

TOWN OF GROTON, VERMONT

AUDIT REPORT

DECEMBER 31, 2022

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Independent Auditor's Report

Selectboard
Town of Groton, Vermont
1476 Scott Highway
Groton, VT 05046

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Vermont as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Groton, 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, each major fund and the aggregate remaining fund information of the Town of Groton, Vermont, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.

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 Groton, 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 II.C., in previous years, the Town prepared its financial statements using the modified accrual basis of accounting. This year, the Town prepared its financial statements using the modified cash basis of accounting.

Reclassification

As described in Note II.C. to the financial statements, the Town reclassified funds during the current year. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note I.D. to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Groton, 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 Groton, 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 Groton, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Vermont’s basic financial statements. The budgetary comparison information on Schedules 1 and 2 and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated June 15, 2023 on our consideration of the Town of Groton, 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 Groton, 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 Groton, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

June 15, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GROTON, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 1,602,314
Investments	54,474
Due from Fiduciary Funds	<u>16,339</u>
Total Assets	<u>1,673,127</u>
<u>LIABILITIES</u>	
Payroll Withholdings Payable	<u>7,580</u>
Total Liabilities	<u>7,580</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	<u>1,674</u>
Total Deferred Inflows of Resources	<u>1,674</u>
<u>NET POSITION</u>	
Restricted:	
Culture and Recreation	125,352
Cemetery	123,758
Eligible ARPA Uses	289,429
Other	27,421
Unrestricted	<u>1,097,913</u>
Total Net Position	<u>\$ 1,663,873</u>

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

TOWN OF GROTON, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

			Program Cash Receipts	Net (Disbursements)/ Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs:				
Governmental Activities:				
General Government	\$ 407,880	\$ 22,298	\$ 7,553	\$ (378,029)
Public Safety	130,401	12,190	0	(118,211)
Highways and Streets	468,652	4,360	87,252	(377,040)
Culture and Recreation	59,552	436	15,306	(43,810)
Solid Waste	13,341	0	0	(13,341)
Cemetery	12,686	2,450	0	(10,236)
Debt Service	20,321	0	0	(20,321)
Total Governmental Activities	<u>\$ 1,112,833</u>	<u>\$ 41,734</u>	<u>\$ 110,111</u>	<u>(960,988)</u>
General Receipts:				
Property Taxes				796,140
Penalties and Interest on Delinquent Taxes				19,300
General State Grants				155,389
ARPA Funds				145,375
Unrestricted Investment Earnings				468
Insurance Proceeds				4,887
Other				5,690
Total General Receipts				<u>1,127,249</u>
Change in Net Position				166,261
Net Position - January 1, 2022				<u>1,497,612</u>
Net Position - December 31, 2022				<u>\$ 1,663,873</u>

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

TOWN OF GROTON, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Highway Fund	ARPA Fund	Highway Equipment Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 416,312	\$ 0	\$ 289,619	\$ 106,224	\$ 790,159	\$ 1,602,314
Investments	0	0	0	0	54,474	54,474
Due from Other Funds	18,214	31,775	0	0	0	49,989
Total Assets	<u>\$ 434,526</u>	<u>\$ 31,775</u>	<u>\$ 289,619</u>	<u>\$ 106,224</u>	<u>\$ 844,633</u>	<u>\$ 1,706,777</u>
<u>LIABILITIES</u>						
Payroll Withholdings Payable	\$ 7,580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,580
Due to Other Funds	0	0	0	0	33,650	33,650
Total Liabilities	<u>7,580</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,650</u>	<u>41,230</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	1,674	0	0	0	0	1,674
Total Deferred Inflows of Resources	<u>1,674</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,674</u>
<u>FUND BALANCES</u>						
Nonspendable	0	0	0	0	91,854	91,854
Restricted	0	0	289,429	0	184,677	474,106
Committed	150,000	31,775	0	106,224	479,178	767,177
Assigned	80,946	0	190	0	63,174	144,310
Unassigned/(Deficit)	194,326	0	0	0	(7,900)	186,426
Total Fund Balances	<u>425,272</u>	<u>31,775</u>	<u>289,619</u>	<u>106,224</u>	<u>810,983</u>	<u>1,663,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 434,526</u>	<u>\$ 31,775</u>	<u>\$ 289,619</u>	<u>\$ 106,224</u>	<u>\$ 844,633</u>	<u>\$ 1,706,777</u>

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

TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Highway Fund	ARPA Fund	Highway Equipment Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:						
Property Taxes	\$ 388,740	\$ 407,400	\$ 0	\$ 0	\$ 0	\$ 796,140
Penalties and Interest on Delinquent Taxes	19,300	0	0	0	0	19,300
Intergovernmental	156,184	72,312	145,375	0	30,498	404,369
Charges for Services	14,169	2,710	0	0	2,450	19,329
Permits, Licenses and Fees	15,052	0	0	0	3,482	18,534
Fines and Forfeits	1,785	0	0	0	0	1,785
Investment Income/(Loss)	870	0	190	114	(706)	468
Donations	0	0	0	0	6,506	6,506
Other	5,660	0	0	1,650	466	7,776
Total Cash Receipts	601,760	482,422	145,565	1,764	42,696	1,274,207
Cash Disbursements:						
General Government	362,630	0	0	0	12,145	374,775
Public Safety	117,141	0	0	0	0	117,141
Highways and Streets	0	319,924	0	0	12,369	332,293
Culture and Recreation	50,572	0	2,626	0	6,354	59,552
Solid Waste	13,341	0	0	0	0	13,341
Cemetery	12,185	0	0	0	501	12,686
Capital Outlay:						
General Government	0	0	0	0	33,105	33,105
Public Safety	0	0	0	0	13,260	13,260
Highways and Streets	0	0	0	135,293	1,066	136,359
Debt Service:						
Principal	18,440	0	0	0	0	18,440
Interest	1,881	0	0	0	0	1,881
Total Cash Disbursements	576,190	319,924	2,626	135,293	78,800	1,112,833
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	25,570	162,498	142,939	(133,529)	(36,104)	161,374
Other Financing Sources/(Uses):						
Insurance Proceeds	4,887	0	0	0	0	4,887
Transfers In	0	0	0	68,100	155,200	223,300
Transfers Out	(95,200)	(128,100)	0	0	0	(223,300)
Total Other Financing Sources/(Uses)	(90,313)	(128,100)	0	68,100	155,200	4,887
Net Change in Fund Balances	(64,743)	34,398	142,939	(65,429)	119,096	166,261
Fund Balances/(Deficit) - January 1, 2022, As Restated/Reclassified	490,015	(2,623)	146,680	171,653	691,887	1,497,612
Fund Balances - December 31, 2022	\$ 425,272	\$ 31,775	\$ 289,619	\$ 106,224	\$ 810,983	\$ 1,663,873

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

TOWN OF GROTON, VERMONT
STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Private-Purpose Trust Fund Food Shelf Fund	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash	\$ 10,096	\$ 0
Due from School District	<u>0</u>	<u>15,313</u>
Total Assets	\$ <u><u>10,096</u></u>	\$ <u><u>15,313</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ <u>1,026</u>	\$ <u>15,313</u>
Total Liabilities	<u>1,026</u>	<u>15,313</u>
Net Position:		
Restricted	<u>9,070</u>	<u>0</u>
Total Net Position	<u>9,070</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>10,096</u></u>	\$ <u><u>15,313</u></u>

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

TOWN OF GROTON, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Private-Purpose Trust Fund <u>Food Shelf Fund</u>	Custodial Fund <u>Education Tax Fund</u>
Additions:		
Investment Income	\$ 7	\$ 0
Donations	4,050	0
Education Taxes Collected for Other Governments	<u>0</u>	<u>1,644,563</u>
Total Additions	<u>4,057</u>	<u>1,644,563</u>
Deductions:		
Miscellaneous	7,106	0
Education Taxes Distributed to Other Governments	<u>0</u>	<u>1,644,563</u>
Total Deductions	<u>7,106</u>	<u>1,644,563</u>
Change in Net Position	(3,049)	0
Net Position - January 1, 2022, As Reclassified	<u>12,119</u>	<u>0</u>
Net Position - December 31, 2022	\$ <u><u>9,070</u></u>	\$ <u><u>0</u></u>

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

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

The Town of Groton, 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, solid waste, cemetery, public improvements, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented primarily on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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 Groton, 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, receipts, and disbursements. 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. 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.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program receipts 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. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

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.

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

The Town reports on the following major governmental funds:

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

Highway Fund – This fund accounts for the receipts, disbursements and available resources of the Highway Department.

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.

Highway Equipment Fund – This fund accounts for equipment expenditures of the Highway Department.

Additionally, the Town reports the following fund types:

Private-Purpose Trust Fund – This fund is used to report trust arrangements under which resources are to be used for the benefit of individuals and organizations. All investment earnings, and in some cases, the principal of this fund may be used to support these activities.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) 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., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

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

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records certificates of deposits and U.S. Treasury bonds at cost and other investments at market value and reimbursements due from the School District for overpayment of education taxes as assets, payroll withholdings payable as liabilities and prepaid property taxes as deferred inflows of resources. The recording of investments at market value is not in accordance with the modified cash basis of accounting which requires investments to be carried at cost, however, the difference is not material to the financial statements.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt, acquisitions under financed purchases and insurance proceeds are reported as other financing sources.

E. Assets, Liabilities, Deferred Inflows of Resources and Equity

1. Cash

Cash balances of most 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.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. Investments

The Town invests in investments as allowed by State Statute. The Town's investments in certificates of deposit and U.S. Treasury bonds are reported at cost and other investments are reported at current market value.

3. Interfund Receivables/Payables

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 to/from other funds". All other outstanding balances between funds are reported as "due from/to other funds".

4. Deferred Inflows of Resources

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

5. 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 government-wide and fiduciary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances 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. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budgets presented herein are for the Town's "General Fund" and "Highway Fund" only and do not include the Town Emergency Fund, the Professional Services Fund and the Recreation Committee Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town elected to budget cash disbursements in excess of cash receipts by \$140,000 in the General Fund in order to utilize a portion of the prior year's surpluses. This is reflected as a current year's budgeted deficiency of cash receipts over cash disbursements on Schedule 1.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

C. Change in Accounting Principles & Reclassification of Fund Balances/Net Position

In previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, however, the Town prepared its financial statements using the modified cash basis of accounting. Management believes the modified cash basis provides the information needed by the primary users of the financial statements. As a result, beginning fund balances have been restated as follows:

	Governmental Funds				Private-Purpose Trust Fund
	General Fund	Highway Fund	ARPA Fund	Non-Major Governmental Funds	Food Shelf Fund
Fund Balances - December 31, 2021, As Originally Reported	\$ 470,087	\$ 21,117	\$ 0	\$ 745,254	\$ 0
Net Effect of Change in Accounting Principle	(9,480)	(23,740)	146,680	(11,840)	0
Reclassification	29,408	0	0	(41,527)	12,119
Fund Balances/(Deficit) - December 31, 2021, As Restated/Reclassified	\$ 490,015	\$ (2,623)	\$ 146,680	\$ 691,887	\$ 12,119

The Town reclassified the Food Shelf Fund from a Special Revenue Fund to a Private-Purpose Trust Fund which resulted in a \$12,119 increase in the Private-Purpose Trust Fund net position. In addition, the Town consolidated the Town Emergency Fund, the Professional Services Fund and the Recreation Committee Fund, previously reported as separate Special Revenue Funds, with the General Fund as they do not qualify to be reported as separate Special Revenue Funds which resulted in a \$29,408 increase in the General Fund fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of December 31, 2022 consist of the following:

Cash:	
Deposits with Financial Institutions	\$1,612,354
Cash on Hand	<u>56</u>
Total Cash	<u>1,612,410</u>
Investments:	
Certificate of Deposit	21,912
U.S. Treasury Bond	10,000
Mutual Funds – Mixed Holdings	<u>22,562</u>
Total Investments	<u>54,474</u>
Total Cash and Investments	<u>\$1,666,884</u>

The Town has one (1) certificate of deposit in the amount of \$21,912 with an interest rate of 0.30% and matures in 2023.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 its 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 U.S. Treasury bond 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 and certificate of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 559,134	\$ 559,134
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>1,075,132</u>	<u>1,086,966</u>
Total	<u>\$1,634,266</u>	<u>\$1,646,100</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,612,354
Investments – Certificate of Deposit	<u>21,912</u>
Total	<u>\$1,634,266</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town's certificate of deposit is not subject to interest rate disclosure. The mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure. The Town's U.S. Treasury bond has a variable interest rate adjusted semi-annually for inflation and, therefore, not subject to interest rate risk disclosure.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. The Town does not have any policy to limit the exposure to credit risk. The Town's U.S. Treasury bond and certificate of deposit are not subject to credit risk disclosure. The mutual funds are open-ended and, therefore, are also exempt from credit risk disclosure.

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. The Town's U.S. Treasury bond and certificate of deposit are exempt from concentration of credit risk analysis. The mutual funds that are open-ended are also excluded from the concentration of credit risk analysis.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town's certificate of deposit is not subject to fair value disclosures.

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

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

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

The Town has the following fair value measurements as of December 31, 2022:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Bond	\$ 10,000	\$ 10,000	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	22,562	22,562	0	0
Total	\$ 32,562	\$ 32,562	\$ 0	\$ 0

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

B. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2022 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$18,214	\$ 0
Highway Fund	31,775	0
Non-Major Governmental Funds	0	33,650
Private-Purpose Trust Fund – Food Shelf Fund	0	1,026
Custodial Fund – Education Tax Fund	<u>0</u>	<u>15,313</u>
Totals	<u>\$49,989</u>	<u>\$49,989</u>

Interfund transfers during the period ended December 31, 2022 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Town Emergency Fund	\$ 2,000	* Appropriation
General Fund	Professional Services Fund	10,000	* Appropriation
General Fund	Reappraisal & Tax Mapping Fund	1,200	Appropriation
General Fund	Community Building Improvement Fund	5,000	Appropriation
General Fund	Emergency Services Building Improvement Fund	5,000	Appropriation
General Fund	Emergency Services Vehicles Fund	24,000	Appropriation
General Fund	Emergency Services Durable Equipment Fund	20,000	Appropriation
General Fund	Community Building Property Expansion Fund	40,000	Appropriation
Highway Fund	Highway Equipment Fund	68,100	Appropriation
Highway Fund	Highway Paving Fund	50,000	Appropriation
Highway Fund	Highway Infrastructure Fund	<u>10,000</u>	Appropriation
Total		<u>\$ 235,300</u>	

* The transfers from the General Fund to the Town Emergency Fund and Professional Services Fund were netted within the General Fund as these funds are consolidated within the General Fund in order to comply with GASB Statement No. 54.

C. Due from School District

During the year ended December 31, 2022, the Town paid the School District \$1,659,876 for education property taxes, as instructed by the State of Vermont. Subsequent to year end, the State issued its final education property tax reconciliation for the State's fiscal year ending June 30, 2022. The State's final reconciliation showed \$1,644,563 was required to be paid to the School District. The amount of education taxes owed by the School District to the Town as of December 31, 2022 is \$15,313.

D. Deferred Inflows of Resources

Deferred inflows of resources consist of \$1,674 of prepaid property taxes.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

E. Fund Balances

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

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

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

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

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

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

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

Non-Major Funds

Permanent Fund:

Nonspendable for Cemetery Perpetual Care - Estimated	<u>\$91,854</u>
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Total Nonspendable Fund Balances	<u>\$91,854</u>
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TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Major Funds

ARPA Fund:

Restricted for Eligible Uses of the Coronavirus Local Fiscal Recovery Funding by Grant Agreement (Source of Revenue is Grant Revenue)	<u>\$289,429</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Records Restoration Expenses by Statute (Source of Revenue is Restoration Fees)	26,807
Restricted for FAST Expenses by Donations (Source of Revenue is Donations)	614
Restricted for Library Expenses by Donations (Source of Revenue is Donations)	<u>125,352</u>
Total Special Revenue Funds	<u>152,773</u>

Permanent Fund:

Restricted for Cemetery Expenses by Sale of Lots (Source of Revenue is Lot Sales)	<u>31,904</u>
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Total Non-Major Funds	<u>184,677</u>
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Total Restricted Fund Balances	<u>\$474,106</u>
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The fund balances in the following funds are committed as follows:

Major Funds

General Fund:

Committed for Community Building Drainage Project by the Voters	<u>\$150,000</u>
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Highway Fund:

Committed for Highway Expenditures by the Voters	<u>31,775</u>
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Highway Equipment Fund:

Committed for Highway Equipment Expenditures by the Voters	<u>106,224</u>
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TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Non-Major Funds

Capital Projects Funds:

Committed for Community Building Improvement Expenditures by the Voters	\$ 88,541
Committed for Emergency Services Building Improvement Expenditures by the Voters	49,053
Committed for Emergency Services Vehicles Expenditures by the Voters	116,433
Committed for Emergency Services Durable Equipment Expenditures by the Voters	45,276
Committed for Constable Durable Equipment Expenditures by the Voters	7,073
Committed for Sidewalk Expenditures by the Voters	2,490
Committed for Highway Paving Expenditures by the Voters	64,572
Committed for Highway Infrastructure Expenditures by the Voters	82,377
Committed for Community Building Property Expansion Expenditures by the Voters	<u>23,363</u>
Total Capital Projects Funds	<u>479,178</u>
Total Committed Fund Balances	<u>\$767,177</u>

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

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2023	\$ 50,000
Assigned for Town Emergency Expenses	15,757
Assigned for Professional Services Expenses	980
Assigned for Recreation Committee Expenses	<u>14,209</u>
Total General Fund	<u>80,946</u>

ARPA Fund:

Assigned for ARPA Expenses	<u>190</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>63,174</u>
Total Assigned Fund Balances	<u>\$144,310</u>

The unassigned deficit of \$7,900 in the Grant Fund will be funded with the collection of grant revenue.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

F. Restricted Net Position

The restricted net position in the governmental activities consists of the nonspendable fund balances of \$91,854 and the restricted fund balances of \$474,106 for a total of \$565,960.

The net position held in trust for various purposes in the Town's Private-Purpose Trust Fund as of December 31, 2022 consisted of the following:

Private-Purpose Trust Fund:

Restricted for Food Shelf Expenses by Donations	\$ <u>9,070</u>
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IV. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

Plan Description

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

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

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

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

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.0429% resulting in a net pension liability of \$63,168. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0429% was an increase of 0.0022 from its proportion measured as of the prior year.

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 A.

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.

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.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

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

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

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

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

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

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Significant Actuarial Assumptions and Methods

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

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

Mortality:

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

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

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

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

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

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

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

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

Inflation: 2.30%

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Long-term Expected Rate of Return:

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

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

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

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

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$124,856	\$63,168	\$12,443

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. Property Taxes

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are due on November 4, 2022. The penalty rate is eight percent (8%). Interest is charged at one percent (1%) per month. The tax rates for 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.3002	.3002
Highway	.3139	.3139
Local Agreement	.0025	.0025
Education	<u>1.3679</u>	<u>1.4795</u>
Total	<u>1.9845</u>	<u>2.0961</u>

C. 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 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.

TOWN OF GROTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

D. Long-term Debt

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as financed purchases for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases.

Long-term debt outstanding as of December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Financed Purchase, Municipal Leasing Consultants, Tanker Truck, Principal and Interest Payments of \$20,321 Payable on March 13 Annually, Interest at 3.29%, Due March, 2024	<u>\$57,160</u>	<u>\$ 0</u>	<u>\$18,440</u>	<u>\$38,720</u>
Total	<u>\$57,160</u>	<u>\$ 0</u>	<u>\$18,440</u>	<u>\$38,720</u>

Maturities are estimated to be as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$19,047	\$1,274
2024	<u>19,673</u>	<u>648</u>
Total	<u>\$38,720</u>	<u>\$1,922</u>

E. Subsequent Events

The Town obtained a tax anticipation note with Union Bank on January 3, 2023 for \$275,000. Interest is at 5.1% and is due December 29, 2023. The Town has not drawn on this tax anticipation note.

TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Tax Revenues:			
Property Taxes	\$ 386,932	\$ 388,740	\$ 1,808
Interest on Delinquent Taxes	9,000	8,612	(388)
Penalty of Delinquent Taxes	10,000	10,688	688
Total Tax Revenues	405,932	408,040	2,108
State of Vermont Revenues:			
Current Use/Hold Harmless	45,000	52,251	7,251
Payment in Lieu of Taxes	90,000	103,138	13,138
Total State of Vermont Revenues	135,000	155,389	20,389
Miscellaneous Revenues:			
Interest Earned	150	833	683
Miscellaneous Revenue	0	5,660	5,660
Total Miscellaneous Revenues	150	6,493	6,343
Town Clerk Revenues:			
Recordings, Vault Revenue	7,000	9,956	2,956
Marriage & Dog Licenses	1,700	1,983	283
Liquor/Tobacco Licenses	140	240	100
Copies & Faxes Revenue	1,200	1,355	155
Cott System Online Revenue	0	349	349
Motor Vehicle Renewals	50	87	37
Total Town Clerk Revenues	10,090	13,970	3,880
Assessor Revenue:	30	817	787
Zoning Revenue:	800	1,060	260
Community Building Revenue:	1,600	3,764	2,164
FAST Revenue - Town of Ryegate:	10,000	10,405	405
Emergency Services Insurance Refund:	0	4,887	4,887
Constable Revenue:	4,000	1,785	(2,215)
Total Cash Receipts	567,602	606,610	39,008

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Disbursements:			
Selectboard:			
Selectboard & Secretary Wages & Payroll Taxes	\$ 6,847	\$ 6,743	\$ 104
Selectboard Assistant Stipend	1,000	1,000	0
Advertising, Postage, Supplies, Training & Mileage	930	775	155
Total Selectboard	8,777	8,518	259
Town Clerk & Treasurer:			
Clerk	39,494	39,449	45
Treasurer	45,864	45,852	12
Assistant Treasurer	6,370	6,351	19
Unused Vacation	622	292	330
Payroll Taxes & Retirement	11,683	11,319	364
Health Insurance	61,288	61,288	0
Training & Mileage	550	633	(83)
Total Town Clerk & Treasurer	165,871	165,184	687
Office Expenses - Clerk & Treasurer:			
Dues, Postage & Supplies	4,800	4,706	94
Telephone/Internet	2,000	2,376	(376)
Land Records Online	1,920	1,920	0
NEMRC Disaster Recovery & Support, IT	4,217	4,980	(763)
Total Office Expenses - Clerk & Treasurer	12,937	13,982	(1,045)
Delinquent Tax Collection:			
Delinquent Tax Collector Wages	10,000	9,502	498
Payroll Taxes/Retirement	1,265	1,194	71
Postage, Supplies, Telephone & Advertising	950	754	196
NEMRC Disaster Recovery	625	625	0
Training & Mileage	85	0	85
Total Delinquent Tax Collection	12,925	12,075	850
Town Report:			
Wages & Payroll Taxes	564	562	2
Postage & Supplies	500	358	142
Printing & Reproduction	1,385	1,385	0
Total Town Report	2,449	2,305	144

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Elections:			
Wages & Payroll Taxes	\$ 700	\$ 1,376	\$ (676)
Postage, Supplies & Advertising	2,275	1,285	990
Training & Mileage	125	126	(1)
Total Elections	3,100	2,787	313
Assessors:			
Wages & Payroll Taxes	37,943	33,660	4,283
Dues, Postage & Supplies	950	1,155	(205)
Telephone/Internet	1,400	1,704	(304)
Training & Mileage	800	127	673
NEMRC, Cards, Disaster Recovery & GIS Mapping	9,870	7,374	2,496
Total Assessors	50,963	44,020	6,943
Town General Expenses:			
VLCT PACIF, Worker's Comp., Unemployment	7,783	7,635	148
Professional Audit/Services	1,000	510	490
Attorney Fees	2,000	390	1,610
IT Services & Tech Equipment	1,346	1,346	0
NVDA Dues	767	767	0
VLCT Dues	2,320	2,320	0
Money Order Fee, Wire Fee & Interest Expense	100	157	(57)
Caledonia County Tax	15,000	14,312	688
Total Town General Expenses	30,316	27,437	2,879
Planning Commission:			
Stipend & Payroll Taxes	323	323	0
Postage, Printing & Reproduction	263	135	128
Training & Mileage	85	0	85
Total Planning Commission	671	458	213
Zoning:			
Wages & Payroll Taxes	1,346	1,645	(299)
Postage & Supplies	105	5	100
Training & Mileage	200	0	200
Total Zoning	1,651	1,650	1
Town Clock:	677	677	0

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Solid Waste:			
Ryegate/Groton Recycling	\$ 8,000	\$ 12,284	\$ (4,284)
NEKWMD - Assessment	827	827	0
Green Up Day	500	230	270
Total Solid Waste	9,327	13,341	(4,014)
Streetlights:	8,150	8,925	(775)
Community Building:			
Building Repairs & Maintenance	4,500	3,060	1,440
Rubbish Removal & Supplies	2,400	2,614	(214)
Electricity & Fuel Oil	8,800	11,407	(2,607)
Total Community Building	15,700	17,081	(1,381)
Town Property Maintenance:			
Wages & Payroll Taxes	14,536	11,008	3,528
Cleaning	8,000	7,904	96
Park Electricity	350	330	20
Gasoline	0	38	(38)
Property Upkeep	15,000	14,749	251
Supplies & Mileage	350	276	74
Total Town Property Maintenance	38,236	34,305	3,931
Tree Warden:	323	323	0
Miscellaneous Expenses:			
Zoom Fees	160	181	(21)
Town Website	2,394	2,394	0
Miscellaneous Expenses	0	8	(8)
Total Miscellaneous Expenses	2,554	2,583	(29)
Recreation Committee:	1,875	1,506	369
Animal Control:	700	706	(6)
Health Officer:	968	807	161
Emergency Services Insurance:	11,377	11,259	118

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Emergency Services General Expenses:			
Ambulance Contract	\$ 29,428	\$ 29,428	\$ 0
Repairs - Emergency Services Building	1,250	747	503
Rubbish Removal & Supplies	1,000	620	380
Telephone/Internet	1,700	1,817	(117)
Electricity, Fuel Oil, Propane	4,200	3,830	370
Dispatch Fees	2,650	2,140	510
Total Emergency Services General Expenses	40,228	38,582	1,646
FAST:			
Wages, Stipend & Taxes	16,148	13,951	2,197
Supplies	3,000	5,101	(2,101)
Training & Mileage	5,500	2,930	2,570
Total FAST	24,648	21,982	2,666
Fire Department:			
Wages, Stipend & Taxes	10,496	6,201	4,295
Dues	2,500	1,962	538
Gasoline & Diesel	1,650	2,587	(937)
Tanker Loan Payment	20,321	20,321	0
Repairs & Maintenance	10,000	14,405	(4,405)
Supplies	3,200	2,633	567
Training & Mileage	6,250	4,358	1,892
Total Fire Department	54,417	52,467	1,950
Forest Fire Expenses:	1,108	2,020	(912)
First Constable:			
Wages, Payroll Taxes, Dues	16,458	1,541	14,917
Supplies & Training	675	114	561
Dispatch Fees	3,000	520	2,480
Total First Constable	20,133	2,175	17,958
Cruiser Expenses:	2,900	276	2,624
Constable & Cruiser Insurance:	3,820	2,176	1,644

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Law Enforcement:			
New Town Constable Wages & Payroll	\$ 0	\$ 1,722	\$ (1,722)
Sheriff's Contract	0	3,290	(3,290)
Total Law Enforcement	0	5,012	(5,012)
Cemetery:			
Contracted Work, Riverside Cemetery	900	700	200
Mowing	11,460	11,460	0
Dues & Supplies	615	25	590
Total Cemetery	12,975	12,185	790
Library:			
Wages & Payroll Taxes	22,168	20,423	1,745
VLCT PACIF - Insurance	1,238	1,225	13
Building Rent	18,000	18,000	0
Books & Digital	5,000	5,504	(504)
Supplies	2,000	2,030	(30)
Telephone/Internet	1,800	1,610	190
Software/Support, Legal Fees & Miscellaneous	600	274	326
Total Library	50,806	49,066	1,740
Agency Appropriations:			
Caledonia Home Health	1,350	1,350	0
NEK Learning Services	200	200	0
NEK Human Services	920	920	0
NEK Youth Services	200	200	0
NEK Council on Aging	700	700	0
Rural Community Transportation	800	800	0
Little Rivers Health Care	2,000	2,000	0
Community Restorative Justice	250	250	0
Groton Lunches with Friends	2,400	2,400	0
Green Up Vermont	100	100	0
Umbrella	650	650	0
VT Family Network	250	250	0
Total Agency Appropriations	9,820	9,820	0

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Reserve Funds Appropriations:			
Community Building Improvement Reserve	\$ 5,000	\$ 5,000	\$ 0
Emergency Services Building Improvement Reserve	5,000	5,000	0
Emergency Services Vehicles Reserve	24,000	24,000	0
Emergency Services Durable Equipment Reserve	20,000	20,000	0
Reappraisal & Tax Mapping Reserve	1,200	1,200	0
Professional Services Reserve	10,000	10,000	0
Town Emergency Reserve	2,000	2,000	0
Community Building Property Expansion Reserve	40,000	40,000	0
Total Reserve Funds Appropriations	107,200	107,200	0
Total Cash Disbursements	707,602	672,890	34,712
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	\$ (140,000)	(66,280)	\$ 73,720
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Town Emergency Fund Income		17	
Town Emergency Fund Transfer In		2,000	
Professional Services Fund Income		4	
Professional Services Fund Expenses		(10,500)	
Professional Services Fund Transfer In		10,000	
Recreation Committee Fund Income		16	
Net Change in Fund Balance		(64,743)	
Fund Balance - January 1, 2022, As Restated/Reclassified		490,015	
Fund Balance - December 31, 2022		\$ 425,272	

The reconciling items are due to combining three (3) funds, the Town Emergency Fund, the Professional Services Fund and the Recreation Committee Fund, with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 407,400	\$ 407,400	\$ 0
State Aid to Highways	64,000	72,312	8,312
Seyon Road Plowing	3,000	2,710	(290)
Total Cash Receipts	474,400	482,422	8,022
Cash Disbursements:			
Labor:			
Wages	100,548	100,443	105
Overtime Wages & Unused Vacation	9,618	8,755	863
Temporary Help Wages	4,000	1,185	2,815
Health Insurance	53,078	52,140	938
Retirement & Payroll Expenses	14,241	13,771	470
Total Labor	181,485	176,294	5,191
PACIF, Worker's Compensation Insurance:	16,585	16,416	169
Contracted Work:			
Roadside Mowing	6,500	6,000	500
Boulder Beach Plowing	4,500	496	4,004
Total Contracted Work	11,000	6,496	4,504
Infrastructure:			
Culverts	4,500	4,204	296
Signs	1,000	69	931
Total Infrastructure	5,500	4,273	1,227
Materials:			
Sand	15,000	14,924	76
Salt	10,800	10,495	305
Chloride	12,000	10,956	1,044
Gravel	30,000	15,202	14,798
Total Materials	67,800	51,577	16,223

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TOWN OF GROTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Operating Expenses:			
Gasoline & Diesel	\$ 16,500	\$ 25,600	\$ (9,100)
Rental Equipment	500	134	366
Seeder & Material	1,500	959	541
Supplies	1,000	739	261
Uniforms	3,500	3,347	153
Training	150	60	90
Mileage	0	72	(72)
Radios & Pagers	500	0	500
Total Operating Expenses	23,650	30,911	(7,261)
Equipment Repairs & Maintenance:	25,000	23,904	1,096
Garage Repairs & Maintenance:	10,750	7,011	3,739
Sidewalk Maintenance/Public Works:			
Wages & Payroll Taxes	3,230	1,996	1,234
Propane	800	585	215
Building - Tractor Garage	100	0	100
Repairs - Tractor	400	461	(61)
Total Sidewalk Maintenance/Public Works	4,530	3,042	1,488
Reserve Funds Appropriations:			
Highway Equipment Reserve	68,100	68,100	0
Highway Infrastructure Reserve	10,000	10,000	0
Highway Paving Reserve	50,000	50,000	0
Total Reserve Funds Appropriations	128,100	128,100	0
Total Cash Disbursements	474,400	448,024	26,376
Excess of Cash Receipts Over Cash Disbursements	\$ 0	34,398	\$ 34,398
Fund Balance/(Deficit) - January 1, 2022, As Restated		(2,623)	
Fund Balance - December 31, 2022		\$ 31,775	

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TOWN OF GROTON, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Cemetery Fund Permanent Fund	Total
<u>ASSETS</u>				
Cash	\$ 165,731	\$ 500,297	\$ 124,131	\$ 790,159
Investments	<u>54,474</u>	<u>0</u>	<u>0</u>	<u>54,474</u>
Total Assets	<u>\$ 220,205</u>	<u>\$ 500,297</u>	<u>\$ 124,131</u>	<u>\$ 844,633</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to Other Funds	\$ <u>12,158</u>	\$ <u>21,119</u>	\$ <u>373</u>	\$ <u>33,650</u>
Total Liabilities	<u>12,158</u>	<u>21,119</u>	<u>373</u>	<u>33,650</u>
Fund Balances:				
Nonspendable	0	0	91,854	91,854
Restricted	152,773	0	31,904	184,677
Committed	0	479,178	0	479,178
Assigned	63,174	0	0	63,174
Unassigned/(Deficit)	<u>(7,900)</u>	<u>0</u>	<u>0</u>	<u>(7,900)</u>
Total Fund Balances	<u>208,047</u>	<u>479,178</u>	<u>123,758</u>	<u>810,983</u>
Total Liabilities and Fund Balances	<u>\$ 220,205</u>	<u>\$ 500,297</u>	<u>\$ 124,131</u>	<u>\$ 844,633</u>

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TOWN OF GROTON, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Cemetery Fund Permanent Fund	Total
Cash Receipts:				
Intergovernmental	\$ 26,998	\$ 3,500	\$ 0	\$ 30,498
Charges for Services	0	0	2,450	2,450
Permits, Licenses and Fees	3,482	0	0	3,482
Investment Income/(Loss)	(1,306)	537	63	(706)
Donations	6,506	0	0	6,506
Other	436	30	0	466
Total Cash Receipts	36,116	4,067	2,513	42,696
Cash Disbursements:				
General Government	12,145	0	0	12,145
Highways and Streets	12,369	0	0	12,369
Culture and Recreation	6,354	0	0	6,354
Cemetery	0	0	501	501
Capital Outlay:				
General Government	0	33,105	0	33,105
Public Safety	0	13,260	0	13,260
Highways and Streets	0	1,066	0	1,066
Total Cash Disbursements	30,868	47,431	501	78,800
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	5,248	(43,364)	2,012	(36,104)
Other Financing Sources:				
Transfers In	1,200	154,000	0	155,200
Total Other Financing Sources	1,200	154,000	0	155,200
Net Change in Fund Balances	6,448	110,636	2,012	119,096
Fund Balances - January 1, 2022 As Restated/Reclassified	201,599	368,542	121,746	691,887
Fund Balances - December 31, 2022	\$ 208,047	\$ 479,178	\$ 123,758	\$ 810,983

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TOWN OF GROTON, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2022

	Restoration Fund	Reappraisal & Tax Mapping Fund	FAST Donation Fund	Grant Fund	Library Fund	Total
<u>ASSETS</u>						
Cash	\$ 26,807	\$ 63,174	\$ 614	\$ 0	\$ 75,136	\$ 165,731
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>54,474</u>	<u>54,474</u>
Total Assets	<u>\$ 26,807</u>	<u>\$ 63,174</u>	<u>\$ 614</u>	<u>\$ 0</u>	<u>\$ 129,610</u>	<u>\$ 220,205</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to Other Funds	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,900</u>	\$ <u>4,258</u>	\$ <u>12,158</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,900</u>	<u>4,258</u>	<u>12,158</u>
Fund Balances:						
Restricted	26,807	0	614	0	125,352	152,773
Assigned	0	63,174	0	0	0	63,174
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,900)</u>	<u>0</u>	<u>(7,900)</u>
Total Fund Balances	<u>26,807</u>	<u>63,174</u>	<u>614</u>	<u>(7,900)</u>	<u>125,352</u>	<u>208,047</u>
Total Liabilities and Fund Balances	<u>\$ 26,807</u>	<u>\$ 63,174</u>	<u>\$ 614</u>	<u>\$ 0</u>	<u>\$ 129,610</u>	<u>\$ 220,205</u>

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TOWN OF GROTON, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Restoration Fund	Reappraisal & Tax Mapping Fund	FAST Donation Fund	Grant Fund	Library Fund	Total
Cash Receipts:						
Intergovernmental	\$ 0	\$ 6,758	\$ 0	\$ 20,240	\$ 0	\$ 26,998
Permits, Licenses and Fees	3,482	0	0	0	0	3,482
Investment Income/(Loss)	28	70	0	0	(1,404)	(1,306)
Donations	0	0	0	0	6,506	6,506
Other	0	0	0	0	436	436
Total Cash Receipts	3,510	6,828	0	20,240	5,538	36,116
Cash Disbursements:						
General Government	12,145	0	0	0	0	12,145
Highways and Streets	0	0	0	12,369	0	12,369
Culture and Recreation	0	0	0	2,918	3,436	6,354
Total Cash Disbursements	12,145	0	0	15,287	3,436	30,868
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(8,635)	6,828	0	4,953	2,102	5,248
Other Financing Sources:						
Transfers In	0	1,200	0	0	0	1,200
Total Other Financing Sources	0	1,200	0	0	0	1,200
Net Change in Fund Balances	(8,635)	8,028	0	4,953	2,102	6,448
Fund Balances/(Deficit) - January 1, 2022, As Restated/Reclassified	35,442	55,146	614	(12,853)	123,250	201,599
Fund Balances/(Deficit) - December 31, 2022	\$ 26,807	\$ 63,174	\$ 614	\$ (7,900)	\$ 125,352	\$ 208,047

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TOWN OF GROTON, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2022

	Community Building Improvement Fund	Emergency Services Building Improvement Fund	Emergency Services Vehicles Fund	Emergency Services Durable Equipment Fund	Constable Durable Equipment Fund	Sidewalk Fund	Highway Paving Fund	Highway Infrastructure Fund	Community Building Property Expansion Fund	Total
<u>ASSETS</u>										
Cash	\$ 88,541	\$ 49,053	\$ 116,433	\$ 45,276	\$ 7,073	\$ 2,490	\$ 64,572	\$ 103,496	\$ 23,363	\$ 500,297
Total Assets	<u>\$ 88,541</u>	<u>\$ 49,053</u>	<u>\$ 116,433</u>	<u>\$ 45,276</u>	<u>\$ 7,073</u>	<u>\$ 2,490</u>	<u>\$ 64,572</u>	<u>\$ 103,496</u>	<u>\$ 23,363</u>	<u>\$ 500,297</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,119	\$ 0	\$ 21,119
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,119</u>	<u>0</u>	<u>21,119</u>
Fund Balances:										
Committed	88,541	49,053	116,433	45,276	7,073	2,490	64,572	82,377	23,363	479,178
Total Fund Balances	<u>88,541</u>	<u>49,053</u>	<u>116,433</u>	<u>45,276</u>	<u>7,073</u>	<u>2,490</u>	<u>64,572</u>	<u>82,377</u>	<u>23,363</u>	<u>479,178</u>
Total Liabilities and Fund Balances	<u>\$ 88,541</u>	<u>\$ 49,053</u>	<u>\$ 116,433</u>	<u>\$ 45,276</u>	<u>\$ 7,073</u>	<u>\$ 2,490</u>	<u>\$ 64,572</u>	<u>\$ 103,496</u>	<u>\$ 23,363</u>	<u>\$ 500,297</u>

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TOWN OF GROTON, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Community Building Improvement Fund	Emergency Services Building Improvement Fund	Emergency Services Vehicles Fund	Emergency Services Durable Equipment Fund	Constable Durable Equipment Fund	Sidewalk Fund	Highway Paving Fund	Highway Infrastructure Fund	Community Building Property Expansion Fund	Total
Cash Receipts:										
Intergovernmental	\$ 3,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,500
Investment Income	98	54	126	49	8	2	62	115	23	537
Other	<u>30</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
Total Cash Receipts	<u>3,628</u>	<u>54</u>	<u>126</u>	<u>49</u>	<u>8</u>	<u>2</u>	<u>62</u>	<u>115</u>	<u>23</u>	<u>4,067</u>
Cash Disbursements:										
Capital Outlay:										
General Government	0	0	0	0	0	0	0	0	33,105	33,105
Public Safety	0	1,347	0	11,913	0	0	0	0	0	13,260
Highways and Streets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,066</u>	<u>0</u>	<u>0</u>	<u>1,066</u>
Total Cash Disbursements	<u>0</u>	<u>1,347</u>	<u>0</u>	<u>11,913</u>	<u>0</u>	<u>0</u>	<u>1,066</u>	<u>0</u>	<u>33,105</u>	<u>47,431</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>3,628</u>	<u>(1,293)</u>	<u>126</u>	<u>(11,864)</u>	<u>8</u>	<u>2</u>	<u>(1,004)</u>	<u>115</u>	<u>(33,082)</u>	<u>(43,364)</u>
Other Financing Sources:										
Transfers In	<u>5,000</u>	<u>5,000</u>	<u>24,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>10,000</u>	<u>40,000</u>	<u>154,000</u>
Total Other Financing Sources	<u>5,000</u>	<u>5,000</u>	<u>24,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>10,000</u>	<u>40,000</u>	<u>154,000</u>
Net Change in Fund Balances	8,628	3,707	24,126	8,136	8	2	48,996	10,115	6,918	110,636
Fund Balances - January 1, 2022	<u>79,913</u>	<u>45,346</u>	<u>92,307</u>	<u>37,140</u>	<u>7,065</u>	<u>2,488</u>	<u>15,576</u>	<u>72,262</u>	<u>16,445</u>	<u>368,542</u>
Fund Balances - December 31, 2022	<u>\$ 88,541</u>	<u>\$ 49,053</u>	<u>\$ 116,433</u>	<u>\$ 45,276</u>	<u>\$ 7,073</u>	<u>\$ 2,490</u>	<u>\$ 64,572</u>	<u>\$ 82,377</u>	<u>\$ 23,363</u>	<u>\$ 479,178</u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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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 Groton, Vermont
1476 Scott Highway
Groton, VT 05046

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Vermont, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Groton, Vermont's basic financial statements and have issued our report thereon dated June 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Groton, 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 Groton, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Groton, 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 Groton, 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. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2022-01 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Groton, Vermont's financial statements are free of 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 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 Groton, Vermont's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the Town of Groton, 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 Groton, 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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

June 15, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF GROTON, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2022

Deficiencies in Internal Control:

Material Weaknesses:

2022-01 Segregation of Duties - Cash

Criteria:

An important factor in developing good internal control procedures is to divide responsibilities so that no individual can both perpetrate and conceal errors or irregularities. One of the most common division of duties is the division between the check signing and bank reconciliation functions.

Condition:

In the Town, the same person that reconciles the bank accounts also collects cash, posts to the journals, makes deposits and has check signing authority.

Cause:

The limited staff available in the office provides little opportunity to achieve an optimum separation of duties and responsibilities. However, the Town is cognizant of the situation and has continued its effort to strengthen their internal controls by appointing a Selectboard member to review bank statements annually.

Effect:

The Town has inadvertently made its assets susceptible to misappropriation.

Recommendation:

We recommend that the Town revise their procedures to ensure that the bank reconciliation function is delegated to an individual who does not have check signing authority. Otherwise, we recommend that, at a minimum, someone other than a check signer review all bank reconciliations, bank statements, cancelled checks and any debit memos.



**Town of Groton
1476 Scott Highway
Groton, Vermont 05046**

July 12 2023

From:

Town of Groton
Selectboard
1476 Scott Highway
Groton, VT 05046

Re: 2022 Audit- Response to the material weakness

To:

Sullivan, Powers & Company
77 Barre Street
Montpelier VT 05601

2022-01 Segregation of Duties-Cash

The Town of Groton has limited staff in the office.

The Town does recognize this concern / material weakness and has been appointing a Selectboard Member annually to review bank statements.

This Selectboard Member receives banks statements electronically.

And as a Selectboard Member he also approves all accounts payable warrants and signs off on these as they are produced.

With this finding we will expand the duties for Selectboard Member to review the reconciliations, which include cancelled checks and debit memos.

Respectfully Submitted,

Tristan Vaughan

Zachary Conaway

Aaron Smith