

TOWN OF FAIRLEE, VERMONT
FINANCIAL STATEMENTS
DECEMBER 31, 2023
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF FAIRLEE, VERMONT

DECEMBER 31, 2023

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 6
Financial Statements - Modified Cash Basis:	
Government-wide Financial Statements -	
Statement of Net Position	7
Statement of Activities.....	8
Fund Financial Statements -	
Balance Sheet - Governmental Funds.....	9
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	10
Statement of Revenue and Expenditures - Budget and Actual - General Fund	11
Statement of Net Position - Proprietary Fund.....	12
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	13
Statement of Cash Flows - Proprietary Fund.....	14
Statement of Net Position - Fiduciary Funds	15
Statement of Changes in Net Position - Fiduciary Funds	16
Notes to Financial Statements	17 - 23
Supplementary Schedules - Modified Cash Basis:	
Schedule 1 - Combining Balance Sheet - Other Governmental Funds.....	24 - 25
Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds	26 - 27
Compliance Report:	
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	28 - 29

INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Fairlee, Vermont

Report on the Audit of the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairlee, Vermont (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairlee, Vermont as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Fairlee, 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of 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 opinions are 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 the modified cash basis of accounting described in Note 1, and for 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material 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's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

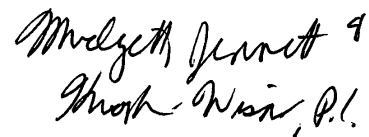
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The accompanying schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 and 2 are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024, on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

Montpelier, Vermont
March 14, 2024



Madgett Bennett
Shosh-Nisa, P.L.

**TOWN OF FAIRLEE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

The following is a discussion and analysis of the Town of Fairlee's (the Town) financial performance including an overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2023. Readers should consider this information in conjunction with the financial statements which are located after this analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's financial statements consist of five sections: 1) Independent Auditor's Report, 2) Management's Discussion and Analysis, 3) Financial Statements, 4) Supplementary Schedules and 5) Compliance Reports.

- **Independent Auditor's Report** - This is a description by the auditors of the scope of their work and their official opinion of the financial statements of the Town for the 2023 fiscal year.
- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions, or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, and notes to the financial statements.
- **Supplementary Schedules** - This section of the report includes schedules 1 and 2, which are not required by accounting principles generally accepted in the United States of America (U.S. GAAP) but are presented as supplementary information. These schedules contain the combining information for individual nonmajor governmental funds.
- **Compliance Reports** - This section includes the auditor's report on the Town's internal controls over financial reporting and on compliance and other matters. Internal controls deal with the Town's processes and procedures that ensure our financial statements are accurate and that Town assets are being safeguarded in a reasonable fashion.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of all Town finances. The statements provide information about the Town's financial position, which helps readers determine whether the Town's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the modified cash basis of accounting.

- **Statement of Net Position** - This statement presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities** - This statement presents information showing how the Town's net position changed during the most recent fiscal year.

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Governmental Activities** - Activities reported here include general government, highway, public safety, and culture and recreation. Property taxes and federal, state, and local revenues finance these activities.

- **Business-type Activities** - Activities reported here include the water system.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds are categorized as governmental, proprietary, or fiduciary. These statements are presented on the modified cash basis of accounting.

- **Governmental Funds** - The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed view of the functions reported as governmental activities in the government-wide financial statements.

The Town reports 19 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and Capital Fund, which are considered major funds. Data from the other 17 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

- **Proprietary Funds** - Proprietary funds report activities that operate more like those of private-sector business. Proprietary funds are reported as business-type activities on the government-wide financial statements. The Town uses proprietary funds to account for its Water System.

Reconciliation of Government-wide Financial Statements to Governmental Fund Financial Statements

Since the financial statements are prepared on the modified cash basis of accounting, there are no differences between amounts reported on the government-wide financial statements and the fund financial statements.

Government-wide Financial Analysis

The Statement of Net Position shows total assets, which are all current assets, of the Town as of December 31, 2023, to be \$2,936,461. Of this total, \$2,409,368 represents assets of the governmental activities, and \$527,093 represents assets of the business-type activities.

As of December 31, 2023, the Town did not report any deferred outflows of resources.

Total liabilities, comprised of taxes due to School Districts, and liabilities related to cash transactions, as of December 31, 2023, were \$1,076,579. Of this total \$1,075,095 represents liabilities of the governmental activities, and \$1,484 represents liabilities of the business activities.

The governmental activities also reported \$22,942 in deferred inflows of resources, related to property tax payments and state highway aid received by the Town in 2023 that relate to future years as of December 31, 2023.

The Statement of Net Position reported a total net position of \$1,836,940 as of December 31, 2023, comprised of \$1,311,331 in governmental activities, and \$525,609 in business-type activities.

The Statement of Activities reports total operating expenses for 2023 of \$2,182,268. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as State and Federal grants or fees charged for specific services. General revenues, mainly property taxes, totaled \$1,617,755.

Revenues exceeded expenses, decreasing net position by \$70,368 for governmental activities, and \$20,194 for business-type activities.

Financial Analysis of the Town's Funds

Governmental Funds:

At December 31, 2023, the Town's General Fund reported an ending fund balance of \$625,833, an increase of \$317,361 over the prior year ending fund balance of \$308,472.

At December 31, 2023, the Town's Capital Fund reported an ending fund balance of \$461,399, a decrease of \$117,503 from the prior year ending fund balance of \$578,902.

At December 31, 2023, the Other Governmental Funds reported a combined ending fund balance of \$224,099, a decrease of \$270,226 from the prior year combined ending fund balance of \$494,325. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

The Statement of Revenue and Expenditures - Budget and Actual - General Fund - Modified Cash Basis shows the Town's revenue collected was \$1,868,262 and reported expenditures paid of \$1,537,617 for a net increase in fund balance of \$330,645. Other financing sources (uses) decreased the General Fund's fund balance by \$13,284 for a total net increase in the General Fund fund balance of \$317,361. Management has reviewed the variances reported between budgeted and actual amounts as detailed on this statement.

Proprietary Fund:

At December 31, 2023, the Water System Fund reported an ending net position of \$525,609, an increase of \$20,194 over the prior year ending fund balance of \$505,415.

Capital Assets and Debt Administration

As of December 31, 2023, the Town had ownership of capital assets including land, buildings, machinery, and equipment. The historical cost of these assets has been excluded from the Town's financial statements and notes as the Town's modified cash basis of accounting, described in Note 1, has not been modified to include the historical cost of these assets nor the related depreciation expense on these assets.

As of December 31, 2023, the Town had an obligation to repay debt of \$2,776,959, consisting of borrowings for dam improvements, Town Hall renovations and water system improvements. These obligations have been excluded from the Town's financial statements and disclosed for informational purposes only in the Town's notes to the financial statements since the Town's modified cash basis of accounting, described in Note 1, has not been modified to include long-term debt balances.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers, and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Town of Fairlee, P.O. Box 95, Fairlee, Vermont 05045.

TOWN OF FAIRLEE, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
DECEMBER 31, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 2,907,010	\$ -	\$ 2,907,010
Investments	29,451	-	29,451
Due (to) from other activities	<u>(527,093)</u>	<u>527,093</u>	<u>-</u>
Total assets	<u>2,409,368</u>	<u>527,093</u>	<u>2,936,461</u>
LIABILITIES:			
Current liabilities -			
Due to School Districts	753,139	-	753,139
Due to Internal Revenue Service	15,968	-	15,968
Held for others	166,833	-	166,833
Utility credits	-	1,484	1,484
Due to fiduciary funds	<u>139,155</u>	<u>-</u>	<u>139,155</u>
Total liabilities	<u>1,075,095</u>	<u>1,484</u>	<u>1,076,579</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - 2024 highway aid	22,842	-	22,842
Unavailable revenue - 2024 property taxes	<u>100</u>	<u>-</u>	<u>100</u>
Total deferred inflows of resources	<u>22,942</u>	<u>-</u>	<u>22,942</u>
NET POSITION:			
Restricted	228,099	-	228,099
Unrestricted	<u>1,083,232</u>	<u>525,609</u>	<u>1,608,841</u>
Total net position	<u>\$ 1,311,331</u>	<u>\$ 525,609</u>	<u>\$ 1,836,940</u>

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

TOWN OF FAIRLEE, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
Governmental activities -							
General government	\$ 1,243,112	\$ 149,540	\$ 29,020	\$ 7,933	\$ (1,056,619)	\$ -	\$ (1,056,619)
Highway department	261,812	59,303	10	345	(202,154)	-	(202,154)
Public safety	239,163	-	29,635	255	(209,273)	-	(209,273)
Culture and recreation	157,323	11,848	11,045	-	(134,430)	-	(134,430)
Debt service	76,185	-	-	-	(76,185)	-	(76,185)
Total governmental activities	<u>1,977,595</u>	<u>220,691</u>	<u>69,710</u>	<u>8,533</u>	<u>(1,678,661)</u>	<u>-</u>	<u>(1,678,661)</u>
Business-type activities -							
Water system	136,959	22,800	192,605	-	-	78,446	78,446
Debt service	67,714	-	-	-	-	(67,714)	(67,714)
Total business-type activities	<u>204,673</u>	<u>22,800</u>	<u>192,605</u>	<u>-</u>	<u>-</u>	<u>10,732</u>	<u>10,732</u>
	<u>\$ 2,182,268</u>	<u>\$ 243,491</u>	<u>\$ 262,315</u>	<u>\$ 8,533</u>	<u>(1,678,661)</u>	<u>10,732</u>	<u>(1,667,929)</u>
GENERAL REVENUES - PROPERTY TAXES					1,593,745	-	1,593,745
- INVESTMENT INCOME (LOSS)					21,341	2,669	24,010
TRANSFERS IN (OUT)					(6,793)	6,793	-
					<u>1,608,293</u>	<u>9,462</u>	<u>1,617,755</u>
CHANGE IN NET POSITION					(70,368)	20,194	(50,174)
NET POSITION, January 1, 2023					<u>1,381,699</u>	<u>505,415</u>	<u>1,887,114</u>
NET POSITION, December 31, 2023					<u>\$ 1,311,331</u>	<u>\$ 525,609</u>	<u>\$ 1,836,940</u>

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

TOWN OF FAIRLEE, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,907,010	\$ -	\$ -	\$ 2,907,010
Investments	-	-	29,451	29,451
Due from other funds	<u>-</u>	<u>461,399</u>	<u>194,648</u>	<u>656,047</u>
Total assets	<u>\$ 2,907,010</u>	<u>\$ 461,399</u>	<u>\$ 224,099</u>	<u>\$ 3,592,508</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY				
LIABILITIES:				
Due to School Districts	\$ 753,139	\$ -	\$ -	\$ 753,139
Due to Internal Revenue Service	15,968	-	-	15,968
Held for others	166,833	-	-	166,833
Due to other funds	<u>1,322,295</u>	<u>-</u>	<u>-</u>	<u>1,322,295</u>
Total liabilities	<u>2,258,235</u>	<u>-</u>	<u>-</u>	<u>2,258,235</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue -				
2024 highway aid	22,842	-	-	22,842
2024 property taxes	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total deferred inflows of resources	<u>22,942</u>	<u>-</u>	<u>-</u>	<u>22,942</u>
FUND EQUITY:				
Fund balances -				
Restricted	4,000	-	224,099	228,099
Committed	-	461,399	-	461,399
Assigned	234,437	-	-	234,437
Unassigned	<u>387,396</u>	<u>-</u>	<u>-</u>	<u>387,396</u>
Total fund balances	<u>625,833</u>	<u>461,399</u>	<u>224,099</u>	<u>1,311,331</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 2,907,010</u>	<u>\$ 461,399</u>	<u>\$ 224,099</u>	<u>\$ 3,592,508</u>

There are no reconciling items between the Government-wide Statement of Net Position and the Balance Sheet - Governmental Funds

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

TOWN OF FAIRLEE, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General <u>Fund</u>	Capital <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUE COLLECTED:				
Property taxes	\$ 1,593,745	\$ -	\$ -	\$ 1,593,745
Intergovernmental	173,456	-	6,545	180,001
Donations	8,000	-	10,412	18,412
Investment income (loss)	2,135	1,342	17,864	21,341
Charges for services	27,561	-	8,180	35,741
Building rentals	37,108	-	-	37,108
Miscellaneous	26,257	-	1,415	27,672
Total revenue collected	<u>1,868,262</u>	<u>1,342</u>	<u>44,416</u>	<u>1,914,020</u>
EXPENDITURES PAID:				
General government	882,733	357,852	2,527	1,243,112
Highway	261,812	-	-	261,812
Public safety	239,163	-	-	239,163
Culture and recreation	153,909	-	3,414	157,323
Debt service	-	76,185	-	76,185
Total expenditures paid	<u>1,537,617</u>	<u>434,037</u>	<u>5,941</u>	<u>1,977,595</u>
EXCESS OF REVENUE COLLECTED OR (EXPENDITURES PAID)	330,645	(432,695)	38,475	(63,575)
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out)	<u>(13,284)</u>	<u>315,192</u>	<u>(308,701)</u>	<u>(6,793)</u>
NET CHANGE IN FUND BALANCES	317,361	(117,503)	(270,226)	(70,368)
FUND BALANCES January 1, 2023	<u>308,472</u>	<u>578,902</u>	<u>494,325</u>	<u>1,381,699</u>
FUND BALANCES December 31, 2023	\$ <u>625,833</u>	\$ <u>461,399</u>	\$ <u>224,099</u>	\$ <u>1,311,331</u>

There are no reconciling items between the Government-wide Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

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

TOWN OF FAIRLEE, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Over <u>(Under)</u>
REVENUE COLLECTED:			
Property taxes and related revenues	\$ 1,464,975	\$ 1,593,745	\$ 128,770
Intergovernmental	225,680	173,456	(52,224)
Charges for services	23,850	27,561	3,711
Investment income (loss)	2,000	2,135	135
Building rentals	35,760	37,108	1,348
Donations	9,000	8,000	(1,000)
Miscellaneous	15,500	26,257	10,757
Anticipated use of fund balance	51,667	-	(51,667)
Total revenue collected	<u>1,828,432</u>	<u>1,868,262</u>	<u>39,830</u>
EXPENDITURES PAID:			
Administration	370,418	400,566	30,148
Highway	301,472	261,812	(39,660)
Town Hall	81,261	78,090	(3,171)
Emergency building	77,660	103,757	26,097
Zoning office	98,903	49,966	(48,937)
Fire Department	72,834	56,981	(15,853)
Listers	82,657	80,446	(2,211)
Milfoil	44,210	57,569	13,359
Police	76,341	78,425	2,084
Railroad station	17,200	17,018	(182)
Recreational Council	27,407	19,280	(8,127)
Library	106,465	104,397	(2,068)
Information technology	66,479	63,796	(2,683)
Cemetery	10,155	13,214	3,059
Trash and recycling	31,814	49,792	17,978
Community Organizations	26,050	25,150	(900)
Tri-Town Commission	2,212	1,268	(944)
Other	69,043	76,090	7,047
Total expenditures paid	<u>1,562,581</u>	<u>1,537,617</u>	<u>(24,964)</u>
EXCESS OF REVENUE COLLECTED OR (EXPENDITURES PAID)	<u>265,851</u>	<u>330,645</u>	<u>64,794</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in (out)	<u>(265,851)</u>	<u>(13,284)</u>	<u>(252,567)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>317,361</u>	\$ <u>317,361</u>

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

**TOWN OF FAIRLEE, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUND
MODIFIED CASH BASIS
DECEMBER 31, 2023**

	<u>Water System Fund</u>
ASSETS:	
Current assets -	
Due from other funds	\$ <u>527,093</u>
 LIABILITIES:	
Current liabilities -	
Utility credits	<u>1,484</u>
 NET POSITION:	
Unrestricted	\$ <u>525,609</u>

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

**TOWN OF FAIRLEE, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION - PROPRIETARY FUND
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Water System Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>192,605</u>
OPERATING EXPENSES:	
Wages	33,832
Payroll taxes	1,795
Dues and subscriptions	295
Insurance	3,034
State of Vermont	1,284
Repairs and maintenance	53,297
Office supplies	5,316
Utilities	12,680
Miscellaneous	<u>6,649</u>
Total operating expenses	<u>118,182</u>
Operating income (loss)	74,423
NONOPERATING REVENUES (EXPENSES):	
Loan proceeds	22,800
Investment income	2,669
Capital outlay	(18,777)
Debt service	<u>(67,714)</u>
Total nonoperating revenues (expenses)	<u>(61,022)</u>
INCOME (LOSS) BEFORE TRANSFERS	13,401
Operating transfers in (out)	<u>6,793</u>
CHANGE IN NET POSITION	20,194
NET POSITION, January 1, 2023	<u>505,415</u>
NET POSITION, December 31, 2023	\$ <u>525,609</u>

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

TOWN OF FAIRLEE, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Water System Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 190,821
Cash payments for goods and services	<u>(118,182)</u>
Net cash provided (used) by operating activities	<u>72,639</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Loan proceeds	22,800
Debt service	(67,714)
Transfers in (out)	6,793
Purchases for capital outlay	<u>(18,777)</u>
Net cash provided (used) by capital and related financing	<u>(56,898)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net change in due to other funds	<u>(18,410)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>2,669</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, January 1, 2023	<u>-</u>
CASH AND CASH EQUIVALENTS, December 31, 2023	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 74,423
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - Change in the following assets/liabilities:	
Utility credits	<u>(1,784)</u>
Net cash provided (used) by operating activities	<u>\$ 72,639</u>

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

TOWN OF FAIRLEE, VERMONT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
MODIFIED CASH BASIS
DECEMBER 31, 2023

	<u>Scholarship Fund</u>	<u>Miller Bequest Fund</u>
ASSETS:		
Due from Town	\$ <u>105,115</u>	\$ <u>34,040</u>
LIABILITIES		
	<u>-</u>	<u>-</u>
NET POSITION:		
Held in trust for specific purposes	\$ <u>105,055</u>	\$ <u>34,040</u>

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

TOWN OF FAIRLEE, VERMONT
STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Scholarship Fund</u>	<u>Miller Bequest Fund</u>
ADDITIONS:		
Interest	\$ 228	\$ 88
Donations	<u>1,425</u>	<u>-</u>
	<u>1,653</u>	<u>88</u>
DEDUCTIONS:		
Scholarships	<u>9,500</u>	<u>-</u>
CHANGE IN NET POSITION	(7,847)	88
NET POSITION, January 1, 2023	<u>112,902</u>	<u>33,952</u>
NET POSITION, December 31, 2023	\$ <u>105,055</u>	\$ <u>34,040</u>

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

TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Summary of significant accounting policies:

The Town of Fairlee, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a Selectboard and provides various services as authorized by the State of Vermont or Town voters. The following is a summary of the more significant accounting policies used by the Town.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities.

The financial statements of the Town have been prepared on a modified cash basis of accounting, as described in note 1.D. below, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

- B. Government-wide and fund financial statements - The financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide Statement of Net Position, the financial position of the Town is consolidated. The government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds, if any, are summarized in a single column.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Capital Fund - This fund accounts for the acquisition or construction of capital items as well as other long-term projects that are funded with both outside sources and transfers from the General Fund.

The Town reports the following major proprietary funds:

Water System Fund - This fund's operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the waste water system. All revenues and expenses not funding ongoing operations are reported as nonoperating revenues and expenses.

The Town also reports fiduciary funds which are used to account for assets held in a trustee capacity (trust funds) or as a custodian (custodial funds). The Town's fiduciary funds are the Scholarship Fund and the Miller Bequest Fund.

- D. Basis of accounting - The accounts of the Town are maintained, and the accompanying financial statements have been prepared, on the modified cash basis of accounting. Under the cash basis of accounting, revenue and the related assets are recognized when received rather than when earned and expenditures are recognized when paid rather than when the obligation is incurred. Modifications to cash basis accounting include recognition of assets and liabilities arising from cash transactions and property taxes collected that are due to the State of Vermont and local School Districts.

Accordingly, the accompanying financial statements are not intended to present the complete financial position and results of operations in conformity with U.S. GAAP.

- E. Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.
- F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town voters. Property taxes for the year ended December 31, 2023, were payable in full on October 02, 2023.

TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Summary of significant accounting policies (continued):

- G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- H. 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 others; environmental liability; and natural disasters. The Town manages these risks through public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.
- I. Cash, cash equivalents and investments - The Town considers all cash on hand to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair value using quoted prices in active markets for identical assets. This is considered a level 1 input valuation technique under the framework established by U.S. GAAP for measuring fair value. The Town does not own investments valued with level 2 or level 3 inputs, which would use quoted prices for similar assets, or in inactive markets, or other methods for estimating fair value.
- J. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.
- K. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in another classification. Governmental fund deficits are also classified as unassigned.

**TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. Summary of significant accounting policies (continued):

K. Fund equity (continued) -

The Town does not have a formal policy for order of expenditures, but does apply expenditures against restricted, committed or assigned funds by specific identification.

2. Deposits and investments:

Custodial credit risk - deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2023, \$632,356 of the Town's bank balance of \$2,964,758 was uninsured and uncollateralized.

Fair value and classification - Deposits and investments are stated at fair value as described in note 1. I. The classification of investments as of December 31, 2023, is as follows:

Common stock	\$ <u>29,451</u>
--------------	------------------

3. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and cash disbursements, as of December 31, 2023, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 1,322,295
Capital Fund	461,399	-
Other Governmental Funds	<u>194,648</u>	<u>-</u>
	<u>656,047</u>	<u>1,322,295</u>
Proprietary funds -		
Water System Fund	<u>527,093</u>	<u>-</u>
Fiduciary funds	<u>139,155</u>	<u>-</u>
	\$ <u>1,322,295</u>	\$ <u>1,322,295</u>

**TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

4. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended December 31, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ -	\$ 13,284
Capital Fund	315,192	-
Other Governmental Funds	-	308,701
	<u>315,192</u>	<u>321,985</u>
Proprietary funds -		
Water System Fund	<u>6,793</u>	<u>-</u>
	\$ <u>321,985</u>	\$ <u>321,985</u>

5. Debt:

Long-term - Outstanding long-term debt as of December 31, 2023, is as follows:

The outstanding long-term debt balances at December 31, 2023, are not recorded in the Town's government-wide financial statements due to the Town's modified cash basis of accounting.

Governmental activities:

Notes from direct borrowings:

Note payable, Community Bank, N.A., unsecured for Dam improvements. Annual payments of \$14,450, with interest at 2.75%. Due July 2035.	\$ 173,400
Note payable, Union Bank, unsecured for Town Hall renovations. Monthly payments of \$4,741, with interest at 3%. Due December 2037.	<u>650,030</u>
	<u>\$ 823,430</u>

Business-type activities -

General obligation bonds:

Bond payable, USDA, unsecured for Water System improvements. Semi-annual payments of \$33,857, with interest at 1.5%. Due September 2060.	\$ 1,917,136
--	--------------

Notes from direct borrowings:

Note payable, State of Vermont Revolving Loan Fund, WPL-319, anticipated to be fully forgiven at loan closeout.	13,593
Note payable, State of Vermont Revolving Loan Fund, RF1-306, anticipated to be fully forgiven at loan closeout.	<u>22,800</u>
	<u>\$ 1,953,529</u>

**TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

5. Debt (continued):

Long-term (continued) -

Long-term debt activity for the year ended December 31, 2023, was as follows:

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2023</u>	Due Within <u>One Year</u>
Governmental activities -					
Notes from direct borrowings:					
Dam improvements	\$ 187,850	\$ -	\$ 14,450	\$ 173,400	\$ 14,450
Town Hall renovations	<u>686,505</u>	<u>-</u>	<u>36,475</u>	<u>650,030</u>	<u>37,918</u>
	<u>\$ 874,355</u>	<u>\$ -</u>	<u>\$ 50,925</u>	<u>\$ 823,430</u>	<u>\$ 52,368</u>
Business-type activities -					
General obligation bonds:					
USDA	\$ 1,955,659	\$ -	\$ 38,523	\$ 1,917,136	\$ 39,103
Notes from direct borrowings:					
WPL-319	13,593	-	-	13,593	-
RF1-306	<u>-</u>	<u>22,800</u>	<u>-</u>	<u>22,800</u>	<u>-</u>
	<u>\$ 1,969,252</u>	<u>\$ 22,800</u>	<u>\$ 38,523</u>	<u>\$ 1,953,529</u>	<u>\$ 39,103</u>

Debt service requirement to maturity are as follows:

Years ending December 31,	<u>Governmental Activities</u>	
	<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 52,368	\$ 23,754
2025	53,521	22,190
2026	54,710	20,605
2027	55,934	18,983
2028	57,196	17,332
2029-2033	306,291	60,350
2034-2037	<u>243,410</u>	<u>14,568</u>
	<u>\$ 823,430</u>	<u>\$ 177,782</u>

**TOWN OF FAIRLEE, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

5. Debt (continued):

Long-term (continued) -

Years ending December 31,	<u>Business-type Activities</u>			
	<u>General Obligation Bonds</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 39,103	\$ 28,611	\$ -	\$ -
2025	39,692	28,022	-	-
2026	40,289	27,425	25,519	-
2027	40,896	26,818	2,719	-
2028	41,512	26,202	2,719	-
2029-2033	217,124	121,446	5,437	-
2034-2038	233,969	104,601	-	-
2039-2043	252,121	86,449	-	-
2044-2048	271,681	66,889	-	-
2049-2053	292,759	45,811	-	-
2054-2058	315,472	23,098	-	-
2059-2060	<u>132,518</u>	<u>2,489</u>	<u>-</u>	<u>-</u>
	\$ <u>1,917,136</u>	\$ <u>587,861</u>	\$ <u>36,394</u>	\$ <u>-</u>

6. Subsequent events:

The Town has evaluated subsequent events through March 14, 2024, the date on which the financial statements were available to be issued.

TOWN OF FAIRLEE, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
DECEMBER 31, 2023

Schedule 1
Page 1 of 2

	Cemetery Commission <u>Fund</u>	Recreation Council <u>Fund</u>	Historical Society <u>Fund</u>	Lange Forest <u>Fund</u>	Timber Trust <u>Fund</u>	Gravel Pit <u>Fund</u>	Fireman's Stock <u>Fund</u>	Reappraisal Reserve <u>Fund</u>	Restoration Reserve <u>Fund</u>	Listers' Training Reserve <u>Fund</u>
ASSETS										
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,451	\$ -	\$ -	\$ -
Due from other funds	<u>23,826</u>	<u>15,758</u>	<u>12,226</u>	<u>18,687</u>	<u>19,773</u>	<u>23,380</u>	<u>4,267</u>	<u>-</u>	<u>16,990</u>	<u>1,833</u>
Total assets	<u>\$ 23,826</u>	<u>\$ 15,758</u>	<u>\$ 12,226</u>	<u>\$ 18,687</u>	<u>\$ 19,773</u>	<u>\$ 23,380</u>	<u>\$ 33,718</u>	<u>\$ -</u>	<u>\$ 16,990</u>	<u>\$ 1,833</u>
LIABILITIES AND FUND EQUITY										
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND EQUITY:										
Fund balances -										
Restricted	<u>23,826</u>	<u>15,758</u>	<u>12,226</u>	<u>18,687</u>	<u>19,773</u>	<u>23,380</u>	<u>33,718</u>	<u>-</u>	<u>16,990</u>	<u>1,833</u>
Total liabilities and fund equity	<u>\$ 23,826</u>	<u>\$ 15,758</u>	<u>\$ 12,226</u>	<u>\$ 18,687</u>	<u>\$ 19,773</u>	<u>\$ 23,380</u>	<u>\$ 33,718</u>	<u>\$ -</u>	<u>\$ 16,990</u>	<u>\$ 1,833</u>

TOWN OF FAIRLEE, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
DECEMBER 31, 2023

Schedule 1
Page 2 of 2

	Railroad Station <u>Fund</u>	Memorial Contributions <u>Fund</u>	Help@ FairleeVT <u>Fund</u>	Perkins Library <u>Fund</u>	ARPA Grant <u>Fund</u>	Town Hall Fundraising <u>Fund</u>	Rosalie Ordway Trust <u>Fund</u>	<u>Totals</u>
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,451
Due from other funds	<u>16,473</u>	<u>39</u>	<u>3,449</u>	<u>35,409</u>	<u>-</u>	<u>-</u>	<u>2,538</u>	<u>194,648</u>
Total assets	<u>\$ 16,473</u>	<u>\$ 39</u>	<u>\$ 3,449</u>	<u>\$ 35,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,538</u>	<u>\$ 224,099</u>
LIABILITIES AND FUND EQUITY								
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND EQUITY:								
Fund balances -								
Restricted	<u>16,473</u>	<u>39</u>	<u>3,449</u>	<u>35,409</u>	<u>-</u>	<u>-</u>	<u>2,538</u>	<u>224,099</u>
Total liabilities and fund equity	<u>\$ 16,473</u>	<u>\$ 39</u>	<u>\$ 3,449</u>	<u>\$ 35,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,538</u>	<u>\$ 224,099</u>

TOWN OF FAIRLEE, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2
Page 1 of 2

	Cemetery Commission Fund	Recreation Council Fund	Historical Society Fund	Lange Forest Fund	Timber Trust Fund	Gravel Pit Fund	Fireman's Stock Fund	Reappraisal Reserve Fund	Restoration Reserve Fund	Listsers' Training Reserve Fund
REVENUES COLLECTED:										
Intergovernmental -										
State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,545	\$ -	\$ -
Contributions	-	500	6,200	-	-	-	-	-	-	-
Investment income (loss)	61	38	26	49	52	61	17,400	35	-	-
Charges for services	600	3,590	30	-	-	-	-	-	3,960	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues collected	<u>661</u>	<u>4,128</u>	<u>6,256</u>	<u>49</u>	<u>52</u>	<u>61</u>	<u>17,400</u>	<u>6,580</u>	<u>3,960</u>	<u>-</u>
EXPENDITURES PAID:										
General government	-	-	-	47	47	46	-	-	2,237	150
Culture and recreation	-	1,244	1,230	-	-	-	-	-	-	-
Total expenditures paid	<u>-</u>	<u>1,244</u>	<u>1,230</u>	<u>47</u>	<u>47</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>2,237</u>	<u>150</u>
EXCESS OF REVENUES COLLECTED OR (EXPENDITURES PAID)	661	2,884	5,026	2	5	15	17,400	6,580	1,723	(150)
OTHER FINANCING SOURCES (USES):										
Transfers in (out)	-	-	-	-	-	-	-	(15,565)	-	-
NET CHANGE IN FUND BALANCES	661	2,884	5,026	2	5	15	17,400	(8,985)	1,723	(150)
FUND BALANCES, January 1, 2023	<u>23,165</u>	<u>12,874</u>	<u>7,200</u>	<u>18,685</u>	<u>19,768</u>	<u>23,365</u>	<u>16,318</u>	<u>8,985</u>	<u>15,267</u>	<u>1,983</u>
FUND BALANCES, December 31, 2023	\$ <u>23,826</u>	\$ <u>15,758</u>	\$ <u>12,226</u>	\$ <u>18,687</u>	\$ <u>19,773</u>	\$ <u>23,380</u>	\$ <u>33,718</u>	\$ <u>-</u>	\$ <u>16,990</u>	\$ <u>1,833</u>

TOWN OF FAIRLEE, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2
Page 2 of 2

	Railroad Station <u>Fund</u>	Memorial Contributions <u>Fund</u>	Help@ FairleeVT <u>Fund</u>	Perkins Library <u>Fund</u>	ARPA Grant <u>Fund</u>	Town Hall Fundraising <u>Fund</u>	Rosalie Ordway Trust <u>Fund</u>	<u>Totals</u>
REVENUES COLLECTED:								
Intergovernmental -								
State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,545
Contributions	-	-	-	3,712	-	-	-	10,412
Investment income (loss)	39	-	9	88	-	-	6	17,864
Charges for services	-	-	-	-	-	-	-	8,180
Miscellaneous	<u>1,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,415</u>
Total revenues collected	<u>1,454</u>	<u>-</u>	<u>9</u>	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>44,416</u>
EXPENDITURES PAID:								
General government	-	-	-	-	-	-	-	2,527
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,414</u>
Total expenditures paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,941</u>
EXCESS OF REVENUES COLLECTED OR (EXPENDITURES PAID)	1,454	-	9	2,860	-	-	6	38,475
OTHER FINANCING SOURCES (USES):								
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(293,017)</u>	<u>(119)</u>	<u>-</u>	<u>(308,701)</u>
NET CHANGE IN FUND BALANCES	1,454	-	9	2,860	(293,017)	(119)	6	(270,226)
FUND BALANCES, January 1, 2023	<u>15,019</u>	<u>39</u>	<u>3,440</u>	<u>32,549</u>	<u>293,017</u>	<u>119</u>	<u>2,532</u>	<u>494,325</u>
FUND BALANCES, December 31, 2023	\$ <u>16,473</u>	\$ <u>39</u>	\$ <u>3,449</u>	\$ <u>35,409</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,538</u>	\$ <u>224,099</u>

**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**

The Selectboard
Town of Fairlee, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairlee, Vermont (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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'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 preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Montpelier, Vermont
March 14, 2024

Melgett Bennett 9
Shosh-Nisa, P.L.