

TOWN OF SOUTH HERO, VERMONT

AUDIT REPORT

JUNE 30, 2022

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 AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of South Hero, Vermont
P.O. Box 175
South Hero, Vermont 05486

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of South Hero, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of South Hero, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Qualified
Highway Fund	Unmodified
Fire Department Equipment Replacement Fund	Unmodified
Rescue Equipment Replacement Fund	Unmodified
ARPA Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on the General Fund and the Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund and the Aggregate Remaining Fund Information of the Town of South Hero, Vermont, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the Highway Fund, the Fire Department Equipment Replacement Fund, the Rescue Equipment Replacement Fund, and the ARPA Fund the Town of South Hero, Vermont as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified and Unmodified 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 South Hero, 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on the General Fund and the Aggregate Remaining Fund Information

As described in Note III.C. to the financial statements, the Town of South Hero, Vermont adopted certain provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” but did not adopt certain provisions related to the clarified definitions of Special Revenue Funds affecting the General Fund and aggregate remaining fund information. As a result, there are some Special Revenue Funds that should be reported as part of the General Fund.

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 primarily 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 South Hero, 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 South Hero, 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 South Hero, 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.

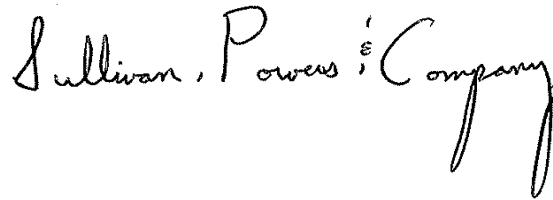
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of South Hero, Vermont's basic financial statements. The budgetary comparison information on Schedules 1 and 2 and the 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 December 28, 2022 on our consideration of the Town of South Hero, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and 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 of South Hero, 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 South Hero, Vermont's internal control over financial reporting and compliance.

December 28, 2022
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the date and address information.

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 1,118,308
Investments	<u>21,226</u>
Total Assets	<u>1,139,534</u>
<u>LIABILITIES</u>	
Due to State of Vermont	355
Due to Taxpayers	<u>137</u>
Total Liabilities	<u>492</u>
<u>NET POSITION</u>	
Restricted:	
Nonspendable - Culture and Recreation	6,093
Nonspendable - Cemetery	19,210
ARPA	198,496
Highway and Streets	22,361
Culture and Recreation	1,175
Cemetery	53,172
Other	18,000
Unrestricted	<u>820,535</u>
Total Net Position	<u>\$ 1,139,042</u>

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

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position
Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants/Loans and Contributions	Governmental Activities	
Functions/Programs:					
Governmental Activities:					
General Government	\$ 805,789	\$ 90,011	\$ 36,995	\$ 0	\$ (678,783)
Highways and Streets	966,102	0	240,111	0	(725,991)
Public Safety	448,427	5,994	0	0	(442,433)
Culture and Recreation	161,592	6,988	37,521	0	(117,083)
Cemetery	18,416	1,500	0	0	(16,916)
Sanitation	25,324	0	0	0	(25,324)
Community Development	289,984	0	289,984	0	0
Capital Outlay:					
Highways and Streets	107,253	0	0	0	(107,253)
Debt Service	167,893	0	0	0	(167,893)
Total	\$ 2,990,780	\$ 104,493	\$ 604,611	\$ 0	(2,281,676)
General Receipts:					
Property Taxes					1,850,484
Interest and Penalties on Delinquent Taxes					32,601
Payments in Lieu of Taxes					9,592
Permits, Licenses and Fees					22,040
Unrestricted Investment Earnings					247
General State Grants					99,288
Other Revenues					3,185
ARPA Funds					247,361
Total General Receipts					2,264,798
Change in Net Position					(16,878)
Net Position - June 30, 2021					1,155,920
Net Position - June 30, 2022					\$ 1,139,042

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

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Highway Fund	Fire Department Equipment Replacement Fund	Rescue Equipment Replacement Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash	\$ 830,363	\$ 0	\$ 42,878	\$ 178,589	\$ 0	\$ 66,478	\$ 1,118,308
Investments	0	0	0	0	0	21,226	21,226
Due From Other Funds	0	432,424	0	0	198,496	172,233	803,153
Total Assets	<u>\$ 830,363</u>	<u>\$ 432,424</u>	<u>\$ 42,878</u>	<u>\$ 178,589</u>	<u>\$ 198,496</u>	<u>\$ 259,937</u>	<u>\$ 1,942,687</u>
<u>LIABILITIES</u>							
Due to State of Vermont	\$ 355	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 355
Due to Taxpayers	137	0	0	0	0	0	137
Due To Other Funds	803,153	0	0	0	0	0	803,153
Total Liabilities	<u>803,645</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>803,645</u>
<u>FUND BALANCES</u>							
Nonspendable	0	0	0	0	0	25,303	25,303
Restricted	0	0	0	0	198,496	94,708	293,204
Committed	0	432,424	42,878	178,589	0	28,318	682,209
Assigned	0	0	0	0	0	111,608	111,608
Unassigned	26,718	0	0	0	0	0	26,718
Total Fund Balances	<u>26,718</u>	<u>432,424</u>	<u>42,878</u>	<u>178,589</u>	<u>198,496</u>	<u>259,937</u>	<u>1,139,042</u>
Total Liabilities and Fund Balances	<u>\$ 830,363</u>	<u>\$ 432,424</u>	<u>\$ 42,878</u>	<u>\$ 178,589</u>	<u>\$ 198,496</u>	<u>\$ 259,937</u>	<u>\$ 1,942,687</u>

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

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Highway Fund	Fire Department Equipment Replacement Fund	Rescue Equipment Replacement Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:							
Property Taxes	\$ 970,993	\$ 775,361	\$ 0	\$ 0	\$ 0	\$ 104,130	\$ 1,850,484
Penalties and Interest on Delinquent Taxes	32,601	0	0	0	0	0	32,601
Intergovernmental	120,880	240,111	0	0	247,361	299,323	907,675
Charges for Services	35,616	0	0	0	0	24,032	59,648
Permits, Licenses and Fees	54,757	0	0	0	0	0	54,757
Donations	0	0	0	0	0	59,171	59,171
Investment Income/(Loss)	1,864	0	105	93	0	(1,815)	247
Other	6,947	1,300	0	0	0	1,072	9,319
Total Cash Receipts	1,223,658	1,016,772	105	93	247,361	485,913	2,973,902
Cash Disbursements:							
General Government	711,231	0	0	0	48,865	45,693	805,789
Highways and Streets	0	966,102	0	0	0	0	966,102
Public Safety	213,427	0	235,000	0	0	0	448,427
Culture & Recreation	16,890	0	0	0	0	144,702	161,592
Cemetery	0	0	0	0	0	18,416	18,416
Sanitation	0	0	0	0	0	25,324	25,324
Community Development	0	0	0	0	0	289,984	289,984
Capital Outlay:							
Highways and Streets	0	0	0	0	0	107,253	107,253
Principal	143,092	0	0	0	0	0	143,092
Interest	24,801	0	0	0	0	0	24,801
Total Cash Disbursements	1,109,441	966,102	235,000	0	48,865	631,372	2,990,780
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	114,217	50,670	(234,895)	93	198,496	(145,459)	(16,878)
Other Financing Sources/(Uses):							
Transfers In	11,747	0	60,000	25,000	0	76,258	173,005
Transfers Out	(126,258)	(35,000)	0	0	0	(11,747)	(173,005)
Total Other Financing Sources/(Uses)	(114,511)	(35,000)	60,000	25,000	0	64,511	0
Net Change in Fund Balances	(294)	15,670	(174,895)	25,093	198,496	(80,948)	(16,878)
Fund Balances - June 30, 2021	27,012	416,754	217,773	153,496	0	340,885	1,155,920
Fund Balances - June 30, 2022	\$ 26,718	\$ 432,424	\$ 42,878	\$ 178,589	\$ 198,496	\$ 259,937	\$ 1,139,042

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

TOWN OF SOUTH HERO, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2022

	Custodial Fund Education Tax Fund
<u>ASSETS</u>	
Assets	\$ <u>0</u>
Total Assets	<u>0</u>
<u>LIABILITIES</u>	
Liabilities	<u>0</u>
Total Liabilities	<u>0</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>0</u></u>

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

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

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>7,255,874</u>
Total Additions	<u>7,255,874</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>7,255,874</u>
Total Deductions	<u>7,255,874</u>
Change in Net Position	0
Net Position - July 1, 2021	<u>0</u>
Net Position - June 30, 2022	\$ <u><u>0</u></u>

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

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

The Town of South Hero, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services as authorized by State statutes: public safety, highways and streets, cemetery, health and social services, 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 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 should include all of the activity of the Town of South Hero, 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 SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. 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 revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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. 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 maintenance and operation of the Town highways.

Fire Department Equipment Replacement Fund – This fund accounts for monies to be used for Fire Department equipment.

Rescue Equipment Replacement Fund – This fund accounts for monies to be used for rescue equipment.

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

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

Additionally, the Town reports the following fund type:

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 investments as assets, amounts due to the State of Vermont for dog and marriage licenses and tax overpayments as liabilities.

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

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

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

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

1. Cash

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

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

2. Investments

The Town invests in investments as allowed by State Statute. Investments in certificates of deposit are reported at cost and investments in mutual funds are reported at fair value. The modified cash basis of accounting requires that all investments be reported at cost, however, the difference, if any, is not material.

3. 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 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.

4. 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."

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

B. Budgeted Surplus

The Town budgeted cash receipts in excess of cash disbursements by \$1,200 in the General Fund. This is reflected as a current year's budgeted excess of cash receipts over cash disbursements in Schedule 1.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, expenditures in the Highway Fund exceeded appropriations by \$170,741. These over-expenditures were funded by excess revenues.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2022 consist of the following:

Cash:

Deposits with Financial Institutions	<u>\$1,118,308</u>
--------------------------------------	--------------------

Investments:

Certificates of Deposits	7,268
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Mutual Funds – Mixed Holdings	<u>13,958</u>
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Total Investments	<u>21,226</u>
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Total Cash and Investments	<u>\$1,139,534</u>
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Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The 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 certificates of deposits.

	Book <u>Balance</u>	Bank <u>Balance</u>
FDIC Insured	\$ 323,128	\$ 338,500
Insured by Letter of Credit from the Federal Home Loan Bank of Pittsburgh	<u>802,448</u>	<u>791,501</u>
Total	<u>\$1,125,576</u>	<u>\$1,130,001</u>

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

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

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 mutual funds are not subject to interest rate risk disclosure.

Credit Risk

Generally, credit risk is the risk 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 mutual funds are open-ended and are, therefore, not subject to 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 has no investments subject to concentration of credit risk disclosure.

B. Interfund Balances and Activity

Interfund balances as of June 30, 2022 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$803,153
Highway Fund	432,424	0
ARPA Fund	198,496	0
Non-Major Governmental Funds	<u>172,233</u>	<u>0</u>
Total	<u>\$803,153</u>	<u>\$803,153</u>

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Fire Department Equipment Replacement Fund	\$ 60,000	To Fund Capital Reserve
General Fund	Rescue Equipment Replacement Fund	25,000	To Fund Capital Reserve
General Fund	Landfill Fund	30,000	Appropriation
General Fund	EAB Fund	10,000	Appropriation

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

General Fund	Reappraisal Fund	\$ 1,258	To Transfer State Payment
Highway Fund	Highway Equipment Replacement Fund	35,000	To Fund Capital Reserve
Judicial Fine Fund	General Fund	<u>11,747</u>	To Close Fund
Total Transfers		<u>\$173,005</u>	

C. 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. The Town did not adopt all the provisions of GASB Statement No. 54 and, as a result, has reported the Judicial Fines Fund, the Landfill Fund and the EAB Fund as Special Revenue Funds rather than being combined with 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. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to stabilization amount and circumstances under which those amounts may be spent. 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.

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

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:

Permanent Funds

Nonspendable Library Trust Funds by Bequest/Donation	\$ 6,093
Nonspendable Cemetery Fund by Bequest	<u>19,210</u>
Total Nonspendable Fund Balances	<u>\$ 25,303</u>

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>\$198,496</u>
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Total Major Funds	<u>198,496</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Planning Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	544
Restricted for Broadband Grant Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	1,500
Restricted for Restoration/Digitation Expenditures by Statute (Source of Revenue are Restoration Fees)	<u>15,956</u>

Total Special Revenue Funds	<u>18,000</u>
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Capital Project Funds:

Restricted for South Street Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	<u>22,361</u>
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Total Capital Project Funds	<u>22,361</u>
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TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Permanent Funds:	
Restricted for Library Expenditures by Bequest/Donation	\$ 1,175
Restricted for Cemetery Expenditures by Bequest	<u>53,172</u>
Total Permanent Funds	<u>54,347</u>
Total Non-Major Funds	<u>94,708</u>
Total Restricted Fund Balances	<u>\$293,204</u>

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

Major Funds

Highway Fund:	
Committed for Highway Expenditures by the Voters	\$432,424
Fire Department Equipment Replacement Fund:	
Committed for Fire Department Equipment by the Voters	42,878
Rescue Equipment Replacement Fund:	
Committed for Rescue Equipment by the Voters	<u>178,589</u>
Total Major Funds	<u>653,891</u>

Non-Major Funds

Special Revenue Funds:

Cemetery Fund:	
Committed for Cemetery Expenses by the Voters	6,037
White Meeting House Outreach Fund:	
Committed for White Meeting House Outreach Expenditures by the Voters	15,467
Library Fund:	
Committed for Library Expenses by the Voters	<u>6,097</u>
Total Special Revenue Funds	<u>27,601</u>

Capital Projects Funds:

Highway Equipment Replacement Fund:	
Committed for Highway Equipment Replacement by the Voters	<u>717</u>
Total Capital Projects Fund	<u>717</u>
Total Non-Major Funds	<u>28,318</u>
Total Committed Fund Balances	<u>\$682,209</u>

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

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

Non-Major Funds

Special Revenue Funds:

Landfill Fund:	
Assigned for Landfill Expenditures	\$ 37,785
Reappraisal Fund:	
Assigned for Reappraisal Expenditures	63,433
Fishing Pier Fund:	
Assigned for Fishing Pier Expenditures	1,240
EAB Fund:	
Assigned for Emerald Ash Borer Mitigation Expenditures	<u>9,150</u>
 Total Assigned Fund Balances	 <u>\$111,608</u>

D. Net Position

The restricted net position in the Governmental Activities consists of the nonspendable and restricted fund balances of \$318,507.

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 352 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.

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

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

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.06854% resulting in a net pension liability of \$100,886. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.06854% was an increase of 0.00197% 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 B.

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board. Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

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

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%.

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

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

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation.
Salary increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Mortality:

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

Healthy Post-retirement – 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 SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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>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>
\$199,407	\$100,886	\$19,873

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

Defined Contribution Plan

Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 5.125%.

The Town pays all costs accrued each year for the plan. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total covered payroll for Group DC was \$51,000. Pension expense for the year ended June 30, 2022, 2021, 2020 and 2019 were \$2,614, \$2,330, \$2,108, and \$2,253, respectively.

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 property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected three (3) times per year. During the tax year ended June 30, 2021, taxes became due and payable on September 30, 2021, January 27, 2022, and April 28, 2022. If paid in full by the September due date, there is a 3% discount. After April 30, the Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.6357	1.6571
Library	.0194	.0194
Cemetery	.0017	.0017
Local Agreement	.0011	.0011
Highway	.1575	.1575
Municipal	<u>.2329</u>	<u>.2329</u>
Total	<u>2.0483</u>	<u>2.0697</u>

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

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 fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

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

D. Contingent Liabilities

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

E. Long-Term Debt

Long-term liabilities outstanding as of June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vermont Municipal Bond Bank. Fire Department Property, Annual Principal Payments of \$130,000 and Semi- annual Interest at 2.64%, Due November, 2027.	\$ 910,000	\$ 0	\$ 130,000	\$ 780,000
Financed Purchase, Community Leasing Partners, SCBA's, Principal And Interest Payments of \$15,546 Payable on December 1 Annually, Interest at 5.72%, Due December 1, 2022.	<u>27,773</u>	<u>0</u>	<u>13,092</u>	<u>14,681</u>
Total	<u>\$ 937,773</u>	<u>\$ 0</u>	<u>\$ 143,092</u>	<u>\$ 794,681</u>

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

Maturities are estimated to be as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 144,681	\$ 20,300
2024	130,000	16,335
2025	130,000	12,978
2026	130,000	9,549
2027	130,000	5,863
2028-2029	<u>130,000</u>	<u>1,983</u>
Total	\$ <u>794,681</u>	\$ <u>67,008</u>

TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Total Tax Dollars	\$ 1,184,204	\$ 1,040,679	\$ (143,525)
Town Clerk Fees	22,500	32,717	10,217
Delinquent Taxes	100,000	81,734	(18,266)
Interest on Delinquent Taxes	10,000	10,308	308
Delinquent Tax Penalties	13,000	22,293	9,293
Sub-Division Permits	500	1,420	920
Legal Advertisements Reimbursement	1,000	1,405	405
Maps	0	90	90
Liquor and Beer Licenses	800	1,295	495
Dog Licenses	1,500	1,291	(209)
Miscellaneous Refunds	0	443	443
Copies	150	79	(71)
Insurance Refund	0	370	370
State Aid-Current Use	70,000	99,288	29,288
State Taxes/Pilot Program	10,000	9,592	(408)
State of VT Highways and Fines	0	11,747	11,747
Building Permits	10,000	17,494	7,494
Vendor License	0	100	100
Hearing & ZA Fees	0	440	440
Interest-Sweep Account	3,000	1,864	(1,136)
Restoration Town Records	8,000	0	(8,000)
Fire Department Income	546	0	(546)
Library Sal/WH/Prop Ins/WC Reim	72,500	68,628	(3,872)
Municipal Tax Adjustment	20,000	37,222	17,222
329 Route 2 Rent	4,200	4,287	87
Discounts Taken	(182,000)	(188,642)	(6,642)
In Town Parking Stickers	2,000	2,630	630
Out-of-Town Parking Stickers	2,000	2,655	655
Good Neighbor Agreement	10,000	12,000	2,000
Transfers from Other Funds	0	14,435	14,435
	1,363,900	1,287,864	(76,036)
Total Cash Receipts			
Cash Disbursements:			
Town Officers Salaries:			
Selectmen	5,300	5,300	0
Town Clerk and Treasurer	93,000	68,869	24,131
Assistant Town Clerk and Treasurer	32,000	48,541	(16,541)
Listers	15,300	7,287	8,013
Zoning Administrator	46,400	51,000	(4,600)
Board's Secretary	2,400	2,451	(51)
Tax Collector Salary	13,000	0	13,000
Animal Control Officer	1,000	0	1,000
Zoning Assistant	8,320	1,211	7,109
DRB Board Secretary	1,000	600	400
	217,720	185,259	32,461
Total Town Officers Salaries			

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Other Salaries:			
Library Sal/WH/Prop Ins	\$ 67,911	\$ 62,494	\$ 5,417
Total Other Salaries	<u>67,911</u>	<u>62,494</u>	<u>5,417</u>
General Town Expense:			
Town Mowing Expense	2,700	2,870	(170)
Delinquent Tax Collector	0	5,000	(5,000)
Social Security	16,863	15,267	1,596
Workers Compensation	1,616	589	1,027
Unemployment Compensation	800	872	(72)
Retirement	10,191	6,918	3,273
Election Expenses	1,500	1,973	(473)
Legal Advertising	1,500	2,327	(827)
Legal Fees	3,500	226	3,274
Postage	2,500	3,048	(548)
Supplies	4,000	3,867	133
Trash Removal	950	995	(45)
NW Solid Waste	1,611	1,611	0
Dog Tags and Expense	250	119	131
VLCT	3,099	3,099	0
Northwest Regional Planning	1,859	1,859	0
Bank Service Charge	400	151	249
Island Arts Activities	1,950	1,950	0
Home Health and Hospice UVM	8,645	8,645	0
Lake Champlain Economic Development	1,600	1,600	0
Green-Up Vermont	1,200	605	595
Printing and Copies	4,000	3,814	186
Town Report	1,515	1,972	(457)
School and Ministerial Lots	110,000	110,000	0
County Tax	162,433	160,407	2,026
Land Record Books	2,400	0	2,400
Office Furniture and Equipment	2,000	4,924	(2,924)
Telephone and Internet	3,600	5,583	(1,983)
Website	0	484	(484)
GIC Emergency Communication	25,000	25,780	(780)
I-Car Fire Works	500	500	0
Sheriffs Department Contract	154,400	139,902	14,498
Computer Programming & Maint.	3,500	8,312	(4,812)
Mapping	3,000	215	2,785
Paydata	2,500	2,825	(325)
C.A.R.I.N.G.	1,500	1,500	0
VLCT PACIF	13,243	16,072	(2,829)
Health and Dental Insurance	26,000	11,907	14,093
Life Insurance	750	691	59
NEMRC	8,000	6,800	1,200
Generator Maintenance	2,000	1,983	17
Small Gift Recognition	600	311	289
Other Town Buildings	5,000	580	4,420

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TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
General Town Expense: (Cont'd)			
Bi-Centennial Memorial Building	\$ 6,200	\$ 6,200	\$ 0
Town Audit	13,000	13,578	(578)
C.I.D.E.R.	1,000	1,000	0
Champlain Island Parent Child	1,000	1,000	0
Northwestern Counseling	1,000	1,000	0
Total General Town Expense	620,875	590,931	29,944
Town Office Building:			
Fuel	1,000	0	1,000
Electricity	5,000	5,637	(637)
Repairs and Supplies	10,000	5,508	4,492
Water Rent	600	600	0
Maintenance and Contracted Services	6,000	6,046	(46)
Total Town Office Building	22,600	17,791	4,809
Town Officer Expense:			
Health Officer	750	0	750
Animal Control Expenses	1,200	1,000	200
Planning Commission	750	750	0
Development Review Board	1,350	1,350	0
Meeting/Workshop	1,000	994	6
Mileage and Sustenance	1,500	175	1,325
Dues	100	190	(90)
Total Town Officer Expense	6,650	4,459	2,191
Administrative Officer Expense:			
Computer Service	0	1,275	(1,275)
Equipment	0	390	(390)
Total Administrative Officer Expense	0	1,665	(1,665)

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TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire Department:			
Workers Compensation	\$ 1,300	\$ 1,217	\$ 83
Training	4,500	1,497	3,003
Supplies and Repairs	5,000	4,097	903
Administrative and Software	1,500	60	1,440
Vehicle Fuel	3,000	2,369	631
SCBA Lease 4 Years	15,000	15,546	(546)
Equipment Insurance	5,000	5,467	(467)
Auto Insurance	3,800	3,749	51
Truck Repair and Maintenance	7,000	9,577	(2,577)
Dry Hydrant Donation	100	0	100
Equipment Replacement Fund	60,000	60,000	0
Equipment	<u>15,000</u>	<u>11,284</u>	<u>3,716</u>
Total Fire Department	<u>121,200</u>	<u>114,863</u>	<u>6,337</u>
Rescue:			
Rescue Personnel	55,000	49,839	5,161
Insurance Ambulance	3,175	0	3,175
Equipment Replacement Fund	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Total Rescue	<u>83,175</u>	<u>74,839</u>	<u>8,336</u>
Fire and Rescue Building:			
Fuel	3,500	3,828	(328)
Electricity	5,000	4,560	440
Insurance Building	3,200	3,523	(323)
Bond Payment	130,000	130,000	0
Bond Interest	22,347	22,347	0
Condo Fees	7,922	8,648	(726)
Telephone and Internet	5,000	8,520	(3,520)
Supplies and Maintenance	5,000	4,529	471
Water Rent	<u>600</u>	<u>600</u>	<u>0</u>
Total Fire and Rescue Building	<u>182,569</u>	<u>186,555</u>	<u>(3,986)</u>
Tax Abatements	<u>0</u>	<u>1,189</u>	<u>(1,189)</u>

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TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Transfers:			
Transfer to Landfill Fund	\$ 30,000	\$ 30,000	\$ 0
Transfer to Reappraisal Fund	0	1,258	(1,258)
Transfer to EAB Fund	10,000	10,000	0
Total Transfers	40,000	41,258	(1,258)
Total Cash Disbursements	1,362,700	1,281,303	81,397
Excess of Budgeted Cash Receipts Over Cash Disbursements	\$ 1,200	6,561	\$ 5,361
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Recreation Fund Revenues		24,470	
Recreation Fund Transfer Out		(14,435)	
Recreation Fund Expenses		(16,890)	
Net Change in Fund Balance		(294)	
Fund Balance - June 30, 2021		27,012	
Fund Balance - June 30, 2022		\$ 26,718	

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Highway Tax/Articles	\$ 775,361	\$ 775,361	\$ 0
State Aid/Grants	53,000	61,642	8,642
Grant - Station Road	0	150,649	150,649
Grant - Sunset View	0	20,000	20,000
Grant - Hill Road	0	7,820	7,820
Other	2,000	1,300	(700)
Total Cash Receipts	830,361	1,016,772	186,411
Cash Disbursements:			
Labor	161,120	159,896	1,224
Tree Warden	3,500	5,800	(2,300)
Road Commissioner	1,500	1,500	0
Social Security	12,326	12,347	(21)
Workman's Compensation	10,974	10,566	408
Retirement	10,070	9,207	863
Health and Dental	36,000	31,129	4,871
Tires	5,000	5,082	(82)
Telephone and Radios	900	1,493	(593)
Dumpster Expenses	1,500	1,678	(178)
Contracted Services	500	120	380
Fuel and Oil - Equipment	21,000	27,757	(6,757)
Heating Oil - Building	4,500	7,082	(2,582)
Electricity	3,000	2,292	708
Property and Liability Insurance	10,521	13,000	(2,479)
Gravel and Stone	25,000	13,144	11,856
Small Hand Tools	1,200	3,298	(2,098)
Materials and Supplies	13,000	9,632	3,368
Uniform Expense	2,000	2,298	(298)
Repairs and Maintenance	20,000	32,693	(12,693)
Resurfacing	250,000	367,923	(117,923)
New Construction Roads	150,000	125,603	24,397
Cold Patch	500	0	500
Culverts	1,800	1,465	335
Chloride	6,000	0	6,000
Salt	22,500	22,841	(341)
Grader Blades	750	0	750
Signs	3,000	244	2,756
Equipment Rental	1,200	0	1,200
Small Tools/Equip>\$500	2,500	71,838	(69,338)
Equipment Replacement Fund	35,000	35,000	0
Truck Plow Parts	2,500	3,823	(1,323)
Winter Sand	8,000	7,863	137

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Disbursements/(Cont'd):			
Town Garage Improvements	\$ 1,000	\$ 10,278	\$ (9,278)
Septic System	1,500	0	1,500
Branch's Hill	0	245	(245)
Sunset View	0	3,225	(3,225)
Stormwater Permit Fee	500	740	(240)
Total Cash Disbursements	830,361	1,001,102	(170,741)
Excess of Cash Receipts Over Cash Disbursements	\$ 0	15,670	\$ 15,670
Fund Balance - June 30, 2021		416,754	
Fund Balance - June 30, 2022		\$ 432,424	

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH
 BASIS ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash	\$ 7,337	\$ 717	\$ 58,424	\$ 66,478
Investments	0	0	21,226	21,226
Due from Other Funds	149,872	22,361	0	172,233
Total Assets	\$ 157,209	\$ 23,078	\$ 79,650	\$ 259,937
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Nonspendable	0	0	25,303	25,303
Restricted	18,000	22,361	54,347	94,708
Committed	27,601	717	0	28,318
Assigned	111,608	0	0	111,608
Total Fund Balances	157,209	23,078	79,650	259,937
Total Liabilities and Fund Balances	\$ 157,209	\$ 23,078	\$ 79,650	\$ 259,937

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Cash Receipts:				
Property Taxes	\$ 104,130	\$ 0	\$ 0	\$ 104,130
Charges for Services	24,032	0	0	24,032
Intergovernmental	299,323	0	0	299,323
Donations	59,171	0	0	59,171
Investment Income/(loss)	1,313	14	(3,142)	(1,815)
Other	<u>1,072</u>	<u>0</u>	<u>0</u>	<u>1,072</u>
Total Cash Receipts	<u>489,041</u>	<u>14</u>	<u>(3,142)</u>	<u>485,913</u>
Cash Disbursements:				
General Government	45,693	0	0	45,693
Culture and Recreation	144,702	0	0	144,702
Cemetery	11,822	0	6,594	18,416
Sanitation	25,324	0	0	25,324
Community Development	289,984	0	0	289,984
Capital Outlay:				
Highway and Streets	<u>0</u>	<u>107,253</u>	<u>0</u>	<u>107,253</u>
Total Cash Disbursements	<u>517,525</u>	<u>107,253</u>	<u>6,594</u>	<u>631,372</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(28,484)</u>	<u>(107,239)</u>	<u>(9,736)</u>	<u>(145,459)</u>
Other Financing Sources				
Transfers In	41,258	35,000	0	76,258
Transfers Out	<u>(11,747)</u>	<u>0</u>	<u>0</u>	<u>(11,747)</u>
Total Other Financing Sources	<u>29,511</u>	<u>35,000</u>	<u>0</u>	<u>64,511</u>
Net Change in Fund Balances	1,027	(72,239)	(9,736)	(80,948)
Fund Balances - July 1, 2021	<u>156,182</u>	<u>95,317</u>	<u>89,386</u>	<u>340,885</u>
Fund Balances - June 30, 2022	<u>\$ 157,209</u>	<u>\$ 23,078</u>	<u>\$ 79,650</u>	<u>\$ 259,937</u>

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TOWN OF SOUTH HERO, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
LIABILITIES AND FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Cemetery Fund	Landfill Fund	Judicial Fines Fund	Planning Fund	Fishing Pier Fund	Reappraisal Fund	South Hero Meeting House Fund
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,240	\$ 0	\$ 0
Due From Other Funds	<u>6,037</u>	<u>37,785</u>	<u>0</u>	<u>544</u>	<u>0</u>	<u>63,433</u>	<u>15,467</u>
Total Assets	<u>\$ 6,037</u>	<u>\$ 37,785</u>	<u>\$ 0</u>	<u>\$ 544</u>	<u>\$ 1,240</u>	<u>\$ 63,433</u>	<u>\$ 15,467</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:							
Restricted	0	0	0	544	0	0	0
Committed	6,037	0	0	0	0	0	15,467
Assigned	<u>0</u>	<u>37,785</u>	<u>0</u>	<u>0</u>	<u>1,240</u>	<u>63,433</u>	<u>0</u>
Total Fund Balances	<u>6,037</u>	<u>37,785</u>	<u>0</u>	<u>544</u>	<u>1,240</u>	<u>63,433</u>	<u>15,467</u>
Total Liabilities and Fund Balances	<u>\$ 6,037</u>	<u>\$ 37,785</u>	<u>\$ 0</u>	<u>\$ 544</u>	<u>\$ 1,240</u>	<u>\$ 63,433</u>	<u>\$ 15,467</u>

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TOWN OF SOUTH HERO, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
LIABILITIES AND FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Broadband Grant Fund	EAB Fund	Library Fund	Restoration/ Digitization Fund	Cathedral Square Fund	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 6,097	\$ 0	\$ 0	\$ 7,337
Due From Other Funds	<u>1,500</u>	<u>9,150</u>	<u>0</u>	<u>15,956</u>	<u>0</u>	<u>149,872</u>
Total Assets	<u>\$ 1,500</u>	<u>\$ 9,150</u>	<u>\$ 6,097</u>	<u>\$ 15,956</u>	<u>\$ 0</u>	<u>\$ 157,209</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:						
Restricted	1,500	0	0	15,956	0	18,000
Committed	0	0	6,097	0	0	27,601
Assigned	<u>0</u>	<u>9,150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,608</u>
Total Fund Balances	<u>1,500</u>	<u>9,150</u>	<u>6,097</u>	<u>15,956</u>	<u>0</u>	<u>157,209</u>
Total Liabilities and Fund Balances	<u>\$ 1,500</u>	<u>\$ 9,150</u>	<u>\$ 6,097</u>	<u>\$ 15,956</u>	<u>\$ 0</u>	<u>\$ 157,209</u>

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TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	Cemetery Fund	Landfill Fund	Judicial Fines Fund	Planning Fund	Fishing Pier Fund	Reappraisal Fund	South Hero Meeting House Fund
Cash Receipts:							
Property Taxes	\$ 8,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	1,500	0	0	0	0	11,951	0
Intergovernmental	0	0	5,994	0	0	0	0
Donations	0	0	0	0	0	0	21,650
Investment Income	1,304	0	0	0	0	0	0
Other	315	0	0	0	0	0	0
Total Cash Receipts	<u>11,619</u>	<u>0</u>	<u>5,994</u>	<u>0</u>	<u>0</u>	<u>11,951</u>	<u>21,650</u>
Cash Disbursements:							
General Government	0	0	0	50	0	2,330	24,114
Culture and Recreation	0	0	0	0	0	0	0
Cemetery	11,822	0	0	0	0	0	0
Sanitation	0	25,324	0	0	0	0	0
Community Development	0	0	0	0	0	0	0
Total Cash Disbursements	<u>11,822</u>	<u>25,324</u>	<u>0</u>	<u>50</u>	<u>0</u>	<u>2,330</u>	<u>24,114</u>
Excess/(Deficiency) of Cash Receipts							
Over Cash Disbursements	<u>(203)</u>	<u>(25,324)</u>	<u>5,994</u>	<u>(50)</u>	<u>0</u>	<u>9,621</u>	<u>(2,464)</u>
Other Financing Sources:							
Transfers In	0	30,000	0	0	0	1,258	0
Transfer Out	0	0	(11,747)	0	0	0	0
Total Other Financing Sources	<u>0</u>	<u>30,000</u>	<u>(11,747)</u>	<u>0</u>	<u>0</u>	<u>1,258</u>	<u>0</u>
Net Change in Fund Balances	(203)	4,676	(5,753)	(50)	0	10,879	(2,464)
Fund Balances - July 1, 2021	<u>6,240</u>	<u>33,109</u>	<u>5,753</u>	<u>594</u>	<u>1,240</u>	<u>52,554</u>	<u>17,931</u>
Fund Balances - June 30, 2022	<u>\$ 6,037</u>	<u>\$ 37,785</u>	<u>\$ 0</u>	<u>\$ 544</u>	<u>\$ 1,240</u>	<u>\$ 63,433</u>	<u>\$ 15,467</u>

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TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	Broadband Grant Fund	EAB Fund	Library Fund	Restoration/ Digitization Fund	Cathedral Square Fund	Total
Cash Receipts:						
Property Taxes	\$ 0	\$ 0	\$ 95,630	\$ 0	0	\$ 104,130
Charges for Services	0	0	854	9,727	0	24,032
Intergovernmental	0	0	3,345	0	289,984	299,323
Donations	0	0	37,521	0	0	59,171
Investment Income	0	0	9	0	0	1,313
Other	0	0	757	0	0	1,072
Total Cash Receipts	0	0	138,116	9,727	289,984	489,041
Cash Disbursements:						
General Government	0	7,500	0	11,699	0	45,693
Culture and Recreation	0	0	144,702	0	0	144,702
Cemetery	0	0	0	0	0	11,822
Sanitation	0	0	0	0	0	25,324
Community Development	0	0	0	0	289,984	289,984
Total Cash Disbursements	0	7,500	144,702	11,699	289,984	517,525
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	0	(7,500)	(6,586)	(1,972)	0	(28,484)
Other Financing Sources:						
Transfers In	0	10,000	0	0	0	41,258
Transfer Out	0	0	0	0	0	(11,747)
Total Other Financing Sources	0	10,000	0	0	0	29,511
Net Change in Fund Balances	0	2,500	(6,586)	(1,972)	0	1,027
Fund Balances - July 1, 2021	1,500	6,650	12,683	17,928	0	156,182
Fund Balances - June 30, 2022	\$ 1,500	\$ 9,150	\$ 6,097	\$ 15,956	0	\$ 157,209

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	South Street Fund	Highway Equipment Replacement Fund	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 717	\$ 717
Due From Other Funds	22,361	0	22,361
Total Assets	\$ 22,361	\$ 717	\$ 23,078
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Fund Balances:			
Restricted	22,361	0	22,361
Committed	0	717	717
Total Fund Balances	22,361	717	23,078
Total Liabilities and Fund Balances	\$ 22,361	\$ 717	\$ 23,078

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TOWN OF SOUTH HERO, 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 JUNE 30, 2022

	South Street Fund	Highway Equipment Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Receipts:			
Investment Income	\$ 0	\$ 14	\$ 14
Total Cash Receipts	<u>0</u>	<u>14</u>	<u>14</u>
Cash Disbursements:			
Capital Outlay:			
Highway and Streets	<u>0</u>	<u>107,253</u>	<u>107,253</u>
Total Cash Disbursements	<u>0</u>	<u>107,253</u>	<u>107,253</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>0</u>	<u>(107,239)</u>	<u>(107,239)</u>
Other Financing Sources:			
Transfers In	<u>0</u>	<u>35,000</u>	<u>35,000</u>
Total Other Financing Sources	<u>0</u>	<u>35,000</u>	<u>35,000</u>
Net Change in Fund Balances	0	(72,239)	(72,239)
Fund Balances - July 1, 2021	<u>22,361</u>	<u>72,956</u>	<u>95,317</u>
Fund Balances - June 30, 2022	<u><u>\$ 22,361</u></u>	<u><u>\$ 717</u></u>	<u><u>\$ 23,078</u></u>

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR PERMANENT FUNDS
 JUNE 30, 2022

	Library Trust Funds	Cemetery Trust Fund	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 58,424	\$ 58,424
Investments	<u>7,268</u>	<u>13,958</u>	<u>21,226</u>
Total Assets	<u>\$ 7,268</u>	<u>\$ 72,382</u>	<u>\$ 79,650</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Nonspendable	6,093	19,210	25,303
Restricted	<u>1,175</u>	<u>53,172</u>	<u>54,347</u>
Total Fund Balances	<u>7,268</u>	<u>72,382</u>	<u>79,650</u>
Total Liabilities and Fund Balances	<u>\$ 7,268</u>	<u>\$ 72,382</u>	<u>\$ 79,650</u>

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Library Trust Funds</u>	<u>Cemetery Trust Fund</u>	<u>Total</u>
Cash Receipts:			
Investment Income/(loss)	\$ <u>20</u>	\$ <u>(3,162)</u>	\$ <u>(3,142)</u>
Total Cash Receipts	<u>20</u>	<u>(3,162)</u>	<u>(3,142)</u>
Cash Disbursements:			
Cemetery	<u>0</u>	<u>6,594</u>	<u>6,594</u>
Total Cash Disbursements	<u>0</u>	<u>6,594</u>	<u>6,594</u>
Net Change in Fund Balances	20	(9,756)	(9,736)
Fund Balances - July 1, 2021	<u>7,248</u>	<u>82,138</u>	<u>89,386</u>
Fund Balances - June 30, 2022	\$ <u><u>7,268</u></u>	\$ <u><u>72,382</u></u>	\$ <u><u>79,650</u></u>

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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 South Hero, Vermont
P.O. Box 175
South Hero, Vermont 05486

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of South Hero, Vermont, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of South Hero, Vermont's basic financial statements, and have issued our report thereon dated December 28, 2022. The report on the financial statements of the General Fund and aggregate remaining fund information was qualified because the Town did not adopt all provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of South Hero, Vermont's internal control over financial reporting (internal control) to determine the 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 South Hero, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of South Hero, 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 South Hero, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

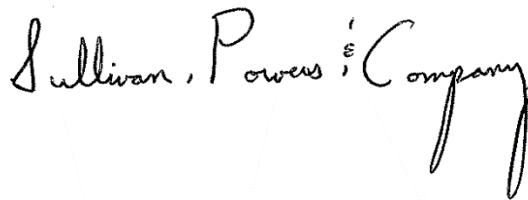
Report on Compliance and Other Matters

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

Purpose of this Report

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

December 28, 2022
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' and 'C'.