

TOWN OF COVENTRY, VERMONT

AUDIT REPORT

JUNE 30, 2024

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 AUDIT REPORT
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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, 2024, 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

<u>Opinion Unit</u>	<u>Type of Opinion</u>
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, 2024, 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, 2024, 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.

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.

Change in Accounting Principle

As described in Note I.F. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this 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 June 2, 2025 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.

June 2, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF COVENTRY, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,731,778
Investments	12,997,148
Due from Taxpayers - Delinquent Education Taxes	13,663
Total Assets	15,742,589
<u>LIABILITIES</u>	
Withholdings Payable	4,320
Due to Others	4,019
Due to State of Vermont	564
Due to Fiduciary Funds	40
Total Liabilities	8,943
<u>NET POSITION</u>	
Restricted:	
Expendable:	
Cemetery	197,469
Eligible ARPA Uses	13,095
Unrestricted	15,523,082
Total Net Position	\$ 15,733,646

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

TOWN OF COVENTRY, VERMONT
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 637,828	\$ 23,153	\$ 5,880	\$ 0	\$ (608,795)
Public Safety	170,906	172	0	0	(170,734)
Highways and Streets	1,984,517	3,474	102,724	329,605	(1,548,714)
Culture and Recreation	18,855	1,398	0	0	(17,457)
Community Development	22,210	0	0	0	(22,210)
Solid Waste	6,123	0	0	0	(6,123)
Cemetery	12,190	950	0	0	(11,240)
Total Governmental Activities	\$ <u>2,852,629</u>	\$ <u>29,147</u>	\$ <u>108,604</u>	\$ <u>329,605</u>	<u>(2,385,273)</u>
General Receipts:					
Landfill Host Fees					2,260,593
Penalties and Interest on Delinquent Taxes					6,331
General State Grants					11,671
Unrestricted Investment Earnings					1,202,765
Insurance Proceeds					3,222
Other					5,273
Total General Receipts					<u>3,489,855</u>
Change in Net Position					1,104,582
Net Position - July 1, 2023					<u>14,629,064</u>
Net Position - June 30, 2024					\$ <u><u>15,733,646</u></u>

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

TOWN OF COVENTRY, VERMONT
 STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2024

	General Fund	Highway Fund	ARPA Fund	Building & Maintenance Fund	Roads Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 1,775,327	\$ 0	\$ 0	\$ 420,265	\$ 339,122	\$ 197,064	\$ 2,731,778
Investments	12,805,729	0	0	0	0	191,419	12,997,148
Due from Taxpayers - Delinquent							
Education Taxes	13,663	0	0	0	0	0	13,663
Due from Other Funds	<u>0</u>	<u>58,745</u>	<u>13,095</u>	<u>250,000</u>	<u>0</u>	<u>106,871</u>	<u>428,711</u>
Total Assets	<u>\$ 14,594,719</u>	<u>\$ 58,745</u>	<u>\$ 13,095</u>	<u>\$ 670,265</u>	<u>\$ 339,122</u>	<u>\$ 495,354</u>	<u>\$ 16,171,300</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Withholdings Payable	\$ 2,340	\$ 1,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,320
Due to Others	4,019	0	0	0	0	0	4,019
Due to State of Vermont	564	0	0	0	0	0	564
Due to Other Funds	<u>428,751</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>428,751</u>
Total Liabilities	<u>435,674</u>	<u>1,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>437,654</u>
Fund Balances:							
Restricted	0	0	13,095	0	0	197,469	210,564
Committed	792,820	56,765	0	670,265	339,122	297,885	2,156,857
Unassigned	<u>13,366,225</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,366,225</u>
Total Fund Balances	<u>14,159,045</u>	<u>56,765</u>	<u>13,095</u>	<u>670,265</u>	<u>339,122</u>	<u>495,354</u>	<u>15,733,646</u>
Total Liabilities and Fund Balances	<u>\$ 14,594,719</u>	<u>\$ 58,745</u>	<u>\$ 13,095</u>	<u>\$ 670,265</u>	<u>\$ 339,122</u>	<u>\$ 495,354</u>	<u>\$ 16,171,300</u>

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

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, 2024

	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	\$ 6,331	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,331
Intergovernmental	17,551	260,022	0	0	172,307	0	449,880
Charges for Services	6,104	3,474	0	0	0	950	10,528
Landfill Host Fees	1,961,668	298,925	0	0	0	0	2,260,593
Permits, Licenses and Fees	14,426	0	0	0	0	0	14,426
Fines and Forfeits	4,193	0	0	0	0	0	4,193
Investment Income	1,172,077	0	0	7,199	835	22,654	1,202,765
Other	<u>5,273</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,273</u>
Total Cash Receipts	<u>3,187,623</u>	<u>562,421</u>	<u>0</u>	<u>7,199</u>	<u>173,142</u>	<u>23,604</u>	<u>3,953,989</u>
Cash Disbursements:							
General Government	637,828	0	0	0	0	0	637,828
Public Safety	133,296	0	37,610	0	0	0	170,906
Highways and Streets	0	505,656	0	0	265,191	0	770,847
Culture and Recreation	18,855	0	0	0	0	0	18,855
Solid Waste	6,123	0	0	0	0	0	6,123
Cemetery	12,190	0	0	0	0	0	12,190
Capital Outlay:							
Highways and Streets	0	0	0	0	960,687	252,983	1,213,670
Community Development	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,210</u>	<u>0</u>	<u>0</u>	<u>22,210</u>
Total Cash Disbursements	<u>808,292</u>	<u>505,656</u>	<u>37,610</u>	<u>22,210</u>	<u>1,225,878</u>	<u>252,983</u>	<u>2,852,629</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>2,379,331</u>	<u>56,765</u>	<u>(37,610)</u>	<u>(15,011)</u>	<u>(1,052,736)</u>	<u>(229,379)</u>	<u>1,101,360</u>
Other Financing Sources:							
Insurance Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,222</u>	<u>3,222</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,222</u>	<u>3,222</u>
Net Change in Fund Balances	2,379,331	56,765	(37,610)	(15,011)	(1,052,736)	(226,157)	1,104,582
Fund Balances - July 1, 2023	<u>11,779,714</u>	<u>0</u>	<u>50,705</u>	<u>685,276</u>	<u>1,391,858</u>	<u>721,511</u>	<u>14,629,064</u>
Fund Balances - June 30, 2024	<u>\$ 14,159,045</u>	<u>\$ 56,765</u>	<u>\$ 13,095</u>	<u>\$ 670,265</u>	<u>\$ 339,122</u>	<u>\$ 495,354</u>	<u>\$ 15,733,646</u>

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

TOWN OF COVENTRY, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2024

	Private-Purpose Trust Fund	
	Edmund Douglas Price Fund	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Investments	\$ 228,595	\$ 0
Due from Other Funds	<u>40</u>	<u>0</u>
Total Assets	<u>228,635</u>	<u>0</u>
<u>LIABILITIES</u>		
Total Liabilities	<u>0</u>	<u>0</u>
<u>NET POSITION</u>		
Restricted	<u>228,635</u>	<u>0</u>
Total Net Position	<u><u>\$ 228,635</u></u>	<u><u>\$ 0</u></u>

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

TOWN OF COVENTRY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Private-Purpose Trust Fund <u>Edmund Douglas Price Fund</u>	<u>Custodial Fund Education Tax Fund</u>
<u>ADDITIONS</u>		
Investment Income	\$ 27,391	\$ 0
Education Taxes Collected for Other Governments	<u>0</u>	<u>2,086,447</u>
Total Additions	<u>27,391</u>	<u>2,086,447</u>
<u>DEDUCTIONS</u>		
Coventry Village School	6,510	0
Education Taxes Distributed to Other Governments	<u>0</u>	<u>2,086,447</u>
Total Deductions	<u>6,510</u>	<u>2,086,447</u>
Change in Net Position	20,881	0
Net Position - July 1, 2023	<u>207,754</u>	<u>0</u>
Net Position - June 30, 2024	<u><u>\$ 228,635</u></u>	<u><u>\$ 0</u></u>

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

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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 and amounts due from taxpayers for education taxes 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.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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.

F. New Pronouncement – Accounting Changes and Error Corrections

Effective June 30, 2024, the Town implemented GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. GASB Statement No. 100 identifies accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes various transactions or events included in these changes. This Statement established accounting and financial reporting requirements for each type of accounting change and correction of an error in previously issued financial statements. The implementation of this Standard did not have an impact on the financial statements.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, the Community & Economic Development Fund activity, the Gilman Fund, and the Tax Sale Fund that are included with the General Fund as they do not qualify to be reported as separate special revenue funds.

B. Budgeted Surplus

The Town elected to budget cash receipts in excess of cash disbursements by \$420,352 in the General Fund. This is reflected as a current year's budgeted excess of revenues over expenditures on Schedule 1.

The Town elected to budget cash receipts in excess of cash disbursements by \$120,325 in the Highway Fund. This is reflected as a current year's budgeted excess of revenues over expenditure on Schedule 2.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2024, expenditures in the Highway Fund exceeded appropriations by \$105,656. These over-expenditures were funded by excess revenues.

III. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of June 30, 2024 consist of the following:

Cash and Cash Equivalents:

Deposits with Financial Institutions	\$ 1,768,186
Deposits Held by Investment Company	3
Money Market Mutual Funds	963,389
Cash on Hand	<u>200</u>

Total Cash and Cash Equivalents 2,731,778

Investments:

Certificates of Deposit	1,099,449
Common Stock	228,592
Exchange-Traded Funds	8,571,707
Mutual Funds – Mixed Holdings	<u>3,325,995</u>

Total Investments 13,225,743

Total Cash, Cash Equivalents and Investments \$15,957,521

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

The Town has five (5) certificates of deposit with various banks ranging from \$100,014 to \$250,010 with interest rates ranging from 5.0% to 5.45%. 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.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$1,349,452	\$1,349,452
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit Issued by the Federal Home Loan Bank of Boston	<u>1,518,186</u>	<u>1,519,380</u>
Total	<u>\$2,867,638</u>	<u>\$2,868,832</u>

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	\$1,768,186
Cash – Deposits Held by Investment Company	3
Investments – Certificates of Deposit	<u>1,099,449</u>
Total	<u>\$2,867,638</u>

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

The Town has the following fair value measurements as of June 30, 2024:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Common Stock	\$ 228,592	\$ 228,592	\$ 0	\$ 0
Exchange-Traded Funds	8,571,707	8,571,707	0	0
Mutual Funds - Mixed Holdings	<u>3,325,995</u>	<u>3,325,995</u>	<u>0</u>	<u>0</u>
Total	\$ <u>12,126,294</u>	\$ <u>12,126,294</u>	\$ <u>0</u>	\$ <u>0</u>

B. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2024 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$428,751
Highway Fund	58,745	0
ARPA Fund	13,095	0
Building & Maintenance Fund	250,000	0
Non-Major Governmental Funds	106,871	0
Private-Purpose Trust Fund – Edmund Douglas Price Fund	<u>40</u>	<u>0</u>
Totals	<u>\$428,751</u>	<u>\$428,751</u>

Interfund transfers during the period ended June 30, 2024 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Long-term Investment Fund	\$ <u>750,000</u>	* Appropriation
Total		\$ <u>750,000</u>	

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

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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 policies.

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)	\$ 13,095
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TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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)	<u>\$197,469</u>
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Total Restricted Fund Balances	<u>\$210,564</u>
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The fund balances in the following funds are committed as follows:

Major Funds

General Fund:

Committed for Reappraisal Expenses by the Voters	\$ 262,225
Committed for Community & Economic Development Expenses by the Voters	255,595
Committed for Purchase of 6-Wheel Plow Truck by the Voters	<u>275,000</u>

Total General Fund	<u>792,820</u>
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Highway Fund:

Committed for Highway Expenditures by the Voters	<u>56,765</u>
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Building & Maintenance Fund:

Committed for Building & Maintenance Expenditures by the Voters	<u>670,265</u>
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Roads Infrastructure Fund:

Committed for Roads Infrastructure Expenditures by the Voters	<u>339,122</u>
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Non-Major Funds

Capital Projects Funds:

Committed for Roads Capital Equipment Expenditures by the Voters	174,558
Committed for Flood Recovery & Mitigation Expenditures by the Voters	<u>123,327</u>

Total Non-Major Funds	<u>297,885</u>
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Total Committed Fund Balances	<u>\$2,156,857</u>
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TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

D. Restricted Net Position

The restricted net position in the governmental activities consists of the restricted fund balances of \$210,564.

The net position held in trust in the Town's Private-Purpose Trust Fund as of June 30, 2024 consisted of the following:

Private-Purpose Trust Fund:

Restricted for Coventry Village School Expenses by Endowment	<u>\$228,635</u>
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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, 2023, the measurement date selected by the State of Vermont, the retirement system consisted of 357 participating employers.

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

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

As of June 30, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. As of June 30, 2024, the Town's proportionate share of this was 0.0417% resulting in a net pension liability of \$133,448. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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 0.0417% was a decrease of 0.0836 from its proportion measured as of the prior year.

Summary of Plan 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 C.

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.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – 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.

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

Early Retirement 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; payable without reduction to Group D members.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

Disability Retirement Amount – All Groups – 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 – All Groups – Death after five (5) years of service.

Death Benefit Amount – 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. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

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

Optional Benefit and Death after Retirement – Groups A, B and C – A lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. Group D – A 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 – 3.75% effective July 1, 2023; 4.00% effective July 1, 2024; 4.25% effective July 1, 2025, and thereafter.
- Group B – 6.125% effective July 1, 2023; 6.375% effective July 1, 2024; 6.625% effective July 1, 2025, and thereafter.
- Group C – 11.25% effective July 1, 2023; 11.50% effective July 1, 2024; 11.75% effective July 1, 2025, and thereafter.
- Group D – 12.60% effective July 1, 2023; 12.85% effective July 1, 2024; 13.10% effective July 1, 2025, and thereafter.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Employer Contribution Rates:

- Group A – 5.25% effective July 1, 2023; 5.50% effective July 1, 2024; 5.75% effective July 1, 2025, and thereafter.
- Group B – 6.75% effective July 1, 2023; 7.00% effective July 1, 2024; 7.25% effective July 1, 2025, and thereafter.
- Group C – 8.50% effective July 1, 2023; 8.75% effective July 1, 2024; 9.00% effective July 1, 2025, and thereafter.
- Group D – 11.10% effective July 1, 2023; 11.35% effective July 1, 2024; 11.60% effective July 1, 2025, and thereafter.

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

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

Salary Increases – Ranging from 4.07% to 6.21% based on service.

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2024 COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2023 COLAs were 2.00% for Group A and 3.00% for Groups B, C and D.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

Healthy Post-Retirement – Retirees – Groups A and B – PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) 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.

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44%	5.35%
Private Equity	10%	7.50%
Emerging Market Debt	2%	5.00%
Private and Alternative Credit	10%	5.50%
Non-Core Real Estate	4%	5.50%
Core Fixed Income	19%	1.50%
Core Real Estate	4%	3.25%
US TIPS	2%	1.50%
Infrastructure/Farmland	5%	4.25%

Discount Rate – The long-term expected rate of return on pension plan investments 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, 2023, is 3.65%, as published by The Bond Buyer.

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. 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). 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, 2023. 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.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$200,859	\$133,448	\$78,038

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, 2023. 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:

	<u>Homestead</u>	<u>Non-Homestead</u>
Local Agreement	.0046	.0046
Education	<u>1.5824</u>	<u>1.5289</u>
Total	<u>1.5870</u>	<u>1.5335</u>

TOWN OF COVENTRY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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.

In April of 2024, the Town became a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust. There were no unemployment claims paid out during the fiscal year.

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, 2024, the Town received \$2,260,593 of landfill host 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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Local Sources:			
Fees - Delinquent Taxes	\$ 5,000	\$ 3,537	\$ (1,463)
Interest - Delinquent Taxes	5,000	2,794	(2,206)
Legal Fees - Tax Sale	0	2,356	2,356
Interest - Checking & Savings	10,000	42,977	32,977
Education Billing Fee Retained	0	4,706	4,706
Late Homestead Filing Fees	0	4,021	4,021
Town Clerk Fees	12,500	10,751	(1,749)
Dog Licenses	500	1,319	819
Waste U.S.A. Fees	2,000,000	1,961,668	(38,332)
Community Center Rent	1,500	1,398	(102)
Fire District Support	360	186	(174)
Miscellaneous	500	3,966	3,466
Total Local Sources	2,035,360	2,039,679	4,319
State Sources:			
State Grant Funding	3,000	7,000	4,000
Agency of Natural Resources	4,612	4,671	59
Judicial Fines Refund	250	172	(78)
Miscellaneous	200	10	(190)
Total State Sources	8,062	11,853	3,791
Total Cash Receipts	2,043,422	2,051,532	8,110
Cash Disbursements:			
Salaries:			
Town Clerk	26,000	26,000	0
Assistant Clerk	3,000	1,047	1,953
Town Treasurer	14,165	17,677	(3,512)
Assistant Treasurer	4,000	0	4,000
Selectboard	3,500	3,500	0
Selectboard Bookkeeper	5,000	3,157	1,843
Town Administrator	70,655	69,016	1,639
Administrative Assistant	250	451	(201)
Delinquent Tax Collector	5,000	3,551	1,449
Health Officer	217	217	0
Dog Warden	1,632	2,332	(700)
Moderator	217	217	0
Ballot Clerks & BCA	4,200	688	3,512
E-911	1,304	1,304	0
Emergency Management Director	544	544	0
FICA	10,000	10,783	(783)
Office Retirement	4,800	4,858	(58)
Leave - Vacation	0	1,868	(1,868)
Admin Health Insurance	8,000	0	8,000
Leave - Sick	0	1,087	(1,087)
Unemployment	3,000	684	2,316
Total Salaries	165,484	148,981	16,503

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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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
Administration:			
Audit Services	\$ 10,000	\$ 23,569	\$ (13,569)
Investment Advisor	13,000	13,750	(750)
Legal Services	15,000	4,620	10,380
Legal Services - Tax Sale	3,500	13,929	(10,429)
Office Equipment Repairs	1,000	0	1,000
Office Postage	4,000	1,020	2,980
Office Telephone/Internet	3,000	4,177	(1,177)
Office Advertising	1,000	2,222	(1,222)
Town Report	6,500	6,028	472
Office Supplies	1,500	1,362	138
Office NEMRC & IT Support	8,500	1,929	6,571
Office Equipment & Furniture	3,000	2,198	802
Office Internet & Website	2,500	3,109	(609)
Office Dues and Fees	3,800	1,784	2,016
Office Seminars & Mileage	5,000	3,074	1,926
Office Gift & Donation	150	1,167	(1,017)
Meals & Event Hosting	400	0	400
Restoration & Preservation	1,500	0	1,500
Office Miscellaneous	500	0	500
Total Administration	83,850	83,938	(88)
Assessors Office:			
Assessor - Contracted Services	15,600	16,150	(550)
Assessors Office Wages	11,332	11,332	0
Assessing Clerk FICA	910	867	43
Assessors Office Education	250	0	250
Assessors Office Postage	150	0	150
Assessors Office Supplies	250	47	203
Assessors Office Software	0	1,700	(1,700)
Tax Mapping Update	1,900	2,100	(200)
Online Tax Information	250	0	250
Assessors Office Miscellaneous	50	0	50
Abatements of Property Taxes & Fees	0	1,227	(1,227)
Total Assessors Office	30,692	33,423	(2,731)
Insurance:			
Workers Compensation	17,000	770	16,230
Property & Casualty	33,000	31,047	1,953
Total Insurance	50,000	31,817	18,183
Utilities:			
Street Lights	3,500	4,250	(750)
150 Main Street	0	636	(636)
Former Congressional Church	3,500	1,734	1,766
Total Utilities	7,000	6,620	380

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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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
Community Center Building:			
Utilities	\$ 10,000	\$ 9,536	\$ 464
Cleaning Services	9,600	15,181	(5,581)
Repairs and Maintenance	1,500	1,368	132
Equipment & Supplies	<u>2,500</u>	<u>3,605</u>	<u>(1,105)</u>
Total Community Center Building	<u>23,600</u>	<u>29,690</u>	<u>(6,090)</u>
Emergency Shelter:			
Emergency Shelter Expenses	<u>2,000</u>	<u>491</u>	<u>1,509</u>
Total Emergency Shelter	<u>2,000</u>	<u>491</u>	<u>1,509</u>
Recreation Department:			
Supplies & Decorations	1,000	0	1,000
Advertising & Postage	750	0	750
Coventry Day	30,000	12,355	17,645
Events & Sponsorships	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Recreation Department	<u>34,250</u>	<u>12,355</u>	<u>21,895</u>
Emergency Services:			
Newport City Fire Department	45,000	29,503	15,497
Orleans Fire Department	22,596	22,279	317
Newport Ambulance Services	41,481	45,364	(3,883)
Orleans Ambulance Services	0	20,214	(20,214)
Sheriffs Department	13,360	14,945	(1,585)
Dry Hydrants	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Total Emergency Services	<u>130,437</u>	<u>132,305</u>	<u>(1,868)</u>
Planning Commission:			
Stipends	1,630	1,630	0
Admin Assistant	1,800	0	1,800
Mailings	250	0	250
Training	500	0	500
Postage	960	0	960
Miscellaneous	<u>250</u>	<u>0</u>	<u>250</u>
Total Planning Commission	<u>5,390</u>	<u>1,630</u>	<u>3,760</u>
Miscellaneous:			
Election Expenses	500	1,473	(973)
Village Common Repairs	2,500	343	2,157
Health Clubs	2,500	1,204	1,296
Orleans County Tax	25,000	22,834	2,166
Animal Control Expenses	500	932	(432)
911 Signs	500	0	500
Other Miscellaneous Expenditures	<u>500</u>	<u>4,971</u>	<u>(4,471)</u>
Total Miscellaneous	<u>32,000</u>	<u>31,757</u>	<u>243</u>

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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
SWIP Committee:			
HHW Days	\$ 12,000	\$ 6,123	\$ 5,877
Total SWIP Committee	<u>12,000</u>	<u>6,123</u>	<u>5,877</u>
Cemetery Commission:			
Cemetery Expenses	3,000	2,614	386
Salaries	8,805	8,805	0
FICA	705	0	705
Equipment Maintenance	3,500	771	2,729
Tree Removal	10,000	0	10,000
Other Cemetery Costs	100	0	100
Total Cemetery Commission	<u>26,110</u>	<u>12,190</u>	<u>13,920</u>
Transfers:			
Long-term Investment Fund	750,000	750,000	0
Total Transfers	<u>750,000</u>	<u>750,000</u>	<u>0</u>
Appropriations:			
American Red Cross	500	500	0
Coventry Town Foundation	250,000	250,000	0
Felines & Friends Foundation	300	300	0
Goodrich Memorial Library	4,000	4,000	0
Green Mountain Farm to School	1,000	1,000	0
Jones Memorial Library	2,500	2,500	0
Northeast Kingdom Council on Aging	330	330	0
Northeast Kingdom Human Service, Inc.	2,172	2,172	0
Northeast Kingdom Learning Services	500	500	0
Orleans County Children's Advocacy Center	500	500	0
Orleans County Fair Association	500	500	0
Orleans Essex VNA & Hospice Inc.	3,000	3,000	0
Orleans Historical Society	550	550	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 Family Network	250	250	0
Vermont Green Up, Inc.	100	100	0
Vermont Rural Fire Protection	100	100	0
Vermont Symphony Orchestra	100	100	0
Wednesdays on the Waterfront	1,000	1,000	0
Total Appropriations	<u>270,257</u>	<u>270,257</u>	<u>0</u>
Total Cash Disbursements	<u>1,623,070</u>	<u>1,551,577</u>	<u>71,493</u>
Excess of Cash Receipts			
Over Cash Disbursements	\$ <u>420,352</u>	499,955	\$ <u>79,603</u>

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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, 2024

	Actual
Adjustment to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:	
Long-term Investment Fund Income	\$ 1,115,550
Long-term Investment Fund Transfer In	750,000
Reappraisal Fund Income	13,186
Reappraisal Fund Expenses	(6,715)
Solid Waste Fund Income	39
Community & Economic Development Fund Income	7,316
Net Change in Fund Balance	\$ 2,379,331
Fund Balance - July 1, 2023	11,779,714
Fund Balance - June 30, 2024	\$ 14,159,045

The reconciling items are due to combining six (6) funds, the Long-term Investment Fund, the Reappraisal Fund, the Solid Waste Fund, the Community & Economic Development Fund, the Gilman Fund, and the Tax Sale Fund, with the General Fund in order to comply with GASB Statement No. 54. There was no activity in the Gilman Fund and the Tax Sale Fund during the year.

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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Local Sources:			
Waste U.S.A. Fees	\$ 298,925	\$ 298,925	\$ 0
Miscellaneous	<u>0</u>	<u>3,474</u>	<u>3,474</u>
Total Local Sources	<u>298,925</u>	<u>302,399</u>	<u>3,474</u>
State Sources:			
Highway State Aid	87,000	89,638	2,638
Grants-in-Aid Grant Income	<u>134,400</u>	<u>170,384</u>	<u>35,984</u>
Total State Sources	<u>221,400</u>	<u>260,022</u>	<u>38,622</u>
Total Cash Receipts	<u>520,325</u>	<u>562,421</u>	<u>42,096</u>
Cash Disbursements:			
Highway Expenses:			
Highway FICA	9,900	14,458	(4,558)
Roads Health Insurance	10,200	29,909	(19,709)
Highway Retirement	8,880	12,799	(3,919)
Life Insurance - Short-term/Long-term	738	854	(116)
Leave - Vacation	2,200	3,919	(1,719)
Leave - Sick	3,888	3,344	544
Highway Unemployment	1,250	0	1,250
Roads General Permit Fees	1,350	0	1,350
Highway Equipment Repairs	26,000	59,209	(33,209)
Highway Building Repairs	5,000	728	4,272
Gravel Pit Permitting	610	2,435	(1,825)
Highway Department Supplies	7,000	6,861	139
Utilities - Main Street Garage	3,700	5,537	(1,837)
Utilities - Route 14 Garage	6,800	7,884	(1,084)
Highway Propane	200	0	200
Highway Uniforms	3,000	5,801	(2,801)
Equipment (Non-Capital)	0	775	(775)
Road Signs	2,500	6,618	(4,118)
Miscellaneous	<u>750</u>	<u>150</u>	<u>600</u>
Total Highway Expenses	<u>93,966</u>	<u>161,281</u>	<u>(67,315)</u>
Road Commissioner - Winter:			
Road Commissioner Salary	32,088	71,490	(39,402)
Full-time Road Crew	28,500	110,858	(82,358)
Part-time Road Crew	16,858	0	16,858
Equipment Rental	500	0	500
Winter Road Maintenance	38,000	42,090	(4,090)
Fuel	24,000	21,300	2,700
Winter Equipment Expenses	5,500	507	4,993
Winter Parts	<u>7,500</u>	<u>0</u>	<u>7,500</u>
Total Road Commissioner - Winter	<u>152,946</u>	<u>246,245</u>	<u>(93,299)</u>

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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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Road Commissioner - Summer:			
Road Commissioner Salary	\$ 32,088	\$ 0	\$ 32,088
Full-time Road Crew	28,500	0	28,500
Part-time Road Crew	2,500	0	2,500
Equipment Rental	6,500	0	6,500
Other Contracted Services	3,000	17,328	(14,328)
Summer Road Maintenance	55,000	68,231	(13,231)
Fuel	14,500	12,571	1,929
Summer Equipment Expenses	9,000	0	9,000
Summer Parts	<u>2,000</u>	<u>0</u>	<u>2,000</u>
 Total Road Commissioner - Summer	 <u>153,088</u>	 <u>98,130</u>	 <u>54,958</u>
 Total Cash Disbursements	 <u>400,000</u>	 <u>505,656</u>	 <u>(105,656)</u>
 Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	 <u>\$ 120,325</u>	 56,765	 <u>\$ (63,560)</u>
 Fund Balance - July 1, 2023		 <u>0</u>	
 Fund Balance - June 30, 2024		 <u>\$ 56,765</u>	

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TOWN OF COVENTRY, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	Special Revenue Fund <u>Cemetery Fund</u>	Capital Projects Funds	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 197,064	\$ 197,064
Investments	191,419	0	191,419
Due from Other Funds	<u>6,050</u>	<u>100,821</u>	<u>106,871</u>
Total Assets	\$ <u><u>197,469</u></u>	\$ <u><u>297,885</u></u>	\$ <u><u>495,354</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Restricted	197,469	0	197,469
Committed	<u>0</u>	<u>297,885</u>	<u>297,885</u>
Total Fund Balances	<u>197,469</u>	<u>297,885</u>	<u>495,354</u>
Total Liabilities and Fund Balances	\$ <u><u>197,469</u></u>	\$ <u><u>297,885</u></u>	\$ <u><u>495,354</u></u>

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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, 2024

	Special Revenue Fund <u>Cemetery Fund</u>	Capital Projects Funds	<u>Total</u>
Cash Receipts:			
Charges for Services	\$ 950	\$ 0	\$ 950
Investment Income	<u>18,305</u>	<u>4,349</u>	<u>22,654</u>
Total Cash Receipts	<u>19,255</u>	<u>4,349</u>	<u>23,604</u>
Cash Disbursements:			
Capital Outlay:			
Highways and Streets	<u>0</u>	<u>252,983</u>	<u>252,983</u>
Total Cash Disbursements	<u>0</u>	<u>252,983</u>	<u>252,983</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>19,255</u>	<u>(248,634)</u>	<u>(229,379)</u>
Other Financing Sources:			
Insurance Proceeds	<u>0</u>	<u>3,222</u>	<u>3,222</u>
Total Other Financing Sources	<u>0</u>	<u>3,222</u>	<u>3,222</u>
Net Change in Fund Balances	19,255	(245,412)	(226,157)
Fund Balances - July 1, 2023	<u>178,214</u>	<u>543,297</u>	<u>721,511</u>
Fund Balances - June 30, 2024	<u>\$ 197,469</u>	<u>\$ 297,885</u>	<u>\$ 495,354</u>

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TOWN OF COVENTRY, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2024

	Roads Capital Equipment Fund	Flood Recovery & Mitigation Fund	Total
<u>ASSETS</u>			
Cash	\$ 174,558	22,506	\$ 197,064
Due from Other Funds	0	100,821	100,821
Total Assets	\$ 174,558	\$ 123,327	\$ 297,885
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Fund Balances:			
Committed	174,558	123,327	297,885
Total Fund Balances	174,558	123,327	297,885
Total Liabilities and Fund Balances	\$ 174,558	\$ 123,327	\$ 297,885

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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, 2024

	Roads Capital Equipment Fund	Flood Recovery & Mitigation Fund	Total
Cash Receipts:			
Investment Income	\$ <u>608</u>	\$ <u>3,741</u>	\$ <u>4,349</u>
Total Cash Receipts	<u>608</u>	<u>3,741</u>	<u>4,349</u>
Cash Disbursements:			
Capital Outlay:			
Highways and Streets	<u>217,983</u>	<u>35,000</u>	<u>252,983</u>
Total Cash Disbursements	<u>217,983</u>	<u>35,000</u>	<u>252,983</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(217,375)</u>	<u>(31,259)</u>	<u>(248,634)</u>
Other Financing Sources:			
Insurance Proceeds	<u>3,222</u>	<u>0</u>	<u>3,222</u>
Total Other Financing Sources	<u>3,222</u>	<u>0</u>	<u>3,222</u>
Net Change in Fund Balances	(214,153)	(31,259)	(245,412)
Fund Balances - July 1, 2023	<u>388,711</u>	<u>154,586</u>	<u>543,297</u>
Fund Balances - June 30, 2024	\$ <u><u>174,558</u></u>	\$ <u><u>123,327</u></u>	\$ <u><u>297,885</u></u>

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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, 2024, 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 June 2, 2025. Our opinions on the governmental activities, the General Fund and the aggregate remaining fund information were 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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".

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.

June 2, 2025
Montpelier, Vermont
VT Lic. #92-000180