TOWN OF COVENTRY, VERMONT

AUDIT REPORT

JUNE 30, 2023

TOWN OF COVENTRY, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2023

		Page #
Independent Auditor's Report		1-4
Basic Financial Statements:		
Statement of Net Position - Modified Cash Basis	Exhibit A	5
Statement of Activities - Modified Cash Basis	Exhibit B	6
Governmental Funds:		
Statement of Modified Cash Basis Assets, Liabilities and Fund Balances	Exhibit C	7
Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances	Exhibit D	8
Fiduciary Funds:		
Statement of Fiduciary Modified Cash Basis Net Position	Exhibit E	9
Statement of Changes in Fiduciary Modified Cash Basis Net Position	Exhibit F	10
Notes to the Financial Statements		11-28
Other Information:		
Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balance - Budget and Actual - Budgetary Basis - General Fund	Schedule 1	29-33
Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balance - Budget and Actual - Highway Fund	Schedule 2	34-35

TOWN OF COVENTRY, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2023

		Page #
Combining Schedule of Modified Cash Basis Assets, Liabilities and Fund Balances - Non-Major Governmental Funds	Schedule 3	36
Combining Schedule of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances - Non-Major Governmental Funds	Schedule 4	37
Combining Schedule of Modified Cash Basis Assets, Liabilities and Fund Balances - Non-Major Capital Projects Funds	Schedule 5	38
Combining Schedule of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances - Non-Major Capital Projects Funds	Schedule 6	39
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"		40-41
Schedule of Findings and Deficiencies in Internal Control		42
Response to Deficiency in Internal Control		

Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

Independent Auditor's Report

Selectboard
Town of Coventry
P.O. Box 8
Coventry, VT 05825

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Coventry, Vermont as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Qualified
Highway Fund	Unmodified
ARPA Fund	Unmodified
Building & Maintenance Fund	Unmodified
Roads Infrastructure Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on the Governmental Activities, General Fund and the Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities, the General Fund and the aggregate remaining fund information of the Town of Coventry, Vermont, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions on the Highway Fund, the ARPA Fund, the Building & Maintenance Fund and the Roads Infrastructure Fund

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Highway Fund, the ARPA Fund, the Building & Maintenance Fund and the Roads Infrastructure Fund of the Town of Coventry, Vermont, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Coventry, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

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

The modified cash basis of accounting requires the Town to record its investments at historical cost. Currently, investments in the governmental activities, the General Fund and the aggregate remaining fund information are recorded at current market value. The amount by which this departure would affect the assets, net position, fund balance and revenues of the governmental activities, the General Fund and the aggregate remaining fund information has not been determined.

Reclassification

As described in Note II.D. of the financial statements, the Town reclassified the Reappraisal Fund, the Solid Waste Fund and the Community & Economic Development Fund as part of the General Fund during the current year. Our opinion is not modified with respect to this matter.

Change in Accounting Principles

As described in Note II.D. of the financial statements, in previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, the Town prepared its financial statements using the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared primarily on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Coventry, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Coventry, 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 Coventry, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Coventry, Vermont's basic financial statements. The budgetary comparison information on Schedules 1 and 2 and the combining fund financial statements are presented for purposes `of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated May 3, 2024 on our consideration of the Town of Coventry, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Coventry, 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 Coventry, Vermont's internal control over financial reporting and compliance.

Sullivan, Powers & Co.

May 3, 2024
Montpelier, Vermont
VT Lic. #92-000180

Exhibit A

TOWN OF COVENTRY, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 3,344,672
Investments	11,288,420
Total Assets	14,633,092
LIABILITIES	
Due to State of Vermont	428
Due to Fiduciary Funds	3,600
Total Liabilities	4,028
NET POSITION	
Restricted:	
Expendable:	
Eligible ARPA Uses	50,705
Cemetery	178,214
Unrestricted	14,400,145
Total Net Position	$ 14,629,064

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

Exhibit B

TOWN OF COVENTRY, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Governmental Activities:					
General Government	$ 378,000	$ 20,315	$ 5,862	$ 0	$ (351,823)
Public Safety	126,569	168	0	0	(126,401)
Highways and Streets	973,229	368	92,045	0	(880,816)
Culture and Recreation	55,068	1,130	0	0	(53,938)
Community Development	266,823	0	23,808	50,000	(193,015)
Solid Waste	4,711	0	6,000	0	1,289
Cemetery	8,205	1,700	0	0	(6,505)
Total Governmental Activities	$ 1,812,605	$ 23,681	$ 127,715	$ 50,000	(1,611,209)

General Receipts:	
Landfill Host Fees	2,126,289
Penalties and Interest on Delinquent Taxes	13,493
General State Grants	4,671
ARPA Funds	157,608
Unrestricted Investment Earnings	719,222
Insurance Proceeds	32,448
Other	9,681
Total General Receipts	3,063,412
Change in Net Position	1,452,203
Net Position - July 1, 2022, As Restated	13,176,861
Net Position - June 30, 2023	$ 14,629,064

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

Exhibit C

TOWN OF COVENTRY, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Highway Fund	ARPA Fund	Building & Maintenance Fund	Roads Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	$ 1,301,969	$ 0	$ 0	$ 371,072	$ 1,128,759	$ 542,872	$ 3,344,672
Investments	11,115,312	0	0	0	0	173,108	11,288,420
Due from Other Funds	0	0	50,705	314,204	263,099	5,531	633,539
Total Assets	$ 12,417,281	$ 0	$ 50,705	$ 685,276	$ 1,391,858	$ 721,511	$ 15,266,631
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to State of Vermont	$ 428	$ 0	$ 0	$ 0	$ 0	$ 0	$ 428
Due to Other Funds	637,139	0	0	0	0	0	637,139
Total Liabilities	637,567	0	0	0	0	0	637,567
Fund Balances:							
Restricted	0	0	50,705	0	0	178,214	228,919
Committed	504,031	0	0	685,276	1,391,858	543,297	3,124,462
Unassigned	11,275,683	0	0	0	0	0	11,275,683
Total Fund Balances	11,779,714	0	50,705	685,276	1,391,858	721,511	14,629,064
Total Liabilities and Fund Balances	$ 12,417,281	$ 0	$ 50,705	$ 685,276	$ 1,391,858	$ 721,511	$ 15,266,631

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

Exhibit D

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Highway Fund	ARPA Fund	Building & Maintenance Fund	Roads Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:							
Penalties and Interest on Delinquent Taxes	$ 13,493	$ 0	$ 0	$ 0	$ 0	$ 0	$ 13,493
Intergovernmental	40,341	92,045	157,608	50,000	0	0	339,994
Charges for Services	5,778	0	0	0	0	1,700	7,478
Landfill Host Fees	1,852,289	274,000	0	0	0	0	2,126,289
Permits, Licenses and Fees	15,357	0	0	0	0	0	15,357
Fines and Forfeits	478	0	0	0	0	0	478
Investment Income	699,636	0	0	373	2,471	16,742	719,222
Other	9,681	368	0	0	0	0	10,049
Total Cash Receipts	2,637,053	366,413	157,608	50,373	2,471	18,442	3,232,360
Cash Disbursements:							
General Government	378,000	0	0	0	0	0	378,000
Public Safety	107,622	0	18,947	0	0	0	126,569
Highways and Streets	0	367,629	0	0	0	0	367,629
Culture and Recreation	55,068	0	0	0	0	0	55,068
Community Development	29,760	0	0	0	0	0	29,760
Solid Waste	4,711	0	0	0	0	0	4,711
Cemetery	8,205	0	0	0	0	0	8,205
Capital Outlay:							
Highways and Streets	0	0	245,490	0	315,788	44,322	605,600
Community Development	0	0	0	237,063	0	0	237,063
Total Cash Disbursements	583,366	367,629	264,437	237,063	315,788	44,322	1,812,605
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	2,053,687	(1,216)	(106,829)	(186,690)	(313,317)	(25,880)	1,419,755
Other Financing Sources/(Uses):							
Insurance Proceeds	0	0	0	0	0	32,448	32,448
Transfers In	0	72,036	0	200,000	350,000	250,000	872,036
Transfers Out	(872,036)	0	0	0	0	0	(872,036)
Total Other Financing Sources/(Uses)	(872,036)	72,036	0	200,000	350,000	282,448	32,448
Net Change in Fund Balances	1,181,651	70,820	(106,829)	13,310	36,683	256,568	1,452,203
Fund Balances/(Deficit) - July 1, 2022, As Restated/Reclassified	10,598,063	(70,820)	157,534	671,966	1,355,175	464,943	13,176,861
Fund Balances - June 30, 2023	$ 11,779,714	$ 0	$ 50,705	$ 685,276	$ 1,391,858	$ 721,511	$ 14,629,064

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

Exhibit E

TOWN OF COVENTRY, VERMONT
STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Fund	Custodial Fund
	Edmund Douglas Price Fund	Education Tax Fund
ASSETS		
Investments	$ 204,324	$ 0
Due from Other Funds	3,430	170
Total Assets	207,754	170
LIABILITIES		
Due to School District	0	170
Total Liabilities	0	170
NET POSITION		
Restricted	207,754	0
Total Net Position	$ 207,754	$ 0

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

Exhibit F

TOWN OF COVENTRY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Fund	Custodial Fund
	Edmund Douglas Price Fund	Education Tax Fund
ADDITIONS		
Investment Income	$ 56,622	$ 0
Education Taxes Collected for Other Governments	0	2,007,723
Total Additions	56,622	2,007,723
DEDUCTIONS		
Coventry Village School	2,354	0
Education Taxes Distributed to Other Governments	0	2,007,723
Total Deductions	2,354	2,007,723
Change in Net Position	54,268	0
Net Position - July 1, 2022	153,486	0
Net Position - June 30, 2023	$ 207,754	$ 0

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

The Town of Coventry, Vermont (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, health and social services, culture and recreation, community/economic development, solid waste, public improvements, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented primarily on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions.

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

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. The Town first applies cost-reimbursement grant resources to such programs, followed by general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Highway Fund – This fund accounts for the receipts, disbursements and available resources of the Highway Department.

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

Building & Maintenance Fund – This fund accounts for the resources to be used for significant building repairs, maintenance and capital improvements.

Roads Infrastructure Fund – This fund accounts for the resources to be used for significant roads infrastructure repairs, maintenance and capital improvements.

Additionally, the Town reports the following fund types:

Private-Purpose Trust Fund – This fund is used to report trust arrangements under which resources are to be used for the benefit of individuals and organizations. All investment earnings, and in some cases, the principal of this fund may be used to support these activities.

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments at market value as assets and amounts due to the State of Vermont for dog and marriage licenses and amounts due to the School District for the remittance of education taxes as liabilities. The recording of investments at market value is not in accordance with the modified cash basis of accounting which requires investments to be carried at cost.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt, acquisitions under financed purchases arrangements and insurance proceeds are reported as other financing sources.

E. Assets, Liabilities and Equity

1. Cash

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

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

2. Investments

The Town invests in investments as allowed by State Statute. Investments are reported at current market value.

3. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due from/to other funds".

4. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in government-wide and fiduciary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances in governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budgets presented herein are for the Town's "General Fund" and "Highway Fund" only and do not include the Long-term Investment Fund, the Reappraisal Fund, the Solid Waste Fund and the Community & Economic Development Fund activity that is included with the General Fund as they do not qualify to be reported as separate special revenue funds.

B. Budgeted Deficits

The Town elected to budget cash disbursements in excess of cash receipts by $504,439 in the General Fund. This is reflected as a current year's budgeted deficiency of cash receipts over cash disbursements on Schedule 1.

The Town elected to budget cash disbursements in excess of cash receipts by $118 in the Highway Fund. This is reflected as a current year's budgeted deficiency of cash receipts over cash disbursements on Schedule 2.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures in the Highway Fund exceeded appropriations by $11,511. These over-expenditures were funded by excess revenues and a transfer from the General Fund.

D. Restatement/Reclassification of Fund Balances/Net Position

In previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, however, the Town prepared its financial statements using the modified cash basis of accounting. Management believes the modified cash basis provides the information needed by the primary users of the financial statements. In addition, the Town reclassified the Reappraisal Fund, the Solid Waste Fund and the Community & Economic Development Fund into the General Fund as these funds do not qualify to be reported as Special Revenue Funds under Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and, therefore, are now reported as part of the General Fund.

The net position of the governmental activities was restated as follows:

	Governmental Activities
Net Position - June 30, 2022, As Originally Reported	$ 16,285,662
Change in Basis of Accounting:	
Removal of Receivables	(530,449)
Removal of Notes Receivables	(110,797)
Removal of Prepaid Expenses	(23,004)
Removal of Capital Assets, Net of Accumulated Depreciation	(2,697,338)
Removal of Accrued Liabilities	15,372
Removal of Unearned Revenue	157,534
Removal of Net Pension Liability	74,910
Removal of Deferred Outflows/ Inflows of Resources Related to the Town's Participation in VMERS	4,971
Net Position - June 30, 2022, As Restated	$ 13,176,861

The fund balances of the governmental funds were restated/reclassified as follows:

	General Fund	ARPA Fund	Non-Major Governmental Funds
Fund Balances - June 30, 2022, As Originally Reported	$ 10,737,019	$ 0	$ 864,068
Change in Basis of Accounting:			
Removal of Receivables	(530,449)	0	0
Removal of Prepaid Items	(23,004)	0	0
Removal of Accrued Liabilities	15,372	0	0
Removal of Unearned Revenue	0	157,534	0
Reclassification of Fund Types	399,125	0	(399,125)
Fund Balances - June 30, 2022, As Restated/Reclassified	$ 10,598,063	$ 157,534	$ 464,943

III. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of June 30, 2023 consist of the following:

Cash and Cash Equivalents:	
Deposits with Financial Institutions	$ 2,810,311
Deposits Held by Investment Company	6
Money Market Mutual Funds	534,155
Cash on Hand	200
Total Cash and Cash Equivalents	3,344,672
Investments:	
Certificates of Deposit	1,096,566
Common Stock	204,324
Exchange-Traded Funds	7,879,931
Mutual Funds – Mixed Holdings	2,311,923
Total Investments	11,492,744
Total Cash, Cash Equivalents and Investments	$14,837,416

The Town has five (5) certificates of deposit with various banks ranging from $98,973 to $249,815 with interest rates ranging from 4.60% to 5.35%. All certificates of deposit will mature by fiscal year 2026.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. In accordance with the Town's investment policy, collateralization using obligations fully guaranteed by the full faith and credit of a Vermont municipality, the State of Vermont, and/or the United States Government, or United States Government Agencies will be required on certificates of deposit and repurchase agreements. The money market mutual funds, common stock, exchange-traded funds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	Book Balance	Bank Balance
FDIC/SIPC Insured	$1,346,572	$1,346,572
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit Issued by the Federal Home Loan Bank of Boston	2,560,311	2,620,269
Total	$3,906,883	$3,966,841

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	$2,810,311
Cash – Deposits Held by Investment Company	6
Investments – Certificates of Deposit	1,096,566
Total	$3,906,883

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Town's investment policy, interest rate risk will be minimized by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the Town's investment portfolio. The Town's certificates of deposit, common stock and exchange-traded funds are not subject to interest rate risk disclosure. The money market mutual funds and mutual funds are open-ended and, therefore, also exempt from interest rate disclosure.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In accordance with the Town's investment policy, credit risk will be minimized by diversifying the Town's investment portfolio so that the impact of potential losses from any one type of investment will be minimized. The Town's certificates of deposit, common stock and exchange-traded funds are exempt from credit risk analysis. The money market mutual funds and mutual funds are open-ended and are, therefore, also excluded from the credit risk analysis.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than mutual funds and other pooled investments, that represent more than 5% of total investments.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town's certificates of deposit are not subject to fair value disclosures.

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

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

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

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

		Fair Value Measurements Using:		
Description	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Common Stock	$ 204,324	$ 204,324	$ 0	$ 0
Exchange-Traded Funds	7,879,931	7,879,931	0	0
Mutual Funds - Mixed Holdings	2,311,923	2,311,923	0	0
Total	$ 10,396,178	$ 10,396,178	$ 0	$ 0

B. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2023 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	$ 0	$637,139
ARPA Fund	50,705	0
Building & Maintenance Fund	314,204	0
Roads Infrastructure Fund	263,099	0
Non-Major Governmental Funds	5,531	0
Private-Purpose Trust Fund – Edmund Douglas Price Fund	3,430	0
Custodial Fund – Education Tax Fund	170	0
Totals	$637,139	$637,139

Interfund transfers during the period ended June 30, 2023 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Long-term Investment Fund	$ 550,000 *	Appropriation
General Fund	Reappraisal Fund	100,000 *	Appropriation
General Fund	Highway Fund	72,036	Fund Deficit
General Fund	Building & Maintenance Fund	200,000	Appropriation
General Fund	Roads Infrastructure Fund	350,000	Appropriation
General Fund	Roads Capital Equipment Fund	200,000	Appropriation
General Fund	Flood Recovery & Mitigation Fund	50,000	Appropriation
Total		$ 1,522,036	

* The transfers from the General Fund to the Long-term Investment Fund and the Reappraisal Fund are netted within the General Fund as these funds are consolidated within the General Fund to comply with GASB Statement No. 54.

C. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance polices.

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

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

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

Major Funds

ARPA Fund:	
Restricted for Eligible Uses of the Coronavirus Local Fiscal Recovery Funding by Grant Agreement (Source of Revenue is Grant Revenue)	$ 50,705
Non-Major Funds	
Special Revenue Funds:	
Restricted for Cemetery Expenses by Bequests/Donations and Sale of Lots (Source of Revenue is Bequests/Donations and Sale of Lots)	178,214
Total Restricted Fund Balances	$228,919

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

Major Funds

General Fund:	
Committed for Reappraisal Expenses by the Voters	$ 255,753
Committed for Community & Economic Development Expenses by the Voters	248,278
Total General Fund	504,031
Building & Maintenance Fund:	
Committed for Building & Maintenance Expenditures by the Voters	685,276
Roads Infrastructure Fund:	
Committed for Roads Infrastructure Expenditures by the Voters	1,391,858

Non-Major Funds

Capital Projects Funds:	
Committed for Roads Capital Equipment Expenditures by the Voters	388,711
Committed for Flood Recovery & Mitigation Expenditures by the Voters	154,586
Total Non-Major Funds	543,297
Total Committed Fund Balances	$3,124,462

D. Restricted Net Position

The restricted net position in the governmental activities consists of the restricted fund balances of $228,919.

The net position held in trust in the Town's Private-Purpose Trust Fund as of June 30, 2023 consisted of the following:

Private-Purpose Trust Fund:	
Restricted for Coventry Village School Expenses by Endowment	$207,754

IV. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2022, the measurement date selected by the State of Vermont, 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 the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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

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

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of $845,979,471 and a total pension liability of $1,149,351,427 resulting in a net position liability of $303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.0419% resulting in a net pension liability of $127,015. 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 June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0419% was a decrease of 0.0090 from its proportion measured as of the prior year.

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Group B.

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount – Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

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

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contributions – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions with interest are refunded.

Member Contribution Rates – Group A – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

Employer Contribution Rates – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

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

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation.

Inflation: 2.30% per year.

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.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2022 COLA was 2.00% for Group A members and 2.30% for Groups B, C and D members. The January 1, 2023 COLA was 2.00% for Group A members and 3.00% for

Groups B, C and D members.

Mortality:

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

Healthy Post-Retirement – Retirees: Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Healthy Post-Retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

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

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

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

Long-term Expected Rate of Return:

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24%	4.30%
Active Global Equities	5%	4.30%
Large Cap US Equities	4%	3.25%
Small/Mid Cap US Equities	3%	3.75%
Non-US Developed Market Equities	7%	5.00%
Private Equity	10%	6.50%
Emerging Market Debt	4%	3.50%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	6.00%
Core Fixed Income	19%	0.00%
Core Real Estate	3%	3.50%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	4%	4.25%

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

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
$190,327	$127,015	$74,939

Additional Information

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

B. Property Taxes

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The Town does not assess a municipal tax rate as the Town functions are funded with landfill host fees. The tax rates are based on the estimated grand list and the State education property tax liability. Property taxes were due on November 7, 2022. The penalty rate is eight percent (8%). Interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2023 were as follows:

	Homestead	Non-Homestead
Local Agreement	.0035	.0035
Education	1.4088	1.4807
Total	1.4123	1.4842

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. The Town paid $14,519 in unemployment claims during fiscal year 2023.

D. Contingent Liabilities

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

E. Concentration of Revenue

The Town has a landfill host community agreement with New England Waste Services of Vermont, Inc. (NEWSVT). NEWSVT is the owner and operator of a landfill located within the Town of Coventry, Vermont. Through the agreement, the Town receives landfill host fees based upon the amount of waste disposed of within the Coventry facility of NEWSVT. Future landfill host fees are contingent upon operating approval of the landfill by the State of Vermont. During the year ended June 30, 2023, the Town received $2,126,289 of landfill lost fees from NEWSVT.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Local Sources:			
Fees - Delinquent Taxes	$ 5,000	$ 9,042	$ 4,042
Interest - Delinquent Taxes	5,000	4,451	(549)
Legal Fees - Tax Sale	0	2,342	2,342
Interest - Checking & Savings	15,000	8,010	(6,990)
Education Billing Fee Retained	0	4,648	4,648
Late Homestead Filing Fees	0	310	310
Town Clerk Fees	12,500	12,265	(235)
Dog Licenses	500	750	250
Waste U.S.A. Fees	1,500,000	1,852,289	352,289
Community Center Rent	2,000	1,130	(870)
Fire District Support	0	389	389
Miscellaneous	500	1,168	668
Total Local Sources	1,540,500	1,896,794	356,294
State Sources:			
State Grant Funding	3,000	0	(3,000)
Agency of Natural Resources	4,612	4,671	59
Judicial Fines Refund	250	168	(82)
Miscellaneous	0	8,124	8,124
Total State Sources	7,862	12,963	5,101
Total Cash Receipts	1,548,362	1,909,757	361,395
Cash Disbursements:			
Salaries:			
Town Clerk	22,500	22,500	0
Assistant Clerk	3,000	545	2,455
Town Treasurer	13,028	14,812	(1,784)
Assistant Treasurer	4,000	0	4,000
Selectboard	3,500	3,500	0
Selectboard Bookkeeper	5,000	1,991	3,009
Town Administrator	63,540	58,764	4,776
Administrative Assistant	1,906	1,115	791
Delinquent Tax Collector	5,000	4,417	583
Health Officer	200	200	0
Dog Warden	1,500	2,130	(630)
Moderator	200	200	0
Ballot Clerks & BCA	4,000	2,454	1,546
E-911	1,200	1,200	0
Emergency Management Director	500	500	0
FICA	10,000	10,507	(507)
Office Retirement	5,500	3,920	1,580
Leave - Vacation	0	1,250	(1,250)
Leave - Sick	0	827	(827)
Admin Health Insurance	11,000	0	11,000
Unemployment	1,650	14,519	(12,869)
Total Salaries	157,224	145,351	11,873

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Administration:			
Audit Services	$ 10,000	$ 15,845	$ (5,845)
Investment Advisor	13,000	12,000	1,000
Legal Services	15,000	4,115	10,885
Legal Services - Tax Sale	3,500	5,395	(1,895)
Office Equipment Repairs	3,000	0	3,000
Office Postage	4,500	1,575	2,925
Office Telephone/Internet	3,000	3,258	(258)
Office Advertising	1,000	2,840	(1,840)
Town Report	6,500	6,252	248
Office Supplies	2,750	795	1,955
Office NEMRC & IT Support	8,500	13,548	(5,048)
Office Equipment & Furniture	2,000	1,067	933
Office Internet & Website	1,500	3,115	(1,615)
Office Dues and Fees	4,500	5,578	(1,078)
Office Seminars & Mileage	3,500	3,939	(439)
Office Gift & Donation	600	246	354
Meals & Event Hosting	750	196	554
Restoration & Preservation	2,000	0	2,000
Office Miscellaneous	750	10	740
Total Administration	86,350	79,774	6,576
Assessors Office:			
Assessor - Contracted Services	15,600	15,550	50
Assessors Office Wages	10,590	10,425	165
Assessing Clerk FICA	810	736	74
Assessors Office Education	250	0	250
Assessors Office Postage	200	34	166
Assessors Office Supplies	150	0	150
Assessors Office Equipment	250	0	250
Assessors Office Software	1,200	1,700	(500)
Tax Mapping Update	1,900	1,900	0
Online Tax Information	1,750	0	1,750
Assessors Office Miscellaneous	50	0	50
Abatements of Property Taxes & Fees	0	1,035	(1,035)
Total Assessors Office	32,750	31,380	1,370
Insurance:			
Workers Compensation	15,000	0	15,000
Property & Casualty	31,000	42,935	(11,935)
Total Insurance	46,000	42,935	3,065
Utilities:			
Street Lights	3,250	4,280	(1,030)
150 Main Street	750	6,580	(5,830)
Former Congressional Church	3,000	1,316	1,684
Total Utilities	7,000	12,176	(5,176)

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Community Center Building:			
Utilities	$ 10,000	$ 11,518	$ (1,518)
Cleaning Services	9,600	11,142	(1,542)
Repairs and Maintenance	1,500	2,014	(514)
Equipment & Supplies	2,500	1,910	590
Total Community Center Building	23,600	26,584	(2,984)
Emergency Shelter:			
Emergency Shelter Expenses	2,000	803	1,197
Total Emergency Shelter	2,000	803	1,197
Recreation Department:			
Supplies & Decorations	2,000	0	2,000
Advertising & Postage	750	0	750
Coventry Day	22,000	23,484	(1,484)
Events & Sponsorships	6,000	0	6,000
Total Recreation Department	30,750	23,484	7,266
Emergency Services:			
Newport City Fire Department	45,000	28,735	16,265
Orleans Fire Department	17,000	22,592	(5,592)
Irasburg Fire Department	0	3,240	(3,240)
Coventry Fire District	0	3,750	(3,750)
Newport Ambulance Services	36,500	36,454	46
Sheriffs Department	13,000	11,548	1,452
Dry Hydrants	2,500	0	2,500
Total Emergency Services	114,000	106,319	7,681
Planning Commission:			
Stipends	1,500	1,500	0
Admin Assistant	250	0	250
Mailings	250	0	250
Training	500	0	500
Postage	50	0	50
Miscellaneous	250	0	250
Total Planning Commission	2,800	1,500	1,300
Miscellaneous:			
Election Expenses	500	0	500
Village Common Repairs	2,000	2,254	(254)
Health Clubs	2,500	758	1,742
Orleans County Tax	20,000	24,802	(4,802)
Appropriations	18,000	0	18,000
Animal Control Expenses	500	0	500
911 Signs	500	0	500
Other Miscellaneous Expenditures	500	3,809	(3,309)
Total Miscellaneous	44,500	31,623	12,877

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
SWIP Committee:			
HHW Days	$ 11,000	$ 0	$ 11,000
School Outreach	1,500	0	1,500
Business Outreach	1,000	0	1,000
Office & Other Expenses	500	0	500
Total SWIP Committee	14,000	0	14,000
Cemetery Commission:			
Cemetery Expenses	3,000	565	2,435
Salaries	8,100	6,947	1,153
FICA	620	0	620
Equipment Maintenance	3,500	693	2,807
Tree Removal	10,000	0	10,000
Other Cemetery Costs	100	0	100
Total Cemetery Commission	25,320	8,205	17,115
Transfers:			
Long-term Investment Fund	550,000	550,000	0
Reappraisal Fund	100,000	100,000	0
Highway Fund	0	72,036	(72,036)
Building & Maintenance Fund	200,000	200,000	0
Roads Infrastructure Fund	350,000	350,000	0
Roads Capital Equipment Fund	200,000	200,000	0
Flood Recovery & Mitigation Fund	50,000	50,000	0
Total Transfers	1,450,000	1,522,036	(72,036)
Appropriations:			
American Red Cross	500	500	0
Felines & Friends Foundation	300	300	0
Goodrich Memorial Library	3,000	3,000	0
Green Mountain Farm to School	600	600	0
Jones Memorial Library	2,000	2,000	0
Northeast Kingdom Council on Aging	330	330	0
Northeast Kingdom Human Service, Inc.	2,172	2,172	0
Orleans County Children's Advocacy Center	500	500	0
Orleans County Fair Association	500	500	0
Orleans Historical Society	550	550	0
Orleans Essex VNA & Hospice Inc.	3,000	3,000	0
Pope Memorial Frontier Animal Shelter, Inc.	750	750	0
Rural Community Transportation Inc.	850	850	0
Umbrella	1,125	1,125	0
Vermont Center for Independent Living	130	130	0
Vermont Green Up, Inc.	100	100	0
Vermont Symphony Orchestra	100	100	0
Total Appropriations	16,507	16,507	0
Total Cash Disbursements	2,052,801	2,048,677	4,124
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	$ (504,439)	(138,920)	$ 365,519

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Actual
Adjustment to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:	
Long-term Investment Fund Income	$ 690,578
Long-term Investment Fund Transfer In	550,000
Reappraisal Fund Income	6,279
Reappraisal Fund Expenses	(22,254)
Reappraisal Fund Transfer In	100,000
Solid Waste Fund Income	6,032
Solid Waste Fund Expenses	(4,711)
Community & Economic Development Fund Income	24,407
Community & Economic Development Fund Expenses	(29,760)
Net Change in Fund Balance	1,181,651
Fund Balance - July 1, 2022, As Restated/Reclassified	10,598,063
Fund Balance - June 30, 2023	$ 11,779,714

The reconciling items are due to combining four (4) funds, the Long-term Investment Fund, the Reappraisal Fund, the Solid Waste Fund and the Community & Economic Development Fund, with the General Fund in order to comply with GASB Statement No. 54.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Local Sources:			
Waste U.S.A. Fees	$ 274,000	$ 274,000	$ 0
Miscellaneous	0	368	368
Transfer from General Fund	0	72,036	72,036
Total Local Sources	274,000	346,404	72,404
State Sources:			
Highway State Aid	82,000	87,045	5,045
Grants-in-Aid Grant Income	0	5,000	5,000
Total State Sources	82,000	92,045	10,045
Total Cash Receipts	356,000	438,449	82,449
Cash Disbursements:			
Highway Expenses:			
Highway FICA	8,258	9,193	(935)
Roads Health Insurance	11,000	11,954	(954)
Highway Retirement	7,250	7,956	(706)
Life Insurance - Short-term/Long-term	738	0	738
Leave - Vacation	1,880	7,125	(5,245)
Leave - Sick	3,775	1,569	2,206
Highway Unemployment	1,250	0	1,250
Roads General Permit Fees	3,000	1,485	1,515
Highway Equipment Repairs	26,000	36,978	(10,978)
Highway Building Repairs	2,500	1,045	1,455
Gravel Pit Permitting	350	840	(490)
Highway Department Supplies	9,500	8,215	1,285
Utilities - Main Street Garage	3,700	6,075	(2,375)
Utilities - Route 14 Garage	6,800	6,937	(137)
Highway Propane	200	0	200
Highway Uniforms	3,000	2,816	184
Road Signs	4,000	576	3,424
Miscellaneous	1,500	27	1,473
Total Highway Expenses	94,701	102,791	(8,090)
Road Commissioner - Winter:			
Road Commissioner Salary	30,000	30,000	0
Full-time Road Crew	25,286	25,286	0
Part-time Road Crew	16,000	12,693	3,307
Equipment Rental	500	3,034	(2,534)
Winter Road Maintenance	34,000	28,333	5,667
Fuel	15,500	25,172	(9,672)
Winter Equipment Expenses	5,500	0	5,500
Winter Parts	7,000	0	7,000
Total Road Commissioner - Winter	133,786	124,518	9,268

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Road Commissioner - Summer:			
Road Commissioner Salary	$ 30,000	$ 26,395	$ 3,605
Full-time Road Crew	24,431	31,956	(7,525)
Part-time Road Crew	2,200	4,575	(2,375)
Equipment Rental	5,000	4,909	91
Other Contracted Services	2,000	11,605	(9,605)
Summer Road Maintenance	45,000	47,978	(2,978)
Fuel	12,000	12,902	(902)
Summer Equipment Expenses	5,500	0	5,500
Summer Parts	1,500	0	1,500
Total Road Commissioner - Summer	127,631	140,320	(12,689)
Total Cash Disbursements	356,118	367,629	(11,511)
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	$ (118)	70,820	$ 70,938
Fund Balance/(Deficit) - July 1, 2022		(70,820)	
Fund Balance - June 30, 2023		$ 0	

See Disclaimer in Accompanying Independent Auditor's Report.

Schedule 3

TOWN OF COVENTRY, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
LIABILITIES AND FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Fund	Capital Projects Funds	Total
	Cemetery Fund		
ASSETS			
Cash	$ 6	$ 542,866	$ 542,872
Investments	173,108	0	173,108
Due from Other Funds	5,100	431	5,531
Total Assets	$ 178,214	$ 543,297	$ 721,511
LIABILITIES AND FUND BALANCES			
Liabilities:	$ 0	$ 0	$ 0
Fund Balances:			
Restricted	178,214	0	178,214
Committed	0	543,297	543,297
Total Fund Balances	178,214	543,297	721,511
Total Liabilities and Fund Balances	$ 178,214	$ 543,297	$ 721,511

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COVENTRY, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund	Capital Projects Funds	Total
	Cemetery Fund		
Cash Receipts:			
Charges for Services	$ 1,700	$ 0	$ 1,700
Investment Income	15,857	885	16,742
Total Cash Receipts	17,557	885	18,442
Cash Disbursements:			
Capital Outlay:			
Highways and Streets	0	44,322	44,322
Total Cash Disbursements	0	44,322	44,322
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	17,557	(43,437)	(25,880)
Other Financing Sources:			
Insurance Proceeds	0	32,448	32,448
Transfers In	0	250,000	250,000
Total Other Financing Sources	0	282,448	282,448
Net Change in Fund Balances	17,557	239,011	256,568
Fund Balances - July 1, 2022	160,657	304,286	464,943
Fund Balances - June 30, 2023	$ 178,214	$ 543,297	$ 721,511

See Disclaimer in Accompanying Independent Auditor's Report.

Schedule 5

TOWN OF COVENTRY, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
LIABILITIES AND FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Roads Capital Equipment Fund	Flood Recovery & Mitigation Fund	Total
ASSETS			
Cash	$ 388,711	$ 154,155	$ 542,866
Due from Other Funds	0	431	431
Total Assets	$ 388,711	$ 154,586	$ 543,297
LIABILITIES AND FUND BALANCES			
Liabilities:	$ 0	$ 0	$ 0
Fund Balances:			
Committed	388,711	154,586	543,297
Total Fund Balances	388,711	154,586	543,297
Total Liabilities and Fund Balances	$ 388,711	$ 154,586	$ 543,297

See Disclaimer in Accompanying Independent Auditor's Report.

Schedule 6

TOWN OF COVENTRY, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Roads Capital Equipment Fund	Flood Recovery & Mitigation Fund	Total
Cash Receipts:			
Investment Income	$ 585	$ 300	$ 885
Total Cash Receipts	585	300	885
Cash Disbursements:			
Capital Outlay:			
Highways and Streets	44,322	0	44,322
Total Cash Disbursements	44,322	0	44,322
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(43,737)	300	(43,437)
Other Financing Sources:			
Insurance Proceeds	32,448	0	32,448
Transfers In	200,000	50,000	250,000
Total Other Financing Sources	232,448	50,000	282,448
Net Change in Fund Balances	188,711	50,300	239,011
Fund Balances - July 1, 2022	200,000	104,286	304,286
Fund Balances - June 30, 2023	$ 388,711	$ 154,586	$ 543,297

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Selectboard
Town of Coventry
P.O. Box 8
Coventry, VT 05825

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Coventry, Vermont, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Vermont's basic financial statements, and have issued our report thereon dated May 3, 2024. Our opinion on the governmental activities, the General Fund and the aggregate remaining fund information was qualified because of the recording of investments at market value rather than cost.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2023-01 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Coventry, 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 Coventry, Vermont's Response to Finding

"Government Auditing Standards" require the auditor to perform limited procedures on the Town of Coventry, Vermont's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Coventry, 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 Town of Coventry, Vermont's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Coventry, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

May 3, 2024
Montpelier, Vermont
VT Lic. #92-000180

Deficiencies in Internal Control:

Material Weaknesses:

2023-01 Segregation of Duties - Cash

Criteria:

An important factor in developing good internal control procedures is to divide responsibilities so that no individual can both perpetrate and conceal errors or irregularities. One of the most common division of duties is the division between the check signing and bank reconciliation functions.

Condition:

In the Town, the same person that reconciles the bank accounts also collects cash, posts to the journals, makes deposits and has check signing authority.

Cause:

The limit staff available in the office provides little opportunity to achieve an optimum separation of duties and responsibilities.

Effect:

The Town has inadvertently made its assets susceptible to misappropriation.

Recommendation:

We recommend that the Town revise their procedures to ensure that the bank reconciliation function is delegated to an individual who does not have check signing authority. Otherwise, we recommend that, at a minimum, someone other than a check signer review all bank reconciliations, bank statements, cancelled checks and any debit memos.

Town of Coventry

168 Main Street / PO Box 8
Coventry, VT 05825

Tel: (802) 754 2288
Fax: (802) 754 6274

March 4, 2024

Sullivan, Powers & Co., P.C.
P.O. Box 947
Montpelier, VT 05601

RE: FY2023 Audit

Dear Sirs:

The Town of Coventry Selectboard has the following response to the Schedule of Findings in the draft FY2023 Audit Report:

2023-001: Segregation of Duties - Cash

After receiving the Town's 2022 Audit report dated April 18,2023, the Coventry Select Board directed the Treasurer to turn over signature authority on the Town's bank accounts to the Town Administrator. This process took place using the bank's administrative system. The transition was made effective on or about July 1, 2023. Since that time, the Town administrator has been responsible for signing all checks as required by Select Board signed warrants.

The Town Treasurer publishes monthly, as a matter of public record, all bank statements, account reconciliations, and investment statements for all of the Town accounts. This information is presented monthly to the Select Board at one of the bi-monthly Select Board meetings.

Sincerely,

Scott Briere
Selectboard Chair