

TOWN OF HINESBURG, VERMONT

Financial Statements

Year Ended June 30, 2023

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Independent Auditor's Report

To the Selectboard
Town of Hinesburg, Vermont
Hinesburg, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hinesburg, 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 Hinesburg, 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 Hinesburg, Vermont, as of June 30, 2023, and the respective changes in financial position 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 Hinesburg, 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 Hinesburg, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 Hinesburg, 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 Hinesburg, 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 management's discussion and analysis, budgetary comparison information, and pension related information on pages 4-10 and 46-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hinesburg, Vermont's basic financial statements. The combining fund 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 was derived from and relates 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 combining fund 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 January 15, 2024, on our consideration of Town of Hinesburg, 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 Town of Hinesburg, 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 Town of Hinesburg, Vermont's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman P.C.
License # 092.0131564
Middlebury, Vermont
January 15, 2024

TOWN OF HINESBURG, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023

As management of the Town of Hinesburg, Vermont, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements are divided into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, fire, building and facilities departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The Town charges a fees to customers to help it cover all or most of the cost of certain services it provides. The Town's water and wastewater systems are reported here.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town uses three categories of funds - governmental, proprietary, and fiduciary.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, capital projects fund, VCDP fund, and ARPA fund, all of which are considered major funds. The cemetery fund and impact fee fund are aggregated and reported as nonmajor governmental funds. Individual fund data for each of these governmental funds is provided in the form of combining schedules elsewhere in this report.

The general fund is the only fund which the Town legally adopts a budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary funds

The Town use a proprietary fund to report functions of business-type activities in the government-wide financial statements. The Town maintains one proprietary fund that is an enterprise funds. Enterprise fund are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for the Water and Sewer Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The supplementary information can be found immediately after the notes to the financial statements.

Supplementary information

Supplementary information includes financial statements and schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The combining statements for nonmajor special revenue funds are presented following the required supplementary information.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in the statement of net position by \$19,210,456 (i.e., net position), a change of \$2,627,415 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue in the statement of activities of \$5,146,845, a change of \$461,345 in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total revenue in the statement of activities of \$3,616,191, a change of \$2,370,212 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses in the statement of activities of \$4,881,636, a change of \$209,287 in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total expenses in the statement of activities of \$1,253,985, a change of \$196,230 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$2,681,879, a change of \$82,586 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total revenue of \$5,199,825, a change of \$513,505 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total expenses of \$5,159,639, a change of \$734,392 in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$677,864, a change of \$(282,228) in comparison to the prior year.
- As of the close of the current fiscal year, proprietary funds reported a combined ending net position of \$6,697,889, a change of \$2,362,206 in comparison to the prior year.
- As of the close of the current fiscal year, the proprietary funds reported total revenue of \$3,616,191, a change of \$2,370,212 in comparison to the prior year.
- As of the close of the current fiscal year, the proprietary funds reported total expenses of \$1,253,985, a change of \$196,230 in comparison to the prior year.
- When comparing budgeted revenues and other financing sources of \$4,511,215 and budgeted expenditures and other financing uses of \$4,787,215 in the general fund, the Town's received was \$4,700,047 and spent of \$4,870,783.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

<u>Net Position</u>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 5,700,267	\$ 5,140,894	\$ 1,337,088	\$ 1,365,169	\$ 7,037,355	\$ 6,506,063
Noncurrent assets	13,946,637	14,056,140	7,833,966	7,725,095	21,780,603	21,781,235
Total assets	19,646,904	19,197,034	9,171,054	9,090,264	28,817,958	28,287,298
Deferred outflows of resources	306,308	222,294	125,112	59,091	431,420	281,385
Total assets and deferred outflows of resources	<u>\$ 19,953,212</u>	<u>\$ 19,419,328</u>	<u>\$ 9,296,166</u>	<u>\$ 9,149,355</u>	<u>\$ 29,249,378</u>	<u>\$ 28,568,683</u>
Liabilities						
Current liabilities	\$ 562,417	\$ 166,077	\$ 363,336	\$ 350,654	\$ 925,753	\$ 350,518
Long-term liabilities	5,679,091	5,978,322	2,234,322	4,399,312	7,913,413	10,543,847
Total liabilities	6,241,508	6,144,399	2,597,658	4,749,966	8,839,166	10,894,365
Deferred inflows of resources	1,199,137	1,027,571	619	63,706	1,199,756	1,091,277
Net position						
Net investment in capital assets	8,822,823	8,612,216	5,750,096	3,287,966	14,572,919	11,900,182
Restricted	783,516	815,466	-	-	783,516	815,466
Unrestricted	2,906,228	2,819,676	947,793	1,047,717	3,854,021	3,867,393
Total net position	12,512,567	12,247,358	6,697,889	4,335,683	19,210,456	16,583,041
Total liabilities, deferred inflows, and net position	<u>\$ 19,953,212</u>	<u>\$ 19,419,328</u>	<u>\$ 9,296,166</u>	<u>\$ 9,149,355</u>	<u>\$ 29,249,378</u>	<u>\$ 28,568,683</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$19,210,456, a change of \$2,627,415 from the prior year.

The largest portion of net position, \$14,572,919, reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$783,516, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$3,854,021 is unrestricted net position, which is the part of net position that may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 378,634	\$ 352,331	\$ 1,169,860	\$ 1,232,555	\$ 1,548,494	\$ 1,584,886
Operating grants	793,974	463,123	-	-	793,974	463,123
General revenues:						
Property taxes	3,773,342	3,652,231	-	-	3,773,342	3,652,231
Investment income	48,378	4,058	12,663	13,424	61,041	17,482
Miscellaneous	152,517	213,757	2,433,668	-	2,586,185	213,757
Total revenues	5,146,845	4,685,500	3,616,191	1,245,979	8,763,036	5,931,479
Program expenses:						
Governmental activities:						
General government	1,169,227	1,357,486	-	-	1,169,227	1,357,486
Public safety	1,388,745	1,231,822	-	-	1,388,745	1,231,822
Highway and streets	1,425,904	1,108,089	-	-	1,425,904	1,108,089
Culture and recreation	189,810	344,897	-	-	189,810	344,897
Health and cemetery	194,302	147,472	-	-	194,302	147,472
County tax	29,131	27,381	-	-	29,131	27,381
Agency request	324,276	317,444	-	-	324,276	317,444
Community development	50,000	-	-	-	50,000	-
Interest	110,241	137,758	-	-	110,241	137,758
Business-type activities						
Water	-	-	241,421	202,798	241,421	202,798
Wastewater	-	-	298,387	245,989	298,387	245,989
Shared expenses	-	-	714,177	608,968	714,177	608,968
Total expenses	4,881,636	4,672,349	1,253,985	1,057,755	6,135,621	5,730,104
Change in net position	265,209	13,151	2,362,206	188,224	2,627,415	201,375
Net position - beginning of year	12,247,358	12,234,207	4,335,683	4,147,459	16,583,041	16,381,666
Net position - end of year	\$ 12,512,567	\$ 12,247,358	\$ 6,697,889	\$ 4,335,683	\$ 19,210,456	\$ 16,583,041

Governmental activities

Governmental activities for the year resulted in a change in net position of \$265,209. Key elements of this change are as follows:

General fund operations	\$ (170,736)
Capital projects funds activities	262,810
VCDP fund activities	(22,012)
Nonmajor special revenue fund activities	12,524
Change in unavailable revenue	(52,980)
Acquisition of fixed assets	806,629
Depreciation expense	(910,934)
Long-term debt payments	357,312
New long term note	(42,400)
Change in accrued interest	7,327
Change in compensated absences	58,662
Change in employee benefits	(40,993)
Total	<u>\$ 265,209</u>

Business-type activities

Business-type activities for the year resulted in a change in net position of \$2,362,206. The key element of this change is due to an increase in revenue of \$2,370,212.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The fund balance of the Town's governmental funds as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds:			
General fund:			
Nonspendable	\$ 12,756	\$ 1,929	\$ 10,827
Restricted	225,418	197,880	27,538
Assigned	269,969	196,842	73,127
Unassigned	677,864	960,092	(282,228)
Capital fund:			
Restricted	128,179	178,179	(50,000)
Assigned	937,774	624,964	312,810
VCDP fund:			
Restricted	142,591	164,603	(22,012)
Nonmajor funds:			
Special revenue funds			
Restricted	<u>287,328</u>	<u>274,804</u>	<u>12,524</u>
Total fund balance – governmental funds	\$ <u>2,681,879</u>	\$ <u>2,599,293</u>	\$ <u>82,586</u>

The general fund is the chief operating fund. At June 30, 2023 the general fund's total fund balance was \$1,186,007.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the Town reallocates funds within the General Fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the Town's original and final general fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

There was no difference between the original and final budget for the general fund.

Fiscal year 2023 revenues and other financing sources were \$188,832 over budget and expenditures were \$83,568 over budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental and business-type activities at year end amounted to \$21,775,176 (net of accumulated depreciation) consisting of \$13,941,210 in governmental activities and \$7,833,966 in business-type activities. This investment in capital assets includes land, buildings and system improvements, construction in progress, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Capital Asset Additions:

Governmental Activities

Fire radios	\$	134,399
Village South sidewalk		173,125
291 acres of land		176,500
Fire station study		23,671
Town hall study		23,671

Business-type Activities

Wastewater Upgrade	\$	193,523
Water control building doors		17,630

Debt Administration

At June 30, 2023, the Town's long-term debt balance consisting of bonds payable, notes payable, and lease liability totaled \$7,207,684.

The Town's other long-term liabilities include accrued compensated absences and net pension liability.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was aware of the following existing circumstances that could affect its future financial health.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Todd Odit, Town Manager at Town of Hinesburg, Vermont at 10632 VT Route 116, Hinesburg VT 05843 or by phone at 802-482-2281.

TOWN OF HINESBURG, VERMONT
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,199,311	\$ 987,410	\$ 4,186,721
Cash - restricted	531,051	-	531,051
Investments - restricted	49,801	-	49,801
Accounts receivable	60,112	349,678	409,790
Due from other governments	182,693	-	182,693
Delinquent taxes, net	80,941	-	80,941
Delinquent tax interest	22,228	-	22,228
Note receivable	1,469,685	-	1,469,685
Prepaid expenses	12,756	-	12,756
Due from other funds	91,689	-	91,689
Total current assets	<u>5,700,267</u>	<u>1,337,088</u>	<u>7,037,355</u>
Non-current assets:			
Capital assets, net	13,941,210	7,833,966	21,775,176
Right to use assets, net	5,427	-	5,427
Total non-current assets	<u>13,946,637</u>	<u>7,833,966</u>	<u>21,780,603</u>
Total assets	<u>19,646,904</u>	<u>9,171,054</u>	<u>28,817,958</u>
Deferred outflows of resources			
VMERS - pensions	306,308	125,112	431,420
Total assets and deferred outflows of resources	<u>\$ 19,953,212</u>	<u>\$ 9,296,166</u>	<u>\$ 29,249,378</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 243,317	\$ 62,178	\$ 305,495
Accrued liabilities	35,493	38,764	74,257
Due to general fund	-	91,689	91,689
Bonds and notes payable, current portion	280,997	170,705	451,702
Lease liability, current portion	2,610	-	2,610
Total current liabilities	<u>562,417</u>	<u>363,336</u>	<u>925,753</u>
Long term liabilities:			
Bonds and notes payable, less current portion	4,837,390	1,913,165	6,750,555
Lease liability, less current portion	2,817	-	2,817
Compensated absences	74,999	9,147	84,146
Net pension liability - proportionate share	763,885	312,010	1,075,895
Total long-term liabilities	<u>5,679,091</u>	<u>2,234,322</u>	<u>7,913,413</u>
Total liabilities	<u>6,241,508</u>	<u>2,597,658</u>	<u>8,839,166</u>
Deferred inflows of resources			
Unearned grant revenue	1,163,012	-	1,163,012
Taxes collected in advance	34,611	-	34,611
VMERS - pension	1,514	619	2,133
Total deferred inflows of resources	<u>1,199,137</u>	<u>619</u>	<u>1,199,756</u>
Net Position			
Net investment in capital assets	8,822,823	5,750,096	14,572,919
Restricted	783,516	-	783,516
Unrestricted	2,906,228	947,793	3,854,021
Total net position	<u>12,512,567</u>	<u>6,697,889</u>	<u>19,210,456</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 19,953,212</u>	<u>\$ 9,296,166</u>	<u>\$ 29,249,378</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Statement of Activities
Year Ended June 30, 2023

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government						
Governmental activities						
General government	\$ 1,169,227	\$ 310,194	\$ -	\$ (859,033)	\$ -	\$ (859,033)
Public safety	1,388,745	68,440	-	(1,320,305)	-	(1,320,305)
Highway and streets	1,425,904	-	793,974	(631,930)	-	(631,930)
Culture and recreation	189,810	-	-	(189,810)	-	(189,810)
Health and cemetery	194,302	-	-	(194,302)	-	(194,302)
County tax	29,131	-	-	(29,131)	-	(29,131)
Agency request	324,276	-	-	(324,276)	-	(324,276)
Community development	50,000	-	-	(50,000)	-	(50,000)
Interest	110,241	-	-	(110,241)	-	(110,241)
Total governmental activities	<u>4,881,636</u>	<u>378,634</u>	<u>793,974</u>	<u>(3,709,028)</u>	<u>-</u>	<u>(3,709,028)</u>
Business-type activities						
Water	241,421	624,232	-	-	382,811	382,811
Sewer	298,387	545,628	-	-	247,241	247,241
Shared expenses	714,177	-	-	-	(714,177)	(714,177)
Total business-type activities	<u>1,253,985</u>	<u>1,169,860</u>	<u>-</u>	<u>-</u>	<u>(84,125)</u>	<u>(84,125)</u>
Total primary government	<u>\$ 6,135,621</u>	<u>\$ 1,548,494</u>	<u>\$ 793,974</u>	<u>(3,709,028)</u>	<u>(84,125)</u>	<u>(3,793,153)</u>
General revenues						
Real property taxes, penalties and interest				3,773,342	-	3,773,342
Investment earnings				48,378	12,663	61,041
Miscellaneous				152,517	2,433,668	2,586,185
Total general revenues				<u>3,974,237</u>	<u>2,446,331</u>	<u>6,420,568</u>
Change in net position				265,209	2,362,206	2,627,415
Net position - beginning of year				<u>12,247,358</u>	<u>4,335,683</u>	<u>16,583,041</u>
Net position - end of year				<u>\$ 12,512,567</u>	<u>\$ 6,697,889</u>	<u>\$ 19,210,456</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	VCDP Fund	ARPA Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,199,311	\$ -	\$ -	\$ -	\$ -	\$ 3,199,311
Cash - restricted	-	130,496	142,802	-	257,753	531,051
Investments - restricted	-	-	-	-	49,801	49,801
Accounts receivable	60,112	-	-	-	-	60,112
Due from other governments	182,693	-	-	-	-	182,693
Delinquent taxes, net	80,941	-	-	-	-	80,941
Delinquent tax interest	22,228	-	-	-	-	22,228
Note receivable	270,259	-	1,199,426	-	-	1,469,685
Prepaid expenses	12,756	-	-	-	-	12,756
Due from other funds	91,689	1,052,869	-	1,138,119	-	2,282,677
Total assets	\$ 3,919,989	\$ 1,183,365	\$ 1,342,228	\$ 1,138,119	\$ 307,554	\$ 7,891,255
Liabilities						
Accounts payable	\$ 117,594	\$ 117,412	\$ 210	\$ 4,050	\$ 4,051	\$ 243,317
Accrued liabilities	18,820	-	-	-	-	18,820
Due to other funds	2,174,813	-	-	-	16,175	2,190,988
Total liabilities	2,311,227	117,412	210	4,050	20,226	2,453,125
Deferred inflows of resources						
Unavailable revenue - taxes	88,942	-	-	-	-	88,942
Unavailable revenue						
- community development	270,259	-	1,199,427	-	-	1,469,686
Unearned grant revenue	28,943	-	-	1,134,069	-	1,163,012
Taxes collected in advance	34,611	-	-	-	-	34,611
Total deferred inflows of resources	422,755	-	1,199,427	1,134,069	-	2,756,251
Fund Balance						
Nonspendable	12,756	-	-	-	-	12,756
Restricted	225,418	128,179	142,591	-	287,328	783,516
Assigned	269,969	937,774	-	-	-	1,207,743
Unassigned	677,864	-	-	-	-	677,864
Total fund balance	1,186,007	1,065,953	142,591	-	287,328	2,681,879
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,919,989	\$ 1,183,365	\$ 1,342,228	\$ 1,138,119	\$ 307,554	\$ 7,891,255

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
Assets				
Cash and cash equivalents	\$ 3,199,311	\$ -	\$ -	\$ 3,199,311
Cash - restricted	531,051	-	-	531,051
Investments - restricted	49,801	-	-	49,801
Accounts receivable	60,112	-	-	60,112
Due from other governments	182,693	-	-	182,693
Delinquent taxes, net	80,941	-	-	80,941
Delinquent tax interest	22,228	-	-	22,228
Note receivable	1,469,685	-	-	1,469,685
Prepaid expenses	12,756	-	-	12,756
Due from other funds	2,282,677	-	(2,190,988)	91,689
Capital assets, net	-	13,941,210	-	13,941,210
Right to use assets, net	-	5,427	-	5,427
Total assets	<u>7,891,255</u>	<u>13,946,637</u>	<u>(2,190,988)</u>	<u>19,646,904</u>
Deferred outflows of resources				
VMERS - pensions	-	306,308	-	306,308
Total assets and deferred outflows of resources	<u>\$ 7,891,255</u>	<u>\$ 14,252,945</u>	<u>\$ (2,190,988)</u>	<u>\$ 19,953,212</u>
Liabilities				
Accounts payable	\$ 243,317	\$ -	\$ -	\$ 243,317
Accrued liabilities	18,820	16,673	-	35,493
Due to other funds	2,190,988	-	(2,190,988)	-
Bonds payable and notes payable	-	5,118,387	-	5,118,387
Lease liability	-	5,427	-	5,427
Compensated absences	-	74,999	-	74,999
Net pension liability - proportionate share	-	763,885	-	763,885
Total liabilities	<u>2,453,125</u>	<u>5,979,371</u>	<u>(2,190,988)</u>	<u>6,241,508</u>
Deferred inflows of resources				
Unavailable revenue - taxes	88,942	(88,942)	-	-
Unavailable revenue				
- community development	1,469,686	(1,469,686)	-	-
Unearned grant revenue	1,163,012	-	-	1,163,012
Taxes collected in advance	34,611	-	-	34,611
VMERS - pension	-	1,514	-	1,514
Total deferred inflows or resources	<u>2,756,251</u>	<u>(1,557,114)</u>	<u>-</u>	<u>1,199,137</u>
Fund balance/net position				
Total fund balance/net position	<u>2,681,879</u>	<u>9,830,688</u>	<u>-</u>	<u>12,512,567</u>
Total liabilities, deferred inflows of resources, and fund balance/net position	<u>\$ 7,891,255</u>	<u>\$ 14,252,945</u>	<u>\$ (2,190,988)</u>	<u>\$ 19,953,212</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Statement of Revenues, Expenditures,
And Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2023

	General Fund	Capital Projects Fund	VCDP Fund	ARPA Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 3,750,876	\$ -	\$ -	\$ -	\$ -	\$ 3,750,876
Penalties and interest	28,430	-	-	-	-	28,430
Licenses and permits	57,755	-	-	-	-	57,755
Impact fees	-	-	-	-	49,331	49,331
Intergovernmental	394,600	202,092	-	219,056	-	815,748
Charges for services	220,899	31,540	-	-	-	252,439
Fines and forfeits	19,109	-	-	-	-	19,109
Investment income	44,172	-	3,586	-	620	48,378
Miscellaneous	134,206	8,265	25,242	-	10,046	177,759
Total revenues	4,650,047	241,897	28,828	219,056	59,997	5,199,825
Expenditures						
General government	1,362,481	-	-	23,672	-	1,386,153
Public safety	1,157,933	52,699	-	195,384	37,953	1,443,969
Highway and streets	613,090	435,700	-	-	-	1,048,790
Culture and recreation	173,119	34,179	840	-	-	208,138
Health and cemetery	184,782	-	-	-	9,520	194,302
County tax	29,131	-	-	-	-	29,131
Agency request	324,276	-	-	-	-	324,276
Community Development	-	-	50,000	-	-	50,000
Debt service:						
Principal	191,479	165,833	-	-	-	357,312
Interest	107,714	9,854	-	-	-	117,568
Total expenditures	4,144,005	698,265	50,840	219,056	47,473	5,159,639
Excess/(deficiency) of revenues over/(under) expenditures	506,042	(456,368)	(22,012)	-	12,524	40,186
Other financing sources (uses)						
Loan Proceeds	-	42,400	-	-	-	42,400
Transfers in	50,000	726,778	-	-	-	776,778
Transfers (out)	(726,778)	(50,000)	-	-	-	(776,778)
Total other financing sources (uses)	(676,778)	719,178	-	-	-	42,400
Change in fund balance	(170,736)	262,810	(22,012)	-	12,524	82,586
Fund balance - beginning of year	1,356,743	803,143	164,603	-	274,804	2,599,293
Fund balance - end of year	\$ 1,186,007	\$ 1,065,953	\$ 142,591	-	\$ 287,328	\$ 2,681,879

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Reconciliation of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2023

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Property taxes	\$ 3,750,876	\$ (5,964)	\$ -	\$ -	\$ 3,744,912
Penalties and interest	28,430	-	-	-	28,430
Licenses and permits	57,755	-	-	-	57,755
Impact fees	49,331	-	-	-	49,331
Intergovernmental	815,748	(21,774)	-	-	793,974
Charges for services	252,439	-	-	-	252,439
Fines and forfeits	19,109	-	-	-	19,109
Investment income	48,378	-	-	-	48,378
Miscellaneous	177,759	(25,242)	-	-	152,517
Total revenues	<u>5,199,825</u>	<u>(52,980)</u>	<u>-</u>	<u>-</u>	<u>5,146,845</u>
Expenditures/Expenses					
General government	1,386,153	87,433	(300,172)	(4,187)	1,169,227
Public safety	1,443,969	141,690	(195,903)	(1,011)	1,388,745
Highway and streets	1,048,790	492,532	(115,418)	-	1,425,904
Culture and recreation	208,138	176,808	(195,136)	-	189,810
Health and cemetery	194,302	-	-	-	194,302
County tax	29,131	-	-	-	29,131
Agency request	324,276	-	-	-	324,276
Community development	50,000				50,000
Debt service:					
Principal	357,312	-	-	(357,312)	-
Interest	117,568	(7,327)	-	-	110,241
Total expenditures/expenses	<u>5,159,639</u>	<u>891,136</u>	<u>(806,629)</u>	<u>(362,510)</u>	<u>4,881,636</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>40,186</u>	<u>(944,116)</u>	<u>806,629</u>	<u>362,510</u>	<u>265,209</u>
Other financing sources (uses)					
Loan Proceeds	42,400	-	-	(42,400)	-
Transfers in	776,778	(776,778)	-	-	-
Transfers (out)	(776,778)	776,778	-	-	-
	<u>42,400</u>	<u>-</u>	<u>-</u>	<u>(42,400)</u>	<u>-</u>
Net change for the year	<u>\$ 82,586</u>	<u>\$ (944,116)</u>	<u>\$ 806,629</u>	<u>\$ 320,110</u>	<u>\$ 265,209</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Statement of Net Position
Proprietary Fund
June 30, 2023

	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 987,410
Accounts receivable	349,678
Total current assets	<u>1,337,088</u>
Noncurrent assets	
Capital assets, net	<u>7,833,966</u>
Total assets	<u>9,171,054</u>
Deferred outflows of resources	
Pensions	<u>125,112</u>
Total assets and deferred outflows of resources	<u>\$ 9,296,166</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 62,178
Accrued liabilities	38,764
Due to general fund	91,689
Bonds and notes payable, current portion	170,705
Total current liabilities	<u>363,336</u>
Noncurrent liabilities	
Bonds and notes payable, less current portion	1,913,165
Compensated absences	9,147
Net pension liability	312,010
Total noncurrent liabilities	<u>2,234,322</u>
Total liabilities	<u>2,597,658</u>
Deferred inflows of resources	
Pensions	<u>619</u>
Net position	
Invested in capital assets	5,750,096
Unrestricted	947,793
Total net position	<u>6,697,889</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 9,296,166</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2023

	Water and Sewer Fund
Operating revenues	
Charges for services:	
Water	\$ 624,232
Sewer	545,628
Total operating revenues	<u>1,169,860</u>
Operating expenses	
Water department	241,421
Sewer department	298,387
Shared expenses	615,658
Total operating expenses	<u>1,155,466</u>
Income from operations	<u>14,394</u>
Nonoperating revenues (expenses)	
Investment income	12,663
Forgiveness of debt	2,433,668
Debt services	(98,519)
Total nonoperating revenues	<u>2,347,812</u>
Change in net position	2,362,206
Net position - beginning of year	<u>4,335,683</u>
Net position - end of year	<u><u>\$ 6,697,889</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Statement of Cash Flows
Proprietary Fund
June 30, 2023

	Water and Sewer Fund
Cash flows provided by (used in) operating activities:	
Cash received from customers	\$ 1,174,591
Cash payments to suppliers for goods and services	(505,219)
Cash payments to employees for services and benefits	(431,435)
Net cash (used in) operating activities	<u>237,937</u>
Cash flows (used in) noncapital financing activities:	
(Increase) in interfund loans receivable	<u>31,056</u>
Cash flows (used in) capital and related financing activities:	
Acquisition of capital assets	(286,896)
Interest paid on bonds and notes	(98,519)
Proceeds from loans	246,622
Retirement of bonds and notes	(166,212)
Net cash flows (used in) capital and related financing activities	<u>(305,005)</u>
Cash flows provided by investing activities:	
Investment income	<u>12,663</u>
Net decrease in cash and cash equivalents	(23,349)
Cash and cash equivalents - beginning of year	<u>1,010,759</u>
Cash and cash equivalents - end of year	<u><u>\$ 987,410</u></u>
Reconciliation of income from operations to net cash from operating activities:	
Income from operations	\$ 14,394
Adjustments to reconcile income from operations to net cash flow from operating activities	
Depreciation	178,025
Decrease in accounts receivable	4,732
(Decrease) in accounts payable	(23,954)
(Increase) in deferred outflows of resources	(66,021)
Increase in net pension liability	205,485
(Decrease) in deferred inflows of resources	(63,087)
increase in accrued liabilities	1,087
(Decrease) in compensated absences	(12,724)
Net cash (used in) operating activities	<u><u>\$ 237,937</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT
Statements of Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	Private Purpose Trust Peck Estate
Assets	
Cash	\$ 8,865
Investments	<u>965,555</u>
Total assets	\$ <u>974,420</u>
Net position	
Held in trust for others	\$ <u>974,420</u>
Total net position	<u>974,420</u>
Total liabilities and net position	\$ <u>974,420</u>

TOWN OF HINESBURG, VERMONT
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2023

	Private Purpose Trust Peck Estate
Additions	
Interest and dividends	\$ 25,410
Unrealized investment gain	<u>51,488</u>
Total additions	<u>76,898</u>
Deductions	
Administrative expenses	3,581
General support	<u>51,000</u>
Total deductions	<u>54,581</u>
Excess of revenues over expenditures	22,317
Net position - beginning of year	<u>952,103</u>
Net position - end of year	\$ <u>974,420</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

The Town of Hinesburg, Vermont ("the Town") was incorporated in 1792. The Town operates under a Selectboard-Manager form of government. The Town's major operations include police and fire protection, parks, library and recreation, public works, and general administrative services. In addition, the Town owns and operates a water and sewer system.

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Town are described below:

a) Reporting Entity

This report includes all of the funds of the Town. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based on the application of these criteria, there are no entities that should be combined with the financial statements of the Town.

b) Basis of Presentation

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

Government-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the Town at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Town's governmental activities and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Fund Statements

The Town uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the Town's governmental, proprietary, and fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds

The Town reports the following governmental funds:

General Fund: This is the Town's main operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Fund: This fund is used for major capital projects and loan payments related to those projects.

Vermont Community Development Project Fund: This fund is used to account for loans made through the VCDP.

ARPA Fund: This fund is used to account funds received under the American Rescue Plan Act.

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the governing body is that of the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses. The Town reports the following major enterprise funds:

Water and Sewer Fund: This fund is used to account for the operations of the water and sewer (wastewater) department.

Fiduciary Fund

Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

The Town reports the following fiduciary funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources be measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary funds, and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, 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.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences and pensions, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease liabilities are reported as other financing sources.

d) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these Notes.

e) Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities, fiduciary funds and business-type activities). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the proprietary fund and the fiduciary fund.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

e) Interfund Transactions (continued)

The fund financial statements report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

f) Estimates

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

g) Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, each fund's equity on the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

h) Investments

The Town invest as allowed by State Statute. Investments with readily determinable fair values are reported at fair value on the balance sheet. Unrealized gains and losses are included in revenue.

i) Accounts Receivable

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgement of management and a review of the current status of existing receivables.

j) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the Government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Improvements	\$ 5,000	Straight line	10-20 years
Buildings	\$ 5,000	Straight line	20-50 years
Infrastructure	\$ 5,000	Straight line	24-30 years
Equipment and vehicles	\$ 5,000	Straight line	5-15 years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

k) Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

l) Deferred Outflows Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualify for reporting in this category. This item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included in this item is the Town's contribution to the pension systems (VMERS) subsequent to the measurement date.

m) Deferred Inflows Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category.

The first is related to unavailable revenues. The Town reports unavailable revenues on its governmental funds balance sheets. Unavailable revenues consist of property taxes and VCDP funds which are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item is related to unearned revenue. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies or property taxes are received prior to incurrence of qualifying expenditures. The Town reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

The third item is related to pensions. The Town reports the net change in the its proportion of the collective net pension liability (VMERS) and differences during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

n) Pensions

For the purpose of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

o) **Compensated Absences**

It is the Town's policy to permit employees to accumulate unused vacation time. The accrual for unused compensated absence time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

p) **Long-term Liabilities**

Long-term liabilities include bonds payables, notes payable, lease liabilities, and other obligations such as compensated absences payable, and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheet.

q) **Equity Classifications**

Government-wide and proprietary fund statements:

In the government-wide statements and proprietary funds financial statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

Fund statements:

In the fund basis statements, there are five classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2023, the Town's nonspendable fund balance consisted of \$12,756 in general fund.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. At June 30, 2023, the Town's restricted fund balance consisted of the following:

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

q) Equity Classifications (continued)

General Fund:	
Reappraisal	\$ 125,158
Records restoration	100,260
Capital Projects Fund:	
Highway garage	128,179
VCDP Fund:	
VCDP	142,591
Nonmajor Special Revenue Funds:	
Cemetery	71,787
Impact fees	215,541
	<u>\$ 783,516</u>

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, i.e., the Selectboard. At June 30, 2023, the Town had no committed funds.

Assigned – Includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. At June 30, 2023, the Town's assigned fund balance consisted of the following:

General Fund:	
FY24 tax reduction	\$ 150,000
VT Gas easement	60,000
Fire department – landscaping	22,297
Land preservation	13,931
Cemetery donation	2,230
Conservation committee	2,761
Conservation committee – VT Gas	18,750
Capital Projects Fund:	
Highway roads and bridges	277,589
Highway equipment	1,906
Buildings and grounds	310,793
Recreation	74,428
Planning and zoning	17,500
Fire department	181,903
Technology	15,917
Police department	47,738
General capital	10,000
	<u>\$ 1,207,743</u>

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

q) Equity Classifications (continued)

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town and could report a surplus or deficit. In the funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. At June 30, 2023, the Town's unassigned fund balance consisted of \$677,864 in the general fund.

Net Position/Fund Balance

Net position flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted – net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balance flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of use of fund balance – The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

r) Implementation of New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ended June 30, 2023.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

Explanation of difference between Governmental Fund Balance and Government-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 2,681,879
Assets	
Long-term:	
Capital assets, net of related depreciation	13,941,210
Right to use assets, net of related amortization	5,427
Deferred outflows of resources:	
VMERS - pension	306,308
Liabilities:	
Long-term:	
Bonds payable and notes payable	(5,118,387)
Lease liability	(5,427)
Compensated absences	(74,999)
Net pension liability – proportionate share	(763,885)
Accrued interest	(16,673)
Deferred inflows of resources:	
Unavailable revenue – taxes	88,942
Unavailable revenue – community development	1,469,686
VMERS - pension	(1,514)
Ending net position reported in Statement of Position for governmental activities	\$ <u>12,512,567</u>

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements (continued)

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the Town's proportion of the collective net pension asset/liability and difference between the Town's contributions and its proportionate share of the total contributions to the pension system.

Explanation of Differences Between the Governmental Funds Operating Statements and the Government-wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$ 5,242,225
Note proceeds	(42,400)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents an increase in unavailable property taxes and a decrease in unavailable revenue.	(5,964)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents a decrease in unavailable revenues – community development and a decrease in unavailable revenues.	<u>(47,016)</u>
Total revenues of governmental activities in the Statement of Activities	\$ <u>5,146,845</u>

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements (continued)

Total expenditures reported in governmental funds \$ 5,159,639

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (58,662)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current year additions (806,629)
Current year depreciation 910,934

When the purchase of right to use lease assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those right to use lease assets is allocated over term of the lease and reported as amortization expense.

Current year amortization 5,198

Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Principal (362,510)
Accrued interest (7,327)

Governmental funds report Town pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

40,993

Total expenses of governmental activities in the Statement of Activities \$ 4,881,636

Note 3. Stewardship, Compliance and Accountability

Budgetary information

The Town administration prepares a proposed budget for approval by the Selectboard for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the Town approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability (continued)

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Selectboard as a result of selected new revenue sources not included in the original budget (when permitted by law).

These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year determined at the time the budget was adopted.

Budgets are established annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2023.

Note 4. Deposits and Investments

The Town's cash and cash equivalents consisted of the following at June 30, 2023:

Cash and cash equivalents:

Deposited with financial institutions \$ 3,861,824

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash.

	Book Balance	Bank Balance
FDIC/SPIC Insured	\$ 411,552	\$ 411,552
Uninsured, collateralized by U.S. government agencies securities held by the pledging financial institution's agent	<u>3,318,810</u>	<u>3,450,272</u>
Total	\$ <u>3,730,362</u>	\$ <u>3,861,84</u>

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

Note 5. Investments

Custodial credit risk

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

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 5. Investments (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rate risk.

Credit risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The rating allows the investors to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk.

Fair value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, "Fair Value Measurement and Application". The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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

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

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

The Town has the following fair value measurement as of June 30, 2023:

Description	Total	Level 1	Level 2	Level 3
Town Investments	\$ 49,801	\$ -	\$ -	\$ 49,801
Peck Estate- Fiduciary	974,420	-	-	974,420
Total	\$ 1,024,221	\$ -	\$ -	\$ 1,024,221

Note 6. Accounts Receivable

Receivables at year-end for individual funds are as follows:

Description	General	Water and Sewer Fund	Total
Accounts receivable	\$ 60,112	\$ 349,678	\$ 409,790
Due from other governments	182,693	-	182,693
Delinquent taxes and interest	103,169	-	103,169
Total	\$ 345,974	\$ 349,678	\$ 695,652

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 7. Notes Receivable

Notes receivables at June 30, 2023 consist of the following:

The Town has a note receivable at June 30, 2023 with Mountain View Park for \$270,259 with 2.0% interest. When this note is paid, it is immediately remitted to the Vermont Revolving Loan Fund.

The Town has a note receivable at June 30, 2023 with Kelley's Field for \$470,000 with 0.0% interest, due in 30 years. When this note is paid, it will immediately be remitted to the Vermont Revolving Loan Fund.

The Town has a note receivable at June 30, 2023 with Green Street Housing Limited Partnership for \$675,000 with 0.0% interest, due in 30 years. When this note is paid, it will immediately be remitted to the Vermont Revolving Loan Fund.

The Town has a note receivable at June 30, 2023 with Shrubbly LLC for \$32,341 with 5.0% interest, due on June 6, 2025.

The Town has a note receivable at June 30, 2023 with TC Hospitality for \$22,086 with 5.0% interest, due on June 12, 2024.

On the balance sheet for the governmental funds, the note receivable balances stated above are offset by the same balance as unavailable revenue.

Note 8. Interfund Balances and Activity

Interfund balances and activity at June 30, 2023 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
Governmental Funds				
General Fund	\$ 91,689	2,174,813	\$ 50,000	\$ 726,778
Capital Projects Fund	1,052,869	-	726,778	50,000
ARPA Fund	1,138,119	-	-	-
Non-Major Special Revenue Funds	-	16,175	-	-
Proprietary Funds				
Water and Sewer Fund	-	91,689	-	-
Total	<u>\$ 2,282,677</u>	<u>\$ 2,282,677</u>	<u>\$ 776,778</u>	<u>\$ 776,778</u>

Interfund transfers are the result of legally authorized activity and are considered to be made in the course of normal operations.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 9. Capital Assets

Governmental activities capital assets for the year ended June 30, 2023 was as follows:

	6/30/22 Balance	Additions	Retirements Reclassify	6/30/23 Balance
Capital assets that are not depreciated:				
Land	\$ 2,353,157	\$ 276,500	\$ -	\$ 2,629,657
Construction in progress	155,266	294,509	-	449,775
Total	<u>2,508,423</u>	<u>571,009</u>	<u>-</u>	<u>3,079,432</u>
Capital assets that are depreciated:				
Land improvements	998,685	-	(36,096)	962,589
Buildings	4,504,547	-	-	4,504,547
Infrastructure	10,123,552	64,011	(13,441)	10,174,122
Equipment and vehicles	4,228,620	171,609	15,249	4,415,478
Total	<u>19,855,404</u>	<u>235,620</u>	<u>(34,288)</u>	<u>20,056,736</u>
Less accumulated depreciation:				
Land improvements	329,813	46,292	-	376,105
Buildings	788,634	85,896	-	874,530
Infrastructure	4,357,198	489,685	-	4,846,883
Equipment and vehicles	2,842,667	289,061	(34,288)	3,097,440
Total	<u>8,318,312</u>	<u>910,934</u>	<u>(34,288)</u>	<u>9,194,958</u>
Governmental activities capital assets, net	<u>\$ 14,045,515</u>	<u>\$ (104,305)</u>	<u>\$ -</u>	<u>\$ 13,941,210</u>

Business-type activities capital assets activities for the year ended June 30, 2023 was as follows:

	6/30/22 Balance	Additions	Retirements Reclassify	6/30/23 Balance
Capital assets that are not depreciated:				
Land	\$ 341,619	\$ -	\$ -	\$ 341,619
Construction in progress	2,866,517	-	(2,787,544)	78,973
Total	<u>3,208,136</u>	<u>-</u>	<u>(2,787,544)</u>	<u>420,592</u>
Capital assets that are depreciated:				
Buildings	687,443	17,630	-	705,073
Infrastructure	6,142,447	227,990	2,787,544	9,157,981
Equipment and vehicles	1,002,768	41,276	-	1,044,044
Total	<u>7,832,658</u>	<u>286,896</u>	<u>2,787,544</u>	<u>10,907,098</u>
Less accumulated depreciation:				
Buildings	381,921	13,128	-	395,049
Infrastructure	2,104,186	140,726	-	2,244,912
Equipment and vehicles	829,592	24,171	-	853,763
Total	<u>3,315,699</u>	<u>178,025</u>	<u>-</u>	<u>3,493,724</u>
Business-type activities capital assets, net	<u>\$ 7,725,095</u>	<u>\$ 108,871</u>	<u>\$ -</u>	<u>\$ 7,833,966</u>

Depreciation expense was charged as follows:

Governmental activities	
General government	\$ 100,915
Public safety	140,679
Highway and streets	492,532
Culture and recreation	176,808
	<u>\$ 910,934</u>
Business-type activities	
Shared expenses	<u>\$ 178,025</u>

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 10. Right to Use Assets

Right to use lease asset balances and activity for the year ended June 30, 2023 were as follows:

	6/30/22 Balance	Additions	Reductions	6/30/23 Balance
Right to use assets:				
Leased equipment	\$ 36,115	\$ -	\$ 21,278	\$ 14,837
Total	<u>36,115</u>	<u>-</u>	<u>21,278</u>	<u>14,837</u>
Less accumulated amortization:				
Leased equipment	25,490	5,198	21,278	9,410
Total	<u>25,490</u>	<u>5,198</u>	<u>21,278</u>	<u>9,410</u>
Total right to use assets - net	<u>\$ 10,625</u>	<u>\$ (5,198)</u>	<u>\$ -</u>	<u>\$ 5,427</u>

Amortization expense was charged to governmental functions as follows:

General government	\$ 4,187
Public safety	1,011
	<u>\$ 5,198</u>

Note 11. Indebtedness

Long-term liability balances and activity for the year ended June 30, 2023 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Bond and notes payable	\$ 5,433,299	\$ 42,400	\$ 357,312	\$ 5,118,387
Lease liabilities	10,625	-	5,198	5,427
Other liabilities:				
Compensated absences	133,661	-	58,662	74,999
Net pension liability	400,737	363,148	-	763,885
Total	<u>\$ 5,978,322</u>	<u>\$ 405,548</u>	<u>\$ 421,172</u>	<u>\$ 5,962,698</u>

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
Bond and notes payable	\$ 4,437,129	\$ 246,622	\$ 2,599,880	\$ 2,083,871
Other liabilities:				
Compensated absences	21,871	-	12,724	9,147
Net pension liability	106,525	205,485	-	312,010
Total	<u>\$ 4,565,525</u>	<u>\$ 452,107</u>	<u>\$ 2,612,604</u>	<u>\$ 2,405,028</u>

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 11. Indebtedness (continued)

Long-term liabilities outstanding were comprised of the following at June 30, 2023:

Governmental activities:

Note Payable – Clean Water State Revolving Loan, 2.00% interest, maturing December 2033, payments of \$27,614 including interest due annually.	270,259
Note Payable – Deere Credit, 2.00% interest, maturing December 2025, payments of \$30,502 including interest due annually.	86,637
Note Payable – Community Bank, 2.00% interest, maturing July 2025, payments of \$22,042 plus interest due annually.	66,126
Note Payable – National Bank of Middlebury, 1.84% interest, maturing June 2024, payments of \$30,000 plus interest due annually.	30,000
Note Payable – Vermont Community Development Program, 0.00% interest, maturing July 2045, no payments due until it is repaid from Kelley Field.	470,000
Note Payable – Vermont Community Development Program, 0.00% interest, maturing November 2047, no payments due until it is repaid from Green Street.	675,000
Note Payable – Union Bank, 4.65% interest, maturing November 2027, payments of \$9,356 including interest due annually.	42,400
Bond payable – Vermont Municipal Bond Bank, interest from 0.444% - 4.954%, maturing November 2043, payments of \$35,173 plus interest due annually.	738,640
Bond payable – Vermont Municipal Bond Bank, interest from 1.78% - 3.87%, maturing November 2047, payments of \$103,343 plus interest due annually.	2,583,389
Bond payable– Vermont Municipal Bond Bank, interest from 1.78% - 3.87%, maturing November 2027, payments of \$31,200 plus interest due annually.	155,936
Total bonds and notes payable	5,118,387
Less: current portion	(280,997)
Long-term portion	\$ 4,837,390
Lease liability – SymQuest, 0.00% interest, maturing in April 2024, payments of \$1,431.	1,073
Lease liability – SymQuest, 0.00% interest, maturing in April 2026, payments of \$1,536.	4,354
Total lease liabilities	5,426
Less: current portion	(2,610)
Long-term portion	\$ 2,817

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 11. Indebtedness (continued)

Business-type activities:

Bond Payable – Vermont Municipal Bond Bank, interest between 4.00% and 6.20%, maturing December 1, 2026, principal payments of \$70,000 due on December 1, interest due June 1 and December 1. 280,000

Bond Payable – Vermont Revolving Loan Fund, interest at 1.00%, admin fee at 2.00%, maturing July 2037, annual payments of \$79,502 including interest beginning June, 2018, total available \$1,500,000. 949,090

Bond Payable – Vermont Municipal Bond Bank, \$125,111 at 0.00% interest, with a 2.00% admin fee, maturing July 1, 2031, annual payments of \$1,833 including interest. A principal payment of \$95,134 was made in January, 2010 utilizing Federal ARRA funds. 14,964

Bond Payable – Vermont Municipal Bond Bank, \$776,608 at 0.00% interest with a 2.00% admin. fee, maturing July 1, 2031, annual payments of \$47,495 including interest. This loan totaled \$1,553,216 and 50% was forgiven at the completion of the project through an ARRA loan subsidy. 387,664

VT EPA Revolving Loan Fund, \$42,000 at 0.00% interest, maturing November 2027 with first payment due November 2023 and annual payments of \$8,040. 42,000

VT EPA Revolving Loan Fund, \$458,200 at 0.00% interest, maturing October 2040 with first payment due October 2026 and annual payments of \$23,880. 401,954

Total bonds and notes payable 2,083,870

Less: current portion (170,705)

Long-term portion \$ 1,913,165

The following is a summary of maturing debt service requirements:

	Governmental Activities			Business-type Activities		
	Principal	Interest and admin. fee	Total	Principal	Interest and admin. fee	Total
2024	\$ 280,997	\$ 134,495	\$ 415,492	\$ 170,705	\$ 28,632	\$ 199,337
2025	251,074	124,840	375,914	173,061	45,007	218,068
2026	252,695	117,963	370,658	307,558	38,253	345,811
2027	201,820	112,244	314,064	201,843	31,435	233,278
2028	202,625	105,699	308,324	134,391	26,718	161,109
2029-2033	820,139	418,664	1,238,803	621,302	92,922	714,224
2034-2038	719,606	292,145	1,011,751	475,010	33,414	508,424
2039-2043	1,367,532	137,396	1,504,928	-	-	-
2044- 2048	1,021,899	53,494	1,075,393	-	-	-
2048	-	-	-	-	-	-
	<u>\$ 5,118,387</u>	<u>\$ 1,496,940</u>	<u>\$ 6,615,327</u>	<u>\$ 2,083,870</u>	<u>\$ 296,381</u>	<u>\$ 2,380,251</u>

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 11. Indebtedness (continued)

Interest paid on long-term debt for the year ended June 30, 2023 was \$110,241 and \$98,519 for government activities and business-types activities, respectfully.

Note 12. Property Taxes

Taxes are levied based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and excludes assessments on municipal, school and church properties. Tax payments are due November 15. Delinquent taxes are subject to interest of 1% per month for the first three months, then 1 ½ per month thereafter until paid. Tax not paid by July 1 following the due date, will result in action to sell the property to cover tax, cost and fees.

Town tax rate	\$ 0.5809
Education tax rate – resident	1,6684
Education tax rate – nonresident	1.5838

Note 13. Pension Plans

All eligible employees of the Town are enrolled for coverage by the Vermont Municipal Employees' Retirement System (VMERS) immediately upon employment.

Vermont Municipal Employees' Retirement System (VMERS)

Plan description

The Vermont Municipal Employees' Retirement System (VMERS) – a cost-sharing, multiple-employer defined benefit pension plan administered by the State Treasurer and its Board of Trustees. It is designed for Towns and other municipal employees that work on a regular basis and also includes employees of museums and libraries it 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 plan consisted of 359 participating employers.

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

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group A, B, C, or D provisions.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	<p>Group A – average annual compensation during the highest 5 consecutive years.</p> <p>Group B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance	
Eligibility	<p>Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Group C and D – age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service.</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as a group A member x AFC.</p> <p>Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.</p> <p>Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC.</p> <p>Maximum benefit is 60% of AFC for Group A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.</p>
Death Benefits	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B, and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Optional Benefit and Death After Retirement	For Group A, B, and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but no more than 2% for Group A and 3% for Group B, C, and D.
Retirement Stipend	\$25 per month payable at the option of the Board of Trustees.
Employer Contributions	Group A – 5.00% Group B – 6.50% Group C – 8.25% Group D – 10.85%

Significant actuarial assumptions and methods

Investment rate of return:	7.00%, net of pension plan investment expenses, including inflation.
Salary increases:	Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.
Mortality:	
Pre-retirement:	Group A, B, and C – 40% PubG-2010 general employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019. Group D – PubG-2010 general employee above-median, with generational projection using scale MP-2019.
Healthy post-retirement:	<u>Retiree</u> Group A, B, and C – 104% of 40% PubG-2010 general healthy retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019. Group D – PubG-2010 general healthy retirees, with generational projection using scale MP-2019. <u>Beneficiaries</u> Group A, B, and C – 70% PubG-2010 contingent survivor below-median and 30% of PubG-2010 contingent survivor, with generational projection using scale MP-2019.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Group D – PubG-2010 contingent survivor, with generational projection using scale MP-2019.

Disabled post-retirement: All groups – PubNS-2010 non-safety disabled mortality table with generational projection using scale MP-2019.

Spouse's age: Females three years younger than males

Cost-of-living adjustments: 1.10% per annum for Group A members and 1.20% per annum for Groups B, C, and D members. The January 1, 2023 COLA is 2.00% for all groups. The January 1, 2022 COLAs were 2.00% Group A members and 2.30% for Group B, C, and D members.

Inflation: 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.

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

Asset Class	Target Allocation	Long-term Expected
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	.00
Emerging Markets Debts	4.00	3.50
Core Fixed Income	19.00	0.00
Private & Alternate Credit	10.00	4.75
US TIPS	3.00	(05.0)
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
Total	100.00%	

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

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 closes 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). 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 cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what 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%)	Current discount rate (7.00%)	1% Increase (8.00%)
\$ 1,612,182	1,075,895	634,777

Pension liability, pension expense, and deferred outflow of resources and deferred inflows of resources related to pensions

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and has a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position pension liability of \$303,371,956. As of June 30, 2022, the Town's proportionate share of this was 0.35465% resulting in a net pension liability of \$1,075,895. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.35465% was an increase of 0.01001% from its proportion measured as of the prior year.

For the year ended June 30, 2023, the Town recognized pension expense of \$212,085.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 80,800	\$ -
Changes of assumptions	55,005	-
Difference between projected and actual investment earnings	174,672	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	26,227	2,133
Town's contributions subsequent to the measurement date	94,718	-
Total	\$ 431,422	\$ 2,133

The \$94,718 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended:	
2023	\$ 104,549
2024	86,166
2025	30,604
2026	113,252

Employer contribution history for the Town as of June 30, 2023 is as follows:

FY 23	\$ 94,718
FY 22	88,732
FY 21	76,626

Additional Information

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

Note 14. Risk Management

The Town is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. The Town 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. Settle claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

TOWN OF HINESBURG, VERMONT

Notes to the Financial Statements

Note 15. Commitments and Contingencies

The Town has a commitment of ARPA funds as of June 30, 2023 to buy a pumper tanker fire truck. The pumper tanker fire truck will be placed in service during the Town's June 30, 2024 fiscal year end.

Federal and State Grants

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of such audits is not likely to have a material adverse effect on the Town's funds.

Note 16. Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2023 and January 15, 2024 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TOWN OF HINESBURG, VERMONT
Statement of Revenues and Expenditures
Budget and Actual - General Fund
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 3,723,400	\$ 3,750,876	\$ 27,476
Penalties and interest	19,000	28,430	9,430
Licenses and permits	55,295	57,755	2,460
Intergovernmental	337,545	394,600	57,055
Charges for services	263,475	220,899	(42,576)
Fines and forfeits	40,000	19,109	(20,891)
Investment income	7,500	44,172	36,672
Miscellaneous income	65,000	134,206	69,206
Total revenue	<u>4,511,215</u>	<u>4,650,047</u>	<u>138,832</u>
Expenditures			
General government	1,121,486	1,362,481	(240,995)
Public safety	1,366,798	1,157,933	208,865
Highways and streets	728,733	613,090	115,643
Culture and recreation	148,644	173,119	(24,475)
Health and cemetery	39,176	184,782	(145,606)
County tax	29,131	29,131	-
Agency request	327,276	324,276	3,000
Debt service:	299,193	299,193	-
Total expenditures	<u>4,060,437</u>	<u>4,144,005</u>	<u>(83,568)</u>
Excess of revenues over expenditures	<u>450,778</u>	<u>506,042</u>	<u>55,264</u>
Other financing sources (uses)			
Transfers in	-	50,000	50,000
Transfers (out)	(726,778)	(726,778)	-
Total other financing sources (uses)	<u>(726,778)</u>	<u>(676,778)</u>	<u>50,000</u>
Change in fund balance	<u>\$ (276,000)</u>	<u>\$ (170,736)</u>	<u>\$ 105,264</u>

See the independent auditor's report

TOWN OF HINESBURG, VERMONT
Schedule of Proportionate Share of the Net Pension Liability
Year Ended June 30, 2023

VMERS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Town's proportion of the net pension liability (asset)	0.35%	0.34%	0.34%	0.32%	0.34%	0.33%	0.34%	0.40%	0.34%
Town's proportionate share of the net pension liability (asset)	\$ 1,075,895	\$ 507,262	\$ 868,280	\$ 563,017	\$ 471,706	\$ 399,730	\$ 440,944	\$ 309,268	\$ 31,087
Town's covered-employee payroll	\$ 1,457,209	\$ 1,419,707	\$ 1,223,697	\$ 1,108,474	\$ 1,067,866	\$ 968,252	\$ 946,792	\$ 1,038,008	\$ 857,331
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.83%	35.73%	70.96%	50.79%	44.17%	41.28%	46.57%	29.79%	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%

TOWN OF HINESBURG, VERMONT
Schedule of the Town's Pension Contributions
Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	6/30/2022								
Contractually required contributions	\$ 94,718	\$ 88,732	\$ 76,626	\$ 70,363	\$ 62,352	\$ 58,733	\$ 53,254	\$ 52,074	\$ 55,793
Contributions in relation to the contractually required contribution	<u>94,718</u>	<u>88,732</u>	<u>76,626</u>	<u>70,363</u>	<u>62,352</u>	<u>58,733</u>	<u>53,254</u>	<u>52,074</u>	<u>55,793</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 1,457,209	\$ 1,419,707	\$ 1,277,103	\$ 1,223,697	\$ 1,108,474	\$ 1,067,866	\$ 968,252	\$ 946,792	\$ 1,038,008
Contributions as a percentage of covered-employee payroll	6.50%	6.25%	6.00%	5.75%	5.63%	5.50%	5.50%	5.50%	5.38%

See Independent Auditor's Report

TOWN OF HINESBURG, VERMONT
Balance Sheet - Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	<u>Cemetery Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
Assets			
Cash - restricted	\$ 30,376	\$ 227,377	\$ 257,753
Investments - restricted	<u>49,801</u>	<u>-</u>	<u>49,801</u>
Total assets	<u>\$ 80,177</u>	<u>\$ 227,377</u>	<u>\$ 307,554</u>
Liabilities			
Accounts payable	\$ -	\$ 4,051	\$ 4,051
Due to other funds	<u>8,390</u>	<u>7,785</u>	<u>16,175</u>
Total liabilities	<u>8,390</u>	<u>11,836</u>	<u>20,226</u>
Fund balance			
Restricted	<u>71,787</u>	<u>215,541</u>	<u>287,328</u>
Total fund balance	<u>71,787</u>	<u>215,541</u>	<u>287,328</u>
Total liabilities and fund balance	<u>\$ 80,177</u>	<u>\$ 227,377</u>	<u>\$ 307,554</u>

See Independent Auditor's Report.

TOWN OF HINESBURG, VERMONT
Combining Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	<u>Cemetery Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
Revenues			
Impact fees	\$ -	\$ 49,331	\$ 49,331
Investments income	-	620	620
Miscellaneous	<u>10,046</u>	<u>-</u>	<u>10,046</u>
Total revenues	<u>10,046</u>	<u>49,951</u>	<u>59,997</u>
Expenditures			
Health and Cemetery	9,520	-	9,520
Public safety	<u>-</u>	<u>37,953</u>	<u>37,953</u>
Total expenditures	<u>9,520</u>	<u>37,953</u>	<u>47,473</u>
Excess (deficiency) of revenues over expenditures	526	11,998	12,524
Fund balance - beginning of year	<u>71,261</u>	<u>203,543</u>	<u>274,804</u>
Fund balance - end of year	<u>\$ 71,787</u>	<u>\$ 215,541</u>	<u>\$ 287,328</u>

See Independent Auditor's Report.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Independent Auditor's Report

Selectboard
Town of Hinesburg, Vermont
Hinesburg, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Hinesburg, 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 Hinesburg, Vermont's basic financial statements, and have issued our report thereon dated January 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Hinesburg, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hinesburg, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hinesburg, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hinesburg, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Telling & Hillman, P.C.

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Middlebury, Vermont
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