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**TOWN OF FAIRFIELD, VERMONT**

**FINANCIAL STATEMENTS**

**December 31, 2022**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Fairfield, Vermont  
Fairfield, Vermont 05455

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fairfield, Vermont, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Fairfield, 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, each major fund, and the aggregate remaining fund information of the Town of Fairfield, Vermont, as of December 31, 2022, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

A.M. PEISCH & COMPANY, LLP

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional 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 Fairfield, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fairfield, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charges 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 and note on pages 4–10 and 39–44, the Schedules of the Town's proportionate share of the net pension liability and contributions on page 45, and the Notes to required supplementary information – Pension plan on page 45, 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 Fairfield, Vermont's basic financial statements. The accompanying combining nonmajor governmental funds financial statements and the combining private purpose trust funds 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 related 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 nonmajor governmental funds financial statements and the combining private purpose trust funds 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 Management, Discussion and Analysis, but does not include the basic financial statements and our auditors 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 there on.

In connection with our audit of the basic financial statements, our responsibility 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of the Town of Fairfield, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Fairfield, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Fairfield, Vermont's internal control over financial reporting and compliance.

*A. M. Peioch & Company, LLP*

St. Albans, Vermont  
September 27, 2023

VT. Reg. No. 92-0000102

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF FAIRFIELD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2022**

The discussion and analysis of the Town of Fairfield's financial performance is intended to provide a narrative introduction and overview of the Town's financial activities for the year ended December 31, 2022. Please use this report in conjunction with the Town's financial statements.

**Highlights**

1. **Paving:** 1.27 miles of road pavement resurfacing was done on Mill St., from the state apron to the end of pavement; Lapland St., from Mill St. to the first utility pole; and New St., from Rte. 36 to the end of pavement. These projects totaled \$193,956 for work completed by Pike Industries: \$155,000 was used from the General Fund; and \$38,956 from Fairfield's Paving Fund CD. To prepare for paving, the Fairfield Highway Department completed ditching and excavation where needed and built roadway shoulders up with gravel. The Selectboard continues planning major improvements to the infrastructure each year as part of a long-term plan.
2. **New Freightliner Truck:** In accordance with the Fairfield's equipment rotation schedule, a 2023 Freightliner Truck 114SD was purchased this year from Charlebois, Inc. (see loan info. Below).
3. **Loans/Debt Retirement:**
  - **2023 Freightliner Truck 114SD:** Purchased from Charlebois, Inc. in 2022, for \$215,217 (before the \$59,000 trade-in of the 2015 Freightliner 114SD). \$50,567 was paid from Fairfield's Equipment Fund CD, with the remaining \$105,650 financed by People's Trust Company (PTC) for a term of 3 years at a rate of 2.25%. The first payment of this debt is scheduled for 2023 in the amount of \$36,813.
  - **FEMA Grant Anticipation Loan:** Financed, in the amount of \$600,000, by PTC, at a rate of 1.75%. This, along with \$180,645 from Fairfield's Capital Fund, paid for \$780,145 in construction costs of the Juaire Rd. Bridge project in 2022. A grant, obligated in the amount of \$677,563 is estimated to be fully reimbursed to the town, from the Federal Emergency Management Agency (FEMA), within a year from closing out and will be used to pay off this loan. The monthly payments in 2022 toward interest on this loan totaled \$4,401.
  - **Library Building:** The Bent Northrop Memorial Library was built in 2010: \$500,000 was financed with PTC for 5 years, with an interest rate of 2.95%. The loan was refinanced in 2013 in the amount of \$406,372 at a term of 15 years and an interest rate of 3.25%. The balance was, again, refinanced in January 2017 for a term of 10 years and an interest rate of 2.75%. In May 2020, the \$204,481 balance was refinanced at an interest rate of 2.60%. A payment of \$26,840 was made in 2021 and \$32,169 in 2022. There are currently 5 payments left and the next payment, due 02/20/2023 is \$32,169. This loan is paid annually from BNML's endowment investment account, currently with Charles Schwab.
4. **Grants:**
  - **Better Roads Grant, North Road Culvert:** A grant of \$56,000 with a 20% minimum match requirement, was awarded by VTrans in 2022, to replace and upsize an aluminum culvert on North Rd., and to stabilize the roadside slopes. This work took place in 2022, and total project costs were \$82,054. A requisition was submitted, and we expect to receive \$56,000 in grant funds in 2023.

**TOWN OF FAIRFIELD, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

- Better Roads Grant, Lapland Road Improvements: A grant of \$20,000, with a 20% minimum match requirement, was awarded by VTrans in 2022, to improve/establish ditching, install culverts and correct the roadway crown. This work took place in 2022, and total project costs were \$43,459. A requisition will be submitted, and we expect to receive \$20,000 in grant funds in 2023.
- Town Highway Structures Grant, North Rd. Culvert: A grant of \$175,000 with a 20% minimum match requirement, awarded in 2021 is scheduled for construction in 2023.
- VCDP Implementation Grant for a Community Center Pavilion: A grant of \$77,255 was awarded in 2021, with no match requirement. Award increases were approved in 2022, to \$100,430. In 2022, the outdoor pavilion structure was built next to Fairfield in Community Center (FCCA) by Guilmette's Handyman Services. FCCA, NRPC and Green Dolphin worked together on Grant and project administration, and the Town of Fairfield served as the grant's Fiscal Agent. Total requisitions reimbursed from the grant prior to 12/31/2022 were \$58,945, with more requisitions and reimbursements planned for 2023.
- Juaire Road Bridge replacement: This Federal Emergency Management Agency (FEMA) supported project is part of Public Assistance grant #DR-4474, approved to repair road damage caused by severe Storm and Flooding incident on October 31, 2019. Project costs, excluding grant and project management, were obligated by FEMA in the amount of \$677,563, with a 10% minimum match requirement. The Juaire Road Bridge Replacement project designs were engineered and completed by Ruggiano Engineering. Project construction was completed by St. Onge Contractors, and Inspection Services were provided by Stantec Consulting. Grant and project management was conducted by the Town Administrator. Total project expenses, excluding grant and project management, were \$783,631, of which the Town Match is \$78,363. Requisitions will be submitted at closeout by the end of January and funding from FEMA is anticipated to be received by Fairfield within a year from that date. During the closeout submission, Fairfield will request, and anticipates, an additional \$28,065, to be obligated and received, based on final project costs. Total Administrative costs are TBD, with an additional obligated amount of \$28,088. Requisition for this portion of the project will be submitted later in 2023.
- ARPA Funding: In response to the COVID-19 pandemic, the American Rescue Plan Act (ARPA) awarded local and county payments of funds to be used by 2025. Funding amounts were based on population count. Fairfield received ARPA Local payments of \$102,227.59 in both 2021 and 2022; and ARPA County First payments of \$189,673.67, in both 2021 and 2022. The sum of this, \$583,802.52, was the total expected, but an additional \$137.64 "reallocation" amount was also received in December 2022. Funds are to be used only within the parameters of the federal government's final rule, announced in January 2022, and as determined by Fairfield Selectboard. In 2022, \$198,104.95 of the ARPA funds were used for town-wide, water meter replacements; a water generator; engineering efforts to prepare for a new Water Reservoir Roof; a Cascade System for the firefighters to fill their air tanks; Fairfield Community Center signs, playground upgrades, wood-fired oven, and west-end building renovations; Town Garage Doors; and Town technology. The balance is anticipated to be used for road construction expenses in 2023.



**TOWN OF FAIRFIELD, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

**Brief Explanation of the Basic Financial Statements**

This annual report consists of a series of financial statements on all the various activities of the Town. The Government-Wide Financial Statements include presentations on the Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Town as a whole and present information on a longer term basis. The Government-Wide Financials are followed by Fund Financial Statements for governmental activities; these statements show how services were financed in the short term as well as the balances remaining for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information on the Town's most significant funds. The Other Supplementary Information reports, beginning on page 46, provide financial information about activities for which the Town acts as a trustee for the benefit of others and nonmajor governmental programs which are restricted for specific purposes.

**Reporting the Government-Wide Financials**

The Statement of Net Position and the Statement of Activities (pages 11 and 12) will provide you with information concerning the financial "health" of the Town. Included in these statements is information regarding Capital Assets. This information is in addition to the cash accounts, payables, and receivables.

These statements include all assets and liabilities using the accrual basis of accounting, which means that all current year revenues and expenses are taken into account regardless of when cash is actually received or paid. These reports encompass the Town's governmental activities - basic services including but not limited to public service, accounting, highway maintenance/repair, and general administration; and Town department activities - the Town includes Library, Recreation, and Pond Funds, as the Town is financially accountable for them.

This discussion and analysis are intended to serve as an introduction to the Town of Fairfield, Vermont basic financial statements. The Town of Fairfield, Vermont 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. The following table summarizes the major features of the basic financial statements with further explanations below:

**TOWN OF FAIRFIELD, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

<b>Major Features of the Town's Government-Wide and Fund Financial Statements</b>			
	Government-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
<b>Scope</b>	Entire Town government except fiduciary funds, and any applicable discretely presented component units	The activities of the Town that are not proprietary or fiduciary, such as General Government, Public Safety and Public Works	Instances in which the Town is the trustee or agent for someone else's resources
<b>Required financial statements</b>	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position (if applicable)
<b>Measurement focus and basis of accounting</b>	Economic resources measurement focus and accrual basis of accounting	Current financial resources measurement focus and modified accrual basis of accounting	Economic resources measurement focus and accrual basis of accounting
<b>Type of asset / liability information presented</b>	All assets and liabilities, both financial and capital, and both short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and both short-term and long-term
<b>Type of inflow / outflow information presented</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

### **Reporting the Town's Most Significant Funds**

The fund financial statements (pages 13-16) provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants. The Board of Selectpersons/Voters have established other funds to help control and manage money for particular purposes (i.e. the Recreation Fund or the Common School Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (i.e. Homeland Security Grant).

**Governmental Funds** - Most of the Town's basic services are reported in the section on Governmental Funds. These funds focus on how money flows in and out, and the balances left at year-end and available to spend. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash, as opposed to capital assets, which are used in operations rather than converted to cash for use in spending.

### **The Town as Trustee**

The Town serves as trustee, or fiduciary for certain cemetery funds. These activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (pages 17 and 18). These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Condensed Financial Information for our Government-Wide Financial Statements**

The Net Position reflects approximately \$621,051 for the use of the Town including, \$69,581 for road improvements, \$1,838,939 for the use of the Library, \$124,830 for nonmajor governmental funds and \$8,971,866 in land, building and equipment. The Library assets are part of bequests left for the

**TOWN OF FAIRFIELD, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

benefit of the Bent-Northrop Memorial Library, by Consuelo Bailey, Mary Wallis, and Winston & Fredericka Sargent. The unrestricted net position are those funds that can be used to fund the daily operations without constraints established by debt covenants, enabling legislature, or other legal requirements.

**General Fund Budgetary Highlights**

During the fiscal year ended December 31, 2022, the Town incurred some significant variances between budgeted amounts and actual amounts. The overall expenditures budget was over spent by \$58,846. An unfavorable variance of \$25,586 was reported in expenditures for road maintenance contracted services. The Town expended \$198,086 with a budgeted amount of only \$172,500. An unfavorable variance in budget was reported in road maintenance materials of \$56,156, the amount budgeted for road materials was \$125,000 and \$181,156 was expended. An unfavorable variance in budget was reported in road equipment fuel and oil of \$48,478, the amount budgeted for fuel and oil was \$40,000 and \$88,478 was expended.

**The Town as a whole**

The following is a comparative schedule of our Town Wide Net Position.

	Statement of Net Position			
	2022	2021	Change	% Change
<b>ASSETS</b>				
Current and other assets	\$ 3,895,780	\$ 3,492,160	\$ 403,620	11.6%
Capital assets	9,288,228	8,519,906	768,322	9.0%
TOTAL ASSETS	<u>13,184,008</u>	<u>12,012,066</u>	<u>1,171,942</u>	<u>9.8%</u>
Deferred outflows of resources	85,388	103,520	(18,132)	-17.5%
Total Assets and deferred outflows	<u>\$ 13,269,396</u>	<u>\$ 12,115,586</u>	<u>\$ 1,153,810</u>	<u>9.5%</u>
<b>LIABILITIES</b>				
Current liabilities	\$ 58,606	\$ 62,461	\$ (3,855)	-6.2%
Current liabilities	600,000	-	600,000	#DIV/0!
Unearned revenue	385,836	-	385,836	#DIV/0!
Long-term debt outstanding	571,751	559,896	11,855	2.1%
TOTAL LIABILITIES	<u>1,616,193</u>	<u>622,357</u>	<u>993,836</u>	<u>159.7%</u>
Deferred inflows of resources	26,936	22,048	4,888	22.2%
<b>NET POSITION</b>				
Net investment in capital assets	8,971,866	8,198,602	773,264	9.4%
Restricted for:				
Library	1,838,939	1,939,200	(100,261)	-5.2%
Roads grant	69,581	-	69,581	#DIV/0!
Other purposes	124,830	650,859	(526,029)	-80.8%
Unrestricted	621,051	682,520	(61,469)	-9.0%
TOTAL NET POSITION	<u>11,626,267</u>	<u>11,471,181</u>	<u>155,086</u>	<u>1.4%</u>
Total liabilities, deferred inflows and net position	<u>\$ 13,269,396</u>	<u>\$ 12,115,586</u>	<u>\$ 1,153,810</u>	<u>9.5%</u>

**TOWN OF FAIRFIELD, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

**Governmental Activities**

The Changes in Net Position are reflected in the Statement of Activities Report on page 12. Net expense is the cost to the Town after any charges, grants, and contributions have been accounted for (i.e. delinquent penalties, clerk/treasurer fees, state aid to highways and federal funds or grants). The appropriation activities are those taxes raised and expended for non-governmental entities including but not limited to the school, fire department and community based groups and are not part of the working budget.

The following is a comparative schedule of our Town Wide Activities.

	Statement of Activities			
	2022	2021	Change	% Change
Program revenues:				
Charges for services	\$ 47,672	\$ 56,216	\$ (8,544)	-15.2%
Operating grants and revenues	175,651	463,856	(288,205)	-62.1%
Capital grants and contributions	1,025,318	325,895	699,423	214.6%
General revenues:				
Property taxes	1,336,237	1,245,843	90,394	7.3%
Other taxes	241,564	234,044	7,520	3.2%
Delinquent tax penalty	11,516	12,713	(1,197)	-9.4%
Interest income	6,244	8,185	(1,941)	-23.7%
Net gain on disposition of fixed assets	(5,235)	15,597	(20,832)	100.0%
Miscellaneous	25,388	34,544	(9,156)	-26.5%
Total revenues	<u>2,864,355</u>	<u>2,396,893</u>	<u>467,462</u>	<u>19.5%</u>
Program expenses:				
General Government	522,066	453,591	68,475	15.1%
Highways and streets	889,758	787,465	102,293	13.0%
Cemetery	7,560	6,540	1,020	15.6%
Parks and recreation	4,679	6,467	(1,788)	-27.6%
Zoning	-	4,002	(4,002)	-100.0%
Computerization	491	-	491	#DIV/0!
Library	147,312	134,232	13,080	9.7%
Appropriations	115,696	116,196	(500)	-0.4%
Debt service	15,680	11,017	4,663	42.3%
ARPA	11,429	-	11,429	#DIV/0!
Depreciation	702,701	679,528	23,173	3.4%
Miscellaneous	-	8,373	(8,373)	-100.0%
Total expenses	<u>2,417,372</u>	<u>2,207,411</u>	<u>209,961</u>	<u>9.5%</u>
Change in net position	446,983	189,482	257,501	135.9%
Net position - Beginning of year	11,179,284	11,281,699	(102,415)	-0.9%
Net position - End of year	<u>\$ 11,626,267</u>	<u>\$ 11,471,181</u>	<u>\$ 155,086</u>	<u>1.4%</u>

**Governmental Activities Analysis**

There is an increase in net position for governmental activities of \$155,086 compared to 2021. Compared to 2021, revenues increased by \$467,462 primarily because of the increase in capital grants of \$699,423, and an decrease in charges for services of \$8,544. Compared to 2021, expenses increased by \$209,961. The major differences in program expenses from 2021 was an increase in highway and streets expenses of \$102,293, and an increase in general government of \$68,475, and an increase in depreciation of \$23,173.

**TOWN OF FAIRFIELD, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

**Capital Assets**

As found in audit Note 8, the December 31, 2022 net capital assets are \$9,288,228. This represents a broad range of capital assets, including paving, highway equipment and infrastructure, net of accumulated depreciation. (See Table below) This amount represents a net increase (including additions, deletions and depreciation) of \$768,322 over last year.

	(Net of Accumulated Depreciation)	
	Governmental Activities	
	2022	2021
Infrastructure	\$9,786,349	\$8,812,580
Land	226,056	226,056
Equipment	1,638,327	1,592,156
Office equipment, furniture, etc.	376,766	268,282
Buildings	3,596,179	3,421,391
Less: Accumulated depreciation	<u>(6,335,449)</u>	<u>(5,800,559)</u>
Totals	<u>\$9,288,228</u>	<u>\$8,519,906</u>

This year's major additions included:

Paving	\$ 193,956
2023 International Truck	215,217
Juaire Road Bridge	<u>742,838</u>
Totals	<u>\$ 1,152,011</u>

**Debt**

At December 31, 2022, the Town had \$316,362 in long term notes outstanding versus \$321,304 on December 31, 2021 – a decrease of \$4,942 – as shown below. There were payments on outstanding debt of \$110,592. There is a current grant anticipation loan for the FEMA grant of \$600,000.

	Outstanding Debt at Year-End	
	Governmental Activities	
	2022	2021
General obligation notes	<u>\$ 316,362</u>	<u>\$ 321,304</u>
Totals	<u>\$ 316,362</u>	<u>\$ 321,304</u>
Decrease	\$ (4,942)	

**Economic Factors and Calendar Year 2022 Budget**

The calendar year 2022 estimated expenditure budget is \$1,595,000. The Selectboard at the time estimated that none of the fund balance carryover will be used to offset taxes.

**Contacting the Town's Financial Officer**

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer's Office, (802) 827-3261, P.O. Box 5, Fairfield, VT 05455.

**BASIC FINANCIAL STATEMENTS**

## TOWN OF FAIRFIELD, VERMONT

STATEMENT OF NET POSITION  
December 31, 2022

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,355,138
Investments	1,782,713
Accounts receivable	10,386
Delinquent taxes receivable	30,737
Delinquent interest receivable	1,509
Delinquent penalty receivable	2,975
Grants receivable	712,322
Total current assets	<u>3,895,780</u>
Capital assets:	
Land	226,056
Infrastructure	9,786,349
Buildings	3,596,179
Road equipment and vehicles	1,638,327
Office equipment, furniture and fixtures	376,766
Less: accumulated depreciation	<u>(6,335,449)</u>
Total capital assets - Net	<u>9,288,228</u>
Total assets	<u>13,184,008</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - Pension	<u>85,388</u>
Total deferred outflows of resources	<u>85,388</u>
<b>LIABILITIES</b>	
Accounts payable	29,341
Accrued payroll and interest	24,465
Refundable advances	385,836
Short-term debt	600,000
Due to other funds	4,800
Noncurrent liabilities:	
Net pension liability	255,389
Portion due or payable within one year	92,801
Portion due or payable after one year	223,561
Total liabilities	<u>1,616,193</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - Pension	19,992
Taxes paid in advance	<u>6,944</u>
Total deferred inflows of resources	<u>26,936</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,971,866
Restricted for:	
Library	1,838,939
Road grant fund	69,581
Other purposes	124,830
Unrestricted	621,051
Total net position	<u>\$ 11,626,267</u>

See accompanying notes.

## TOWN OF FAIRFIELD, VERMONT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2022

Funds/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Selectboard	\$ 205,770	\$ -	\$ -	\$ -	\$ (205,770)
Town clerk and treasurer	194,773	30,338	-	-	(164,435)
Town auditors	2,198	-	-	-	(2,198)
Listers	70,022	-	11,427	-	(58,595)
Delinquent tax collector	12,910	-	-	-	(12,910)
Town properties	36,393	4,133	-	-	(32,260)
Cemeteries	7,560	-	-	-	(7,560)
Parks and recreation	4,679	-	-	-	(4,679)
Street lights	5,333	-	-	-	(5,333)
Appropriations - General Town	115,696	-	-	-	(115,696)
Computerization	491	-	-	-	(491)
Road maintenance	642,201	6,450	221,362	827,213	412,824
Equipment	204,857	6,692	-	-	(198,165)
Town garage	37,367	-	-	-	(37,367)
Library	147,312	59	(57,138)	-	(204,391)
American Rescue Plan Act	11,429	-	-	198,105	186,676
Depreciation - Unallocated	702,701	-	-	-	(702,701)
Interest on long-term debt	15,680	-	-	-	(15,680)
Total governmental activities	<u>\$ 2,417,372</u>	<u>\$ 47,672</u>	<u>\$ 175,651</u>	<u>\$ 1,025,318</u>	<u>(1,168,731)</u>
General revenues:					
Property taxes					1,336,237
Current use tax					241,564
Delinquent tax penalty					11,516
Interest and dividend income					6,244
Net gain on disposal of fixed assets					(5,235)
Miscellaneous					25,388
Total general revenues					<u>1,615,714</u>
Change in net position					446,983
Net position, Governmental activities - Beginning of year					<u>11,471,185</u>
Prior period adjustment					<u>(291,901)</u>
Net position, Governmental activities - Beginning of year, as restated					<u>11,179,284</u>
Net position, Governmental activities - End of year					<u>\$ 11,626,267</u>

See accompanying notes.



## TOWN OF FAIRFIELD, VERMONT

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2022**

	<b>General Fund</b>	<b>Library Fund</b>	<b>American Rescue Plan Act Fund</b>	<b>Road Grants Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 905,892	\$ 38,114	\$ -	\$ -	\$ 411,132	\$ 1,355,138
Investments	-	1,782,713	-	-	-	1,782,713
Accounts receivable	10,386	-	-	-	-	10,386
Delinquent taxes receivable	30,737	-	-	-	-	30,737
Delinquent interest receivable	1,509	-	-	-	-	1,509
Delinquent penalties receivable	2,975	-	-	-	-	2,975
Grants receivable	-	-	-	632,088	80,234	712,322
Due from other funds	150,809	16,228	385,836	37,493	116,003	706,369
Total assets	<u>\$ 1,102,308</u>	<u>\$ 1,837,055</u>	<u>\$ 385,836</u>	<u>\$ 669,581</u>	<u>\$ 607,369</u>	<u>\$ 4,602,149</u>
<b>Liabilities:</b>						
Accounts payable	\$ 29,341	\$ -	\$ -	\$ -	\$ -	\$ 29,341
Accrued payroll and interest	16,698	1,702	-	-	-	18,400
Due to other funds	560,360	-	-	-	150,809	711,169
Refundable advances	-	-	385,836	-	-	385,836
Short-term debt	-	-	-	600,000	-	600,000
Total liabilities	<u>606,399</u>	<u>1,702</u>	<u>385,836</u>	<u>600,000</u>	<u>150,809</u>	<u>1,744,746</u>
<b>Deferred inflows of resources:</b>						
Unavailable revenue - Property taxes	27,087	-	-	-	-	27,087
Property taxes paid in advance	6,944	-	-	-	-	6,944
Total deferred inflows of resources	<u>34,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,031</u>
<b>Fund balances:</b>						
Restricted	-	1,838,939	-	69,581	124,830	2,033,350
Committed	-	-	-	-	291,723	291,723
Assigned	-	-	-	-	40,367	40,367
Unassigned	461,878	(3,586)	-	-	(360)	457,932
Total fund balances	<u>461,878</u>	<u>1,835,353</u>	<u>-</u>	<u>69,581</u>	<u>456,560</u>	<u>2,823,372</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,102,308</u>	<u>\$ 1,837,055</u>	<u>\$ 385,836</u>	<u>\$ 669,581</u>	<u>\$ 607,369</u>	<u>\$ 4,602,149</u>

See accompanying notes.

**TOWN OF FAIRFIELD, VERMONT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2022**

Total fund balances - Governmental funds	\$ 2,823,372
Amount reported for governmental activities in the statement of net position are different because:	
Delinquent taxes are recognized as revenue when levied in the government-wide financial statements, but amounts not collected within 60 days are reported as a deferred inflow in the governmental funds	27,087
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$15,623,677, and the accumulated depreciation is \$6,335,449.	9,288,228
Current year pension contributions and other changes in the net pension liability are reported as deferred outflows of resources in the statement of net position, but are not reported as expenses in the governmental funds.	85,388
The net pension liability is reported as a liability in the statement of net position, but is not reported in the governmental funds.	(255,389)
Changes in the Town's proportionate share of pension contributions and other changes in the net pension liability are reported as deferred inflows of resources in the statement of net position, but are not reported in the governmental funds.	(19,992)
Accrued interest on long-term liabilities is an expense for governmental activities but not recorded as an expenditure in governmental funds.	(6,065)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of four notes payable.	<u>(316,362)</u>
Total net position - Governmental activities	<u><u>\$ 11,626,267</u></u>

See accompanying notes.

## TOWN OF FAIRFIELD, VERMONT

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2022**

	General Fund	Library Fund	American Rescue Plan Act Fund	Road Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Real and personal taxes - Municipal	\$ 1,240,108	\$ -	\$ -	\$ -	\$ -	\$ 1,240,108
School overpayment credit	54,768	-	-	-	-	54,768
Federal aid	-	-	-	632,088	91,425	723,513
State aid:						
Highway	221,362	-	-	-	-	221,362
Current use	241,564	-	-	-	-	241,564
Listers	-	-	-	-	9,027	9,027
Taxes	49,715	-	-	-	-	49,715
Other	-	-	-	-	104,000	104,000
Interest and dividends	4,877	53,910	-	-	951	59,738
Licenses and fees	30,512	40	-	-	6,692	37,244
Grants	2,100	4,526	198,105	-	-	204,731
Delinquent tax penalty	11,516	-	-	-	-	11,516
Rent and lease income	17,107	-	-	-	-	17,107
Donation	-	6,844	-	-	-	6,844
Net decrease in fair value of investments	-	(122,004)	-	-	-	(122,004)
Miscellaneous income	10,890	307	-	-	7,512	18,709
<b>Total revenues</b>	<b>1,884,519</b>	<b>(56,377)</b>	<b>198,105</b>	<b>632,088</b>	<b>219,607</b>	<b>2,877,942</b>
<b>EXPENDITURES</b>						
Selectboard	205,770	-	-	-	-	205,770
Town clerk and treasurer	183,669	-	-	-	-	183,669
Town auditors	2,198	-	-	-	-	2,198
Listers	13,659	-	-	-	56,363	70,022
Delinquent tax collector	12,910	-	-	-	-	12,910
Town properties	32,244	-	-	-	3,992	36,236
Cemeteries	7,560	-	-	-	-	7,560
Parks and recreation	2,402	-	-	-	278	2,680
Street lights	5,333	-	-	-	-	5,333
Appropriations	115,696	-	-	-	-	115,696
Road maintenance	798,243	-	-	-	7,200	805,443
Equipment	168,125	-	-	-	309,046	477,171
Materials	-	-	-	-	30,031	30,031
Town garage	37,367	-	-	-	-	37,367
Grant expenditures	-	4,618	198,105	738,320	91,425	1,032,468
Library	-	138,894	-	-	-	138,894
Contracted services	-	-	-	-	55,630	55,630
Debt service:						
Principal retirement	82,968	27,624	-	-	-	110,592
Interest charges	7,402	4,545	-	4,401	-	16,348
Miscellaneous expense	-	-	-	-	491	491
<b>Total expenditures</b>	<b>1,675,546</b>	<b>175,681</b>	<b>198,105</b>	<b>742,721</b>	<b>554,456</b>	<b>3,346,509</b>
<b>Excess of revenues over expenditures</b>	<b>208,973</b>	<b>(232,058)</b>	<b>-</b>	<b>(110,633)</b>	<b>(334,849)</b>	<b>(468,567)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	-	-	-	-	83,000	83,000
Proceeds from long term debt	-	-	-	-	105,650	105,650
Operating transfers in	92,334	115,994	-	186,646	166,047	561,021
Operating transfers out	(292,041)	-	-	-	(268,980)	(561,021)
<b>Total other financing sources (uses)</b>	<b>(199,707)</b>	<b>115,994</b>	<b>-</b>	<b>186,646</b>	<b>85,717</b>	<b>188,650</b>
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b>9,266</b>	<b>(116,064)</b>	<b>-</b>	<b>76,013</b>	<b>(249,132)</b>	<b>(279,917)</b>
Fund balance at beginning of year	452,612	1,951,417	291,901	(6,432)	705,692	3,395,190
Prior period adjustment	-	-	(291,901)	-	-	(291,901)
<b>Fund balance at beginning of year, as restated</b>	<b>452,612</b>	<b>1,951,417</b>	<b>-</b>	<b>(6,432)</b>	<b>705,692</b>	<b>3,103,289</b>
<b>Fund balance at end of year</b>	<b>\$ 461,878</b>	<b>\$ 1,835,353</b>	<b>\$ -</b>	<b>\$ 69,581</b>	<b>\$ 456,560</b>	<b>\$ 2,823,372</b>

See accompanying notes.

## TOWN OF FAIRFIELD, VERMONT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022**

Net change in fund balances - Total governmental funds	\$ (279,917)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Delinquent taxes not collected within 60 days of year end are recognized as revenue when levied in the government-wide financial statements, but are not reported as income in governmental funds.	(8,354)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	\$ 1,559,258
Depreciation expense	<u>(702,701)</u>
Capital asset additions, net of depreciation	856,557
Governmental funds report proceeds from sales of fixed assets as revenue while governmental activities report the net gain from sale of fixed assets by adjusting for the cost basis of asset sold.	(88,235)
Interest accrued on long-term liabilities is recorded as an expenditure in the government-wide financial statements, but is not reported as an expenditure in governmental funds.	668
Pension expense for the defined benefit plan (VMERS) is recognized in the governmental funds based on current year employer matching contributions. Pension expense in the government-wide statements is based on net change in the net pension liability.	(38,678)
Proceeds of long-term debt is income in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Net Position:	
Proceeds of long-term debt	(105,650)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>110,592</u>
Change in net position of governmental activities	<u><u>\$ 446,983</u></u>

See accompanying notes.

## TOWN OF FAIRFIELD, VERMONT

## STATEMENT OF FIDUCIARY NET POSITION

December 31, 2022

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,207	\$ -	\$ 21,207
Due from other funds	4,800	-	4,800
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>26,007</u>	<u>-</u>	<u>26,007</u>
<b>LIABILITIES</b>			
Due to other individuals	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for Bradley cemetery	15,824	-	15,824
Restricted for specific purposes	10,183	-	10,183
	<u>          </u>	<u>          </u>	<u>          </u>
Total net position	<u>\$ 26,007</u>	<u>\$ -</u>	<u>\$ 26,007</u>

See accompanying notes.

## TOWN OF FAIRFIELD, VERMONT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended December 31, 2022**

	<b>Private Purpose Trust Funds</b>	<b>Custodial Fund</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS</b>			
Interest	\$ 63	\$ -	\$ 63
Taxes collected for other governments	-	2,494,615	2,494,615
Total additions	<u>63</u>	<u>2,494,615</u>	<u>2,494,678</u>
<b>DEDUCTIONS</b>			
Taxes distributed to other governments	-	2,494,615	2,494,615
Total deductions	<u>-</u>	<u>2,494,615</u>	<u>2,494,615</u>
Change in net position	63	-	63
Net position at beginning of year	<u>25,945</u>	<u>-</u>	<u>25,945</u>
Net position at end of year	<u><u>\$ 26,008</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,008</u></u>

See accompanying notes.

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Summary of Significant Accounting Policies**

The financial statements of the Town of Fairfield, Vermont have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are described below.

#### **A. Reporting Entity**

The Selectboard, comprised of five elected individuals, is the primary governing authority of the Town. As required by GAAP, these financial statements present the accounts of all Town operations. The Town does not have any component units.

#### **B. Basic Financial Statements - Government-Wide Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's parks and recreation, road maintenance, library, fire station building, and general administrative services are classified as governmental activities. The Town does not have any business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (excluding depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function (Selectboard, road maintenance, parks and recreation, library, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs by function are normally covered by general revenue (property taxes, intergovernmental revenues, interest and investment income, etc.). The Town does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

#### **C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of either fund category or the governmental combined) for the determination of major funds. The Town electively added funds, as major funds, which either had debt outstanding or specific community focus.

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

### 1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

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 required to be accounted for in another fund.

*Library Fund.* This fund accounts for the revenues and expenditures associated with the library.

*ARPA (American Rescue Plan Act) Fund.* This fund accounts for the revenues and expenditures associated with grant revenues received from the federal government and expenses for the corresponding grant projects.

*Road Grants Fund.* This fund accounts for the revenues and expenditures associated with road improvement projects.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

### 2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Town reports on the following fiduciary fund types.

*Private Purpose Trust Funds.* These funds are used to account for assets held in trust for a specific purpose.

*Tax Sale Escrow Funds.* This fund is used to account for assets held in escrow on behalf of two parties in a transaction before the assets are transferred from one party to another. This fund reports assets and liabilities and has no fund balance.

*Custodial Funds.* This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals. This fund reports assets and liabilities and has no fund balance.

### D. 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.



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

### **1. Accrual**

Both governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the economic resources measurement focus and the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

### **2. Modified Accrual**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and six months for other revenues. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

### **E. Budgetary Data**

Budgets are presented on the modified cash basis of accounting for the General Fund. Budgets are not adopted on a Town level for any other funds. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- The Selectboard prepares and legally warns a budget for the year beginning January 1. The operating budget includes proposed expenditures and means of financing them.
- Any revisions to the budget must be approved by the Selectboard.
- The legal voters of the Town of Fairfield, Vermont meet on the first Tuesday in March to review, discuss, and vote on the budget.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- The General Fund budgetary comparison schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis which conforms with the modified cash basis of accounting. For the Town, the accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. As the other funds do not have legally adopted budgets, no schedules are presented for these funds.

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

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the unassigned fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent year. As a result, overall fund revenue variances will be negative and overall fund expenditures variances will be positive.

### **F. Defined Benefit Pension Plan**

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

VMERS investments are reported at fair value. VMERS does not issue stand-alone financial reports, but is instead included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR).

### **G. Financial Statement Items**

#### **1. Deposits and Investments**

The Town's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair market value. Changes in the fair value of investments are recorded as current year income or expense.

#### **2. Interfund Receivables and Payable**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of inter-fund loans) or "advances from/to other funds" (i.e., the non-current portion of inter-fund loans).

#### **3. Receivables**

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

#### **4. Property Taxes**

Property taxes are levied in August and are due and payable on or before the first Friday in November and become delinquent on the following day. The Town prepares the bills and collects all taxes.

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

### 5. Deferred Outflows/Inflows of Resources

The Town reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred outflows consist of (1) the Town's current year pension contributions subsequent to the measurement date, (2) the change in the Town's proportionate share of pension contributions, (3) the Town's proportionate share of the difference between projected and actual investment earnings, (4) the Town's proportionate share of change in the net pension liability due to changes in assumptions, and (5) the Town's proportionate share of differences between expected and actual experience. The Town reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period. Deferred inflows on the statement of net position consist of the change in the Town's proportionate share of differences between expected and actual experience, the change in the Town's proportionate share of pension contributions, and property taxes received in advance. Deferred inflows on the governmental fund balance sheet consist of unavailable revenue - property taxes that were not collected within 60 days of year end and property taxes received in advance.

### 6. Capital Assets

Capital assets are property owned by the Town and include computers, such as computer equipment, software, and peripherals; equipment, such as vehicles, machinery, copiers, and office equipment; buildings and land; and infrastructure, such as roads, bridges, tunnels, rights of way, and culverts.

General capital assets are capitalized and recorded when all of the following criteria are met:

- 1) The asset is tangible and complete.
- 2) The asset is used in the operation of the Town's activities.
- 3) The asset has a value and useful life at the date of acquisition that meets or exceeds the following:
  - \$5,000 value and two years of life for software, office equipment, maintenance equipment, and other equipment.
  - \$5,000 value and two years of life for all capital improvements.
  - All buildings and land must be reported regardless of value and useful life at date of acquisition.
  - \$5,000 and three years of life for infrastructure and infrastructure improvements.

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest during the construction phase and bond issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

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

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

### 7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

### 8. Governmental Fund Balances

Fund balances of governmental fund type financial statements are classified as *nonspendable* (not in spendable form or legally required to remain intact); *restricted* (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); *committed* (constraints on the use of resources are imposed by formal action of the voters at town meeting); *assigned* (reflecting the Select board's intended use of the resources); and *unassigned* (indicates the portion of fund equity that is available for appropriation and expenditure in future periods).

### 9. Government-Wide Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the statement of net position. Net investment in capital assets includes restricted capital assets, less accumulated depreciation, less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources, and less deferred inflows of resources related to those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments. All other net position is recorded in the unrestricted category.

### 10. Use of Restricted Resources

When an expense is incurred that can be paid from either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then to unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less-restrictive classifications – committed then assigned fund balances before using unassigned fund balances.

### 11. Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the period. Accordingly, actual results could differ from those estimates.

**Note 1. Summary of Significant Accounting Policies (Continued)****H. Effect of New Governmental Accounting Standards Board (GASB) Pronouncements****Implementation of new accounting principles**

The Town is reviewing the following GASB Statements, which are effective in future years, for possible implementation.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*
- GASB Statement No. 99, *Omnibus*
- GASB Statement No. 87, *Leases – Determined not applicable to year ended December 31, 2022.*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements – Determined not applicable to year ended December 31, 2022.*
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period – Determined not applicable for 2022.*

**Note 2. Cash and Custodial Credit Risk - Deposits in Financial Institutions**

Cash belonging to the Town is placed in the custody of the Town Treasurer who is elected. The Town does not have a policy for custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2022, the Town of Fairfield, Vermont's deposits had a carrying amount of \$1,376,335 and a bank balance of \$1,438,727. Of the bank balance, \$938,727 was exposed to custodial credit risk as follows:

Collateral held by pledging institution's	
trust department not in the government's name	\$ 938,727
Total	<u>\$ 938,727</u>

**Note 3. Prior Period Adjustments – Restatement of Beginning Fund Balance/Net Position**

The Town's beginning net position in Government wide statements and Governmental fund statements has been restated to reflect the cumulative effect of prior year adjustments. The adjustment was made due to prior year advance received from grantor that was incorrectly recorded as revenue before the eligibility requirements were met. The Government-wide net position as of December 31, 2021 as previously reported was \$11,471,185. The net position restated as of December 31, 2021 is \$11,179,284, a difference of \$291,901. The Government fund statements as of December 31, 2021 as previously reported was \$3,395,190. The net position restated as of December 31, 2021 is \$3,103,289, a difference of \$291,901.

**Note 4. Inter-fund Receivables/Payables and Advances**

A summary of inter-fund due from/due to accounts is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Roads Grant Fund	General Fund	\$ 37,493
Equipment Fund	General Fund	81,047
Damaged Roads Fund	General Fund	5,972
ARPA Fund	General Fund	385,836
Computerization Fund	General Fund	12,779
Grant Writer Fund	General Fund	13,815
Cemetery Fund	General Fund	4,800
Legal Fund	General Fund	2,390
Library Fund	General Fund	16,228
Total due from General Fund		<u>560,360</u>
General Fund	Capital Projects Fund	11,484
General Fund	Fire Station Fund	360
General Fund	Lister/Reappraisal Fund	57,963
General Fund	Recreation Fund	2,663
General Fund	Zoning Fund	1,891
General Fund	Historical Soc/Building Fund	822
General Fund	Better Backroads Grant	75,626
Total due to General Fund		<u>150,809</u>
Total due to / due from		<u><u>\$ 711,169</u></u>

The interfund balances mainly resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Note 5. Investments**

**Special Revenue Funds** – The Fairfield Trustees of Library Funds are charged with maximizing the return on all invested funds while maintaining their security. By state statute, the Trustees may invest in any security issued, insured, or guaranteed by the United States; highly rated bonds, repurchase agreements and debt securities of any federally insured financial institution; shares of a registered investment company, or a unit investment trust, if such mutual investment fund has been in operation for at least ten years and has net assets of at least \$500,000,000; or deposits in federally insured financial institutions.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Town's investments in securities are held by the counterparty's trust department in the Town's name.

**Note 5. Investments (Continued)**

Library Fund investments at December 31, 2022 consisted of the following:

Investment Type	Unrealized Gain/Loss	Cost	Market Value	Investment maturities in years		
				Less than 1	1-5	6-10
U.S. Corporate Bonds	\$ (29,666)	\$ 475,317	\$ 445,651	\$ 69,352	\$ 319,609	\$ 56,690
U.S. Treasury Securities	(200)	74,783	74,583	59,911	14,672	-
Total fixed income	(29,866)	550,100	520,234	<u>\$ 129,263</u>	<u>\$ 334,281</u>	<u>\$ 56,690</u>
Money funds	-	21,158	21,158			
Exchange traded and closed end funds	(1,896)	8,407	6,511			
Common stocks and options	416,248	818,562	1,234,810			
Total at December 31, 2022	<u>\$ 384,486</u>	<u>\$ 1,398,227</u>	<u>\$ 1,782,713</u>			

Activity for the year consisted of:

Beginning balance - January 1, 2022	\$ 1,901,500
Interest and dividends earned	53,496
Brokerage fees	(18,109)
Unrealized loss on investments	(122,005)
Transfer to operating account to cover costs	(32,169)
Ending balance, December 31, 2022	<u>\$ 1,782,713</u>

**Fair Value Measurement**

Town of Fairfield, Vermont's investments measured and reported at fair value are classified according to the following hierarchy:

The Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement and Disclosures*, defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Topic 820 also established a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

*Level 1:* Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

*Level 2:* Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

*Level 3:* Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

**Note 5. Investments (Continued)**

	12/31/2022	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
<i>Debt Securities</i>				
Money market mutual funds	\$ 21,158	\$ 21,158	\$ -	\$ -
U.S. Corporate Bonds	445,651	-	445,651	-
U.S. Government Securities	74,583	74,583	-	-
Total debt securities	<u>541,392</u>	<u>95,741</u>	<u>445,651</u>	<u>-</u>
<i>Equity Securities</i>				
Exchange-traded and closed end funds	6,511	6,511	-	-
U.S. common and preferred stock	1,234,810	1,234,810	-	-
Total equity securities	<u>1,241,321</u>	<u>1,241,321</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 1,782,713</u>	<u>\$ 1,337,062</u>	<u>\$ 445,651</u>	<u>\$ -</u>

**Note 6. Grants**

The Town receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the Town's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the Town administration believes such disallowance, if any, would be immaterial.

**Note 7. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

The Town is a member of Vermont Leagues of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.



**Note 8. Capital Assets**

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 226,056	\$ -	\$ -	\$ 226,056
Total capital assets not being depreciated	<u>226,056</u>	<u>-</u>	<u>-</u>	<u>226,056</u>
Capital assets, being depreciated				
Infrastructure	8,812,580	973,769	-	9,786,349
Building	3,421,391	174,788	-	3,596,179
Road equipment and vehicles	1,592,156	219,217	(173,046)	1,638,327
Office equipment, furniture and fixtures	268,282	108,484	-	376,766
Total capital assets being depreciated	<u>14,094,409</u>	<u>1,476,258</u>	<u>(173,046)</u>	<u>15,397,621</u>
Less accumulated depreciation for:				
Infrastructure	(3,381,238)	(449,686)	-	(3,830,924)
Building	(1,249,509)	(85,807)	-	(1,335,316)
Road equipment and vehicles	(936,912)	(157,497)	167,811	(926,598)
Office equipment, furniture and fixtures	(232,900)	(9,711)	-	(242,611)
Total accumulated depreciation	<u>(5,800,559)</u>	<u>(702,701)</u>	<u>167,811</u>	<u>(6,335,449)</u>
Total capital assets, being depreciated, net	<u>8,293,850</u>	<u>773,557</u>	<u>(5,235)</u>	<u>9,062,172</u>
Governmental activities capital assets, net	<u>\$ 8,519,906</u>	<u>\$ 773,557</u>	<u>\$ (5,235)</u>	<u>\$ 9,288,228</u>
Governmental activities:				
General government and administration		\$ 253,015		
Road maintenance		<u>449,686</u>		
Total depreciation expense - Governmental activities		<u>\$ 702,701</u>		

**Note 9. Municipal Employee' Retirement System*****Plan Description***

The Vermont Municipal Employees' Retirement System is a cost-sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2022, the retirement system consisted of 359 participating employers.

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

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

**Note 9. Municipal Employee' Retirement System (Continued)**

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.

***Summary of System Provisions***

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

<b>Membership</b>	Full time employees of participating municipalities.
<b>Creditable service</b>	Service as a member plus purchased service.
<b>Average Final Compensation (AFC)</b>	Average annual compensation during highest 3 consecutive years.
<b>Service Retirement Allowance</b>	
Eligibility:	The earlier of age 62 with 5 years of service or age 55 with 30 years of service.
Amount:	1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC.
	Maximum benefit is 60% of AFC. The above amounts include the portion of the allowance provided by member contributions.
<b>Early Retirement Allowance</b>	
Eligibility:	Age 55 with 5 years of service.
Amount:	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age.
<b>Vested Retirement Allowance</b>	
Eligibility:	5 years of service.
Amount:	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.
<b>Disability Retirement Allowance</b>	
Eligibility:	5 years of service and disability as determined by Retirement Board.
Amount:	Immediate allowance based on AFC and service to date of disability.
<b>Death Benefit</b>	
Eligibility:	Death after 5 years of service.

**Note 9. Municipal Employee' Retirement System (Continued)**

Amount:	Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death.
<b>Optional Benefit And Death after Retirement</b>	Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.
<b>Refund of Contribution</b>	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
<b>Post-Retirement Adjustments</b>	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3%.
<b>Member Contributions</b>	5.875% effective 07/01/22, 5.625% for fiscal year ended 06/30/22
<b>Employer Contributions</b>	6.500% effective 07/01/22, 6.250% for fiscal year ended 06/30/22
<b>Retirement Stipend</b>	\$25 per month payable at the option of the Board of retirees.

***Contributions***

The contribution requirements of VMERS members and the Town are established by the VMERS Board of Trustees. The contribution rates are reviewed annually by the VMERS Board as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund. The employees' contributions are deducted from the employee's wages or salary and remitted by the Town to VMERS on a quarterly basis. The Town's contractually required contribution rates for the year ended December 31, 2022 were 6.250% for Group B members prior to July 1 and 6.500% after July 1. These rates were actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town's contributions to the Plan for the year ended December 31, 2022 were \$22,947.

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

At December 31, 2022, the Town reported a liability of \$255,389 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the Town's proportion was 0.08418%, which was a decrease of .00400% from its proportion of .08818% as of June 30, 2021.

Since the State's pension reports for the fiscal year end June 30, 2022 are not available, an eighteen month look back period is used for the calculation. Since the Town has only been a part of the retirement system for four years, the difference in the look back period amounts are not material to the financial statements for the year ended December 31, 2022, the Town recognized pension expense of \$65,396. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

**Note 9. Municipal Employee' Retirement System (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 19,180	\$ -
Changes in assumptions	13,057	-
Difference between projected and actual investment earnings	41,462	-
Changes in proportionate share of contributions	200	19,992
Town contributions subsequent to the measurement date	<u>11,489</u>	<u>-</u>
Total	<u>\$ 85,388</u>	<u>\$ 19,992</u>

The \$11,489 of deferred outflows of resources resulting from the Town's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2023	\$ 27,358
2024	10,799
2025	2,692
2026	24,547
Thereafter	-
Total	<u>\$ 65,396</u>

**Significant Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Investment rate of return:** 7.00%, net of pension plan investment expenses, including inflation.

**Salary Increases:** Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

**Mortality:**

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

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

*Health Post-Retirement – Beneficiaries:* 70% Pub-2010 Contingent Survivor below-median and 30% of 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.

**Note 9. Municipal Employee' Retirement System (Continued)**

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

**Cost-of-Living Adjustments:** 1.20% for Group B. The January 1, 2023 COLA is assumed to be 2.00% and January 1, 2022 COLAs are 2.30% for Group B.

**Actuarial Cost Method:** Entry age actuarial cost method. Entry age is the age at date of employment, or if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

**Assets:** The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

**Inflation:** 2.30% per year.

***Long-term expected rate of return***

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equities - Large Cap	4.00%	3.25%
US Equities - Small/Mid Cap	3.00%	3.75%
Non-US Developed US Equities	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Markets Debt	4.00%	3.50%
Private & Alternate Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
U.S. TIPS	3.00%	-0.50%
Infrastrucutre/Farmland	4.00%	4.25%
	<u>100%</u>	

**Note 9. Municipal Employee' Retirement System (Continued)*****Discount Rate***

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

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increase of 0.50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members, are not included. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$382,689	\$255,389	\$150,679

***Pension Expense***

As discussed above, most changes in the net pension liability are included in pension expense in the year of change, including changes resulting from current-period service cost, interest on the total pension liability, changes in benefit terms, and projected earnings on the pension plan's investments. Other changes in net pension liability are recorded as deferred pension outflows of resources and deferred pension inflows of resources, and included in pension expense on a systematic and rational manner over current and future periods.

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

### Note 10. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The Town has no liability for losses under the plan.

Investments are managed by the plan's administrator under several different investment options, or combinations thereof. The choice of the investment option(s) is made by the participants. The Town has no management control over the assets of the plan. Accordingly, the assets of the plan are not included in these financial statements per GASB Statement No. 32.

### Note 11. Operating Transfers

The Town made the following transfers during the year ended December 31, 2022:

			Transfer From					
			General Fund	Capital Projects Fund	Federal Grant Fund	Paving Fund	Better Back Roads Fund	Recreation Fund
Transfer to	Equipment Fund	\$ 121,047	\$ (121,047)	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Projects Fund	30,000	(30,000)	-	-	-	-	-
	Library Fund	115,994	(115,994)	-	-	-	-	-
	Recreation Fund	11,000	(11,000)	-	-	-	-	-
	Grant Writer Fund	4,000	(4,000)	-	-	-	-	-
	General Fund	92,334	-	(31,474)	(859)	(38,956)	(11,045)	(10,000)
	Roads Grant Fund	186,646	-	(186,646)	-	-	-	-
Total	<u>\$ 561,021</u>	<u>\$ (282,041)</u>	<u>\$ (218,120)</u>	<u>\$ (859)</u>	<u>\$ (38,956)</u>	<u>\$ (11,045)</u>	<u>\$ (10,000)</u>	

The transfers from the general fund were made to record budgeted property tax contributions to these other funds, as well as matching grant expenditures.

### Note 12. Short-Term Debt

Below is a summary of changes in short-term debt for the year ended December 31, 2022:

	Beginning Balance	Additions	Principal Payments	Ending Balance	Interest Paid
Tax anticipation note taken out on 6/28/22 and paid off 11/16/2022 at a rate of 1.600%	\$ -	\$ 600,000	\$ 600,000	\$ -	\$ 421
Grant anticipation note taken out on 7/26/22 at a rate of 1.750%.	-	600,000	-	600,000	-
Totals	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 421</u>

Interest paid on short-term debt for the year ended December 31, 2022 was \$421.

### Note 13. Long-Term Debt

Below is a summary of changes in long-term debt for the year ended December 31, 2022:

	Beginning Balance	Additions	Principal Payments	Ending Balance	Due Within One Year
Notes Payable					
Peoples Trust Company, commercial promissory note taken out on 02/01/2021 due 02/01/2024 at a rate of 2.05% secured by a 2021 International truck with a net book value of \$160,900.	\$ 90,000	\$ -	\$ 29,393	\$ 60,607	\$ 29,984
Peoples Trust Company, commercial promissory note taken out on 8/23/18 due 8/23/2022 at a rate of 2.65% was refinanced on 04/01/20 due 08/23/2022 at a rate of 2.20% secured by the Town's salt shed with net book value of \$349,490.	53,575	-	53,575	-	-
Peoples Trust Company, annual payments of \$33,592 including interest at 3.25% was refinanced in May 2020 at an interest rate of 2.60% due May 2027 secured by the Library with a net book value of \$537,647.	177,729	-	27,624	150,105	28,381
Peoples Trust Company, commercial promissory note taken out on 08/08/2022 due 08/08/2025 at a rate of 2.25% secured by a 2023 International truck with a net book value of \$204,456.	-	105,650	-	105,650	34,436
Total notes payable	321,304	105,650	110,592	316,362	92,801
Other long term liabilities:					
Net pension liability	238,592	147,369	130,572	255,389	-
Total long-term liabilities	<u>\$ 559,896</u>	<u>\$ 253,019</u>	<u>\$ 241,164</u>	<u>\$ 571,751</u>	<u>\$ 92,801</u>

Interest paid on long-term debt for the year ended December 31, 2022 was \$7,546.

Principal and interest payments on the note payable indebtedness to maturity will be as follows:

	Principal	Interest	Total
2023	\$ 92,801	\$ 7,752	\$ 100,553
2024	95,013	5,576	100,589
2025	65,966	3,349	69,315
2026	30,787	1,714	32,501
2027	31,795	921	32,716
	<u>\$ 316,362</u>	<u>\$ 19,312</u>	<u>\$ 335,674</u>

### Note 14. Fund Balances

Net position in the governmental activities is restricted as follows:

Governmental Activities	
Library fund - restricted by statute	\$ 1,838,939
Capital projects fund - restricted by agreement	20,539
Roads grant fund - restricted by agreement	69,581
Lister/reappraisal fund - restricted by agreement	78,265
Historical Soc/building fund - restricted by agreement	15,446
Better backroads fund - restricted by agreement	5,972
Better backroads grant fund - restricted by agreement	4,608
Total Governmental Activities	<u>\$ 2,033,350</u>



**Note 14. Fund Balances (continued)**

The analysis of the fund balances at December 31, 2022 are as follows:

	Balance		Other financing		Balance
	12/31/2021	Increase	Decrease	sources (uses)	12/31/2022
<b>Restricted fund balances</b>					
Major Governmental Funds					
Library Fund	\$ 1,939,208	\$ (68,094)	\$ 32,175	\$ -	\$ 1,838,939
ARPA Fund	-	198,105	198,105	-	-
Roads Grant Fund	(6,432)	632,088	742,721	186,646	69,581
Total major governmental funds	1,932,776	762,099	973,001	186,646	1,908,520
Nonmajor Governmental Funds					
Capital Projects Fund	208,491	91,593	91,425	(188,120)	20,539
Federal Grant Fund	859	-	-	(859)	-
Lister/Reappraisal Fund	124,228	10,400	56,363	-	78,265
Historical Soc/Building Fund	19,408	30	3,992	-	15,446
Better Backroads Grant Fund	-	76,000	71,392	-	4,608
Better Backroads Fund	5,972	25,600	14,555	(11,045)	5,972
Total nonmajor governmental funds	358,958	203,623	237,727	(200,024)	124,830
Total restricted fund balances	\$ 2,291,734	\$ 965,722	\$ 1,210,728	\$ (13,378)	\$ 2,033,350
<b>Committed fund balances</b>					
Nonmajor Governmental Funds					
Equipment Fund	\$ 196,614	\$ 6,646	\$ 302,217	\$ 309,697	\$ 210,740
Grant Writer Fund	9,815	-	-	4,000	13,815
Legal Fund	2,390	-	-	-	2,390
Paving Fund	65,491	141	-	(38,956)	26,676
Recreation Fund	12,009	6	9,921	11,000	13,094
Common School Fund	24,971	37	-	-	25,008
Total nonmajor governmental funds	311,290	6,830	312,138	285,741	291,723
Total committed fund balances	\$ 311,290	\$ 6,830	\$ 312,138	\$ 285,741	\$ 291,723
<b>Assigned fund balances</b>					
Nonmajor Governmental Funds					
Zoning Fund	\$ 2,727	\$ 2,417	\$ -	\$ -	\$ 5,144
Computerization Fund	33,077	6,737	4,591	-	35,223
Total nonmajor governmental funds	35,804	9,154	4,591	-	40,367
Total assigned fund balances	\$ 35,804	\$ 9,154	\$ 4,591	\$ -	\$ 40,367
<b>Unassigned fund balances</b>					
Major Governmental Funds					
General Fund	\$ 452,612	\$ 1,884,519	\$ 1,675,546	\$ (199,707)	\$ 461,878
Library Fund	12,208	11,718	143,506	115,994	(3,586)
Total major governmental funds	464,820	1,896,237	1,819,052	(83,713)	458,292
Nonmajor Governmental Funds					
Fire Station Fund	(360)	-	-	-	(360)
Total unassigned fund balances	\$ 929,280	\$ 3,792,474	\$ 3,638,104	\$ (167,426)	\$ 457,932
Total fund balances	\$ 3,568,108	\$ 4,774,180	\$ 5,165,561	\$ 104,937	\$ 2,823,372

**Note 15. Commitments and Contingencies**

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) into law which includes the guaranteed direct relief to cities, towns and villages in the United States. The funds can be used to support public health expenditures, address the negative economic impacts cause by the public health emergency, replace lost public sector revenue, provide premium pay for essential works, and invest in water, sewer, and broadband infrastructure. As of the report date the Town has received \$583,941. Of those funds, \$198,105 has been expended leaving a refundable advance balance of \$385,836.

**Note 15. Commitments and Contingencies (continued)**

On January 29, 2014 the Town entered into an agreement with AmCare Medical Systems, Inc. to provide exclusive emergency and non-emergency ambulance services for its community. AmCare agrees to provide emergency ambulance coverage to the Town twenty-four (24) hours per day, seven (7) days per week. The agreement terms are from 2014 to 2024. The 2022 annual payment is \$39,699.

On April 22, 2021 the Town entered into an agreement with the City of St. Albans for two years to provide emergency communications and dispatch services through June 30, 2023. The Town shall pay to the City an annual fee of \$23,004.

**Note 16. Tax Abatements**

The Town enters into property tax abatement agreements with local charitable and fraternal organizations pursuant to Vermont Statutes Annotated, Title 32, Chapter 125 §3840, as approved by the voters during town meeting. This statutes states that fraternal organizations, volunteer fire, and ambulance or rescue companies who own real estate exclusively for such purposes, may be exempted from real estate taxation, either in whole or in part, for a period not exceeding 10 years, if the Town so votes. Upon the expiration of the exemption, the Town may vote additional periods of exemption not exceeding five years each.

During the 2020 Town meeting, the voters approved an additional five year exemption of real estate taxes for the Fairfield Volunteer Fire Department. The real property value exempted from taxes was \$285,200, which amounted to \$6,982 in taxes during the year ended December 31, 2022.

During the 2015 Town meeting, the voters approved an initial ten year exemption of real estate taxes for the Fairfield Meeting House. The real property value exempted from taxes was \$40,410, which amounted to \$989 in taxes during the year ended December 31, 2022.

During the 2015 Town meeting, the voters approved an initial ten year exemption of real estate taxes for the Fairfield Community Center. The real property value exempted from taxes was \$438,495, which amounted to \$10,734 in taxes during the year ended December 31, 2022.

**Note 17. Risk and Uncertainties**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact net position. However, the related financial impact and duration cannot be reasonably estimated at this time.

**Note 18. Subsequent Events**

The Town has evaluated all subsequent events through September 27, 2023, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

## TOWN OF FAIRFIELD, VERMONT

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2022**

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Real and personal taxes - Municipal	\$ 1,321,090	\$ 1,250,833	\$ (70,257)
School overpayment credit	-	54,768	54,768
State aid:			
Highway	200,000	221,362	21,362
Current use	230,000	241,564	11,564
Taxes	3,500	49,715	46,215
Interest and dividends	3,500	3,929	429
Licenses and fees	33,800	30,512	(3,288)
Grants	-	2,100	2,100
Delinquent tax penalty	10,000	11,858	1,858
Rent and forest lease	17,800	17,107	(693)
Miscellaneous	88,047	2,980	(85,067)
	<hr/>	<hr/>	<hr/>
Total revenues	1,907,737	1,886,728	(21,009)
<b>EXPENDITURES</b>			
Selectboard:			
Salary secretary	1,100	784	316
Stipends	7,500	7,500	-
Payroll taxes	700	635	65
Mileage	500	-	500
Dues / Subscriptions	5,000	4,576	424
Advertising / Publishing	1,000	463	537
Legal	8,000	1,979	6,021
Insurance - General	73,000	78,971	(5,971)
Insurance - Unemployment	2,600	1,897	703
Supplies	500	593	(93)
Flags	1,000	290	710
Dog expense	1,000	144	856
Audit	15,000	9,800	5,200
Ambulance / Dispatch	63,000	62,703	297
Professional services	5,000	3,544	1,456
Equipment	500	-	500
Security	750	812	(62)
Landfill	2,000	2,248	(248)
County tax	17,500	17,039	461
MRPG	2,000	1,380	620
Drug and alcohol testing	1,000	606	394
Miscellaneous	500	1,349	(849)
Total Selectboard	<hr/>	<hr/>	<hr/>
	209,150	197,313	11,837

Continued

## TOWN OF FAIRFIELD, VERMONT

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended December 31, 2022

	Original & Final Budgeted Amounts	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES (Continued)</b>			
Town clerk and treasurer:			
Town administrator	56,300	62,067	(5,767)
Salary - Clerk	43,700	43,537	163
File clerk	13,300	9,861	3,439
Treasurer	5,500	5,442	58
Payroll taxes	9,100	9,250	(150)
Health insurance	19,300	25,885	(6,585)
Life insurance and accidental death	300	252	48
Disability insurance	700	805	(105)
Retirement	7,800	6,542	1,258
Supplies	2,500	1,196	1,304
Restoration	500	-	500
Vitals and land records	500	398	102
Telephone	4,000	3,761	239
Postage and shipping	4,000	1,833	2,167
Computer expense	15,000	11,528	3,472
Election expense	2,000	882	1,118
Mileage	200	-	200
Education and training	1,000	636	364
Equipment	2,500	2,241	259
Tax bill expense	250	107	143
Miscellaneous	250	228	22
Total town clerk and treasurer	188,700	186,451	2,249
Town auditors:			
Salary or stipend	750	500	250
Payroll taxes	75	38	37
Publications	2,250	1,660	590
Postage and shipping	200	-	200
Total town auditors	3,275	2,198	1,077
Listers:			
Salary or stipend	9,000	7,896	1,104
Payroll taxes	900	604	296
Supplies	250	-	250
Postage and shipping	500	39	461
Computer expense	1,000	365	635
Mileage	250	-	250
Education and training	100	-	100
Equipment	100	-	100
Parcel mapping	5,000	5,075	(75)
Total listers	17,100	13,979	3,121

Continued

## TOWN OF FAIRFIELD, VERMONT

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2022**

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES (Continued)</b>			
Delinquent tax collector:			
Salary	10,600	8,757	1,843
Stipends	2,500	2,500	-
Payroll taxes	900	861	39
Advertising and publishing	250	199	51
Supplies	100	106	(6)
Postage and shipping	500	394	106
Mileage	200	60	140
Training and education	200	-	200
Equipment	100	-	100
Grant expenditures	2,000	-	2,000
Total delinquent tax collector	<u>17,350</u>	<u>12,877</u>	<u>4,473</u>
Town properties:			
Salary	1,500	1,030	470
Supplies	1,000	196	804
Electricity	5,500	5,701	(201)
Heat	6,000	15,403	(9,403)
Repairs and maintenance	4,000	3,259	741
Repairs and maintenance - Fire Department	225	-	225
Security	800	821	(21)
Security - Fire Department	800	758	42
Maintenance - Chester's	1,000	866	134
Maintenance - Community Center	3,500	3,500	-
Maintenance - North Road	2,000	-	2,000
Water	600	666	(66)
Professional services	500	-	500
Equipment	500	-	500
Capital improvements	10,000	10,000	-
Miscellaneous	500	73	427
Total town properties	<u>38,425</u>	<u>42,273</u>	<u>(3,848)</u>
Cemeteries:			
Supplies	350	-	350
Contracted services	10,000	7,560	2,440
Total cemeteries	<u>10,350</u>	<u>7,560</u>	<u>2,790</u>
Parks and recreation:			
Electricity	500	-	500
Contracted services	1,000	519	481
Trash removal	-	1,250	(1,250)
Portolet rental	800	-	800
Materials	-	600	(600)
Maintenance - Common School	8,000	128	7,872
Miscellaneous	1,000	-	1,000
Total parks and recreation	<u>11,300</u>	<u>2,497</u>	<u>8,803</u>
Street lights:			
Electricity	5,000	5,333	(333)
Total street lights	<u>5,000</u>	<u>5,333</u>	<u>(333)</u>

Continued

## TOWN OF FAIRFIELD, VERMONT

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended December 31, 2022

	Original & Final Budgeted Amounts	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES (Continued)</b>			
Appropriations:			
Warning	23,471	23,471	-
Fire Department	92,225	92,225	-
Total appropriations	<u>115,696</u>	<u>115,696</u>	<u>-</u>
Road maintenance:			
Salaries	208,500	197,139	11,361
Payroll taxes	18,200	17,683	517
Retirement	15,400	14,205	1,195
Health insurance	41,700	37,986	3,714
Life insurance and accidental death	600	504	96
Disability insurance	1,500	1,244	256
Equipment	2,000	1,167	833
Contracted services	172,500	198,086	(25,586)
Materials	125,000	181,156	(56,156)
Winter sand	50,000	51,101	(1,101)
Chloride	50,000	55,918	(5,918)
Gravel	30,000	23,707	6,293
Guardrails	5,000	-	5,000
Blasting	5,000	-	5,000
Road signs	5,000	2,346	2,654
Miscellaneous	20,500	14,469	6,031
Total road maintenance	<u>750,900</u>	<u>796,711</u>	<u>(45,811)</u>
Equipment:			
Labor	41,000	15,524	25,476
Supplies	40,000	39,075	925
Repairs and maintenance	15,000	24,920	(9,920)
Fuel and oil	40,000	88,431	(48,431)
Debt retirement - Interest and principal	31,250	31,238	12
Total equipment	<u>167,250</u>	<u>199,188</u>	<u>(31,938)</u>
Town garage:			
Salaries	10,600	18,603	(8,003)
Supplies	2,000	2,503	(503)
Telephone	300	275	25
Tools	2,500	172	2,328
Electricity	2,500	2,588	(88)
Heat	1,000	2,953	(1,953)
Repairs and maintenance	10,000	6,933	3,067
Water	200	207	(7)
Computer	300	33	267
Equipment	1,500	1,706	(206)
Security	800	757	43
Contracted services	1,000	233	767
Miscellaneous	500	267	233
Total town garage	<u>33,200</u>	<u>37,230</u>	<u>(4,030)</u>

Continued

## TOWN OF FAIRFIELD, VERMONT

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2022**

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES (Continued)</b>			
Debt service:			
Principal	53,000	53,575	(575)
Interest	5,000	1,156	3,844
Interest - General	1,000	3,570	(2,570)
Total debt service	<u>59,000</u>	<u>58,301</u>	<u>699</u>
Total expenditures	<u>1,626,696</u>	<u>1,677,607</u>	<u>(50,911)</u>
Excess (deficiency) of revenues over expenditures	<u>281,041</u>	<u>209,121</u>	<u>(71,920)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in			
Recreation fund	-	10,000	(10,000)
Capital projects fund	-	31,474	31,474
Federal Grant Fund	-	859	859
Paving	-	38,956	38,956
Better Backroads Fund	-	11,045	11,045
Operating transfers out			
Miscellaneous grant fund	-	(1,000)	(1,000)
Capital projects fund	(30,000)	(30,000)	-
Equipment fund	(121,047)	(121,047)	-
Recreation fund	(10,000)	(10,000)	-
Library fund	(115,994)	(115,994)	-
Grant writer fund	(4,000)	(4,000)	-
Total other financing sources (uses)	<u>(281,041)</u>	<u>(189,707)</u>	<u>71,334</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 19,414</u>	<u>\$ 19,414</u>



**TOWN OF FAIRFIELD, VERMONT**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended December 31, 2022**

**Note A. Budget to Actual Reconciliation**

An explanation of the differences between budgetary revenues and expenditures and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

**Revenues:**

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 1,886,728
Miscellaneous revenues are not budgetary revenue but is a revenue for financial reporting purposes	835
Grant revenue to be collected from the state are not a budgetary revenue but is a revenue for financial reporting purposes	7,906
Tax revenue to be collected within 60 days of year-end is a revenue for financial reporting purposes but is not a revenue for budgetary purposes	<u>(10,950)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental funds	<u><u>\$ 1,884,519</u></u>

**Expenditures:**

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 1,677,607
Accounts payable is included in expenditures for financial reporting purposes but is not an expenditure for budgetary purposes	(446)
Accrued payroll is included in expenditures for financial reporting purposes but is not an expenditure for budgetary purposes	<u>(1,615)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental funds	<u><u>\$ 1,675,546</u></u>

## TOWN OF FAIRFIELD, VERMONT

**SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**  
Vermont Municipal Employees Retirement System  
Last 7 Fiscal years

	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.084180%	0.088180%	0.094315%	0.108710%	0.10770%	0.10765%	0.0571%
Town's proportionate share of the net pension liability	\$ 255,389	\$ 129,790	\$ 238,592	\$ 188,604	\$ 151,505	\$ 130,423	\$ 73,460
Town's covered-employee payroll	\$ 336,999	\$ 326,768	\$ 329,805	\$ 306,522	\$ 349,027	\$ 318,357	\$ 306,723
Town's portion of the net pension liability as a percentage of the covered-employee payroll	75.78%	39.72%	72.34%	61.53%	43.41%	40.97%	23.95%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
Vermont Municipal Employees Retirement System  
Last 7 Fiscal years

	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 21,063	\$ 19,606	\$ 19,547	\$ 20,887	\$ 18,864	\$ 17,580	\$ 8,675
Contributions in relation to the statutorily required contribution	21,063	19,606	19,547	20,887	18,864	17,580	8,675
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 336,999	\$ 326,768	\$ 329,805	\$ 306,522	\$ 349,027	\$ 318,357	\$ 306,723
Contributions in relation to the statutory required contribution as a percentage of the covered-employee payroll	6.250%	6.000%	5.927%	5.750%	5.750%	5.500%	5.500%

**Notes to the Required Supplementary Information - Pension****Changes in actuarial assumptions and methods:**

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

**Changes in Plan Provisions:**

At the November 17, 2020, Board Meeting, the Board voted unanimously to authorize employer contribution rates increases of .50% each year for a period of four years, beginning July 1, 2022. In 2022, The Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022.

Note: These schedules will eventually present 10 years of information; however, they currently only provide information on fiscal years for which it is available.

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF FAIRFIELD, VERMONT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2022

	Zoning Fund	Federal Grant Fund	Equipment Fund	Lister/ Reappraisal Fund	Historical Soc/Building Fund	Grant Writer Fund	Capital Projects Fund	Paving Fund	Fire Station Fund	Legal Fund	Computerization Fund	Recreation Fund	Common School Fund	Better Back Roads Fund	Better Backroads Grant Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>																
Cash	\$ 7,035	\$ -	\$ 129,693	\$ 136,228	\$ 16,268	\$ -	\$ 32,023	\$ 26,676	\$ -	\$ -	\$ 22,444	\$ 15,757	\$ 25,008	\$ -	\$ -	\$ 411,132
Grants receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,234	80,234
Due from other funds	-	-	81,047	-	-	13,815	-	-	-	2,390	12,779	-	-	5,972	-	116,003
Total assets	<u>\$ 7,035</u>	<u>\$ -</u>	<u>\$ 210,740</u>	<u>\$ 136,228</u>	<u>\$ 16,268</u>	<u>\$ 13,815</u>	<u>\$ 32,023</u>	<u>\$ 26,676</u>	<u>\$ -</u>	<u>\$ 2,390</u>	<u>\$ 35,223</u>	<u>\$ 15,757</u>	<u>\$ 25,008</u>	<u>\$ 5,972</u>	<u>\$ 80,234</u>	<u>\$ 607,369</u>
<b>LIABILITIES AND FUND BALANCE</b>																
<b>LIABILITIES</b>																
Due to other funds	\$ 1,891	\$ -	\$ -	\$ 57,963	\$ 822	\$ -	\$ 11,484	\$ -	\$ 360	\$ -	\$ -	\$ 2,663	\$ -	\$ -	\$ 75,626	\$ 150,809
Total liabilities	<u>1,891</u>	<u>-</u>	<u>-</u>	<u>57,963</u>	<u>822</u>	<u>-</u>	<u>11,484</u>	<u>-</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>2,663</u>	<u>-</u>	<u>-</u>	<u>75,626</u>	<u>150,809</u>
<b>FUND BALANCES</b>																
Fund balances:																
Restricted	-	-	-	78,265	15,446	-	20,539	-	-	-	-	-	-	5,972	4,608	124,830
Committed	-	-	210,740	-	-	13,815	-	26,676	-	2,390	-	13,094	25,008	-	-	291,723
Assigned	5,144	-	-	-	-	-	-	-	-	-	35,223	-	-	-	-	40,367
Unassigned	-	-	-	-	-	-	-	-	(360)	-	-	-	-	-	-	(360)
Total fund balances	<u>5,144</u>	<u>-</u>	<u>210,740</u>	<u>78,265</u>	<u>15,446</u>	<u>13,815</u>	<u>20,539</u>	<u>26,676</u>	<u>(360)</u>	<u>2,390</u>	<u>35,223</u>	<u>13,094</u>	<u>25,008</u>	<u>5,972</u>	<u>4,608</u>	<u>456,560</u>
Total liabilities and fund balances	<u>\$ 7,035</u>	<u>\$ -</u>	<u>\$ 210,740</u>	<u>\$ 136,228</u>	<u>\$ 16,268</u>	<u>\$ 13,815</u>	<u>\$ 32,023</u>	<u>\$ 26,676</u>	<u>\$ -</u>	<u>\$ 2,390</u>	<u>\$ 35,223</u>	<u>\$ 15,757</u>	<u>\$ 25,008</u>	<u>\$ 5,972</u>	<u>\$ 80,234</u>	<u>\$ 607,369</u>

TOWN OF FAIRFIELD, VERMONT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2022

	Zoning Fund	Federal Grant Fund	Equipment Fund	Lister/ Reappraisal Fund	Historical Soc/Building Fund	Grant Writer Fund	Capital Projects Fund	Fire Station Fund	Paving Fund	Legal Fund	Computerization Fund	Recreation Fund	Common School Fund	Better Back Roads Fund	Better Backroads Grant Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>																
State aid - Listers	\$ -	\$ -	\$ -	\$ 9,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,027
Interest	17	-	196	311	30	-	168	-	141	-	45	6	37	-	-	951
Licenses and fees	-	-	-	-	-	-	-	-	-	-	6,692	-	-	-	-	6,692
Grants - Federal	-	-	-	-	-	-	91,425	-	-	-	-	-	-	-	-	91,425
Grants - State	2,400	-	-	-	-	-	-	-	-	-	-	-	-	25,600	76,000	104,000
Miscellaneous	-	-	6,450	1,062	-	-	-	-	-	-	-	-	-	-	-	7,512
Total revenues	2,417	-	6,646	10,400	30	-	91,593	-	141	-	6,737	6	37	25,600	76,000	219,607
<b>EXPENDITURES</b>																
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	7,200	-	-	-	7,200
Grant expenditures	-	-	-	-	-	-	91,425	-	-	-	-	-	-	-	-	91,425
Equipment	-	-	302,217	-	-	-	-	-	-	-	4,100	2,443	-	-	286	309,046
Contracted/Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	4,960	50,670	55,630
Materials	-	-	-	-	-	-	-	-	-	-	-	-	-	9,595	20,436	30,031
Miscellaneous	-	-	-	56,363	3,992	-	-	-	-	-	491	278	-	-	-	61,124
Total expenditures	-	-	302,217	56,363	3,992	-	91,425	-	-	-	4,591	9,921	-	14,555	71,392	554,456
Excess (deficiency) of revenues over expenditures	2,417	-	(295,571)	(45,963)	(3,962)	-	168	-	141	-	2,146	(9,915)	37	11,045	4,608	(334,849)
<b>OTHER FINANCING SOURCES (USES)</b>																
Proceeds from sale of capital assets	-	-	83,000	-	-	-	-	-	-	-	-	-	-	-	-	83,000
Proceeds from long-term debt	-	-	105,650	-	-	-	-	-	-	-	-	-	-	-	-	105,650
Operating transfers in	-	-	121,047	-	-	4,000	30,000	-	-	-	-	11,000	-	-	-	166,047
Operating transfers out	-	(859)	-	-	-	-	(218,120)	-	(38,956)	-	-	-	-	(11,045)	-	(268,980)
Total other financing sources (uses)	-	(859)	309,697	-	-	4,000	(188,120)	-	(38,956)	-	-	11,000	-	(11,045)	-	85,717
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	2,417	(859)	14,126	(45,963)	(3,962)	4,000	(187,952)	-	(38,815)	-	2,146	1,085	37	-	4,608	(249,132)
Fund balance at beginning of year	2,727	859	196,614	124,228	19,408	9,815	208,491	(360)	65,491	2,390	33,077	12,009	24,971	5,972	-	705,692
Fund balance at end of year	\$ 5,144	\$ -	\$ 210,740	\$ 78,265	\$ 15,446	\$ 13,815	\$ 20,539	\$ (360)	\$ 26,676	\$ 2,390	\$ 35,223	\$ 13,094	\$ 25,008	\$ 5,972	\$ 4,608	\$ 456,560

## TOWN OF FAIRFIELD, VERMONT

## COMBINING STATEMENT OF PRIVATE PURPOSE TRUST FUNDS

December 31, 2022

	<b>Cemetery Fund</b>	<b>Morey Fund</b>	<b>Total Private Purpose Trust Funds</b>
<b>ASSETS</b>			
Cash	\$ 18,452	\$ 2,755	\$ 21,207
Due from other funds	4,800	-	4,800
	<u>23,252</u>	<u>2,755</u>	<u>26,007</u>
<b>LIABILITIES</b>			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for Bradley Cemetery	15,824	-	15,824
Restricted for specific purposes	7,428	2,755	10,183
	<u>23,252</u>	<u>2,755</u>	<u>26,007</u>
Total net position	<u>\$ 23,252</u>	<u>\$ 2,755</u>	<u>\$ 26,007</u>

## TOWN OF FAIRFIELD, VERMONT

COMBINING STATEMENT OF CHANGES  
IN PRIVATE PURPOSE TRUST FUNDS

For the Year Ended December 31, 2022

	<u>Cemetery Fund</u>	<u>Morey Fund</u>	<u>Total Private Purpose Trust Funds</u>
<b>ADDITIONS</b>			
Interest	\$ 55	\$ 8	\$ 63
Total additions	<u>55</u>	<u>8</u>	<u>63</u>
<b>DEDUCTIONS</b>			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	55	8	63
Net position at beginning of year	<u>23,197</u>	<u>2,747</u>	<u>25,944</u>
Net position at end of year	<u>\$ 23,252</u>	<u>\$ 2,755</u>	<u>\$ 26,007</u>



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**TOWN OF FAIRFIELD, VERMONT**

**ADDITIONAL REQUIRED REPORTS**

**DECEMBER 31, 2022**





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**TOWN OF FAIRFIELD, VERMONT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
<i>Pass through program from Vermont Agency of Public Safety</i>			
Federal Emergency Management Agency Program	97.036	02140-84474-23	\$ 664,341
<b>U.S. Department of Treasury</b>			
<i>Pass through program from Vermont Agency of Finance and Management</i>			
COVID-19 ARPA (American Rescue Plan Act)	21.027	VT0077	198,105
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Pass through program from Vermont Agency of Commerce and Community Development - DHCD</i>			
Community Development Block Grant States Program	14.228	07110-IG-2020-FAIRFIELD-59	92,512
<b>U.S. Department of Transportation:</b>			
<i>Pass through program from Vermont Agency of Transportation</i>			
Fairfield BRPA022-003	20.205	BR0910	2,926
<b>National Endowment for the Humanities:</b>			
<i>Pass through program from Vermont Agency of Libraries</i>			
Library Services and Technology Cluster			
COVID-19 IMLS - ARPA Grants to Public Libraries for Collections	45.310	ARPA.C&E.003	1,153
COVID-19 IMLS - ARPA PL Equipment and Supplies Grant	45.310	ARPA.e&s.013	3,457
IMLS LSTA interlibrary Loan Courier Grant	45.310	COURIER.LSTA21.006	277
IMLS LSTA22 Interlibrary Loan	45.310	LSTA.COURIER.FY23.007	217
Total Library Services and Technology Cluster			5,104
Total expenditures of federal awards			\$ 962,988

See notes to schedule of expenditures of federal awards.

**TOWN OF FAIRFIELD, VERMONT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2022**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Fairfield, Vermont under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Fairfield, Vermont, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Town of Fairfield, Vermont.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Town of Fairfield, Vermont has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- (3) Pass-through entity identifying numbers are presented where available.

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 Selectboard of  
Town of Fairfield, Vermont  
Fairfield, 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, each major fund, and the aggregate remaining fund information of Town of Fairfield, Vermont, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Town of Fairfield, Vermont's basic financial statements and have issued our report thereon dated September 27, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Fairfield, 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 Town of Fairfield, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Fairfield, 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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

**Report on Compliance and Other Matters**

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

**Town of Fairfield, Vermont's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Fairfield, Vermont's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Fairfield, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

*A.M. Peisch & Company, LLP*

St. Albans, Vermont  
September 27, 2023  
VT Reg. No. 92-0000102

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

To the Selectboard of  
Town of Fairfield, Vermont  
Fairfield, Vermont

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Fairfield, Vermont's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Fairfield, Vermont's major federal programs for the year ended December 31, 2022. Town of Fairfield, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Fairfield, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Fairfield, Vermont and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Fairfield, Vermont's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Fairfield, Vermont's federal programs.

A.M. PEISCH & COMPANY, LLP

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Fairfield, Vermont's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Fairfield, Vermont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Fairfield, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Fairfield, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Fairfield, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Fairfield, Vermont, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Town of Fairfield, Vermont's basic financial statements. We issued our report thereon dated September 27, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 standard generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*A.M. Peioch & Company, LLP*

St. Albans, Vermont  
September 27, 2023  
VT Reg. No. 92-000102



**TOWN OF FAIRFIELD, VERMONT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2022**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of Town of Fairfield, Vermont were prepared in accordance with the accrual basis of accounting.
2. One material weakness and no significant deficiencies relating to the audit of the basic financial statements of Town of Fairfield, Vermont are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of Town of Fairfield, Vermont, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses and no significant deficiencies relating to internal controls over compliance for the major federal awards program are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal awards program for Town of Fairfield, Vermont expresses an unmodified opinion on the major federal program.
6. There were no audit findings that are required to be reported in accordance with 2.CFR section 200.516(a).
7. The program tested as a major program was: U.S. Department of Homeland Security (Federal Emergency Management Agency Program) (CFDA No. 97.036).
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Town of Fairfield, Vermont did not qualify as a low-risk auditee.

## B. FINDINGS - FINANCIAL STATEMENTS AUDIT

### 2022-001 Preparation of Financial Statements

**Condition:** The Town does not prepare its financial statements completely, but relies on its auditors to perform non-attest services to prepare this function or to assist with performing this function. Management of Town of Fairfield approves and takes full responsibility for the auditors non-attest services rendered.

**Criteria:** An entity is responsible for the internal control process which includes the preparation of year-end financial statements in accordance with the accrual basis of accounting. This must be done by someone having sufficient expertise and ability so that there is only a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

**Causes:** Because of the complexity and annual issuance of new pronouncements, it is sometimes difficult for the financial reporting officer to obtain annual education on the new pronouncements to retain his/her expertise. Additionally, practice aids, such as current disclosure checklists, should be used to help insure compliance with the current standards.

**Effect:** Complete current financial statements prepared on the modified cash basis are not prepared by Town personnel.

**Additional Information:** Reliable financial reporting is a significant task which requires a significant investment in personnel. Most small entities elect to use the services of outside professional to prepare the financial statements because it is not economically feasible to perform this function in-house.

**Response:** The Town will continue to rely on its auditor to perform non-attest services to prepare the financial statements. Management will continue to approve and take full responsible for any non-attest service provided. As noted above, it is not feasible for many small towns, including the Town of Fairfield, Vermont, to invest the time and money in training for the preparation of the financial statements in-house. The local emphasis is placed instead on ensuring that the entries into the local accounting system are accurate and timely, therefore providing good information for the accurate preparation of financial statements by others.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT**

There were no reported findings related to the audit of the federal program for the year ended December 31, 2022.

**2021 AND 2020 FINDINGS AND QUESTIONED COSTS – AUDITS OF MAJOR FEDERAL  
AWARD PROGRAMS**

**2021 Finding:**

There was no single audit related to federal programs required for the year ended December 31, 2021.

**2020 Finding:**

There was no single audit related to federal programs required for the year ended December 31, 2020.