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**TOWN OF FAIRFAX, VERMONT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**



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## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of Fairfax, Vermont  
Fairfax, Vermont

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairfax, Vermont, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Fairfax, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairfax, Vermont, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fairfax, 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

#### A.M. PEISCH & COMPANY, LLP

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 generally accepted auditing standards 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 of Fairfax, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fairfax, Vermont's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of the Town's Proportional Share of the Net Pension Liability and the Schedule of the Town's Contributions and notes to the required supplementary information – Pension plan on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairfax, Vermont's basic financial statements. The accompanying Detail Statement of Cash Receipts and Disbursements – Budget and Actual (Budgetary basis)-General Fund and the combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial

statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Detail Statement of Cash Receipts and Disbursements – Budget and Actual (Budgetary basis)-General Fund and the combining nonmajor governmental funds financial statements are fairly stated in all, material respects, in relation to the basic 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 February 15, 2024, on our consideration of the Town of Fairfax, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Fairfax, 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 Fairfax, Vermont’s internal control over financial reporting and compliance.

*A.M. Peisch & Company, LLP*

Saint Albans, Vermont  
February 15, 2024  
VT No. 92-0000102

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF NET POSITION**

**June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,198,975	\$ 360,918	\$ 3,559,893
Accounts receivable	-	80,688	80,688
Delinquent taxes receivable	134,446	-	134,446
Delinquent interest receivable	3,249	-	3,249
Delinquent penalty receivable	10,756	-	10,756
Grants receivable	146,328	-	146,328
Lease receivable	27,135	-	27,135
Total current assets	<u>3,520,889</u>	<u>441,606</u>	<u>3,962,495</u>
Capital assets:			
Land	192,981	-	192,981
Construction in progress	40,120	-	40,120
Infrastructure	4,374,871	2,156,652	6,531,523
Buildings and improvements	1,070,058	1,109,403	2,179,461
Road equipment and vehicles	3,060,488	-	3,060,488
Machinery and equipment	69,509	155,884	225,393
Less: accumulated depreciation	<u>(5,266,012)</u>	<u>(1,935,417)</u>	<u>(7,201,429)</u>
Total capital assets - Net	<u>3,542,015</u>	<u>1,486,522</u>	<u>5,028,537</u>
Right of use assets	6,404	-	6,404
Less: accumulated amortization	<u>(1,601)</u>	<u>-</u>	<u>(1,601)</u>
Total right of use assets - Net	<u>4,803</u>	<u>-</u>	<u>4,803</u>
Lease receivable, less current amount	<u>106,624</u>	<u>-</u>	<u>106,624</u>
Total other long-term assets	<u>106,624</u>	<u>-</u>	<u>106,624</u>
Total assets	<u>7,174,331</u>	<u>1,928,128</u>	<u>9,102,459</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - Pension	<u>190,951</u>	<u>22,631</u>	<u>213,582</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	134,162	29,861	164,023
Accrued payroll and expenses	59,600	6,948	66,548
Refundable advance	1,358,785	-	1,358,785
Amounts held in escrow	5,500	-	5,500
Due to State	<u>3,264</u>	<u>-</u>	<u>3,264</u>
Total current liabilities	<u>1,561,311</u>	<u>36,809</u>	<u>1,598,120</u>
<b>Noncurrent liabilities</b>			
Portion due or payable within one year	196,757	51,041	247,798
Portion due or payable after one year	1,904,857	469,509	2,374,366
Net pension liability	<u>474,286</u>	<u>62,894</u>	<u>537,180</u>
Total noncurrent liabilities	<u>2,575,900</u>	<u>583,444</u>	<u>3,159,344</u>
Total liabilities	<u>4,137,211</u>	<u>620,253</u>	<u>4,757,464</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - Pension	3,633	429	4,062
Deferred inflows - Lease	<u>133,759</u>	<u>-</u>	<u>133,759</u>
	<u>137,392</u>	<u>429</u>	<u>137,821</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,440,401	965,972	2,406,373
Restricted for:			
Reappraisal	128,611	-	128,611
Other purposes	213,403	-	213,403
Unrestricted	<u>1,308,264</u>	<u>364,105</u>	<u>1,672,369</u>
Total net position	<u>\$ 3,090,679</u>	<u>\$ 1,330,077</u>	<u>\$ 4,420,756</u>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023**

<u>Funds/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities:							
General government	\$ 1,482,626	\$ 299,049	\$ 190,900	\$ -	\$ (992,677)	\$ -	\$ (992,677)
Highway and streets	1,602,733	11,030	150,652	200,430	(1,240,621)	-	(1,240,621)
Sanitation	738,878	3,909	-	-	(734,969)	-	(734,969)
Public safety	241,169	22,493	-	-	(218,676)	-	(218,676)
Education	-	16,050	-	-	16,050	-	16,050
Parks, recreation, library, and cemeteries	291,027	81,734	13,202	-	(196,091)	-	(196,091)
Debt service - Interest	55,665	-	-	-	(55,665)	-	(55,665)
Total governmental activities	<u>4,412,098</u>	<u>434,265</u>	<u>354,754</u>	<u>200,430</u>	<u>(3,422,649)</u>	<u>-</u>	<u>(3,422,649)</u>
Business-type activities:							
Water and sewer	362,323	305,429	-	16,455	-	(40,439)	(40,439)
Total	<u>\$ 4,774,421</u>	<u>\$ 739,694</u>	<u>\$ 354,754</u>	<u>\$ 216,885</u>	<u>(3,422,649)</u>	<u>(40,439)</u>	<u>(3,463,088)</u>
General revenues:							
Property taxes					4,058,325	-	4,058,325
Interest income					31,009	1,716	32,725
Miscellaneous					48,267	-	48,267
Transfers in (out)					81,490	88,610	170,100
Total general revenues					<u>4,219,091</u>	<u>90,326</u>	<u>4,309,417</u>
Change in net position					796,442	49,887	846,329
Net position - Beginning of year, as previously stated					<u>2,994,812</u>	<u>1,280,190</u>	<u>4,275,002</u>
Prior period adjustment					<u>(700,575)</u>	<u>-</u>	<u>(700,575)</u>
Net position - Beginning of year, as restated					<u>2,294,237</u>	<u>1,280,190</u>	<u>3,574,427</u>
Net position - End of year					<u>\$ 3,090,679</u>	<u>\$ 1,330,077</u>	<u>\$ 4,420,756</u>

See accompanying notes.



**TOWN OF FAIRFAX, VERMONT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

	GOVERNMENTAL FUNDS							TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	REAPPRAISAL FUND	SIDEWALK FUND	AMERICAN RECOVERY PLAN FUND	UTILITY EXTENSION FUND	FIRE EXPANSION FUND	NONMAJOR GOVERNMENTAL FUNDS	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,015,048	\$ -	\$ -	\$ -	\$ -	\$ 1,175,218	\$ 8,709	\$ 3,198,975
Delinquent taxes receivable	134,446	-	-	-	-	-	-	134,446
Interest receivable	3,249	-	-	-	-	-	-	3,249
Penalty receivable	10,756	-	-	-	-	-	-	10,756
Grants receivable	-	-	10,253	-	115,990	-	20,085	146,328
Lease receivable	-	-	-	-	-	-	133,759	133,759
Due from other funds	-	128,611	12,287	1,385,182	-	-	646,920	2,173,000
<b>Total assets</b>	<b>\$ 2,163,499</b>	<b>\$ 128,611</b>	<b>\$ 22,540</b>	<b>\$ 1,385,182</b>	<b>\$ 115,990</b>	<b>\$ 1,175,218</b>	<b>\$ 809,473</b>	<b>\$ 5,800,513</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 106,873	\$ -	\$ -	\$ 21,785	\$ -	\$ -	\$ 5,504	\$ 134,162
Accrued payroll and expenses	55,827	-	-	-	-	3,773	-	59,600
Refundable advance	-	-	-	1,358,785	-	-	-	1,358,785
Due to State	3,264	-	-	-	-	-	-	3,264
Due to other funds	2,015,341	-	-	-	120,681	36,978	-	2,173,000
Amounts held in escrow	5,500	-	-	-	-	-	-	5,500
<b>Total liabilities</b>	<b>2,186,805</b>	<b>-</b>	<b>-</b>	<b>1,380,570</b>	<b>120,681</b>	<b>40,751</b>	<b>5,504</b>	<b>3,734,311</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - Taxes	99,694	-	-	-	-	-	-	99,694
Unavailable revenue - Interest	4,173	-	-	-	-	-	-	4,173
Unavailable revenue - Penalty	7,976	-	-	-	-	-	-	7,976
Unavailable revenue - Lease	-	-	-	-	-	-	133,759	133,759
<b>Total deferred inflows of resources</b>	<b>111,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,759</b>	<b>245,602</b>
<b>FUND BALANCES</b>								
Fund balances:								
Restricted	-	128,611	22,540	-	-	1,134,467	190,863	1,476,481
Committed	-	-	-	4,612	-	-	373,046	377,658
Assigned	-	-	-	-	-	-	106,301	106,301
Unassigned	(135,149)	-	-	-	(4,691)	-	-	(139,840)
<b>Total fund balances (deficit)</b>	<b>(135,149)</b>	<b>128,611</b>	<b>22,540</b>	<b>4,612</b>	<b>(4,691)</b>	<b>1,134,467</b>	<b>670,210</b>	<b>1,820,600</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,163,499</b>	<b>\$ 128,611</b>	<b>\$ 22,540</b>	<b>\$ 1,385,182</b>	<b>\$ 115,990</b>	<b>\$ 1,175,218</b>	<b>\$ 809,473</b>	<b>\$ 5,800,513</b>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2023**

Total fund balances - governmental funds	\$ 1,820,600
Amount reported for governmental activities in the statement of net position is different because:	
Delinquent taxes and interest are recognized as revenue when levied in the government-wide financial statements, but amounts not collected within 60 days are reported as a deferred inflow in the governmental funds.	111,843
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost	8,808,027
Accumulated depreciation	<u>(5,266,012)</u>
	3,542,015
Right of use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost	6,404
Accumulated amortization	<u>(1,601)</u>
	4,803
Current year pension contributions are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds.	190,951
Deferred inflows of resources relating to changes in the Town's proportionate share of changes in the defined benefit plan's net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(3,633)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes payable and capital lease obligation	(2,101,614)
Net pension liability	<u>(474,286)</u>
	<u>(2,575,900)</u>
Total net position - governmental activities	<u><u>\$ 3,090,679</u></u>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023**

	GOVERNMENTAL FUNDS							
	GENERAL FUND	REAPPRAISAL FUND	SIDEWALK FUND	AMERICAN RECOVERY PLAN FUND	UTILITY EXTENSION FUND	FIRE EXPANSION FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>								
Property taxes	\$ 4,119,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,119,153
Licenses, permits, and fees	164,190	-	-	-	-	-	-	164,190
Intergovernmental	256,462	18,915	60,389	40,131	85,400	-	178,113	639,410
Charges for services	8,044	-	-	-	-	-	70,426	78,470
Impact fees	-	-	-	-	-	-	47,560	47,560
Interest	22,279	575	-	1,309	-	-	2,707	26,870
Miscellaneous	69,993	-	-	-	-	-	38,059	108,052
<b>Total revenues</b>	<b>4,640,121</b>	<b>19,490</b>	<b>60,389</b>	<b>41,440</b>	<b>85,400</b>	<b>-</b>	<b>336,865</b>	<b>5,183,705</b>
<b>EXPENDITURES</b>								
General government	1,081,737	52	-	40,131	-	-	23,504	1,145,424
Highways and streets	1,409,076	-	26,515	-	-	-	149,664	1,585,255
Sanitation	738,878	-	-	-	-	-	-	738,878
Public safety	241,169	-	-	-	-	-	10,981	252,150
Parks, recreation, library, and cemeteries	216,267	-	-	-	-	-	71,460	287,727
Warned items:								
Fairfax Rescue	119,519	-	-	-	-	-	-	119,519
Social Service appropriations	24,497	-	-	-	-	-	-	24,497
Debt service - Town hall principal	47,500	-	-	-	-	-	-	47,500
Debt service - Town hall interest	15,383	-	-	-	-	-	-	15,383
Debt service - Interest	12,682	-	-	-	-	40,751	-	53,433
<b>Total expenditures</b>	<b>3,906,708</b>	<b>52</b>	<b>26,515</b>	<b>40,131</b>	<b>-</b>	<b>40,751</b>	<b>255,609</b>	<b>4,269,766</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	733,413	19,438	33,874	1,309	85,400	(40,751)	81,256	913,939
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from long term debt	34,659	-	-	-	-	1,175,218	-	1,209,877
Operating transfers in	-	-	40,000	-	-	-	417,832	457,832
Operating transfers out	(457,832)	-	-	-	(88,610)	-	-	(546,442)
<b>Total other financing sources (uses)</b>	<b>(423,173)</b>	<b>-</b>	<b>40,000</b>	<b>-</b>	<b>(88,610)</b>	<b>1,175,218</b>	<b>417,832</b>	<b>1,121,267</b>
Excess (deficiency) of revenues over expenditures	310,240	19,438	73,874	1,309	(3,210)	1,134,467	499,088	2,035,206
Fund balances (deficit), beginning of year	(445,389)	109,173	(51,334)	3,303	(1,481)	-	171,122	(214,606)
<b>Fund balances (deficit), end of year</b>	<b>\$ (135,149)</b>	<b>\$ 128,611</b>	<b>\$ 22,540</b>	<b>\$ 4,612</b>	<b>\$ (4,691)</b>	<b>\$ 1,134,467</b>	<b>\$ 670,210</b>	<b>\$ 1,820,600</b>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023**

Net change in fund balances - total governmental funds		\$ 2,035,206
Amounts reported for governmental activities in the Statement of Activities are different because:		
Delinquent taxes are recognized as revenue when levied in the government-wide financial statements, but are not reported as income in governmental funds until available.		10,494
Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	334,016	
Depreciation expense	(475,441)	
Amortization expense	(1,281)	
Capital asset additions, net of depreciation and amortization	(142,706)	(142,706)
Pension expense for the defined benefit plan (VMERS) is recognized in the governmental funds based on current year employer matching contributions. Pension expense in the government-wide statements is based on the net change in the net pension liability, as well as the changes in the deferred inflows and deferred outflows		
Deferred inflows - Pension	135,186	
Deferred outflows - Pension	60,493	
Net pension liability	(246,660)	
Net pension activity	(50,981)	(50,981)
Proceeds of long term debt is a revenue in the governmental funds, but the proceeds increases long-term liabilities in the Statement of Net Position:		
Proceeds of long term debt		(1,209,877)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Principal payments on notes payable	153,088	
Principal payments on capital lease payable	1,218	
	154,306	154,306
Change in net position of governmental activities		\$ 796,442

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(BUDGETARY BASIS)  
For the Year Ended June 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Property taxes	\$ 5,504,837	\$ 4,027,348	\$ (1,477,489)
Licenses, permits, and fees	145,150	165,840	20,690
Intergovernmental	195,525	231,191	35,666
Charges for services	6,900	6,904	4
Interest	13,000	22,273	9,273
Miscellaneous	7,000	177,617	170,617
	<u>5,872,412</u>	<u>4,631,173</u>	<u>(1,241,239)</u>
Total cash receipts			
<b>CASH DISBURSEMENTS</b>			
General government	933,372	855,127	78,245
Highways and streets	1,419,735	1,802,472	(382,737)
Sanitation	724,973	675,541	49,432
Public safety	443,828	381,267	62,561
Parks, recreation, library, and cemeteries	246,570	210,712	35,858
Miscellaneous	206,906	206,899	7
Debt service	12,000	19,688	(7,688)
	<u>3,987,384</u>	<u>4,151,706</u>	<u>(164,322)</u>
Total cash disbursements			
Excess of cash receipts over cash disbursements	<u>1,885,028</u>	<u>479,467</u>	<u>(1,405,561)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	-	-	-
Operating transfers out	(40,000)	(457,832)	(417,832)
	<u>(40,000)</u>	<u>(457,832)</u>	<u>(417,832)</u>
Total other financing sources (uses)			
Excess (deficiency) of cash receipts over cash disbursements and other financing sources (uses)	<u>\$ 1,845,028</u>	<u>\$ 21,635</u>	<u>\$ (1,823,393)</u>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

**June 30, 2023**

	<b>ENTERPRISE FUND</b>
	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 360,918
Accounts receivable	80,688
Total current assets	441,606
Non-current assets:	
Capital assets:	
Building, machinery & equipment	3,421,939
Accumulated depreciation	(1,935,417)
Total non-current assets	1,486,522
Total assets	1,928,128
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - Pension	22,631
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	29,861
Accrued expenses	6,948
Bonds payable - Current portion	51,041
Total current liabilities	87,850
Noncurrent liabilities:	
Net pension liability	62,894
General obligation bond payable, net of current amount	469,509
Total noncurrent liabilities	532,403
Total liabilities	620,253
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - Pension	429
<b>NET POSITION</b>	
Net investment in capital assets	965,972
Unrestricted	364,105
Total net position	\$ 1,330,077

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2023**

	<b>ENTERPRISE FUND</b>
	<b>Water and Sewer Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for sales and services:	
Sewer allocations and permits	\$ 2,400
Sewer service	120,928
Sewer connection fees	4,750
Sewer final fees	4,750
Sewer miscellaneous	192
Water service	155,278
Water miscellaneous	12
Other income	1,066
Penalties	4,693
Capital improvements	11,360
	11,360
Total operating revenues	305,429
<b>OPERATING EXPENSES:</b>	
Payroll expenses - FICA and retirement	20,328
Sewer Department:	
Wages	65,921
Bank fee	4,093
Chlorine	1,470
Computer program upgrades	375
Dispatch fee	1,163
Insurance	5,822
Lab supplies	525
Legal fees	3,000
Membership	395
Mileage	1,440
Office supplies	309
Permit	945
Repairs and maintenance	2,358
Shipping charges	509
Shop supplies	3,486
Sub-contracted labor	3,151
Tools	74
Uniforms	817
Utilities	22,366
Waste water testing	2,860
	2,860
Total sewer expenses	121,079
Water Department:	
Wages	44,079
Chlorine	1,470
Computer program upgrades	375
Health insurance	308
Heating	2,808
Insurance	5,822

Continued

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2023**

	<b>ENTERPRISE FUND</b>
	<b>Water and Sewer Fund</b>
<b>OPERATING EXPENSES (Continued)</b>	
Lab supplies	309
Membership	395
Mileage	2,884
Office supplies	309
Professional fees	3,000
Repairs and maintenance	37,764
Shipping charges	390
Shop supplies	410
Sub-contracted labor	12,757
Tools	457
Uniforms	817
Utilities	10,151
Water samples	1,240
Total water expenses	125,745
Depreciation	92,828
Total operating expenses	359,980
<b>NET LOSS FROM OPERATIONS</b>	<b>(54,551)</b>
<b>NONOPERATING REVENUES/(EXPENSES):</b>	
Asset management reimbursement	2,880
Interest expenses	(2,343)
Interest income	1,716
State water revolving grant	13,575
Total nonoperating revenues/(expenses)	15,828
<b>NET LOSS FROM OPERATIONS BEFORE TRANSFERS</b>	<b>(38,723)</b>
<b>TRANSFERS</b>	
Transfers in	88,610
Total transfers	88,610
Change in net position	49,887
Total net position - Beginning of year	1,280,190
Total net position - End of year	\$ 1,330,077

See accompanying notes.



**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the Year Ended June 30, 2023**

	<u><b>ENTERPRISE FUND</b></u> <u><b>Water and Sewer Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 293,723
Cash payments for salaries and benefits	(119,543)
Cash payments to suppliers for goods and services	(109,827)
	64,353
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(13,190)
Interest paid	(2,343)
Retirement of bonds	(51,041)
	(66,574)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on cash	1,716
Asset management fees	2,880
	4,596
Net cash provided by investing activities	4,596
Net increase in cash and cash equivalents	2,375
Cash and cash equivalents - Beginning of year	358,543
	\$ 360,918
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net loss from operations	\$ (54,551)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	92,828
Pension expense recognized	6,150
Changes in operating assets and liabilities:	
Decrease in accounts receivable	(11,706)
Increase in accounts payable	26,997
Increase in accrued payroll	4,635
	\$ 64,353
Net cash provided by operating activities	
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>	
Capital related debt payments made by the State of Vermont and included in income as capital grant revenue is \$13,576.	
<b>NONCASH CAPITAL INVESTING ACTIVITIES</b>	
Acquired property and equipment financed through grants receivable is \$88,610.	

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2023**

	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>		
<b>Total assets</b>	\$ -	\$ -
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Total liabilities	\$ -	\$ -
<b>NET POSITION</b>		
Total net position	-	-
<b>Total liabilities and net position</b>	\$ -	\$ -

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FIDUCIARY FUNDS  
June 30, 2023**

	<u>Custodial Fund</u>	<u>Total Fiduciary Funds</u>
<b>REVENUES</b>		
Taxes collected for local school districts	\$ 5,586,800	\$ 5,586,800
<b>Total revenues</b>	<u>5,586,800</u>	<u>5,586,800</u>
<b>EXPENDITURES</b>		
Taxes remitted to local school districts	<u>5,586,800</u>	<u>5,586,800</u>
<b>Total expenditures</b>	<u>5,586,800</u>	<u>5,586,800</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-
<b>Fund balance, July 1</b>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies

Town of Fairfax, Vermont operates under a Town Manager form of government with an elected Selectboard. The Town provides the following services: public safety, highways and streets, recreation, health and social services, public improvements, planning and zoning, and general administrative services. The accounting policies of Town of Fairfax, Vermont are in conformity with U. S. generally accepted accounting principles as applicable to governments as described in the basis of accounting section. The Town receives the principal amount of its revenue from property taxes assessed on its residential and business properties. The following is a summary of the more significant policies.

#### Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, and GASB Statement 14 as amended by GASB Statements 39 and 61.

Based on the aforementioned criteria, the Town has no component units.

#### Basis of Presentation

The Town's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

#### Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of a primary government are not included in the government-wide financial statements.

The statement of net position presents the financial position of the governmental and business-type activities of the Town at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Town does not allocate indirect expenses to functions in the statement of activities.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions on program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not included with program revenues are reported as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

### **Fund Financial Statements**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental funds and the proprietary fund.

Major individual governmental funds are reported in separate columns.

### **Fund Accounting**

The Town uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Town uses two categories of funds: governmental and proprietary.

**Governmental Funds** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance.

**Proprietary Funds** – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The applicable generally accepted accounting principles are those similar to businesses in the private sector. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses related to capital and related financing, noncapital financing, or investing activities.

**Note 1. Summary of Significant Accounting Policies (Continued)**

The following are the Town's major governmental funds:

***Major Governmental Funds***

**General Fund** - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the Town for any purpose provided it is expended or transferred according to the general laws of the State of Vermont.

**Reappraisal Fund** – The reappraisal fund accounts for the proceeds from state grants received to be used for property tax reappraisals.

**Sidewalk Fund** – The sidewalk fund accounts for the proceeds from state grants received to be used for sidewalk expansion.

**American Recovery Plan Fund** – The American Recovery Plan fund accounts for the proceeds from the American Recovery Plan received.

**Utility Extension Fund** – The Utility extension fund accounts for the proceeds from state grants received to be used for the Utility extension project.

**Fire Expansion Fund** – The Fire expansion fund accounts for the proceeds from bonds proceeds received to be used for the Fire expansion project.

***Major Proprietary Fund***

**Water and Sewer Fund** – Established to account for the water and wastewater utility systems for the Town.

**Measurement Focus**

***Government-wide Financial Statements***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, all liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operation of the Town are included on the statement of net position. The statement of activities reports revenues and expenses.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus and the accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and deferred inflows and outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between government-wide statements and the governmental fund statements.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting on both financial reporting levels. All assets and all liabilities associated with the operations of these funds are included on the statements of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

**Revenues - Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

**Revenues - Non-exchange Transactions** - Non-exchange transactions in which the Town receives value without directly giving equal value in return, includes property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes and federal and state grants.

**Unearned Revenue** - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

### **Cash and Cash Equivalents**

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with an initial maturity of ninety (90) days or less.

### **Capital Assets**

#### **Business-type activities**

Capital assets are recorded in the proprietary fund and are reported at historical cost or estimated historical cost. The capitalization threshold for capital assets is \$5,000. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. The Town's policy is to capitalize interest costs during the construction of fixed assets.

There was no interest capitalized in the Water and Sewer Fund during the current fiscal year. Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against their operations.

**Note 1. Summary of Significant Accounting Policies (Continued)**

Accumulated depreciation is reported on the proprietary fund statement of net position.

**Governmental activities**

Capital assets are reported at historical cost or estimated historical cost. The capitalization threshold for infrastructure projects is \$25,000. The capitalization threshold for other capital assets is \$5,000. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

GASB Statement No. 34 requires the Town to report and depreciate new general infrastructure assets prospectively starting July 1, 2004. General infrastructure assets include roads, bridges, underground pipe, traffic signals, etc.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives used are as follows:

	Years
Wellfields, reservoirs, mains and pipe	67
Treatment plants and pump stations	40
Meters and hydrants	10 – 67
Chlorinating and pumping facilities	50
Equipment	5 – 20
Infrastructure	8 – 25
Buildings, machinery, and equipment	10 – 75
Road equipment and vehicles	3 - 10

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. Unexpended conditional grant awards are reported as refundable advances until they are spent for the purposes of the grants because conditional grant awards are not unconditional promises to give.

**Deferred Outflows/Inflows of Resources**

The Town reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred outflows - Pension consist of (1) the Town’s current year pension contributions subsequent to the measurement date, (2) the change in the Town’s proportionate share of pension contributions, (3) the Town’s proportionate share of the difference between projected and actual investment earnings, (4) the Town’s proportionate share of change in the net pension liability due to changes in assumptions, and (5) the Town’s proportionate share of differences between expected and actual experience.

The Town reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow



## **Note 1. Summary of Significant Accounting Policies (Continued)**

or resources (revenue) until that future period. Deferred inflows-Pension on the statement of net position consist of the changes in the Town's proportionate shares of pension contributions. Deferred inflows-Lease on the statement of net position and the balance sheet consist of the present value of lease payments expected to be received for the remaining lease term. Deferred inflows on the governmental fund balance sheet consist of unavailable revenue - taxes and interest that were not collected within 60 days of year end.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **Fund Balances**

Fund balances of governmental fund type financial statements are classified as **non-spendable** (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 at town meeting); **assigned** (reflecting the select board's intended use of the resources); and **unassigned** (indicates the portion of fund equity that is available for appropriation and expenditure in future periods).

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, and then unrestricted resources-committed, assigned and unassigned-in order as needed.

### **Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/interfund payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

### **Receivables**

The Town utilizes the allowance method for uncollectible accounts. They have determined that all accounts are collectible, and the allowance is zero.

### **Use of Estimates**

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Budgetary Information**

The gross expenditure budget, not including state and federal grants and gifts, is approved at the annual Town Meeting in March. Any increase in the voted amount requires voter approval. The voters do not approve a revenue budget. The Budgetary Comparison Schedule reflects the revenues anticipated and presented to the voters in the annual report. At tax rate setting time, revenues are re-estimated and the Selectboard decides on how much of the prior-year unassigned fund balance will be used, if any.

**Implementation of new accounting principles**

On July 1, 2022, the Town adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires the Town to recognize a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements for certain long-term vendor information technology software contracts. The adoption of this statement had no effect on the financial statements for the year ended June 30, 2023.

The Town is reviewing the following GASB Statements for possible implementation and to determine the effects they will have on the Town’s financial reporting.

- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*

**Note 2. Cash and Investments**

**Cash and Custodial Credit Risk – Deposits**

Cash belonging to the Town is placed in the custody of the Town Treasurer who is appointed. The Town does not have a policy for custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. At June 30, 2023, the Town of Fairfax, Vermont’s deposits had a carrying amount of \$3,559,893 and a bank balance of \$3,621,299. As of June 30, 2023, the government’s bank balance of \$3,621,299 was exposed to custodial credit risk as follows:

Insured (FDIC)	\$ 2,696,081
Uninsured and collateral held by pledging institution's Trust Department not in the Town's name	925,218
	<u>\$ 3,621,299</u>

**Note 3. Receivables and Revenues**

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied in August of 2022, and were payable on November 15, 2022, February 15, 2023 and May 15, 2023. The Town bills and collects its own property taxes and also collects taxes for the Fairfax School District. Collections of school taxes and their remittance to the Town School District are accounted for in the General Fund. The State of Vermont sets both the state and local school tax rates. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town Water and Sewer Department bills are on a cyclical basis quarterly. This billing method does not capture all amounts receivable by the Town at the end of each year. The estimated unbilled water and sewer fund

**Note 3. Receivables and Revenues (Continued)**

utility service receivables and revenue are recorded at year end. Capital contributions are recorded in proprietary funds that have received capital grants or contributions from grants, developers, customers or other funds. Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized at the time of receipt or earlier if measurable and available. Intergovernmental grants which are restricted for certain purposes are recognized at the same time the related expenditures are recognized. Any excess of grant revenues or expenditures as of the fiscal year end is recognized as unearned revenue or accounts receivable, respectively.

Receivables consisted of the following as of June 30, 2023:

	<u>Gross Receivable</u>	<u>Allowance for Uncollectible</u>	<u>Net Receivables</u>
General fund:			
Delinquent property taxes	\$134,446	\$ -	\$134,446
Interest receivable	3,249	-	3,249
Penalty receivable	10,756	-	10,756
Other governmental funds:			
Grants receivable	95,756	-	95,756
Water and sewer fund:			
Services billed	3,884	-	3,884
Estimated unbilled services	76,804	-	76,804

**Note 4. Lease Receivable**

The Town has entered into a five-year land lease agreement with Verizon. The lease commenced in April 2023 and the initial agreement will terminate in March 2028. The annual rental payment of \$27,000 will be paid in equal monthly installments of \$2,250 in the first year. In subsequent years, annual rent shall be equal to one hundred two percent of the annual rent payable in the immediately preceding year of the term. The Town recognized \$6,750 in lease revenue during the year.

The agreement will be automatically extended for four additional five-year periods if not terminated beforehand. As the lessee, Verizon has the option to terminate the agreement with three month's notice of the end of the agreement. The Town has the option to terminate the agreement by providing 24-month's notice of the end of the second (if initially extended) term.

Below is a summary of the lease receivable and deferred inflows of resources - leases as of June 30, 2023.

	<u>Lease receivable - short-term</u>	<u>Lease receivable - long-term</u>	<u>Lease receivable - total</u>	<u>Deferred inflows of resources - leases</u>
Land lease	\$ 27,135	\$ 106,624	\$ 133,759	\$ 133,759
Total	<u>\$ 27,135</u>	<u>\$ 106,624</u>	<u>\$ 133,759</u>	<u>\$ 133,759</u>

**Note 5. Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	As Restated Beginning Balance	Net Additions (Deletions)	Ending Balance
<b>Governmental Activities</b>			
Capital assets not being depreciated			
Land	\$ 192,981	\$ -	\$ 192,981
Construction in progress	13,605	26,515	40,120
Total capital assets, not being depreciated	<u>206,586</u>	<u>26,515</u>	<u>233,101</u>
Capital assets, being depreciated			
Infrastructure	4,102,029	272,842	4,374,871
Buildings and improvements	1,070,058	-	1,070,058
Road equipment and vehicles	3,025,829	34,659	3,060,488
Machinery and equipment	69,509	-	69,509
Total capital assets being depreciated	<u>8,267,425</u>	<u>307,501</u>	<u>8,574,926</u>
Less accumulated depreciation	<u>(4,790,571)</u>	<u>(475,441)</u>	<u>(5,266,012)</u>
Total capital assets being depreciated, net	<u>3,476,854</u>	<u>(167,940)</u>	<u>3,308,914</u>
Governmental Activities capital assets, net	<u>\$ 3,683,440</u>	<u>\$ (141,425)</u>	<u>\$ 3,542,015</u>
<b>Enterprise Fund</b>			
Capital assets not being depreciated			
Construction in progress	\$ 770,165	\$ (770,165)	\$ -
Total capital assets, not being depreciated	<u>770,165</u>	<u>(770,165)</u>	<u>-</u>
Capital assets, being depreciated			
Wellfields, reservoirs, mains and pipes	\$ 1,101,237	\$ 871,778	\$ 1,973,015
Roads and sidewalks	115,297	-	115,297
Miscellaneous	68,340	-	68,340
Treatment plants and pump stations	1,082,806	-	1,082,806
Improvements	26,597	-	26,597
Equipment	155,884	-	155,884
Total capital assets being depreciated	<u>2,550,161</u>	<u>871,778</u>	<u>3,421,939</u>
Less accumulated depreciation	<u>(1,842,589)</u>	<u>(92,828)</u>	<u>(1,935,417)</u>
Total capital assets being depreciated, net	<u>707,572</u>	<u>778,950</u>	<u>1,486,522</u>
Enterprise fund capital assets, net	<u>\$ 1,477,737</u>	<u>\$ 8,785</u>	<u>\$ 1,486,522</u>

**Note 5. Changes in Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 31,660
Highways and streets	443,781
Total	<u><u>\$ 475,441</u></u>

Depreciation expense for business-type activities was \$92,828 for the year ended June 30, 2023.

**Note 6. Short Term Debt**

The short term debt activity for the Town as of June 30, 2023 is as follows:

	Balance			Balance
	Beginning of Year	Additions	Principal Paid	End of Year
Tax anticipation note	\$ -	\$ 1,059,000	\$ (1,059,000)	\$ -
Grant anticipation note - Utility	473,777	-	(473,777)	-
	<u><u>\$ 473,777</u></u>	<u><u>\$ 1,059,000</u></u>	<u><u>\$ (1,532,777)</u></u>	<u><u>\$ -</u></u>

Total interest expense on short term debt amounted to \$25,670 for the year ended June 30, 2023.

The Town had a \$1,070,195 tax anticipation revolving line of credit, of which \$1,059,000 was used and \$1,059,000 was re-paid as of June 30, 2023. Bank advances on the credit line were payable on demand, carried an interest rate of 2.25% per annum, and was due June 30, 2023.

**Note 7. Long-Term Debt**

**Water & Sewer**

Although recorded as obligations of the Water and Sewer Fund, in the event of default, the Town remains ultimately liable for payment of debt. During 2000, the Town financed its municipal bond with a Drinking Water State Revolving Loan, whereby the State recognized the Town as a disadvantaged community. The loan carries an interest rate of 0.00% with a 3.00% subsidy on the \$2,150,000 bond, for a total subsidy of \$854,578, subject to certain covenants. The State will forgive a portion of the debt each year in the event that the Town does not default on the loan. If the Town defaults on the loan, the State will no longer pay the subsidy and the Town will be obligated for the remaining balance due.

Purpose	Amount of Issue	Date of Issue	Interest Rate	Date of Final Payment	Town Debt 6/30/2022	Additions	Retirements	Town Debt 6/30/2023	Due Within One Year
RF3-021	\$ 2,145,537	7/10/2000	0.00%	4/1/31	\$ 452,482	-	\$ (56,616)	\$ 395,866	\$ 43,041
2019 Series 2 Bond	120,000	7/31/2019	0.00%	11/1/48	102,264	-	(8,000)	94,264	8,000
RF1-256-1-0	17,850	8/22/2019	0.00%	10/1/28	30,420	-	-	30,420	-
Total General obligation debt					585,166	-	(64,616)	520,550	51,041
Net pension liability					33,534	57,097	(27,737)	62,894	-
Total					<u><u>\$ 618,700</u></u>	<u><u>\$ 57,097</u></u>	<u><u>\$ (92,353)</u></u>	<u><u>\$ 583,444</u></u>	<u><u>\$ 51,041</u></u>

**Note 7. Long-Term Debt (Continued)**

Long-term debt of the water and sewer department with scheduled payments, including interest, matures as follows:

	Town Portion Principal	State Revolving Loan Fund Subsidy	Interest	Total
2024	\$ 51,041	\$ 11,876	\$ 2,230	\$ 65,147
2025	69,292	10,229	2,114	81,635
2026	54,082	8,631	1,990	64,703
2027	54,083	7,080	1,860	63,023
2028	54,082	5,577	1,711	61,370
2029-2033	172,163	8,150	5,459	185,772
2034-2038	14,264	-	513	14,777
	<u>\$ 469,007</u>	<u>\$ 51,543</u>	<u>\$ 15,877</u>	<u>\$ 536,427</u>

**Governmental Activities**

Purpose	Amount of Issue	Date of Issue	Interest Rate	Date of Final Payment	Town Debt 6/30/2022	Additions	Retirements	Town Debt 6/30/2023	Due Within One Year	Net Book Value of Collateral
Public improvement bond	\$ 950,000	2/13/2014	2.70%	2/13/2034	\$ 570,000	\$ -	\$ (47,500)	\$ 522,500	\$ 47,500	\$ -
2021 International HV507 Truck	133,948	4/1/2020	2.69%	4/1/2025	108,577	-	(26,061)	82,309	26,983	90,415
2021 International HX 620 Truck	161,148	9/22/2020	2.74%	10/14/2025	130,637	-	(31,347)	99,289	32,206	147,641
2021 Massey Ferguson Mower	130,143	2/15/2022	Variable 2.76-4.27%	7/15/2026	130,143	-	(27,043)	103,100	24,411	111,706
John Deere 410L Backhoe Loader	100,596	7/28/2021	2.75%	7/28/2028	100,596	-	(13,222)	87,374	13,590	113,648
Fire station addition & improvements	1,175,218	8/11/2022	3.91%	11/1/2052	-	1,175,218	-	1,175,218	45,904	-
2022 GMC Sierra Pickup Truck	34,659	3/2/2022	6.10%	4/2/2027	-	34,659	(7,707)	26,952	4,912	27,727
Total General Obligation debt					1,039,953	1,209,877	(152,880)	2,096,742	195,506	491,137
Capital lease payable	6,404	4/30/2022	2.71%	3/31/2027	6,090	-	1,218	4,872	1,251	4,803
Net pension liability					227,626	377,118	(130,458)	474,286	-	-
Total					<u>\$ 1,273,669</u>	<u>\$ 1,586,995</u>	<u>\$ (282,120)</u>	<u>\$ 2,575,900</u>	<u>\$ 196,757</u>	<u>\$ 495,940</u>

**Note 7. Long-Term Debt (Continued)**

Long-term debt of the governmental activities matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 149,602	\$ 72,831	\$ 222,433
2025	195,096	67,805	262,901
2026	197,735	62,293	260,028
2027	137,466	55,518	192,984
2028	103,193	50,249	153,442
2029-2033	455,657	204,363	660,020
2034-2038	250,125	139,793	389,918
2039-2043	202,625	98,930	301,555
2044-2048	202,625	59,357	261,982
2049-2053	202,618	19,792	222,410
	<u>\$ 2,096,742</u>	<u>\$ 830,931</u>	<u>\$ 2,927,673</u>

Interest expense on long-term debt for the year ended June 30, 2023 was \$100,973.

**Note 8. Lease Payable**

The Town entered into an agreement to lease a copier. The lease agreement qualifies as an other than short-term lease under GASB Statement No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The agreement was executed on April 30, 2022 and requires 60 monthly payments of \$114. There are no variable payment components of the lease. The lease liability is measured at an incremental borrowing rate of 2.71%, which is the rate that the Town is generally able to obtain on new debt. As a result of the lease, the Town has recorded a right of use asset with a net book value of \$4,803 at June 30, 2023.

The future minimum lease obligations and the net present value of this minimum lease payment as of June 30, 2023 was as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	1,251	117	1,368
2025	1,286	82	1,368
2026	1,321	47	1,368
2027	1,014	11	1,025
Thereafter	-	-	-
	<u>\$ 4,872</u>	<u>\$ 257</u>	<u>\$ 5,129</u>

**Note 9. Employee Retirement Plan**

**Vermont Municipal Employee’s Retirement Plan**

All eligible employees of the Town are enrolled for coverage by the Vermont Municipal Employees’ Retirement System (VMERS) immediately upon employment. VMERS is a defined benefit plan that the Town participates in as follows.

***Plan Description***

The Vermont Municipal Employees’ Retirement System 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 school districts and other municipal 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. During the year ended June 30, 2023, the retirement system consisted of 423 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 governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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

***Summary of System Provisions***

There are four levels of contributions and benefits available under the system, Group A, Group B, Group C, and Group D. The District’s employees are covered under Group B. The following is a summary of system provisions under Group B.

<b>Membership</b>	Full time employees of participating municipalities.
<b>Creditable service</b>	Service as a member plus purchased service.
<b>Average Final Compensation (AFC)</b>	Average annual compensation during highest 3 consecutive years.
<b>Service Retirement Allowance</b>	
Eligibility:	The earlier of age 62 with 5 years of service or age 55 with 30 years of service.
Amount:	1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC.
	Maximum benefit is 60% of AFC. The above amounts include the portion of the allowance provided by member contributions.



**Note 9. Employee Retirement Plan (Continued)**

**Early Retirement Allowance**

Eligibility: Age 55 with 5 years of service.  
Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age.

**Vested Retirement Allowance**

Eligibility: 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" described below.

**Disability Retirement Allowance**

Eligibility: 5 years of service and disability as determined by Retirement Board.  
Amount: Immediate allowance based on AFC and service to date of disability.

**Death Benefit**

Eligibility: Death after 5 years of service.  
Amount: 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.

**Optional Benefit And Death after Retirement**

Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

**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 3%.

**Member Contributions**

5.875%

**Employer Contributions**

6.500%

**Retirement Stipend**

\$25 per month payable at the option of the Board of retirees.

**Contributions**

The contribution requirements of VMERS members and the Town are established by the VMERS Board of Trustees. The contribution rates are reviewed annually by the VMERS Board as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund. The employees' contributions are deducted from the employee's wages or salary and remitted by the Town to VMERS on a quarterly basis. Of the Town's total current period payroll of \$1,209,466, \$769,901 was covered under the defined benefit plan. The total current period employer contributions to the Plan were \$50,044, \$44,302, and \$39,451 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

**Note 9. Employee Retirement Plan (Continued)**

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***

At June 30, 2023, the Town reported a liability of \$537,180 for its proportionate share of the net pension liability. 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 entities, actuarially determined. At June 30, 2022, the Town's proportion was .17707%, which was an decrease of .0037% from its proportion of .17744% measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense for this plan of \$106,481. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Differences between projected and actual investment earnings	\$ 40,343	\$ -
Changes in assumptions	27,463	-
Differences between expected and actual experience	87,212	-
Change in proportion and differences between employer contributions and proportionate share of contributions	9,027	4,062
Employer contributions made subsequent to the measurement date	<u>49,537</u>	<u>-</u>
Total	<u><u>\$ 213,582</u></u>	<u><u>\$ 4,062</u></u>

The \$49,537 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2023	\$ 101,969
2024	41,074
2025	11,897
2026	54,580
Thereafter	<u>-</u>
Total	<u><u>\$ 209,520</u></u>

## **Note 9. Employee Retirement Plan (Continued)**

### **Significant Actuarial Assumptions and Methods**

**Investment rate of return:** 7.00% per annum, 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:* 40% PubG-2010 General Employee below median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

*Healthy Post-Retirement - Retirees:* 104% of 40% PubG-2010 Health Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

*Health Post-Retirement – Beneficiaries:* 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

*Disabled Post-Retirement:* PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

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

**Cost-of-Living Adjustments:** 1.20% per annum. The January 1, 2023 COLA is assumed to be 3.00%. The January 1, 2022 COLA was 2.30%.

**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 determining the contribution requirements.

**Inflation:** 2.30% per year.

#### ***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 rate 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.

**Note 9. Employee Retirement Plan (Continued)**

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equities - Large Cap	4.00%	3.25%
US Equities - Small/Mid Cap	3.00%	3.75%
Non-US Developed US Equities	7.00%	5.00%
Emerging Markets Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.75%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	5.50%
Infrastructure/Farmland	4.00%	4.25%
	<u>100.00%</u>	

***Discount rate***

The long-term expected rate of return on pension plan assets is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2022, is 3.54%, as published by the Bond Buyer.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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) with scheduled increases through July 1, 2022. 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 the 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 benefits, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 9. Employee Retirement Plan (Continued)**

***Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Change in the Discount Rate***

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$804,943	\$537,180	\$316,937

Detailed information about the plan’s fiduciary net position is available in the separately issued State of Vermont Comprehensive Annual Financial Report. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

**Note 10. Interfund Balances and Activity**

Interfund transfers represent advances to other funds that are intended to be of a permanent nature. Interfund balances represent advances between funds which are intended to be liquidated by the payable fund within the next fiscal year.

The composition of interfund transfers at June 30, 2023 is as follows:

Fund	Transfers In	Transfers Out	Reason for transfer
General Fund	\$ -	\$ 457,832	Voter approved transfer
Sidewalk Fund	40,000		Voter approved transfer
Fire reserve Fund	130,100	-	Voter approved transfer
Utility extension fund	-	88,610	Board approved transfer
Highway reserve fund	287,732	-	Voter approved transfer
Totals - Governmental	457,832	546,442	
Water and Sewer Fund	88,610	-	Board approved transfer
Totals	<u>\$ 546,442</u>	<u>\$ 546,442</u>	

**Note 10. Interfund Balances and Activity (Continued)**

The composition of interfund receivables and payables at June 30, 2023 is as follows:

Fund	Due From Other Funds	Due to Other Funds
General fund	\$ -	\$ 2,015,341
Reappraisal fund	128,611	-
Sidewalk fund	12,287	-
American Recovery Plan fund	1,385,182	-
Utility extension fund	-	120,681
Fire expansion fund	-	36,978
Zoning and planning fund	5,850	-
Fairfax history book fund	7,033	-
Verizon land lease fund	6,754	-
Cemetery & genealogy fund	8,925	-
Highway grants fund	12,162	-
Impact fees fund	151,181	-
Records reserve fund	99,485	-
Fairfax recreation fund	89,564	-
Fire reserve fund	130,100	-
Fire replacement fund	104,020	-
Library rollover fund	7,305	-
Grants fund	10,536	-
Settlement fund	2,950	-
Highway reserve fund	11,048	-
ARPA library fund	7	-
Totals	\$ 2,173,000	\$ 2,173,000

**Note 11. Risk Management**

Town of Fairfax, Vermont is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Town of Fairfax, Vermont maintains commercial insurance coverage 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 commercial coverage in any of the past three fiscal years.

In addition, Town of Fairfax, Vermont is a member of Vermont League of Cities and Towns Insurance Programs (VLCT). VLCT is a nonprofit corporation formed to provide insurance and risk management programs for Vermont municipalities and is owned by the participating members. To provide health insurance coverage, VLCT has established a self-funded fully insured program in conjunction with Blue Cross Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

**Note 11. Risk Management (Continued)**

To provide unemployment coverage, VLCT has established a separate trust of funds from member contributions to pay administrative costs and unemployment claims. Contributions are based on payroll expense and the previous unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCT is unable to meet its required obligations, the Program will be allowed to assess each member their proportioned share of the deficit.

**Note 12. Fund Deficit**

The general fund had an unassigned fund deficit of \$121,223 at June 30, 2023. This will be liquidated through future tax assessments. The utility extension fund has an unassigned fund deficit of \$55,263 which will be liquidated through future tax assessments and grants.

**Note 13. Commitments**

On February 5, 2020, the Town extended its solid waste and recycling contract with All Cycle Waste, Inc. (Casella) for the period May 1, 2020 to May 1, 2025. All Cycle is responsible for providing solid waste and recycling removal within the Town. They charge flat fees based on a projected annual baseline collection of 1,965 residents for disposal for a cost of \$56,569 per month for year 1, \$58,266 per month for year 2, \$60,014 per month for year 3, \$61,815 per month for year 4, and \$63,669 a month for year 5. Charges for these services for the years ended are:

Years ended June 30,	
2024	\$ 741,777
2025	764,030
Thereafter	-
Total	<u>\$ 1,505,807</u>

On April 5, 2021 the Town extended an agreement with the Franklin County Sheriff’s Office to provide law enforcement services through June 30, 2024. The monthly rate for the periods ending June 30, 2023 and 2024 are \$14,235 and \$14,843, respectively. There is also an annual fee of \$24,000 and \$29,000, respectively, for the same two periods.

**Note 14. Net Position / Fund Balances**

Net position in the governmental activities is restricted as follows:

Governmental Activities	
Reappraisal fund - restricted by agreement	\$ 128,611
Sidewalk fund - restricted by agreement	22,540
Zoning and planning - restricted by statute	2,906
Cemetery and Geneology Fund - restricted by statute	10,555
Highway grants fund - restricted by statute	32,247
Grants fund - restricted by statute	10,536
Fire reserve fund - restricted by statute	130,100
FNRE grant fund - restricted by agreement	4,519
Total Governmental Activities	<u>\$ 342,014</u>

**Note 14. Net Position / Fund Balances (Continued)**

The analysis of the fund balances at June 30, 2023 are as follows:

	<u>Balance</u> <u>6/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Proceeds/ Transfers</u>	<u>Balance</u> <u>6/30/2023</u>
Nonspendable fund balances					
General fund	\$ 14,430	\$ -	\$ 14,430	\$ -	\$ -
Total nonspendable fund balances	<u>\$ 14,430</u>	<u>\$ -</u>	<u>\$ 14,430</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted fund balances					
Zoning and planning	\$ 9,539	\$ 13,571	\$ 20,204	\$ -	\$ 2,906
Cemetery trusts	8,563	5,292	3,300	-	10,555
Reappraisal fund	109,173	19,490	52	-	128,611
Grants fund	10,483	53	-	-	10,536
Sidewalk fund	(51,334)	60,389	26,515	40,000	22,540
Highway grants fund	(268,537)	139,988	126,936	287,732	32,247
Fire expansion fund	-	-	40,751	1,175,218	1,134,467
Fire reserve fund	-	-	-	130,100	130,100
FNRE grant fund	-	10,003	5,484	-	4,519
Total restricted fund balances	<u>\$ (182,113)</u>	<u>\$ 248,786</u>	<u>\$ 223,242</u>	<u>\$ 1,633,050</u>	<u>\$ 1,476,481</u>
Committed fund balances					
Impact fees	\$ 115,245	\$ 48,216	\$ 12,280	\$ -	\$ 151,181
ARPA	3,303	41,440	40,131	-	4,612
Library rollover	7,113	1,010	818	-	7,305
Records reserve	83,610	15,875	-	-	99,485
Highway Reserve	12,514	8,982	10,448	-	11,048
ARPA Library	5	2,435	2,433	-	7
Fire replacement fund	103,501	519	-	-	104,020
Total committed fund balances	<u>\$ 325,291</u>	<u>\$ 118,477</u>	<u>\$ 66,110</u>	<u>\$ -</u>	<u>\$ 377,658</u>
Assigned fund balances					
History book	\$ 6,998	\$ 35	\$ -	\$ -	\$ 7,033
Settlement fund	13,897	34	10,981	-	2,950
Verizon land lease fund	-	6,754	-	-	6,754
Recreation park	68,191	84,098	62,725	-	89,564
Total assigned fund balances	<u>\$ 89,086</u>	<u>\$ 90,921</u>	<u>\$ 73,706</u>	<u>\$ -</u>	<u>\$ 106,301</u>
Unassigned fund balances					
General fund	\$ (417,537)	\$ 4,640,121	\$ 3,920,634	\$ (423,173)	\$ (121,223)
Utility extension fund	(1,481)	34,828	-	(88,610)	(55,263)
Total unassigned fund balances	<u>\$ (419,018)</u>	<u>\$ 4,674,949</u>	<u>\$ 3,920,634</u>	<u>\$ (511,783)</u>	<u>\$ (176,486)</u>
Total fund balances	<u>\$ (172,324)</u>	<u>\$ 5,133,133</u>	<u>\$ 4,298,122</u>	<u>\$ 1,121,267</u>	<u>\$ 1,783,954</u>



**Note 15. Reconciliation of Budgetary Basis and Reporting Basis**

The Budgetary Comparison Schedule presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with the reporting basis, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues over expenditures for the year ended June 30, 2023 is presented below:

General Fund	
Excess of cash receipts over cash disbursements - (Budgetary basis)	\$ 21,635
Adjustments:	
To adjust revenues for changes in delinquent taxes and interest	21,796
To adjust for changes in grants, other receivable and prepaids	(14,430)
To adjust revenues for changes in unearned taxes and interest	(10,496)
To adjust expenditures for changes in salary and grant accruals and accounts payable	<u>291,735</u>
Excess of revenues over expenditures - (Fund basis)	<u>\$ 310,240</u>

**Note 16. Tax Abatements**

The Town enters into property tax abatement agreements with local charitable and fraternal organizations pursuant to Vermont Statutes Annotated, Title 32, Chapter 125 §3840, as approved by the voters during town meeting. This statute states that fraternal organizations, volunteer fire, and ambulance or rescue companies who own real estate exclusively for such purposes, may be exempted from real estate taxation, either in whole or in part, for a period not exceeding 10 years, if the Town so votes. Upon the expiration of the exemption, the Town may vote additional periods of exemption not exceeding five years each. During the 2013 Town Meeting, the voters approved an initial ten year exemption of real estate taxes for the Fairfax EMS, Inc. The real property value exempted from taxes was \$422,100, which amounted to \$9,089 in taxes during the year ended June 30, 2023.

**Note 17. Prior Period Adjustment**

There were three prior period adjustments:

Correction of accounting for governmental activities' capital assets acquired previously that were previously left unrecorded by management. These capital assets totaled \$203,848 through the year ended June 30, 2022 across two asset classes: infrastructure and road equipment and vehicles.

Correction of accounting for governmental activities' accumulated depreciation due to previously unrecorded assets and change in depreciable lives of existing assets. The lives of many capital assets in the infrastructure class were revised to distinguish between long-term infrastructure and capital expenditures to increase the serviceable lives of those assets. This resulted in the increase in accumulated depreciation in the amount of \$918,349 through the year ended June 30, 2022.

Correction of accounting for governmental activities' accumulated interest. Accumulated interest was not previously significant. Recognizing accumulated interest increased accumulated interest in the amount of \$13,926 through the year ended June 30, 2022.

**Note 17. Prior Period Adjustment (Continued)**

As a result of these adjustments, the Town's net position through the year ended June 30, 2022 has been restated in the amount of \$2,322,089, a decrease of \$700,575 over the amount as previously stated.

**Note 18. Subsequent Events**

The Town has evaluated all subsequent events through February 15, 2024, the date the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**Town of Fairfax, Vermont**  
**Schedules of Required Supplementary Information**  
**Vermont Municipal Employees Retirement System**

**Schedule of the Town's Proportionate Share**  
**of the Net Pension Liability**  
**Last 9 Fiscal Years**

	<u>2022</u>	<u>#</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.17707%		0.17744%	0.18083%	0.16617%	0.16050%	0.1555%	0.1564%	0.1415%	14.1100%
Town's proportionate share of the net pension liability	\$ 537,180		\$ 261,161	\$ 457,460	\$ 288,290	\$ 225,821	\$ 188,407	\$ 201,230	\$ 109,096	\$ 12,880
Town's covered-employee payroll	\$ 708,821		\$ 657,503	\$ 651,802	\$ 555,252	\$ 567,589	\$ 461,744	\$ 432,082	\$ 368,012	\$ 355,195
Town's portion of the net pension liability as a percentage of the covered-employee payroll	75.79%		39.72%	70.18%	51.92%	39.79%	40.80%	46.57%	29.64%	3.63%
Plan fiduciary net position as a percentage of the total pension liability	73.60%		86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**Schedule of the Town's Contributions**  
**Last 9 Fiscal Years**

	<u>2022</u>	<u>#</u>	<u>2021</u>	<u>#</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 44,303		\$ 39,451		\$ 37,478	\$ 31,927	\$ 28,117	\$ 25,396	\$ 23,764	\$ 19,781	\$ 18,204
Contributions in relation to the statutorily required contribution	44,303		39,451		37,478	31,927	28,117	25,396	23,764	19,781	18,204
Annual contribution deficiency (excess)	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 708,821		\$ 657,503		\$ 651,802	\$ 555,252	\$ 567,589	\$ 461,744	\$ 432,082	\$ 368,012	\$ 355,195
Contributions in relation to the statutory required contribution as a percentage of the covered-employee payroll	6.25%		6.00%		5.75%	5.75%	5.750%	5.500%	5.500%	5.375%	5.125%

**Notes to the Required Supplementary Information - Pension**

**Changes in Assumptions:**

There have been no changes in actuarial assumptions since the last measurement date.

**Changes in Plan Provisions:**

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

**OTHER  
SUPPLEMENTARY INFORMATION**

**TOWN OF FAIRFAX, VERMONT**

**DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Preliminary and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
<b>Property Taxes</b>			
Property taxes - Town	\$ 11,044,326	\$ 9,513,737	\$ (1,530,589)
Delinquent taxes - Town	114,461	167,562	53,101
Total property taxes	11,158,787	9,681,299	(1,477,488)
Less payments to School District	(5,653,950)	(5,653,950)	-
Net property taxes	5,504,837	4,027,349	(1,477,488)
<b>Licenses, Permits and Fees</b>			
1st and 2nd class licenses	550	580	30
Dog licenses	4,000	3,563	(437)
Building permits	30,000	46,503	16,503
Fees on delinquent taxes	-	13,156	13,156
Zoning fees	8,500	12,310	3,810
Office recordings	60,000	43,338	(16,662)
Copy fees	28,000	31,293	3,293
Cemetery income	450	2,768	2,318
Vehicle registrations	50	24	(26)
Marriage licenses	300	320	20
Fire department receipts	12,100	10,765	(1,335)
Highway access permit	300	150	(150)
Weight permits and land posted permits	900	1,040	140
Total licenses and permits	145,150	165,840	20,690
<b>Intergovernmental</b>			
State highway aid	123,500	131,509	8,009
Hold harmless	72,000	85,596	13,596
Land use change tax	-	14,062	14,062
Pilot program	25	24	(1)
Total intergovernmental	195,525	231,191	35,666
<b>Charges for Services</b>			
Land rent	-	-	-
Hazardous waste	3,900	3,909	9
Fines	3,000	2,995	(5)
Total charges for services	6,900	6,904	4
<b>Interest</b>			
Interest from delinquent taxes	13,000	15,481	2,481
Interest income	-	6,792	6,792
Total interest	13,000	22,273	9,273
<b>Miscellaneous</b>			
General miscellaneous	7,000	7,000	-
Insurance proceeds	-	-	-
Non-budgeted income	-	136,877	136,877
Reimbursements and refunds	-	33,740	33,740
Total miscellaneous	7,000	177,617	170,617
Total cash receipts	5,872,412	4,631,174	(1,241,238)

Continued

**TOWN OF FAIRFAX, VERMONT**

**DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Preliminary and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH DISBURSEMENTS</b>			
<b>GENERAL GOVERNMENT</b>			
<b>Town Clerk's Office</b>			
Town clerk office salaries	113,364	124,674	(11,310)
Delinquent tax collector	-	16,738	(16,738)
Employee obligation - Retirement	46,887	44,245	2,642
Employee obligation - Social security and medicare	68,508	70,591	(2,083)
Computer services	21,200	19,988	1,212
Equipment and lease	4,500	4,848	(348)
Land records	2,000	1,684	316
Office maintenance and repairs	10,500	19,267	(8,767)
Office supplies	5,000	3,670	1,330
Postage and box rent	11,000	7,002	3,998
Professional services	13,000	16,579	(3,579)
Telephone	4,900	3,801	1,099
Water and sewer	6,800	7,312	(512)
Capital improvements	10,000	7,863	2,137
Direct deposit expense	-	928	(928)
Publications	1,000	579	421
	<u>318,659</u>	<u>349,769</u>	<u>(31,110)</u>
<b>Total town clerk's office</b>			
<b>Board Meetings and Elections</b>			
Civil Board payroll	6,550	7,130	(580)
Elections	5,500	4,294	1,206
	<u>12,050</u>	<u>11,424</u>	<u>626</u>
<b>Total board meetings and elections</b>			
<b>Officer Training and Expenses</b>			
Training and seminars	800	1,691	(891)
Mileage	300	325	(25)
	<u>1,100</u>	<u>2,016</u>	<u>(916)</u>
<b>Total officer training and expenses</b>			
<b>Assessors Office</b>			
Training	600	50	550
License	700	1,377	(677)
Mileage	1,000	287	713
Expenses and mapping	4,075	567	3,508
Payroll	32,359	31,886	473
	<u>38,734</u>	<u>34,167</u>	<u>4,567</u>
<b>Total assessors office</b>			
<b>Planning and Zoning Office</b>			
Salaries	47,375	45,407	1,968
Expenses	1,750	1,542	208
Mileage	350	111	239
Mapping service	20,000	3,986	16,014
Postage	500	-	500
Training	500	-	500
Attorney fees	2,000	833	1,167
Zoning and Planning Board	6,000	4,953	1,047

Continued

**TOWN OF FAIRFAX, VERMONT**

**DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
For the Year Ended June 30, 2023**

	<b>Preliminary and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CASH DISBURSEMENTS (Continued)</b>			
Publishing and notices	100	222	(122)
Total planning and zoning office	78,575	57,054	21,521
<b>Town Manager</b>			
Town Manager	92,608	87,102	5,506
Training	1,300	1,476	(176)
Supplies	500	516	(16)
Mileage	300	221	79
Miscellaneous	34,900	34,030	870
Total town manager	129,608	123,345	6,263
<b>Selectboard</b>			
Salaries - Selectboard	11,250	10,125	1,125
Total selectboard	11,250	10,125	1,125
<b>Administration</b>			
Franklin County Chamber of Commerce	89	89	-
Miscellaneous	-	4,355	(4,355)
Northwest Regional Planning Commission	5,617	5,616	1
Tax appeal	-	2,239	(2,239)
Vermont League of Cities and Towns	6,900	6,897	3
Tax sale expense	-	1,167	(1,167)
County tax	43,944	43,944	-
Total administration	56,550	64,307	(7,757)
<b>Insurances</b>			
Medical insurance	184,535	148,709	35,826
Property insurance	45,500	30,802	14,698
HRA contributions	22,500	698	21,802
Choice Cobra	435	520	(85)
HRA to IRS fee	400	84	316
Short-term disability	1,739	1,092	647
Workmen's compensation	31,737	21,015	10,722
Total insurances	286,846	202,920	83,926
Total general government	933,372	855,127	78,245
<b>HIGHWAYS &amp; STREETS</b>			
<b>Maintenance</b>			
Salaries	302,385	287,856	14,529
Sand	100,000	126,507	(26,507)
Chloride	40,000	60,056	(20,056)
Material	205,000	252,269	(47,269)
Maintenance	44,000	150,340	(106,340)
Deicing salt	125,000	169,444	(44,444)
Total maintenance	816,385	1,046,472	(230,087)
Continued			



**TOWN OF FAIRFAX, VERMONT**

**DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Preliminary and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH DISBURSEMENTS (Continued)</b>			
<b>Town Garage</b>			
Communications	3,250	4,320	(1,070)
Small tools and supplies	7,000	11,952	(4,952)
Uniforms	6,000	9,314	(3,314)
Utilities	6,400	8,859	(2,459)
	<u>22,650</u>	<u>34,445</u>	<u>(11,795)</u>
<b>Other Expenses</b>			
Bridges	185,000	241,000	(56,000)
Culverts	22,500	27,157	(4,657)
Covered bridge	500	244	256
Gas	46,000	70,786	(24,786)
Guardrails	5,500	1,283	4,217
Professional development	300	681	(381)
Signs	19,000	6,229	12,771
Special Projects	170,000	241,285	(71,285)
Stormwater MRGP	2,000	640	1,360
Street lights	4,900	4,879	21
Tree removal	25,000	16,779	8,221
Equipment	100,000	110,592	(10,592)
	<u>580,700</u>	<u>721,555</u>	<u>(140,855)</u>
Total other expenses			
	<u>1,419,735</u>	<u>1,802,472</u>	<u>(382,737)</u>
<b>SANITATION</b>			
Trucking	724,973	675,541	49,432
	<u>724,973</u>	<u>675,541</u>	<u>49,432</u>
<b>PUBLIC SAFETY</b>			
<b>Animal Control</b>			
Salaries	4,400	4,764	(364)
Mileage	250	212	38
Boarding	500	459	41
	<u>5,150</u>	<u>5,435</u>	<u>(285)</u>

Continued

**TOWN OF FAIRFAX, VERMONT**

**DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
For the Year Ended June 30, 2023**

	<u>Preliminary and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH DISBURSEMENTS (Continued)</b>			
<b>Fire Department</b>			
Salaries	96,308	109,781	(13,473)
Utilities	6,500	9,634	(3,134)
Telephone and dispatch	60,100	57,290	2,810
Training and seminars	2,500	4,173	(1,673)
OSHA mandated health checks	1,000	-	1,000
Equipment and supplies	27,000	14,980	12,020
Maintenance - General	5,000	7,261	(2,261)
Maintenance - Truck	29,000	30,521	(1,521)
Mileage	700	607	93
Fuel oil and gasoline	5,000	1,791	3,209
Turn out gear replacement	8,000	5,823	2,177
	<u>241,108</u>	<u>241,861</u>	<u>(753)</u>
<b>General Public Safety Expenditures</b>			
Law enforcement	194,820	132,371	62,449
Emergency management	2,750	1,600	1,150
	<u>197,570</u>	<u>133,971</u>	<u>63,599</u>
Total general public safety expenditures	<u>197,570</u>	<u>133,971</u>	<u>63,599</u>
Total public safety	<u>443,828</u>	<u>381,267</u>	<u>62,561</u>
<b>PARKS, RECREATION, LIBRARY, AND CEMETERIES</b>			
<b>Recreation Park</b>			
Salaries	69,440	59,390	10,050
Water and sewer	7,800	9,037	(1,237)
Field maintenance	21,000	24,206	(3,206)
Membership and conferences	2,000	558	1,442
Mileage	400	-	400
Office expense	750	1,367	(617)
Printing	750	143	607
Events	10,400	1,793	8,607
	<u>112,540</u>	<u>96,494</u>	<u>16,046</u>
<b>Fairfax Community Library</b>			
Payroll	90,884	85,703	5,181
Books and supplies	2,575	2,170	405
Insurance	1,300	1,297	3
Telephone	2,120	720	1,400
Professional development	1,594	188	1,406
Subscriptions	17,352	15,285	2,067
Technology and software	3,000	2,192	808
Programs	5,705	2,593	3,112
	<u>124,530</u>	<u>110,148</u>	<u>14,382</u>
Total Fairfax Community Library	<u>124,530</u>	<u>110,148</u>	<u>14,382</u>

Continued

**TOWN OF FAIRFAX, VERMONT**

**DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
For the Year Ended June 30, 2023**

	<b>Preliminary and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CASH DISBURSEMENTS (Continued)</b>			
Cemeteries			
Repairs	9,000	3,555	5,445
Memorial Day flags	500	515	(15)
Total cemeteries	9,500	4,070	5,430
Total parks, recreation, library, and cemeteries	246,570	210,712	35,858
<b>MISCELLANEOUS</b>			
<b>Warned Items</b>			
New Town Office	62,890	62,883	7
Fairfax Rescue	119,519	119,519	-
Social Service	24,497	24,497	-
Total warned items	206,906	206,899	7
Total miscellaneous	206,906	206,899	7
<b>DEBT SERVICE</b>			
Interest	12,000	19,688	(7,688)
Total debt service	12,000	19,688	(7,688)
Total cash disbursements	3,987,384	4,151,706	(164,322)
Excess (deficiency) of cash receipts over cash disbursements	1,885,028	479,468	(1,405,560)
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan Proceeds	-	-	-
Operating transfers out	(40,000)	(457,832)	(417,832)
Total other financing sources (uses)	(40,000)	(457,832)	(417,832)
Excess (deficiency) of cash receipts over cash disbursements and other financing sources (uses)	\$ 1,845,028	\$ 21,636	\$ (1,823,392)

**TOWN OF FAIRFAX, VERMONT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2023**

	Zoning and Planning Fund	Fairfax History Book Fund	Verizon Land Lease Fund	Cemetery & Genealogy Fund	Highway Grants Fund	Impact Fees	Records Reserve Fund	Fairfax Recreation Park Fund	Fire Reserve Fund	Fire Replacement Fund	Library Rollover Fund	Grants Fund	Settlement Fund	Highway Reserve Fund	ARPA Library Fund	FNRE Grant Fund	Total Current Year
<b>ASSETS</b>																	
Cash	\$ -	\$ -	\$ -	\$ 1,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,079	\$ 8,709
Grants receivable	-	-	-	-	20,085	-	-	-	-	-	-	-	-	-	-	-	20,085
Lease receivable	-	-	133,759	-	-	-	-	-	-	-	-	-	-	-	-	-	133,759
Due from other funds	5,850	7,033	6,754	8,925	12,162	151,181	99,485	89,564	130,100	104,020	7,305	10,536	2,950	11,048	7	-	646,920
Total assets	<u>\$ 5,850</u>	<u>\$ 7,033</u>	<u>\$ 140,513</u>	<u>\$ 10,555</u>	<u>\$ 32,247</u>	<u>\$ 151,181</u>	<u>\$ 99,485</u>	<u>\$ 89,564</u>	<u>\$ 130,100</u>	<u>\$ 104,020</u>	<u>\$ 7,305</u>	<u>\$ 10,536</u>	<u>\$ 2,950</u>	<u>\$ 11,048</u>	<u>\$ 7</u>	<u>\$ 7,079</u>	<u>\$ 809,473</u>
<b>LIABILITIES AND FUND BALANCES</b>																	
<b>LIABILITIES</b>																	
Accounts payable	\$ 2,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,560	\$ 5,504
Total liabilities	<u>2,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,560</u>	<u>5,504</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>																	
Unavailable revenue - Lease	-	-	133,759	-	-	-	-	-	-	-	-	-	-	-	-	-	133,759
Total liabilities	<u>-</u>	<u>-</u>	<u>133,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,759</u>
<b>FUND BALANCES</b>																	
Restricted	2,906	-	-	10,555	32,247	-	-	-	130,100	-	-	10,536	-	-	-	4,519	190,863
Committed	-	-	-	-	-	151,181	99,485	-	-	104,020	7,305	-	-	11,048	7	-	373,046
Assigned	-	7,033	6,754	-	-	-	-	89,564	-	-	-	-	2,950	-	-	-	106,301
Total fund balances	<u>2,906</u>	<u>7,033</u>	<u>6,754</u>	<u>10,555</u>	<u>32,247</u>	<u>151,181</u>	<u>99,485</u>	<u>89,564</u>	<u>130,100</u>	<u>104,020</u>	<u>7,305</u>	<u>10,536</u>	<u>2,950</u>	<u>11,048</u>	<u>7</u>	<u>4,519</u>	<u>670,210</u>
Total liabilities and fund balances	<u>\$ 5,850</u>	<u>\$ 7,033</u>	<u>\$ 140,513</u>	<u>\$ 10,555</u>	<u>\$ 32,247</u>	<u>\$ 151,181</u>	<u>\$ 99,485</u>	<u>\$ 89,564</u>	<u>\$ 130,100</u>	<u>\$ 104,020</u>	<u>\$ 7,305</u>	<u>\$ 10,536</u>	<u>\$ 2,950</u>	<u>\$ 11,048</u>	<u>\$ 7</u>	<u>\$ 7,079</u>	<u>\$ 809,473</u>

**TOWN OF FAIRFAX, VERMONT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2023**

	Zoning and Planning Fund	Fairfax History Book Fund	Verizon Land Lease Fund	Cemetery & Genealogy Fund	Highway Grants Fund	Impact Fees	Records Reserve Fund	Fairfax Recreation Park Fund	Fire Reserve Fund	Fire Replacement Fund	Library Rollover Fund	Grants Fund	Settlement Fund	Highway Reserve Fund	ARPA Library Fund	FNRE Grant Fund	Total Current Year
<b>REVENUES</b>																	
Intergovernmental																	
State revenues	\$ 13,520	\$ -	\$ -	\$ -	\$ 139,988	\$ -	\$ -	\$ 3,202	\$ -	\$ -	\$ -	\$ 53	\$ -	\$ 8,917	\$ 2,433	\$ 10,000	\$ 178,113
Total intergovernmental	13,520	-	-	-	139,988	-	-	3,202	-	-	-	53	-	8,917	2,433	10,000	178,113
Impact fees																	
Transportation	-	-	-	-	-	10,880	-	-	-	-	-	-	-	-	-	-	10,880
Recreation	-	-	-	-	-	700	-	-	-	-	-	-	-	-	-	-	700
Town administration	-	-	-	-	-	14,760	-	-	-	-	-	-	-	-	-	-	14,760
Fire department	-	-	-	-	-	5,170	-	-	-	-	-	-	-	-	-	-	5,170
School and education	-	-	-	-	-	16,050	-	-	-	-	-	-	-	-	-	-	16,050
Total impact fees	-	-	-	-	-	47,560	-	-	-	-	-	-	-	-	-	-	47,560
Charges for services																	
Recreation fees	-	-	-	-	-	-	-	70,426	-	-	-	-	-	-	-	-	70,426
Total charges for services	-	-	-	-	-	-	-	70,426	-	-	-	-	-	-	-	-	70,426
Interest income	51	35	-	32	-	656	-	300	-	519	1,010	-	34	65	2	3	2,707
Miscellaneous income	-	-	6,754	5,260	-	-	15,875	10,170	-	-	-	-	-	-	-	-	38,059
Total revenues	13,571	35	6,754	5,292	139,988	48,216	15,875	84,098	-	519	1,010	53	34	8,982	2,435	10,003	336,865
<b>EXPENDITURES</b>																	
General government																	
Regional planning	20,204	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,204
Records preservation	-	-	-	3,300	-	-	-	-	-	-	-	-	-	-	-	-	3,300
Total general government	20,204	-	-	3,300	-	-	-	-	-	-	-	-	-	-	-	-	23,504
Highway	-	-	-	-	126,936	12,280	-	-	-	-	-	-	-	10,448	-	-	149,664
Parks, recreation and library	-	-	-	-	-	-	-	62,725	-	-	818	-	-	-	2,433	5,484	71,460
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	10,981	-	-	-	10,981
Total expenditures	20,204	-	-	3,300	126,936	12,280	-	62,725	-	-	818	-	10,981	10,448	2,433	5,484	255,609
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(6,633)	35	6,754	1,992	13,052	35,936	15,875	21,373	-	519	192	53	(10,947)	(1,466)	2	4,519	81,256
<b>OTHER FINANCING SOURCES</b>																	
Operating transfer in	-	-	-	-	287,732	-	-	-	130,100	-	-	-	-	-	-	-	417,832
Total other financing sources	-	-	-	-	287,732	-	-	-	130,100	-	-	-	-	-	-	-	417,832
Excess (deficiency) of revenues over expenditures and other financing sources	(6,633)	35	6,754	1,992	300,784	35,936	15,875	21,373	130,100	519	192	53	(10,947)	(1,466)	2	4,519	499,088
Fund balances at beginning of year	9,539	6,998	-	8,563	(268,537)	115,245	83,610	68,191	-	103,501	7,113	10,483	13,897	12,514	5	-	171,122
Fund balances at end of year	\$ 2,906	\$ 7,033	\$ 6,754	\$ 10,555	\$ 32,247	\$ 151,181	\$ 99,485	\$ 89,564	\$ 130,100	\$ 104,020	\$ 7,305	\$ 10,536	\$ 2,950	\$ 11,048	\$ 7	\$ 4,519	\$ 670,210