	(13,089)
Coordinator	11,536	8,717	2,819
Program Expenses	34,000	35,313	(1,313)
Total Senior Center	128,760	139,485	(10,725)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Insurance	\$ 40,000	\$ 41,783	\$ (1,783)
Flea Market Electricity	50	153	(103)
Street Lights Electricity	1,800	1,862	(62)
Museum Electricity	400	484	(84)
Animal Control Officer	3,000	3,000	0
Dogs/Miscellaneous	900	838	62
Trails Committee	1,500	1,978	(478)
Traffic Enforcement	20,000	19,721	279
Charlotte Land Trust	5,000	5,000	0
Energy Committee	4,720	4,712	8
Tree Warden	1,215	805	410
Total Miscellaneous	78,585	80,336	(1,751)
Intergovernmental Taxes and Dues:			
VLCT Dues	6,038	6,038	0
CCRPC Dues	10,217	10,217	0
Special Investigations	5,728	5,728	0
County Tax	42,566	43,407	(841)
Total Intergovernmental Taxes and Dues	64,549	65,390	(841)
Debt Service - Library Bond:	43,580	43,580	0
Transfers:			
Transfer to Conservation Fund	25,000	25,000	0
Transfer to Fire & Rescue Capital Fund	110,000	110,000	0
Transfer to Repairs and Improvements Fund	46,225	46,225	0
Transfer to Recreation Capital Fund	15,000	15,000	0
Total Transfers	196,225	196,225	0
Fire and Rescue Appropriation:	890,526	890,526	0
Total Expenditures	3,790,108	3,941,036	(150,928)
Excess/(Deficiency) of Revenues Over Expenditures	\$ 0	(26,917)	\$ (26,917)

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, 2023

	Actual
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
HRA Fund Income	\$ 90
HRA Fund Expenses	(86,506)
HRA Fund Transfer In	98,630
Park & Wildlife Fund Income	1,522
Highway Reserve Fund Income	7,946
Highway Reserve Fund Expenses	(106,635)
Highway Reserve Fund Transfer Out	(313,757)
Unbudgeted Transfer from ARPA Fund	566,054
Unbudgeted Transfer to Town Garage Fund	(566,054)
Net Change in Fund Balance	(425,627)
Fund Balance - July 1, 2022, As Reclassified	910,888
Fund Balance - June 30, 2023	\$ 485,261

The reconciling items are due to combining three (3) funds, the HRA Fund, the Park & Wildlife Fund and the Highway Reserve 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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.1565%	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	\$ 474,681	\$ 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	\$ 295,741
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	75.7828%	39.7198%	70.1845%	50.7921%	44.1728%	39.4500%	46.5724%	29.6448%	3.6258%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

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

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

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

	<u>2023</u>	<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)	\$ 44,923	\$ 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>44,923</u>	<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>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 691,128	\$ 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	6.500%	6.250%	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2022

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

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

	Special Revenue Funds	Capital Projects Funds	Total
<u>ASSETS</u>			
Due from Other Funds	\$ <u>310,439</u>	\$ <u>391,418</u>	\$ <u>701,857</u>
Total Assets	\$ <u><u>310,439</u></u>	\$ <u><u>391,418</u></u>	\$ <u><u>701,857</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 479	\$ 8,200	\$ 8,679
Due to Other Funds	0	500	500
Unearned Revenue	<u>20,342</u>	<u>0</u>	<u>20,342</u>
Total Liabilities	<u>20,821</u>	<u>8,700</u>	<u>29,521</u>
Fund Balances:			
Restricted	45,306	6,467	51,773
Committed	168,910	376,751	545,661
Assigned	75,402	0	75,402
Unassigned/(Deficit)	<u>0</u>	<u>(500)</u>	<u>(500)</u>
Total Fund Balances	<u>289,618</u>	<u>382,718</u>	<u>672,336</u>
Total Liabilities and Fund Balances	\$ <u><u>310,439</u></u>	\$ <u><u>391,418</u></u>	\$ <u><u>701,857</u></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, 2023

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 18,751	\$ 0	\$ 18,751
Permits, Licenses and Fees	15,553	0	15,553
Investment Income	2,989	4,116	7,105
Donations	8,551	4,415	12,966
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	45,844	8,531	54,375
Expenditures:			
General Government	674	15,706	16,380
Highways and Streets	0	3,542	3,542
Culture and Recreation	15,908	27,874	43,782
Community Development	7,675	0	7,675
Cemetery	9,059	0	9,059
Capital Outlay:			
Highways and Streets	0	2,511	2,511
Culture and Recreation	0	22,904	22,904
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	33,316	72,537	105,853
Excess/(Deficiency) of Revenues Over Expenditures	<u>12,528</u>	<u>(64,006)</u>	<u>(51,478)</u>
Other Financing Sources/(Uses):			
Transfers In	0	61,225	61,225
Transfers Out	(15,000)	0	(15,000)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources/(Uses)	(15,000)	61,225	46,225
Net Change in Fund Balances	(2,472)	(2,781)	(5,253)
Fund Balances - July 1, 2022	<u>292,090</u>	<u>385,499</u>	<u>677,589</u>
Fund Balances - June 30, 2023	<u>\$ 289,618</u>	<u>\$ 382,718</u>	<u>\$ 672,336</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	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													
Due from Other Funds	\$ 12	\$ 23,027	\$ 75,397	\$ 21,279	\$ 6,695	\$ 21,703	\$ 2,522	\$ 20,018	\$ 6,642	\$ 132,797	\$ 0	\$ 347	\$ 310,439
Total Assets	\$ 12	\$ 23,027	\$ 75,397	\$ 21,279	\$ 6,695	\$ 21,703	\$ 2,522	\$ 20,018	\$ 6,642	\$ 132,797	\$ 0	\$ 347	\$ 310,439
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts Payable	\$ 0	\$ 479	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 479
Unearned Revenue	0	20,000	0	0	0	0	0	0	0	0	0	342	20,342
Total Liabilities	0	20,479	0	0	0	0	0	0	0	0	0	342	20,821
Fund Balances:													
Restricted	12	2,548	0	13,479	0	21,703	922	0	6,642	0	0	0	45,306
Committed	0	0	0	7,800	6,695	0	1,600	20,018	0	132,797	0	0	168,910
Assigned	0	0	75,397	0	0	0	0	0	0	0	0	5	75,402
Total Fund Balances	12	2,548	75,397	21,279	6,695	21,703	2,522	20,018	6,642	132,797	0	5	289,618
Total Liabilities and Fund Balances	\$ 12	\$ 23,027	\$ 75,397	\$ 21,279	\$ 6,695	\$ 21,703	\$ 2,522	\$ 20,018	\$ 6,642	\$ 132,797	\$ 0	\$ 347	\$ 310,439

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, 2023

	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	\$ 17,290	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,461	\$ 18,751
Permits, Licenses and Fees	0	0	0	0	0	15,553	0	0	0	0	0	0	15,553
Investment Income	0	35	779	215	102	209	25	209	67	1,343	0	5	2,989
Donations	0	872	0	0	5,649	0	0	1,995	35	0	0	0	8,551
Total Revenues	0	907	18,069	215	5,751	15,762	25	2,204	102	1,343	0	1,466	45,844
Expenditures:													
General Government	0	0	0	0	0	0	0	0	0	0	674	0	674
Culture and Recreation	0	1,814	0	0	0	12,463	0	0	170	0	0	1,461	15,908
Community Development	0	0	0	0	0	0	0	7,675	0	0	0	0	7,675
Cemetery	0	0	0	0	9,059	0	0	0	0	0	0	0	9,059
Total Expenditures	0	1,814	0	0	9,059	12,463	0	7,675	170	0	674	1,461	33,316
Excess/(Deficiency) of Revenues Over Expenditures	0	(907)	18,069	215	(3,308)	3,299	25	(5,471)	(68)	1,343	(674)	5	12,528
Other Financing Sources/(Uses):													
Transfers Out	0	0	(15,000)	0	0	0	0	0	0	0	0	0	(15,000)
Total Other Financing Sources/(Uses)	0	0	(15,000)	0	0	0	0	0	0	0	0	0	(15,000)
Net Change in Fund Balances	0	(907)	3,069	215	(3,308)	3,299	25	(5,471)	(68)	1,343	(674)	5	(2,472)
Fund Balances - July 1, 2022	12	3,455	72,328	21,064	10,003	18,404	2,497	25,489	6,710	131,454	674	0	292,090
Fund Balances - June 30, 2023	\$ 12	\$ 2,548	\$ 75,397	\$ 21,279	\$ 6,695	\$ 21,703	\$ 2,522	\$ 20,018	\$ 6,642	\$ 132,797	\$ 0	\$ 5	\$ 289,618

TOWN OF CHARLOTTE, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Highway Capital Reserve Fund	Garage Solar Project Fund	Total
<u>ASSETS</u>							
Due from Other Funds	\$ 139,963	\$ 118,146	\$ 62,517	\$ 6,467	\$ 64,325	\$ 0	\$ 391,418
Total Assets	<u>\$ 139,963</u>	<u>\$ 118,146</u>	<u>\$ 62,517</u>	<u>\$ 6,467</u>	<u>\$ 64,325</u>	<u>\$ 0</u>	<u>\$ 391,418</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$ 8,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,200
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>
Total Liabilities	<u>8,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>8,700</u>
Fund Balances/(Deficit):							
Restricted	0	0	0	6,467	0	0	6,467
Committed	131,763	118,146	62,517	0	64,325	0	376,751
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(500)</u>	<u>(500)</u>
Total Fund Balances/(Deficit)	<u>131,763</u>	<u>118,146</u>	<u>62,517</u>	<u>6,467</u>	<u>64,325</u>	<u>(500)</u>	<u>382,718</u>
Total Liabilities and Fund Balances	<u>\$ 139,963</u>	<u>\$ 118,146</u>	<u>\$ 62,517</u>	<u>\$ 6,467</u>	<u>\$ 64,325</u>	<u>\$ 0</u>	<u>\$ 391,418</u>

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, 2023

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Highway Capital Reserve Fund	Garage Solar Project Fund	Total
Revenues:							
Investment Income	\$ 1,411	\$ 1,209	\$ 851	\$ 66	\$ 579	\$ 0	\$ 4,116
Donations	<u>0</u>	<u>4,415</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,415</u>
Total Revenues	<u>1,411</u>	<u>5,624</u>	<u>851</u>	<u>66</u>	<u>579</u>	<u>0</u>	<u>8,531</u>
Expenditures:							
General Government	15,706	0	0	0	0	0	15,706
Highways and Streets	0	0	0	0	3,042	500	3,542
Culture and Recreation	0	5,408	22,466	0	0	0	27,874
Capital Outlay:							
Highways and Streets	0	0	0	0	2,511	0	2,511
Culture and Recreation	<u>0</u>	<u>22,904</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,904</u>
Total Expenditures	<u>15,706</u>	<u>28,312</u>	<u>22,466</u>	<u>0</u>	<u>5,553</u>	<u>500</u>	<u>72,537</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(14,295)</u>	<u>(22,688)</u>	<u>(21,615)</u>	<u>66</u>	<u>(4,974)</u>	<u>(500)</u>	<u>(64,006)</u>
Other Financing Sources:							
Transfers In	<u>46,225</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>61,225</u>
Total Other Financing Sources	<u>46,225</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>61,225</u>
Net Change in Fund Balances	31,930	(22,688)	(6,615)	66	(4,974)	(500)	(2,781)
Fund Balances - July 1, 2022	<u>99,833</u>	<u>140,834</u>	<u>69,132</u>	<u>6,401</u>	<u>69,299</u>	<u>0</u>	<u>385,499</u>
Fund Balances/(Deficit) - June 30, 2023	<u>\$ 131,763</u>	<u>\$ 118,146</u>	<u>\$ 62,517</u>	<u>\$ 6,467</u>	<u>\$ 64,325</u>	<u>\$ (500)</u>	<u>\$ 382,718</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2023

	Serrell Fund	Trustee of Public Funds Fund	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 11,928	\$ 11,928
Investments	0	630,434	630,434
Due from Other Funds	1,577	0	1,577
Total Assets	\$ 1,577	\$ 642,362	\$ 643,939
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Net Position:			
Restricted:			
Held in Trust for Individuals and Organizations	1,577	642,362	643,939
Total Liabilities and Net Position	\$ 1,577	\$ 642,362	\$ 643,939

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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, 2023

	Serrell Fund	Trustee of Public Funds Fund	Total
Additions:			
Investment Income	\$ <u>20</u>	\$ <u>70,115</u>	\$ <u>70,135</u>
Total Additions	<u>20</u>	<u>70,115</u>	<u>70,135</u>
Deductions:			
Grandview Cemetery	0	8,066	8,066
Miscellaneous	<u>400</u>	<u>0</u>	<u>400</u>
Total Deductions	<u>400</u>	<u>8,066</u>	<u>8,466</u>
Change in Net Position	(380)	62,049	61,669
Net Position - July 1, 2022	<u>1,957</u>	<u>580,313</u>	<u>582,270</u>
Net Position - June 30, 2023	\$ <u><u>1,577</u></u>	\$ <u><u>642,362</u></u>	\$ <u><u>643,939</u></u>

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TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF TAXES RAISED
FOR THE YEAR ENDED JUNE 30, 2023

April 2022 Grandlist Used for Fiscal Year 2023 Taxes Billed:	
Homestead Education Grandlist	\$ 6,203,597.00
Non-Residential Grandlist	\$ 3,205,370.34
Municipal Grandlist	\$ 9,444,078.00
Tax Rates:	
Homestead Education Tax Rate	1.5062
Non-Residential Education Tax Rate	1.5866
Municipal Tax Rate	0.2416
Local Agreement Tax Rate	0.0005
Charlotte's Fiscal Year 2023 Education Property Tax Liability:	
Residential Taxes	\$ 9,343,857.93
Nonresidential Taxes	5,083,213.11
Local Agreement Taxes to Cover Education Liability for Exempt Properties	<u>4,722.36</u>
Total Property Tax Liability for State Education Fund	14,431,793.40
Municipal Taxes	<u>2,281,688.92</u>
Total Education and Municipal Taxes Raised	<u>\$ 16,713,482.32</u>
Allocation of State Education Taxes:	
Transfer to Champlain Valley Union High School	\$ 10,952,318.00
.225 of 1% of Residential and Non-Residential Liability Retained by Town	29,925.86
Late Fee Retained by Town	585.00
Income Sensitivity Credits to Charlotte Residents, Education Tax	1,131,955.61
Income Sensitivity Credits to Charlotte Residents, Municipal Tax	8,893.00
Balance to State Education Fund	<u>2,317,449.53</u>
Total Allocation of State Education Taxes	14,441,127.00
Current Taxes Received	2,237,063.38
Delinquent Taxes	<u>35,291.94</u>
Total Fiscal Year 2023 Property Taxes	<u>\$ 16,713,482.32</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, 2023, 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 2, 2023.

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, we identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2023-01, that we consider to be a significant deficiency.

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".

Town of Charlotte, Vermont's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of 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.

Sullivan, Powers & Co.

November 2, 2023
Montpelier, Vermont
VT Lic. #92-000180

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

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2023-01 Authorization of General Journal Entries

Criteria:

Internal controls should be in place to ensure that all non-standard adjusting period entries are authorized by appropriate officials.

Condition:

The Town requires authorization of non-standard adjusting entries, however, the authorization was not performed consistently during the year.

Cause:

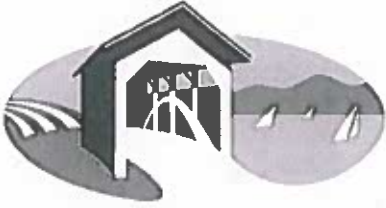
Unknown.

Effect:

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

Recommendation:

We recommend that the Town adhere to their policy that requires appropriate officials to authorize all non-standard general journal entries so as not to circumvent the original approval process.



Town of Charlotte

ESTABLISHED 1762

November 9, 2023

Rick Brigham
Sullivan, Powers & Company
77 Barre Street
Montpelier, VT 05601

Re: Response to Schedule of Findings and Deficiencies in Internal Control

Dear Rick,

This letter provides a response to the finding of a significant deficiency in the Schedule of Findings and Deficiencies in Internal Control on page 67 of the draft audit report for the fiscal year ending June 30, 2023, which is also in the Schedule of Deficiencies in Internal Control and Other Recommendations attached to the Management Letter associated with the audit report.

2023-01 Authorization of General Journal Entries—this same finding was included in the 2021 audit report, Schedule of Findings and Deficiencies in Internal Control and Management Letter. The response to that finding in 2021 stated a new procedure would be implemented by which members of the Town's Board of Auditors would review the monthly posting register reports, which include non-standard adjusting entries, and they would initial the top of each signifying authorization. This procedure was not implemented.

Since receiving the draft audit report, The Town Administrator and Town Treasurer have met with the current member of the Board of Auditors and reviewed this procedure, which he indicated he would implement going forward.

Thank you for your attentiveness and helpfulness during the audit process.

Best regards,

A handwritten signature in blue ink that reads "Dean Bloch".

Dean Bloch, Town Administrator

A handwritten signature in blue ink that reads "Mary A. Mead".

Mary Mead, Town Treasurer