

TOWN OF HALIFAX, VERMONT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF HALIFAX, VERMONT
 FOR THE YEAR ENDED JUNE 30, 2022
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Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Halifax, Vermont
Halifax, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Halifax, Vermont, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Halifax, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Halifax, Vermont, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Halifax, 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 Halifax, 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 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, 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 Halifax, 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 Halifax, 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 and budgetary comparison information on pages 3-8 and 37, respectively, 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 Halifax, Vermont's basic financial statements. The combining and individual nonmajor 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Batchelder Associates, PC

Batchelder Associates, PC
License #945
Barre, Vermont
January 24, 2023

TOWN OF HALIFAX, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

As management of the Town of Halifax, Vermont ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

The Government wide assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,014,911 (net position). Of this amount, \$144,947 (unrestricted net position) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$491,405. Of the total ending fund balances, \$463,364 is available for spending at the government's discretion, \$181,210 is committed, \$203,815 is assigned, \$78,339 is unrestricted, \$28,041 is restricted at June 30, 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government'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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and social services, conservation, and development.

The government-wide financial statements are designed to include not only the Town itself (known as the primary government), but also any legally separate entities for which the Town is financially accountable (known as component units). The Town has no such entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

TOWN OF HALIFAX, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

2. Fund Financial Statements (continued)

A. 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 financing requirements.

Because the focus of 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 changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains one (1) individual governmental fund, the General Fund: nine (9) Non-Major Funds which includes the Halifax Celebration Fund, VT Emergency Management Fund, Cemetery Fund, Office Equipment Fund, Reappraiser and Lister Fund, Municipal Planning Grant Fund, Niles Cemetery Fund, Records Restoration Fund, and the Eames & Scott Fund; and five (5) Capital Project funds, including the Resurfacing Fund, Bridge Fund, New Town Garage Fund, and Equipment Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds.

The basic governmental fund financial statements can be found in Exhibits C through E of this report.

B. Proprietary Funds

The Town has no Proprietary Funds.

C. Fiduciary Funds

The Town has three (3) Fiduciary Funds- the Cemetery Fund, the Eames Fund, and the Cael Fund.

3. 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 to the financial statements can be found immediately following the basic financial statements in this report.

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

TOWN OF HALIFAX, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Government-wide Financial Analysis

	Governmental Activities		Total	
	2022	2021	2022	2021
Current and other assets	\$ 541,988	\$ 326,021	\$ 541,988	\$ 326,021
Capital assets, non-depreciable	215,077	202,400	215,077	202,400
Capital assets, depreciable	757,074	598,441	757,074	598,441
Total Assets	1,514,139	1,126,862	1,514,139	1,126,862
Deferred outflows of resources	61,736	95,283	61,736	95,283
Long-term liabilities outstanding	441,421	468,723	441,421	468,723
Other liabilities	37,090	74,682	37,090	74,682
	478,511	543,405	478,511	543,405
Deferred inflows of resources	82,453	6,743	82,453	6,743
Total Liabilities	560,964	550,148	560,964	550,148
Net Position				
Invested in capital assets, net of related debt	660,713	565,210	660,713	565,210
Nonspendable	-	10,376	-	10,376
Committed	181,210	68,129	181,210	68,129
Assigned	203,815	-	203,815	-
Restricted	28,041	21,848	28,041	21,848
Unrestricted	(58,868)	6,434	(58,868)	6,434
Total Net Position	\$ 1,014,911	\$ 671,997	\$ 1,014,911	\$ 671,997

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$1,014,911 at the close of the fiscal year end.

By far the largest portion of the Town's net position, reflective of 51.6% of the balance, is the investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position for the government as a whole.

TOWN OF HALIFAX, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Governmental Activities

REVENUES	Governmental Activities		Total	
	2022	2021	2022	2021
Program revenues				
Charges for services	\$ 49,250	\$ 33,165	\$ 49,250	\$ 33,165
Operating grants and contributions	317,078	367,822	317,078	367,822
Capital grants and contributions	101,789	-	101,789	-
General revenues	-	-	-	-
Property taxes	1,456,600	1,261,148	1,456,600	1,261,148
Unrestricted investment earnings	1,461	754	1,461	754
Other revenues	3,007	50,153	3,007	50,153
Total Revenues	1,929,185	1,713,042	1,929,185	1,713,042
EXPENSES				
Governmental activities				
General government	286,861	297,095	286,861	297,095
Public safety	48,068	59,329	48,068	59,329
Public works	1,223,958	1,158,973	1,223,958	1,158,973
Health and social services	3,594	16,249	3,594	16,249
Conservation and development	20,195	19,942	20,195	19,942
Interest on long-term debt	3,595	9,124	3,595	9,124
Total Expenses	1,586,271	1,560,712	1,586,271	1,560,712
Change in net assets	342,914	152,330	342,914	152,330
Net position-beginning of year	671,997	519,667	671,997	519,667
Net position - end of year	\$ 1,014,911	\$ 671,997	\$ 1,014,911	\$ 671,997

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

1. Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's 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.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$342,914 going into the next fiscal year.

TOWN OF HALIFAX, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Financial Analysis of the Government's Funds (continued)

1. Governmental Funds (continued)

a. General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year the General Fund unrestricted balance was a surplus of \$78,339. As a measure of the General Fund's liquidity, it would be useful to compare total fund balance to total general fund expenditures and operating transfers. The general fund balance represents (4.3%) of the total general fund expenditures and operating transfers for the year ended June 30, 2022.

b. Non-Major Funds

Non-Major funds include the following funds:

Halifax Celebration Fund	Scott & Eames Fund
VT Emergency Management Fund	Resurfacing Fund
Cemetery	Bridge Fund
Office Equipment	New Town Garage Fund
Reappraiser & Lister Fund	Equipment Fund
Municipal Planning Grant Fund	
Niles Cemetery Fund	
Records Restoration Fund	

Total Non-Major Fund balances are \$413,066.

Capital Asset and Debt Administration

1. Capital Assets

The Town's investment in capital assets for it is governmental for the year ended, amounted to \$972,151 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, furniture, vehicles, and equipment.

	Governmental Activities		Total	
	2022	2021	2022	2021
Land	\$ 215,077	\$ 202,400	\$ 215,077	\$ 202,400
Capital assets				
Vehicles and equipment	633,011	598,441	633,011	598,441
Infrastructure	124,063	-	124,063	-
Total Assets	\$ 972,151	\$ 800,841	\$ 972,151	\$ 800,841

Additional information on the Town's capital assets can be found in Note 5 of the notes to financial statements.

TOWN OF HALIFAX, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Financial Analysis of the Government's Funds (continued)

2. Short-Term Debt

At the end of the current year, the Town had total long-term debt outstanding of \$441,421. This debt was a result of a refunding bond, loan on a highway department tractor, loan on a dump truck, pension liability and uncompensated balances.

	Governmental Activities		Total	
	2022	2021	2022	2021
Notes payable, bank	\$ 311,438	\$ 202,612	\$ 311,438	\$ 202,612
Lease payable	-	33,019	-	33,019
Net pension liability	113,574	216,103	113,574	216,103
Uncompensated balances	16,409	16,989	16,409	16,989
Totals	\$ 441,421	\$ 468,723	\$ 441,421	\$ 468,723

The Town's total debt decreased by \$27,302 during the year.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. The current debt limit for the Town is significantly in excess of the Town's outstanding bonded debt.

Economic Factors and Next Year's Budgets and Rates

Recent data on Vermont economic conditions indicate that the performance of the Vermont economy has generally outperformed the developments in the U.S. economy overall during the past 12 to 18 months.

All of these factors were considered in preparing the Town's budget for the year ended June 30, 2022, and fiscal year ended June 30, 2022.

The Town approved a general fund budget for the year ended June 30, 2022, in the amount of \$1,449,957 and for the fiscal year 2023 in the amount of \$1,442,959. This represents an annualized decrease of \$6,998 (0.48%) from the approved budget for the prior fiscal year.

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 Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Treasurer, P.O. Box 127, West Halifax, Vermont, 05358, (802) 368-7390.

TOWN OF HALIFAX, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT A

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 511,385	\$ 511,385
Receivables (net of allowance for uncollectible accounts)		
Taxes receivable	30,603	30,603
Capital assets (net of accumulated depreciation)		
Land, non depreciable	215,077	215,077
Vehicles and equipment	757,074	757,074
Total assets	1,514,139	1,514,139
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to the Town's participation in VMERS	61,736	61,736
Total deferred outflows of resources	61,736	61,736
LIABILITIES		
Accounts payable	4,202	4,202
Accrued expenses	32,888	32,888
Non-current obligations		
Due within one year	227,429	227,429
Due in more than one year	213,992	213,992
Total liabilities	478,511	478,511
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to the Town's participation in VMERS	82,453	82,453
Total deferred inflows of resources	82,453	82,453
NET POSITION		
Net investment in capital assets	660,713	660,713
Nonspendable	-	-
Committed	181,210	181,210
Assigned	-	-
Restricted	28,041	28,041
Unrestricted	144,947	144,947
Total net position	\$ 1,014,911	\$ 1,014,911

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

TOWN OF HALIFAX, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
		Charges for Services	Operating Grants	Capital Grants & Contributions	Governmental Activities	Total
Governmental activities						
General government	\$ 286,861	\$ 19,466	\$ 129,760	\$ 101,789	\$ (35,846)	\$ (35,846)
Public safety	48,068	27,534	8,193	-	(12,341)	(12,341)
Public works	1,223,958	1,450	179,125	-	(1,043,383)	(1,043,383)
Health and social services	3,594	800	-	-	(2,794)	(2,794)
Conservation and development	20,195	-	-	-	(20,195)	(20,195)
Interest on long-term debt	3,595	-	-	-	(3,595)	(3,595)
Total governmental activities	<u>1,586,271</u>	<u>49,250</u>	<u>317,078</u>	<u>101,789</u>	<u>(1,118,154)</u>	<u>(1,118,154)</u>
			General revenues:			
			Property taxes	1,456,600	1,456,600	
			Unrestricted investment earnings	1,461	1,461	
			Fees and licenses	436	436	
			Other revenues	<u>2,571</u>	<u>2,571</u>	
			Total general revenues and transfers	<u>1,461,068</u>	<u>1,461,068</u>	
			Change in net assets	<u>342,914</u>	<u>342,914</u>	
			Net position, July 1, 2021	<u>671,997</u>	<u>671,997</u>	
			Net position, June 30, 2022	<u>\$ 1,014,911</u>	<u>\$ 1,014,911</u>	

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

TOWN OF HALIFAX, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT C

	General Fund	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and equivalents	\$ 101,194	\$ 410,191	\$ 511,385
Taxes receivable (net of allowance for uncollectible accounts)	30,603	-	30,603
Grant receivable	-	-	-
Due from other funds	(4,128)	4,128	-
Prepaid expenses	-	-	-
Total assets	\$ 127,669	\$ 414,319	\$ 541,988
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Tax overpayments	4,201	-	4,201
Accrued expenses	31,637	1,253	32,890
Accrued payroll and withholdings	-	-	-
Due to other funds	-	-	-
Other liabilities	-	-	-
Total liabilities	35,838	1,253	37,091
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	-	-	-
Deferred grant revenue	-	-	-
Unavailable property taxes, penalties and interest	13,492	-	13,492
Total deferred inflows of resources	13,492	-	13,492
FUND BALANCES			
Non-spendable	-	-	-
Committed	-	181,210	181,210
Assigned	-	203,815	203,815
Restricted	-	28,041	28,041
Unassigned	78,339	-	78,339
General government	-	-	-
Total fund balances	78,339	\$ 413,066	\$ 491,405
Total liabilities and fund balances	\$ 127,669	\$ 414,319	

Amounts reported for Government Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds	972,151
Other assets are not available to pay for current period expenditures, and, therefore, are not reported in the funds	13,492
Long-term and accrued liabilities, including notes payable, net pension liability and accrued vacation are not due or payable in the current period and, therefore, are not reported in the funds	(441,420)
Deferred outflows and inflows of resources relating to the Town's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds	(20,717)
Net position of Governmental Activities	\$ 1,014,911

TOWN OF HALIFAX, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT D

	General Fund	Non-Major Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,530,384	\$ -	\$ 1,530,384
Tax penalties and interest	31,710	-	31,710
Fees and licenses	436	-	436
Public safety grants	8,193	-	8,193
Intergovernmental revenues	280,416	5,585	286,001
Charge for services	44,032	5,218	49,250
Interest	821	640	1,461
Other revenues	4,605	141,779	146,384
Total revenues	<u>\$ 1,900,597</u>	<u>\$ 153,222</u>	<u>\$ 2,053,819</u>
EXPENDITURES			
General government	280,317	343	\$ 280,660
Public safety	43,437	4,631	48,068
Public works	879,124	218,204	1,097,328
Cemetery	-	3,594	3,594
Conservation and development	18,431	1,764	20,195
Debt service expenditures			
Principal and lease payments	-	96,087	96,087
Interest	-	3,595	3,595
Capital expenditures			
Public works	12,677	304,402	317,079
Total expenditures	<u>1,233,986</u>	<u>632,620</u>	<u>1,866,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>666,611</u>	<u>(479,398)</u>	<u>187,213</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	171,894	171,894
Transfers in	-	574,232	574,232
Transfers out	<u>(574,232)</u>	<u>-</u>	<u>(574,232)</u>
Total Other Financing Sources (Uses)	<u>(574,232)</u>	<u>746,126</u>	<u>171,894</u>
Net change in fund balances	<u>\$ 92,379</u>	<u>\$ 266,728</u>	<u>\$ 359,107</u>
Fund balances, July 1, 2021	<u>(14,040)</u>	<u>146,338</u>	<u>132,298</u>
Fund balances, June 30, 2022	<u>\$ 78,339</u>	<u>\$ 413,066</u>	<u>\$ 491,405</u>

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

TOWN OF HALIFAX, VERMONT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
 OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
 THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT E

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balance - total government funds (Exhibit D).	<u>\$ 359,107</u>
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	171,310
Accrued compensation and expenses is not reflected in the government funds.	(6,203)
Government funds report note proceeds and repayment as revenue and expenditures, respectively. The statement of activities does not reflect these as current inflows, but shows on the statement of net position.	(75,807)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(105,493)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.	<u>-</u>
Change in net assets of governmental activities (Exhibit B).	<u><u>\$ 342,914</u></u>

TOWN OF HALIFAX, VERMONT
STATEMENT OF FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT F

	<u>Cemetery</u>	<u>Eames</u>	<u>Cael</u>	<u>Total</u>
ASSETS				
Cash	\$ 17,650	\$ 132,161	\$ 97,118	\$ 246,929
Investments	<u>2,351</u>	<u>318,452</u>	<u>-</u>	<u>320,803</u>
Total assets	<u>\$ 20,001</u>	<u>\$ 450,613</u>	<u>\$ 97,118</u>	<u>\$ 567,732</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	<u>20,001</u>	<u>450,613</u>	<u>97,118</u>	<u>567,732</u>
Total fund balances	<u>20,001</u>	<u>450,613</u>	<u>97,118</u>	<u>567,732</u>
Total liabilities and fund balances	<u>\$ 20,001</u>	<u>\$ 450,613</u>	<u>\$ 97,118</u>	<u>\$ 567,732</u>

The notes to the financial statement are an integral part of this statement

TOWN OF HALIFAX, VERMONT
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2022

EXHIBIT G

	Cemetery	Eames	Cael	Total
REVENUES:				
Interest and dividends	\$ 277	\$ 13,368	\$ 1,528	\$ 15,173
Income	-	1,960	-	1,960
Total revenues	277	15,328	1,528	17,133
EXPENDITURES:				
Unrealized Gains/Loss	4,421	29,589	1,087	35,097
Fees	-	169	-	169
Withdrawal	445	-	2,120	2,565
Total expenditures	4,866	29,758	3,207	37,831
Excess (Deficiency) of Revenues Over Expenditures	(4,590)	(14,430)	(1,679)	(20,699)
Net Change in Fund Balances	(4,590)	(14,430)	(1,679)	(20,699)
Fund Balances - July 1, 2021	24,591	465,043	98,797	588,431
Fund Balances - June 30, 2022	\$ 20,001	\$ 450,613	\$ 97,118	\$ 567,732

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Halifax, Vermont ("Town") is organized as a Town under the applicable laws and regulations of the State of Vermont. It is governed by a Select Board elected by registered voters of the Town to provide public health and safety, highways and street, public improvements, water, sanitation, planning and zoning, recreation, and general administration. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The accounting policies adopted by the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

The Financial Reporting Entity

The Select Board is elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity. A component unit is another operation in the Town that has a separately elected Board such as a Town school district, cemetery, or library.

This report includes all of the funds of the Town. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organizations 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 burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. There are no agencies or entities that should be combined with the financial statements of the Town.

Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

Basic Financial Statements - Government-Wide Statements

The statement of net position and the statement of activities display information about the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds; however, interfund services provided and used are not eliminated. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category - governmental, 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.

The Town reports on the following major governmental funds:

General Fund - This is the general operating fund of the Town. It accounts for all financial resources of the general government, except those not accounted for in another fund.

Special Project Funds - These funds are used to keep track of revenue and expenditures related to the specific purposes of each individual fund.

Capital Project Funds - These funds are capital project funds used to track all revenue and expenditures related to capital expenditures and associated grants. Expenditures consist of various projects to restore, improve, and create Town improvements.

The Town has nine (9) special revenue funds, to include Halifax Celebration, VT Emergency Management, Cemetery, Office Equipment, Reappraiser & Lister, Municipal Planning Grant, Niles Cemetery, Records Restoration, and Scott & Eames Fund.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e., net total assets) is segregated into investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Modified Accrual Basis of Accounting

Governmental funds are reported using 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 the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences, and other long-term liabilities, which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

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

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used by the Town are the estimated useful lives used to calculate depreciation of property, plant, and equipment.

Assets, Liabilities and Fund Balances

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six (6) months or less from the date of acquisition.

Investments

State statute does not restrict the types of investments the Town can make. All investments require the authorization of the Board of Selectmen. The Town has no investments.

In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments," investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

Receivables

Accounts receivable 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 judgment of management and a review of the current status of existing receivables.

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (for the current portion of the interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables (continued)

Accounts receivable from other governments represent amounts due from the State of Vermont for grants reimbursements. Based on experience and because the receivables are in accordance with formal agreements, the Town has not established an allowance for uncollectible receivables.

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed based on property valuations as of April 1 annually. Taxes were levied during September and were due and payable September 30, 2021.

During the year ended tax year June 30, 2022, taxes were billed in one installment. Taxes paid after due date are subject to an 8% penalty and 1% interest per month. Because unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale by the delinquent tax collector, the Town has not established an allowance for uncollectible taxes receivable.

As of June 30, 2022, delinquent taxes receivable were \$30,603 inclusive of interest and penalties, with no allowance for uncollectible taxes.

The tax rates for FY 2022 are as follows:

	Homestead	Non-Residential
Homestead education tax	\$ 1.4387	\$ 1.5328
Municipal tax rate	1.1019	1.1019
Local agreement	0.0062	0.0062
Local agreement	-	-
Total	\$ 2.5468	\$ 2.6408

Inventories

The Town does not record inventories of supplies as these amounts are not material in relation to the Town's results of operations. Accordingly, expenditures related to inventories are reported in governmental funds when purchased.

Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activity's column in the governmental-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and estimated useful life in excess of one year. Such assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets reported in the government-wide fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, using the straight-line method of calculating depreciation. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

	Capitalization Threshold	Estimated Service Life
Land Improvements	\$ 10,000	10-50 years
Building and Building Improvements	\$ 20,000	10-75 years
Vehicles and Equipment	\$ 5,000	3-25 years
Infrastructure	\$ 20,000	20-75 years

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

Accrued Compensated Balances

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements - Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Long-term Liabilities

Long-term liabilities include bonds and notes payable, and capital leases payable. Long-term liabilities also include other obligations such as compensated absences and post-employment benefits. 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 assets and liabilities on their balance sheets.

Fund Balances

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so designated by external funds sources, such as in the case of the nonspendable Trust Fund corpora, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Budget Accounting

The Town is required by state law to adopt a budget for the General and Highway Funds. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). The operating budget is prepared by the Select Board and approved by the Select Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by Town voters at a properly warned annual Town meeting. The voters vote on the total expense amount, but voters have discretion to change individual line items within the budget, thereby changing the total voted expense amount.

Encumbrances

Encumbrance accounting, under which purchase orders, contract, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and, therefore, should not be recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town has elected to treat its encumbrances as liabilities for budgetary control purposes.

Interfund Balances

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Deferred Outflows of Resources

In addition to assets, the statement of financial 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town's participation in the Vermont Municipal Employees Retirement System (VMERS). These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town's participation in the Vermont Municipal Employees Retirement System (VMERS). The governmental funds balance sheet reports deferred inflows of resources from three sources: unavailable property taxes, penalties and interest and unavailable receivables. The business-type activities and proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town's participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

New Pronouncement – Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as well as additional disclosures and required supplemental information.

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements, as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation expense as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

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

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Elimination of Due To/From	Statement of Net Position Total
ASSETS						
Cash	\$ 511,385	\$ -	\$ -	\$ -	\$ -	\$ 511,385
Receivable (net of allowance for uncollectible accounts):						
Taxes receivable	30,603	-	-	-	-	30,603
Grant receivable	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Capital assets	-	-	972,151	-	-	972,151
Total assets	<u>541,988</u>	<u>-</u>	<u>972,151</u>	<u>-</u>	<u>-</u>	<u>1,514,139</u>
Deferred Outflows	-	61,736	-	-	-	61,736
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Accrued expenses	32,890	(2)	-	-	-	32,888
Accrued payroll and withholdings	-	16,409	-	-	-	16,409
Due to other funds	-	-	-	-	-	-
Non-current obligations	-	-	-	311,438	-	311,438
Net pension liability	-	113,574	-	-	-	113,574
Other Liabilities	4,202	-	-	-	-	4,202
Total Liabilities	<u>37,092</u>	<u>129,981</u>	<u>-</u>	<u>311,438</u>	<u>-</u>	<u>478,511</u>
Deferred inflows						
Tax overpayments	-	-	-	-	-	-
Deferred property taxes	13,492	(13,492)	-	-	-	-
Pension Resources	-	82,453	-	-	-	82,453
Total Deferred Inflows	<u>13,492</u>	<u>68,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,453</u>
NET ASSETS						
Invested in capital assets	-	-	972,151	(311,438)	-	660,713
Non-spendable	-	-	-	-	-	-
Committed	181,210	-	-	-	-	181,210
Assigned	203,815	-	-	-	-	203,815
Restricted	28,041	-	-	-	-	28,041
Unrestricted	78,339	(137,207)	-	-	-	(58,868)
Total Net Assets	<u>\$ 491,405</u>	<u>\$ (137,207)</u>	<u>\$ 972,151</u>	<u>\$ (311,438)</u>	<u>\$ -</u>	<u>\$ 1,014,911</u>

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

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Net Assets Total
REVENUES					
Taxes	\$ 1,530,384	\$ (105,494)	\$ -	\$ -	\$ 1,424,890
Tax penalties and interest	31,710	-	-	-	31,710
Permits and licenses	436	-	-	-	436
Intergovernmental	418,867	-	-	-	418,867
Public safety grants	-	-	-	-	-
Charges for current services	49,250	-	-	-	49,250
Interest	1,461	-	-	-	1,461
Other revenues	21,711	(240)	(18,900)	-	2,571
Total Revenues	<u>2,053,819</u>	<u>(105,734)</u>	<u>(18,900)</u>	<u>-</u>	<u>1,929,185</u>
EXPENDITURES					
General government	280,660	6,201	-	-	286,861
Public safety	48,068	-	-	-	48,068
Public works	1,097,328	-	126,630	-	1,223,958
Health and social services	3,594	-	-	-	3,594
Conservation and development	20,195	-	-	-	20,195
Debt service expenditures					
Principal	96,087	-	-	(96,087)	-
Interest	3,595	-	-	-	3,595
Capital expenditures					
Public Works	<u>317,079</u>	<u>-</u>	<u>(317,079)</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,866,606</u>	<u>6,201</u>	<u>(190,449)</u>	<u>(96,087)</u>	<u>1,586,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>187,213</u>	<u>(111,935)</u>	<u>171,549</u>	<u>96,087</u>	<u>342,914</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	171,894	-	-	(171,894)	-
Transfers in	574,232	-	-	-	574,232
Transfers out	<u>(574,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(574,232)</u>
Total Other Financing Sources (Uses)	<u>171,894</u>	<u>-</u>	<u>-</u>	<u>(171,894)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 359,107</u>	<u>\$ (111,935)</u>	<u>\$ 171,549</u>	<u>\$ (75,807)</u>	<u>\$ 342,914</u>

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

NOTE 3. CASH AND CASH EQUIVALENTS

At June 30, 2022, the carrying amount of the Town's deposits with financial institutions was \$524,155. Of the funds on deposit, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

Balances held in each area are as follows:

	Book Balance	Bank Balance
FDIC insured	\$ 250,000	\$ 250,000
Category 4	261,385	274,155
Total Deposits	\$ 511,385	\$ 524,155

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

None of the Town's cash deposits at year end is subject to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The Town does not have policies regarding custodial credit risk, credit risk, concentration of credit risk, interest risk, or foreign currency risk.

GASB Statement No. 40 requires the Town's investments be categorized indicating the level of risk assumed by the Town at year end. Category 1 includes investments that are insured or registered or securities that are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments which are held by a trust department or agent in the Town's name. At June 30, 2022, all the Town's investments were in Category 1.

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

NOTE 4. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2022, have been repaid and are zero.

	Receivables	Payables
General fund	\$ -	\$ (4,128)
Cemetery	-	(463)
Office Equipment	481	-
Reappraiser & Lister Fund	2,749	
Municipal Planning Grant	119	-
Niles Cemetery	600	
Records Restoration	-	-
Scott & Eames Fund	7,724	-
Equipment Account	-	(7,082)
Total	\$ 11,673	\$ (11,673)

Operating Interfund Transfers

The Town occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. Interfund transfers during the year ending June 30, 2022, are detailed below.

	Transfers in		
	Special Revenue	Capital Projects	Total
Transfers out			
General Fund	\$ 5,000	\$ 569,232	\$ 574,232
Special Revenue	-	-	-
Total	\$ 5,000	\$ 569,232	\$ 574,232

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

NOTE 5. CAPITAL ASSET ACTIVITY

Capital asset activity of the Town for the year ended June 30, 2022, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 202,400	\$ 12,677	\$ -	\$ 215,077
Capital assets being depreciated:				
Buildings/improvements	159,200	-	-	159,200
Vehicles and equipment	1,493,991	179,004	189,000	1,483,995
Construction in progress	-	-	-	-
Infrastructure	-	125,398	-	125,398
Total capital assets, being depreciated	<u>\$ 1,653,191</u>	<u>\$ 304,402</u>	<u>\$ 189,000</u>	<u>\$ 1,768,593</u>
	Balances	Increases	Decreases	Balances
Less Accumulated Depreciation:				
Buildings/improvements	159,200	-	-	159,200
Vehicles and equipment	895,550	125,295	170,100	850,984
Infrastructure	-	1,335	-	1,335
	<u>1,054,750</u>	<u>126,630</u>	<u>170,100</u>	<u>1,011,519</u>
Being Depreciated, Net	<u>598,441</u>	<u>177,772</u>	<u>18,900</u>	<u>757,074</u>
Net Assets	<u>\$ 800,841</u>	<u>\$ 190,449</u>	<u>\$ 18,900</u>	<u>\$ 972,151</u>

Depreciation expense was charged to governmental functions as follows:

General	\$ -
Public works	126,630
	<u>126,630</u>
Total 2021 governmental depreciation expense	<u>\$ 126,630</u>

NOTE 6. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of \$61,736 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.

NOTE 7. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of \$82,453 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Funds is \$13,492 which is deferred property taxes.

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

NOTE 8. LEASE AGREEMENTS

Operating Leases

The Town of Halifax has no operating lease agreements for Fiscal Year 2022.

NOTE 9. COMMITTED AND RESTRICTED FUND BALANCES

At June 30, 2022, the Town had assigned and committed fund balances for the following purposes, with the General, Special Revenue, and Capital Fund as stated below:

General Fund	Special Revenue Fund	Capital Project Fund
\$ -	\$ 209,251	\$ 203,815

NOTE 10. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2020, the retirement system consisted of 423 participating employers.

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

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by 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.

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net pension liability of \$147,184,198. As of June 30, 2021, the Town's proportionate share of this was 0.07716% resulting in a liability of \$113,574. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2021, the Town's proportion of 0.07716% was a decrease of .00824% from its proportion measured as of June 30, 2020.

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

NOTE 10. PENSION PLAN (continued)

For the year ended June 30, 2022, the Town recognized pension expense of \$25,117.

As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	\$ 21,168	\$ -
Changes in assumptions	17,952	-
Difference between projected and actual earnings on pension plan investments	-	-
Changes in proportional share of contributions	4,227	-
Difference between the employer contributions and proportionate share of total contributions	-	82,453
Town's required employer contributions made subsequent to the measurement date	18,389	-
	\$ 61,736	\$ 82,453

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$18,839 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2022	(\$726)
2023	(7,503)
2024	(9,933)
2025	<u>(20,944)</u>
Total	<u>\$39,106</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group A.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Group A - Average annual compensation during highest five (5) years.

Service Retirement Allowance:

Eligibility: Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty (35) years of service.

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

NOTE 10. PENSION PLAN (continued)

Amount: Group A – 1.4% of AFC times service.

Maximum benefit is 60% of AFC for Groups A. The amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group A.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group A.

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

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

Amount: For Groups A, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement: For Groups A, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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

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

Member Contributions: Group A – 3.25% effective July 1, 2021, and 3% for fiscal year ended June 30, 2021.

Employer Contributions: Group A – 4.75% effective July 1, 2021, and 4.5% for fiscal year ended June 30, 2021.

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

Significant Actuarial Assumptions and Methods

Interest rate of return – 7.0%, net of pension plan investment expenses, including inflation.

Salary increases – 4.5% per year.

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

NOTE 10. PENSION PLAN (continued)

Mortality:

Pre-retirement: 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

Healthy Post-retirement – Retirees: 104% of 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

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

Disabled Post-retirement: PubNS-2010 Non-safety Disabled Retiree Mortality Table with generational projection using scale MP-2019

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments - Assumed to occur on January 1, following one year of retirement at the rate of 1.10% per annum for member (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members who receive a disability retirement benefit, at age 55). The January 1, 2022, COLA is assumed to be 2.00%

Significant Actuarial Assumptions and Methods (continued)

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.

Actuarial Asset Valuation – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Note – For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%. Inflation- 2.30%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using 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 longer-term expected rates of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, is summarized in the following table:

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

NOTE 10. PENSION PLAN (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Equity - S Cap	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. 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 new 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:

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$224,486	\$113,574	\$22,372

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 11. LONG-TERM CONTRACTS AND COMMITMENTS

The Town participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectability of any related receivable at December 31, 2014, may be impaired. In the opinion of the Town, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

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

NOTE 12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, the Town is a member of Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance Trusts:

1. The Property and Casualty Inter-Municipal Fund, Inc. (PACIF) for multi-line insurance;
2. The Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life, and disability coverage; and
3. The Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation.

PACIF, VLCTHT, and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association. To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance, and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

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

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

NOTE 13. LINE OF CREDIT

The Town of Halifax currently has no line of credit outstanding.

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

NOTE 14. LONG-TERM DEBT

Long-term debt consisted of the following:

Long-term Debt	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vermont Municipal Bond Bank, Series 2011-4 Refunding Bonds (2002-1), Originally \$260,000, with varied interest from 1.55%-5%. Payments due annually for principle (\$10,000-\$15,000) and semi-annually for interest, December and June 1st. Due December, 2022.	\$ 20,000	\$ -	\$ 10,000	\$ 10,000
Note Payable, Peoples United Bank, Interest 3.10%, Due in annual Installments of \$14,830, guaranteed with highway department tractor. Due annually on May 18th, with final payment May, 2023.	\$ 29,659	\$ -	\$ 14,830	\$ 14,829
Note Payable, Peoples United Bank, Interest 2.4%, Due in annual Installments of \$38,238, guaranteed with 2020 Western Star dump truck. Due annually on June 4th, with final payment June, 2025.	\$ 152,953	\$ -	\$ 38,238	\$ 114,715
Capital Lease, Caterpillar, due in annual payments of \$34,232, inclusive of interest at 3.2%. Due to mature September, 2021.	\$ 33,019	\$ -	\$ 33,019	\$ -
Note Payable, Peoples United Bank, Interest 2.25%, Due in annual Installments of \$34,379, guaranteed with 2022 Western Star dump truck. Due annually on June 4th, with final payment August, 2026.	\$ -	\$ 171,894	\$ -	\$ 171,894
	<u>\$ 235,631</u>	<u>\$ 171,894</u>	<u>\$ 96,087</u>	<u>\$ 311,438</u>

Principle maturities on long term debt are as follows:

<u>Years ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	97,446	6,742	\$ 104,188
June 30, 2024	72,617	4,434	\$ 77,051
June 30, 2025	72,617	2,835	\$ 75,452
June 30, 2026	34,379	774	\$ 35,153
June 30, 2027	34,379	500	34,879
Total	<u>\$ 311,438</u>	<u>\$ 15,285</u>	<u>\$ 326,723</u>

NOTE 15. SUBSEQUENT EVENTS

Events of the Town have been evaluated from July 1, 2022, through the date of these financial statements for subsequent events which would impact the financial standing. There are no events that would significantly impact the presentation of these financial statements.

TOWN OF HALIFAX, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE 1

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Plan Net Pension Liability	\$ 147,184,198	\$ 249,743,442	\$ 173,491,807	\$ 140,675,892
Town's Proportion of the Net Pension Liability	0.08653%	0.08653%	0.08535%	0.09560%
Town's Proportionate Share of the Net Pension Liability	\$ 113,574	\$ 216,103	\$ 148,075	\$ 134,486
Town's Covered Employee Payroll	\$ 294,224	\$ 285,934	\$ 307,908	\$ 297,835
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	38.60%	75.58%	48.09%	45.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%	80.35%	82.60%	83.64%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net position liability was lowered from 8.50% to 7.50%, due to the adoption by the Board of Trustees of a 7.50% expected future rate of return on assets for funding purposes.

Fiscal year 2019 was the first year of implementation, therefore, only four (4) years are shown.

TOWN OF HALIFAX, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution (Actuarially Determined)	\$ 18,389	\$ 17,156	\$ 17,705	\$ 16,942
Contributions in Relation to the Actuarially Determined Contributions	<u>18,389</u>	<u>17,156</u>	<u>17,705</u>	<u>16,942</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 294,224	\$ 285,934	\$ 307,908	\$ 297,835
Contributions as a Percentage of Town's Covered Employee Payroll	6.25%	6.00%	5.75%	5.69%

Notes to Schedule

Valuation Date: June 30, 2021

Fiscal year 2019 was the first year of implementation, therefore, only four (4) years are shown.

TOWN OF HALIFAX, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
UNASSIGNED GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE 3

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 1,449,958	\$ 1,530,384	\$ 80,426
Tax penalties and interest	-	31,710	31,710
Permits and licenses	-	436	436
Intergovernmental revenues	-	280,416	280,416
Charges for current services	-	44,032	44,032
Grant Income	-	8,193	8,193
Interest	20,000	821	(19,179)
Other revenues	171,500	4,605	(166,895)
Total revenues	1,641,458	1,900,597	259,139
EXPENDITURES			
General government	308,262	280,317	27,945
Public safety	45,234	43,437	1,797
Public works	-	879,124	-
Roads	483,000	-	483,000
Equipment	176,000	18,431	157,569
Garage	22,400	-	22,400
Road crew	433,830	-	433,830
Other	13,000	-	13,000
Health and social services	-	-	-
Conservation and development	-	-	-
Debt service expenditures			
Principal	159,232	-	159,232
Interest	500	-	500
Capital expenditures			
Public works	-	12,677	(12,677)
Total expenditures	1,641,458	1,233,986	1,286,596
Excess(deficiency) of revenues over expenditures	-	666,611	666,611
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Transfers in	-	-	-
Transfer out	-	(574,232)	(574,232)
Total other financing sources (uses)	-	(574,232)	(574,232)
Net change in fund balances	\$ -	\$ 92,379	\$ 92,379

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

TOWN OF HALIFAX, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

SCHEDULE 4

	Special Revenue Fund	Capital Project Fund	Total
ASSETS:			
Cash	\$ 198,041	\$ 212,150	\$ 410,191
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
Grant receivable	-	-	-
Due from other funds	11,210	(7,082)	4,128
Total Assets	\$ 209,251	\$ 205,068	\$ 414,319
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	1,253	1,253
Due to other funds	-	-	-
Total Liabilities	-	1,253	1,253
DEFERRED INFLOWS OF RESOURCES:			
Unavailable receivables	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES:			
Nonspendable	-	-	-
Committed	181,210	-	181,210
Restricted	28,041	-	28,041
Assigned	-	203,815	203,815
Unrestricted	-	-	-
Total Fund Balances	209,251	203,815	413,066
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 209,251	\$ 205,068	\$ 414,319

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HALIFAX, VERMONT
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2022

SCHEDULE 5

	Special Revenue Fund	Capital Project Fund	Total
REVENUES:			
Intergovernmental	\$ 5,585	\$ -	\$ 5,585
Charge for current services	5,218		5,218
Interest income	640	-	640
Other	118,894	22,885	141,779
	<u>130,337</u>	<u>22,885</u>	<u>153,222</u>
EXPENDITURES:			
General government	343	-	343
Public safety	-	4,631	4,631
Public works	2,555	215,649	218,204
Health & social services	3,594	-	3,594
Conservation, recreation and community development	1,764	-	1,764
Capital outlay:			
Public safety	-	-	-
Public works	-	304,402	304,402
Debt service:			
Principal	10,000	86,087	96,087
Interest	(2,193)	5,788	3,595
	<u>16,063</u>	<u>616,557</u>	<u>632,620</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>114,274</u>	<u>(593,672)</u>	<u>(479,398)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	171,894	171,894
Transfers in	5,000	569,232	574,232
Transfers out	-	-	-
	<u>5,000</u>	<u>741,126</u>	<u>746,126</u>
Net Change in Fund Balances	119,274	147,454	266,728
Fund Balances - July 1, 2021	<u>89,977</u>	<u>56,361</u>	<u>146,338</u>
Fund Balances - June 30, 2022	<u>\$ 209,251</u>	<u>\$ 203,815</u>	<u>\$ 413,066</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HALIFAX, VERMONT
BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2022

SCHEDULE 6

	Halifax Celebration	Cemetery	Office Equipment	Reappraiser & Lister Fund	Municipal Planning Grant	Niles Cemetery	Records Restoration	Scott & Eames Fund	Grants	Total Non- Major Funds
ASSETS										
Cash and equivalents	\$ 16,749	\$ 10,852	\$ 8,808	\$ 24,569	\$ -	\$ 1,854	\$ 15,658	\$ 20,317	\$ 99,234	\$ 198,041
Taxes receivable (net of allowance for uncollectible accounts)	-	-	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	(463)	481	2,749	119	600	-	7,724	-	11,210
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 16,749</u>	<u>\$ 10,389</u>	<u>\$ 9,289</u>	<u>\$ 27,318</u>	<u>\$ 119</u>	<u>\$ 2,454</u>	<u>\$ 15,658</u>	<u>\$ 28,041</u>	<u>\$ 99,234</u>	<u>\$ 209,251</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES										
Prepaid property taxes	-	-	-	-	-	-	-	-	-	-
Unavailable property taxes, penalties and interest	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Committed	16,749	10,389	9,289	27,318	119	2,454	15,658	-	99,234	181,210
Restricted	-	-	-	-	-	-	-	28,041	-	28,041
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>\$ 16,749</u>	<u>\$ 10,389</u>	<u>\$ 9,289</u>	<u>\$ 27,318</u>	<u>\$ 119</u>	<u>\$ 2,454</u>	<u>\$ 15,658</u>	<u>\$ 28,041</u>	<u>\$ 99,234</u>	<u>\$ 209,251</u>
Total liabilities and fund balances	<u>\$ 16,749</u>	<u>\$ 10,389</u>	<u>\$ 9,289</u>	<u>\$ 27,318</u>	<u>\$ 119</u>	<u>\$ 2,454</u>	<u>\$ 15,658</u>	<u>\$ 28,041</u>	<u>\$ 99,234</u>	<u>\$ 209,251</u>

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

TOWN OF HALIFAX, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE 7

	Halifax Celebration	Cemetery	Office Equipment	Reappraiser & Lister Fund	Municipal Planning Grant	Niles Cemetery	Records Restoration	Scott & Eames Fund	Grants	Total Non- Major Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax penalties and interest	-	-	-	-	-	-	-	-	-	-
Fees and licenses	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	5,585	-	-	-	-	-	5,585
Charges for current services	-	800	2,209	-	-	-	2,209	-	-	5,218
Interest	8	632	-	-	-	-	-	-	-	640
Other revenues	1,450	1,655	-	-	-	-	-	14,000	101,789	118,894
Total revenues	<u>1,458</u>	<u>3,087</u>	<u>2,209</u>	<u>5,585</u>	<u>-</u>	<u>-</u>	<u>2,209</u>	<u>14,000</u>	<u>101,789</u>	<u>130,337</u>
EXPENDITURES										
General government	-	-	343	-	-	-	-	-	-	343
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	2,555	2,555
Health and social services	-	3,594	-	-	-	-	-	-	-	3,594
Conservation and development	1,764	-	-	-	-	-	-	-	-	1,764
Debt service expenditures	-	-	-	-	-	-	-	-	-	-
Principal and lease payments	-	-	-	-	-	-	-	10,000	-	10,000
Interest	-	-	-	-	-	-	-	(2,193)	-	(2,193)
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,764</u>	<u>3,594</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,807</u>	<u>2,555</u>	<u>16,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(306)</u>	<u>(507)</u>	<u>1,866</u>	<u>5,585</u>	<u>-</u>	<u>-</u>	<u>2,209</u>	<u>6,193</u>	<u>99,234</u>	<u>114,274</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	5,000	-	-	-	-	-	-	-	5,000
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	<u>(306)</u>	<u>4,493</u>	<u>1,866</u>	<u>5,585</u>	<u>-</u>	<u>-</u>	<u>2,209</u>	<u>6,193</u>	<u>99,234</u>	<u>119,274</u>
Fund balances, July 1, 2021	<u>17,055</u>	<u>5,896</u>	<u>7,423</u>	<u>21,733</u>	<u>119</u>	<u>2,454</u>	<u>13,449</u>	<u>21,848</u>	<u>-</u>	<u>89,977</u>
Fund balances, June 30, 2022	<u>\$ 16,749</u>	<u>\$ 10,389</u>	<u>\$ 9,289</u>	<u>\$ 27,318</u>	<u>\$ 119</u>	<u>\$ 2,454</u>	<u>\$ 15,658</u>	<u>\$ 28,041</u>	<u>\$ 99,234</u>	<u>\$ 209,251</u>

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

TOWN OF HALIFAX, VERMONT
BALANCE SHEET
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE 8

	Resurfacing Fund	Bridge Fund	New Town Garage Fund	Equipment Fund	Total Reserve Funds
ASSETS					
Cash	\$ 89,001	\$ 59,994	\$ 7,806	\$ 55,349	\$ 212,150
Grants receivable	-	-	-	-	-
Due from other funds	-	-	-	(7,082)	(7,082)
Total assets	\$ 89,001	\$ 59,994	\$ 7,806	\$ 48,267	\$ 205,068
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued expenses	-	-	-	1,253	1,253
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	1,253	1,253
DEFERRED INFLOWS OF RESOURCES					
Unavailable grant receivables	-	-	-	-	-
Unavailable property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Assigned	89,001	59,994	7,806	47,014	203,815
Total fund balances	89,001	59,994	7,806	47,014	203,815
Total liabilities, deferred inflows of Resources and fund balances	\$ 89,001	\$ 59,994	\$ 7,806	\$ 48,267	\$ 205,068

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HALIFAX, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE 9

	Resurfacing Fund	Bridge Fund	New Town Garage Fund	Equipment Fund	Total Reserve Funds
REVENUES:					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-
Other	-	-	-	22,885	22,885
Total Revenues	-	-	-	22,885	22,885
EXPENDITURES:					
General government	-	-	-	-	-
Public works	3,102	20,242	-	192,305	215,649
Public safety	-	-	-	4,631	4,631
Conservation, recreation, and community developmen	-	-	-	-	-
Capital expenditures					
General government	-	-	-	-	-
Public works	125,398	-	-	179,004	304,402
Public safety	-	-	-	-	-
Debt Service					
Payments	-	-	-	86,087	86,087
Interest	-	-	-	5,788	5,788
Total Expenditures	128,500	20,242	-	467,815	616,557
Excess/(Deficiency) of Revenues Over Expenditures	(128,500)	(20,242)	-	(444,930)	(593,672)
Other Financing Sources:					
Loan Proceeds	-	-	-	171,894	171,894
Transfers out	-	-	-	-	-
Transfers in	160,000	60,000	-	349,232	569,232
Total Other Financing Sources	160,000	60,000	-	521,126	741,126
Net Change in Fund Balances	31,500	39,758	-	76,196	147,454
Fund Balances - July 1, 2021	57,501	20,236	7,806	(29,182)	56,361
Fund Balances - June 30, 2022	\$ 89,001	\$ 59,994	\$ 7,806	\$ 47,014	\$ 203,815

See Disclaimer in Accompanying Independent Auditor's Report.



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Select Board
Town of Halifax, Vermont
Halifax, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Halifax, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Halifax, Vermont's basic financial statements and have issued our report thereon dated January 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Halifax, 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 Halifax, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Halifax, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the management recommendation letter included with the audit report, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. These are described in the Schedule of Finding and Deficiencies in Internal Control as Item 2022-01.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Halifax, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items.

We noted certain other matters that we reported to management of the Town in a separate letter. There are no documented responses included with this audit.

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.

Batchelder Associates, PC

Batchelder Associates, PC
Vermont License #945
Barre, Vermont
January 24, 2023

TOWN OF HALIFAX, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2022

Deficiencies in Internal Control:

Material Weaknesses:

2022-01 Reconciliation of Balance Sheet Accounts

Criteria: Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

Condition: A number of balance sheet accounts such as cash accounts, due to/from, accounts payable, accrued expenses, accrued payroll and payroll tax liabilities were not reconciled to the actual balances at year end which resulted in various adjustment to revenue and expenses. In some cases, accounts not owned by the Town were included and accounts owned by the Town were omitted.

Cause: Unknown.

Effect: The Town's account balances were incorrect, both under and overstated.

Recommendation: We recommend that all balance sheet accounts be reconciled to supporting documentation in order to detect and correct errors, as well as be complete and include only Town owned accounts.

Management's Response: