

**TOWN OF WATERBURY, VERMONT**

**AUDIT REPORT**

**DECEMBER 31, 2019**

TOWN OF WATERBURY, VERMONT  
 AUDIT REPORT  
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**Independent Auditor's Report**

Selectboard  
Town of Waterbury, Vermont  
28 North Main Street, Suite 1  
Waterbury, Vermont 05676

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterbury, Vermont, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Waterbury, Vermont's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Waterbury, Vermont's preparation and fair presentation of the financial statements 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 Waterbury, Vermont's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Waterbury, Vermont as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

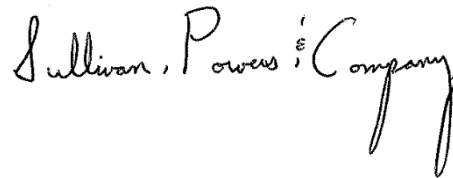
***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waterbury, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an 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 September 17, 2020 on our consideration of the Town of Waterbury, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Waterbury, Vermont’s internal control over financial reporting and compliance.

September 17, 2020  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the typed text.

TOWN OF WATERBURY, VERMONT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 556,895
Investments	1,408,175
Receivables	396,126
Loans Receivable	147,064
Due from Fiduciary Funds	1,080
Prepaid Expenses	17,303
Capital Assets:	
Land	40,000
Construction in Progress	13,404,536
Other Capital Assets, (Net of Accumulated Depreciation)	17,188,401
Total Assets	33,159,580
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	196,631
Total Deferred Outflows of Resources	196,631
<u>LIABILITIES</u>	
Accounts Payable	173,962
Accrued Payroll and Benefits Payable	16,311
Unearned Revenue	28,500
Due to School District	626,714
Accrued Interest Payable	17,328
Noncurrent Liabilities:	
Due within One Year	362,500
Due in More than One Year	4,546,915
Total Liabilities	5,772,230
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	20,393
Deferred Inflows of Resources Related to the Town's Participation in VMERS	7,414
Total Deferred Inflows of Resources	27,807
<u>NET POSITION</u>	
Net Investment in Capital Assets	26,157,937
Restricted:	
Non-Expendable:	
Cemetery	418,000
Tax Stabilization	644,000
Expendable:	
Culture and Recreation	506,864
Community Development	157,016
Cemetery	145,587
Tax Stabilization	357,445
Other Purposes	31,068
Unrestricted/(Deficit)	(861,743)
Total Net Position	\$ 27,556,174

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

TOWN OF WATERBURY, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,377,478	\$ 249,229	\$ 141,386	\$ 0	\$ (986,863)
Public Safety	895,159	119,382	0	0	(775,777)
Highways and Streets	1,487,110	18,787	117,719	8,539,526	7,188,922
Culture and Recreation	708,735	177,874	19,026	10,000	(501,835)
Community Development	92,640	0	19,440	0	(73,200)
Solid Waste	32,418	0	0	0	(32,418)
Cemetery	35,260	13,000	0	0	(22,260)
Interest on Long-term Debt	193,637	0	0	0	(193,637)
Total Primary Government	\$ 4,822,437	\$ 578,272	\$ 297,571	\$ 8,549,526	4,602,932
General Revenues:					
Property Taxes					3,864,179
Penalties and Interest on Delinquent Taxes					51,124
Payments in Lieu of Taxes					304,380
General State Grants					183,107
Unrestricted Investment Earnings					276,689
Other Revenues					2,321
Total General Revenues					4,681,800
Change in Net Position					9,284,732
Net Position - January 1, 2019					18,271,442
Net Position - December 31, 2019					\$ 27,556,174

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



TOWN OF WATERBURY, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash	\$ 555,986	\$ 0	\$ 0	\$ 706	\$ 65	\$ 138	\$ 0	\$ 556,895
Investments	0	0	0	438,637	469,300	500,238	0	1,408,175
Receivables	227,455	149,231	0	0	0	0	19,440	396,126
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	0	147,064	147,064
Advances to Other Funds	0	0	0	667,300	0	0	0	667,300
Due from Other Funds	299,685	0	24,467	0	94,222	0	100,765	519,139
Prepaid Expenses	17,303	0	0	0	0	0	0	17,303
<b>Total Assets</b>	<b>\$ 1,100,429</b>	<b>\$ 149,231</b>	<b>\$ 24,467</b>	<b>\$ 1,106,643</b>	<b>\$ 563,587</b>	<b>\$ 500,376</b>	<b>\$ 267,269</b>	<b>\$ 3,712,002</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 173,962	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,962
Accrued Payroll and Benefits Payable	16,311	0	0	0	0	0	0	16,311
Advances from Other Funds	0	289,700	377,600	0	0	0	0	667,300
Due to Other Funds	0	388,947	0	105,198	0	0	23,914	518,059
Unearned Revenue	28,500	0	0	0	0	0	0	28,500
Due to School District	626,714	0	0	0	0	0	0	626,714
<b>Total Liabilities</b>	<b>845,487</b>	<b>678,647</b>	<b>377,600</b>	<b>105,198</b>	<b>0</b>	<b>0</b>	<b>23,914</b>	<b>2,030,846</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Prepaid Property Taxes	20,393	0	0	0	0	0	0	20,393
Unavailable Property Taxes, Penalties and Interest	67,500	0	0	0	0	0	0	67,500
Unavailable Grants	0	135,537	0	0	0	0	6,783	142,320
Unavailable Loan Receivable	0	0	0	0	0	0	147,064	147,064
<b>Total Deferred Inflows of Resources</b>	<b>87,893</b>	<b>135,537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>153,847</b>	<b>377,277</b>
<b>FUND BALANCES/(DEFICIT)</b>								
Nonspendable	17,303	0	0	644,000	418,000	0	0	1,079,303
Restricted	6,488	0	0	357,445	145,587	500,376	34,237	1,044,133
Committed	1,578	0	0	0	0	0	0	1,578
Assigned	6,264	0	0	0	0	0	69,697	75,961
Unassigned/(Deficit)	135,416	(664,953)	(353,133)	0	0	0	(14,426)	(897,096)
<b>Total Fund Balances/(Deficit)</b>	<b>167,049</b>	<b>(664,953)</b>	<b>(353,133)</b>	<b>1,001,445</b>	<b>563,587</b>	<b>500,376</b>	<b>89,508</b>	<b>1,303,879</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,100,429</b>	<b>\$ 149,231</b>	<b>\$ 24,467</b>	<b>\$ 1,106,643</b>	<b>\$ 563,587</b>	<b>\$ 500,376</b>	<b>\$ 267,269</b>	

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	30,632,937
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	356,884
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.	(4,926,743)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.	189,217
<b>Net Position of Governmental Activities</b>	<b>\$ 27,556,174</b>

TOWN OF WATERBURY, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Property Taxes	\$ 3,885,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,885,679
Penalties and Interest on Delinquent Taxes	51,124	0	0	0	0	0	0	51,124
Payments in Lieu of Taxes	304,380	0	0	0	0	0	0	304,380
Intergovernmental	414,752	13,694	0	0	0	0	34,041	462,487
Charges for Services	431,158	0	0	0	0	0	0	431,158
Permits, Licenses and Fees	110,981	0	0	0	13,000	0	21,405	145,386
Investment Income	4,967	0	492	86,273	80,921	103,906	130	276,689
Donations	20,102	0	0	0	0	5,000	0	25,102
Other	3,714	280	0	0	55	0	0	4,049
<b>Total Revenues</b>	<b>5,226,857</b>	<b>13,974</b>	<b>492</b>	<b>86,273</b>	<b>93,976</b>	<b>108,906</b>	<b>55,576</b>	<b>5,586,054</b>
<b>Expenditures:</b>								
General Government	1,226,714	0	0	0	0	0	19,884	1,246,598
Public Safety	746,282	0	0	0	0	0	0	746,282
Highways and Streets	1,119,169	14,489	0	0	0	0	0	1,133,658
Culture and Recreation	693,547	0	0	0	0	0	4,702	698,249
Community Development	69,770	0	0	0	0	0	22,870	92,640
Solid Waste	32,418	0	0	0	0	0	0	32,418
Cemetery	0	0	0	0	35,260	0	0	35,260
Capital Outlay:								
General Government	31,979	0	0	0	0	0	0	31,979
Public Safety	0	0	461,395	0	0	0	0	461,395
Highways and Streets	0	1,039,879	0	0	0	0	0	1,039,879
Culture and Recreation	0	0	0	0	0	0	58,849	58,849
Debt Service:								
Principal	322,500	50,000	0	0	0	0	0	372,500
Interest	154,761	21,688	17,188	0	0	0	0	193,637
<b>Total Expenditures</b>	<b>4,397,140</b>	<b>1,126,056</b>	<b>478,583</b>	<b>0</b>	<b>35,260</b>	<b>0</b>	<b>106,305</b>	<b>6,143,344</b>
Excess/(Deficiency) of Revenues Over Expenditures	829,717	(1,112,082)	(478,091)	86,273	58,716	108,906	(50,729)	(557,290)
<b>Other Financing Sources/(Uses):</b>								
Transfers In	70,265	618,000	166,690	0	15,000	0	46,378	916,333
Transfers Out	(846,068)	0	0	(48,165)	0	(15,000)	(7,100)	(916,333)
<b>Total Other Financing Sources/(Uses)</b>	<b>(775,803)</b>	<b>618,000</b>	<b>166,690</b>	<b>(48,165)</b>	<b>15,000</b>	<b>(15,000)</b>	<b>39,278</b>	<b>0</b>
Net Change in Fund Balances	53,914	(494,082)	(311,401)	38,108	73,716	93,906	(11,451)	(557,290)
Fund Balances/(Deficit) - January 1, 2019	113,135	(170,871)	(41,732)	963,337	489,871	406,470	100,959	1,861,169
Fund Balances/(Deficit) - December 31, 2019	\$ 167,049	\$ (664,953)	\$ (353,133)	\$ 1,001,445	\$ 563,587	\$ 500,376	\$ 89,508	\$ 1,303,879

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

TOWN OF WATERBURY, VERMONT  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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

Net change in fund balances - total government funds (Exhibit D)	\$	(557,290)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,592,102) is allocated over their estimated useful lives and reported as depreciation expense (\$669,095). This is the amount by which capital outlays exceeded depreciation in the current period.		923,007
The effect of a capital grant for the construction of Town roads by the State of Vermont is to increase net position.		8,390,295
The effect of donated capital assets is to increase net position. The Town received playground equipment during the year.		10,000
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position		(12,000)
The issuance of long-term debt (\$-0-) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$372,500) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		372,500
Governmental funds report employer pension contributions as expenditures (\$52,411). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$-0-) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		52,411
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		120,820
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(15,011)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>9,284,732</u></u>

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

TOWN OF WATERBURY, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2019

	Private-Purpose Trust Funds
<u>ASSETS</u>	
Investments	\$ 122,742
Due from Other Funds	1,191
Total Assets	\$ 123,933
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Due to Other Funds	\$ 2,271
Total Liabilities	2,271
Net Position:	
Restricted:	
Held in Trust for Other Purposes	121,662
Total Net Position	121,662
Total Liabilities And Net Position	\$ 123,933

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

TOWN OF WATERBURY, VERMONT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Private-Purpose Trust Funds
Additions:	
Investment Income	\$ <u>20,975</u>
Total Additions	<u>20,975</u>
Deductions:	
Miscellaneous	<u>1,022</u>
Total Deductions	<u>1,022</u>
Change in Net Position	19,953
Net Position - January 1, 2019	<u>101,709</u>
Net Position - December 31, 2019	<u><u>\$ 121,662</u></u>

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

TOWN OF WATERBURY, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **A. The Financial Reporting Entity**

This report includes all of the activity of the Town of Waterbury, 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, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

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

TOWN OF WATERBURY, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 taxes, intergovernmental revenues, and other nonexchange transactions.

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

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 governmental 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 Capital Fund – This fund accounts for the capital projects of the Highway Department.

Fire Department Capital Fund – This fund accounts for the capital projects of the Fire Department.

Tax Stabilization Fund – This fund accounts for the monies obtained from the Waterbury Town School District. The earnings on these funds are transferred to the General Fund to reduce the tax levy.

Cemetery Fund – This fund accounts for the resources used for future costs associated with the cemetery.

Library Trust Fund – This fund accounts for the resources held in trust to be used for future costs associated with the library.

Additionally, the Town reports the following fund type:

Private-Purpose Trust Funds – These funds are 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 these funds may be used to support these activities.

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**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. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

**D. Basis of Accounting**

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

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

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

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



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

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

#### **E. Use of Estimates**

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

#### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity**

##### **1. Cash**

Cash balances of most 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. Interest income is allocated based on the due from/to other fund balances.

##### **2. Investments**

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

##### **3. Receivables**

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

##### **4. Due from/to Other Funds**

Activity between funds that are representative of lending/borrowing arrangement 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."

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**5. Pensions**

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

**6. Inventories and Prepaid Expenses**

Inventory quantities are determined by physical count and are valued at the lower of cost or market.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as they are not in spendable form.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

**8. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended December 31, 2004. The Town has elected to not report major general infrastructure assets retroactively.

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Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 5,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles, Machinery and Equipment	\$ 5,000	5-10 Years
Infrastructure	\$ 5,000	40 Years

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

**9. Compensated Absences**

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

**10. Long-term Liabilities**

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

**11. 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 the government-wide 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 of 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.

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**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
AND GOVERNMENT-WIDE STATEMENTS**

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

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

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

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

Pension-related differences arise because governmental funds report the current year’s required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town’s proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The General Fund budget is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The budget presented herein is for the Town’s “General Fund” only and does not include the Library Reserve Fund, the Conservation Fund, the Municipal Building Operating Fund and the Local Development Corporation Fund activity that is included with the General Fund.

**B. Budgeted Surplus**

The Town budgeted a current year’s excess of revenues over expenditures in the General Fund in the amount of \$40,510. This is reflected as a budgeted excess of revenues over expenditures on Schedule 1.

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**C. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2019 expenditures in the General Fund exceeded appropriations by \$183,238. These over-expenditures were funded by excess revenues.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town's cash and investments as of December 31, 2019 consisted of the following:

Cash:

Deposits with Financial Institutions	\$ 555,985
Deposits held by Investment Companies	<u>910</u>
Total Cash	<u>556,895</u>

Investments:

Corporate Bonds	24,457
Mutual Funds – Mixed Holdings	1,311,687
Annuity Contract	<u>194,773</u>
Total Investments	<u>1,530,917</u>

Total Cash and Investments	<u>\$2,087,812</u>
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**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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. The Town does not have any policy to limit the exposure to custodial credit risk. The corporate bonds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The annuity contract is a group annuity product issued by Protective Life Insurance Company (PILCO). The following table shows the custodial credit risk of the Town's cash.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$250,910	\$ 250,910
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>305,985</u>	<u>874,884</u>
Total	<u>\$556,895</u>	<u>\$1,125,794</u>

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The difference between the book balance and 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	\$555,985
Cash – Deposits held by Investment Companies	<u>910</u>
Total	<u>\$556,895</u>

**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. The Town does not have any policy to limit the exposure to interest rate risk. The Town’s annuity contract is not subject to interest rate risk disclosure. The Town’s mutual funds are open-ended and, therefore, also exempt from interest rate disclosure.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town’s investments by maturity. The corporate bonds are shown at their actual maturity.

Investment Type	Remaining Maturity			Total
	1 to 5 Years	5 to 10 Years	15 to 20 Years	
Corporate Bonds	\$ 11,694	\$ 6,093	\$ 6,670	<u>\$ 24,457</u>

**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. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town’s annuity contract is exempt from credit risk analysis. The mutual funds are open-ended and are, therefore, also excluded from the credit risk analysis. The credit ratings for the corporate bonds are as follows:

Investment Type	Standard and Poor's Rating as of December 31, 2019
Corporate Bonds	A
	<u>\$ 24,457</u>

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**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. The Town has \$194,773 (13%) of their investments in a guaranteed deposit account with PILCO. There are no other investments in any one issuer, other than mutual funds, 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). Annuity contracts are valued at cash surrender value, and therefore, are not included in this disclosure.

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 December 31, 2019:

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)
Corporate Bonds	\$ 24,457	\$ 24,457	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	1,311,687	1,311,687	0	0
Total	\$ 1,336,144	\$ 1,336,144	\$ 0	\$ 0

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**B. Receivables**

Receivables as of December 31, 2019, as reported in the statement of net position, are as follows:

	Governmental Activities
Delinquent Taxes Receivable	\$ 121,236
Penalties and Interest Receivable	17,166
Grants Receivable	197,063
Due from Other Entities	54,678
Accounts Receivable	5,983
Total	\$ 396,126

**C. Loans Receivable**

Loans receivable as of December 31, 2019 are as follows:

Loan Receivable, Ladd Hall Limited Partnership, Interest at 0% Annual Repayment based on 33.555% of “Surplus Cash”, as Defined in the Loan Agreement, up to a maximum of \$6,040 Which Began on May 15, 2018, Balance to be Paid in Full by May 15, 2043, Secured by Real Estate	\$147,064
Loan Receivable, Green Mountain Seminary Limited Partnership, Interest at 0%, Deferred Until July 17, 2031 at Which Time all Principal is Due, Secured by Real Estate	336,700
Less: Allowance Doubtful Loans Receivable	<u>(336,700)</u>
Total	<u>\$147,064</u>



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**D. Capital Assets**

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Construction in Progress	4,915,120	8,594,929	105,513	13,404,536
Total Capital Assets, Not Being Depreciated	<u>4,955,120</u>	<u>8,594,929</u>	<u>105,513</u>	<u>13,444,536</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,410,542	0	0	9,410,542
Vehicles, Machinery and Equipment	4,338,502	772,591	168,924	4,942,169
Infrastructure	7,579,310	772,624	0	8,351,934
Totals	<u>21,328,354</u>	<u>1,545,215</u>	<u>168,924</u>	<u>22,704,645</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	1,377,466	235,582	0	1,613,048
Vehicles, Machinery and Equipment	2,643,555	229,875	114,690	2,758,740
Infrastructure	940,818	203,638	0	1,144,456
Totals	<u>4,961,839</u>	<u>669,095</u>	<u>114,690</u>	<u>5,516,244</u>
Total Capital Assets, Being Depreciated	<u>16,366,515</u>	<u>876,120</u>	<u>54,234</u>	<u>17,188,401</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,321,635</u>	<u>\$ 9,471,049</u>	<u>\$ 159,747</u>	<u>\$ 30,632,937</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 143,855
Public Safety	148,877
Highways and Streets	363,278
Culture and Recreation	<u>13,085</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 669,095</u>

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**E. Interfund Balances and Activity**

The composition of interfund balances as of December 31, 2019 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 299,685	\$ 0
Highway Capital Fund	0	388,947
Fire Department Capital Fund	24,467	0
Tax Stabilization Fund	0	105,198
Cemetery Fund	94,222	0
Non-Major Governmental Funds	100,765	23,914
Private-Purpose Trust Funds	<u>1,191</u>	<u>2,271</u>
	<u>\$ 520,330</u>	<u>\$ 520,330</u>

The composition of advances to/from other funds as of December 31, 2019 are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Highway Capital Fund	\$ 0	\$ 289,700
Fire Department Capital Fund	0	377,600
Tax Stabilization Fund	<u>667,300</u>	<u>0</u>
	<u>\$ 667,300</u>	<u>\$ 667,300</u>

The advances to/from other funds will be repaid as follows:

Advance to the Highway Capital Fund from the Tax Stabilization Fund for Highway Infrastructure, Interest at 4%, Principal Payments of \$12,500 Plus Interest Payable Annually	\$ 62,500
Advance to the Highway Capital Fund from the Tax Stabilization Fund for a Highway Grader, Interest at 4%, Principal Payments of \$28,400 Plus Interest Payable Annually	227,200
Advance to the Fire Department Capital Fund from the Tax Stabilization Fund for a Fire Department Vehicle, Interest at 4%, Principal Payments of \$19,600 Plus Interest Payable Annually	117,600
Advance to the Fire Department Capital Fund from the Tax Stabilization Fund for a Fire Department Tower Truck, Interest at 4%, Principal Payments of \$32,500 Plus Interest Payable Annually	<u>260,000</u>
Total Advances to/from Other Funds	<u>\$667,300</u>

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Interfund transfers during the year ended December 31, 2019 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Conservation Fund	\$ 700	* Appropriation
General Fund	Municipal Building Operating Fund	328,930	* Appropriation
General Fund	Local Development Corporation Fund	52,770	* Appropriation
General Fund	Highway Capital Fund	536,000	Appropriation
General Fund	Highway Capital Fund	82,000	Transfer Excess PILOT Payment
General Fund	Fire Department Capital Fund	166,690	Appropriation
General Fund	Cemetery Fund	15,000	Appropriation
General Fund	Recreation Capital Fund	30,000	Appropriation
General Fund	Recreation Capital Fund	16,378	Transfer Excess PILOT Payment
Tax Stabilization Fund	General Fund	48,165	To Reduce Taxes Raised
Library Trust Fund	General Fund	15,000	Appropriation
Reappraisal Fund	General Fund	7,100	Fund Reappraisal Expenses
Total		<u>\$ 1,298,733</u>	

\* The transfers from the General Fund to the Conservation Fund, the Municipal Building Operating Fund and the Local Development Corporation Fund are netted within the General Fund as these funds are consolidated within the General Fund in order to comply with GASB Statement No. 54.

#### **F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of \$31,676 from the difference between the expected and actual experience, \$42,265 from the difference between the projected and actual investment earnings, \$40,384 from changes in assumptions and \$4,459 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$77,847 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$196,631.

#### **G. Unearned Revenue**

Unearned revenue in the General Fund consists of \$28,500 of fire coverage charges received in advance.

#### **H. Due to School District**

The Town has billed and collected education taxes for the State of Vermont as of December 31, 2019 but had not remitted them all to the School District. The amount of education taxes owed by the Town to the School District as of December 31, 2019 was \$626,714.

#### **I. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities consists of \$20,393 of prepaid property taxes. It also includes \$5,831 from the difference between the expected and actual experience and \$1,583 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$27,807.

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Deferred inflows of resources in the General Fund consists of \$67,500 of delinquent property taxes, penalties and interest on those taxes that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$20,393 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$87,893.

Deferred inflows of resources in the Highway Capital Fund consists of \$135,537 of grant revenues not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$6,783 of grant revenues not collected within sixty (60) days after year-end and \$147,064 of loans receivable as they would not be available to liquidate current liabilities. Total deferred inflows of resources in the Non-Major Governmental Funds is \$153,847.

**J. Long-term Liabilities**

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of December 31, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Stations, Principal Payments Ranging from \$160,000 to \$165,000 Payable on December 1 Annually, Interest Rates Ranging from 2.275% to 3.426% Payable on June 1 and December 1, Due December, 2030	\$1,930,000	\$ 0	\$165,000	\$1,765,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Municipal Complex, Principal Payments of \$147,500 Payable on November 15 Annually, Interest Rates Ranging from 1.283% to 4.283% Payable on May 15 and November 15, Due November, 2035	\$2,507,500	\$ 0	\$147,500	\$2,360,000
Bond Payable, Vermont Municipal Bond Bank, Paving, Principal Payments of \$50,000 Payable on November 1 Annually, Interest Rates Ranging from 1.491% to 2.571% Payable on May 1 and November 1, Due November, 2026	400,000	0	50,000	350,000
Bond Payable, Vermont Municipal Bond Bank, Highway Garage, Principal Payments of \$10,000 Payable on November 15 Annually, Interest Rates Ranging from 5.355% to 5.415% Payable on May 15 and November 15, Due and Paid November, 2019	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
Total	<u>\$4,847,500</u>	<u>\$ 0</u>	<u>\$372,500</u>	<u>\$4,475,000</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 4,847,500	\$ 0	\$ 372,500	\$ 4,475,000	\$ 362,500
Compensated Absences Payable	54,723	15,011	0	69,734	0
Net Pension Liability	<u>364,681</u>	<u>0</u>	<u>0</u>	<u>364,681</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 5,266,904</u>	<u>\$ 15,011</u>	<u>\$ 372,500</u>	<u>\$ 4,909,415</u>	<u>\$ 362,500</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

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Debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2020	\$ 362,500	\$ 145,904
2021	357,500	137,174
2022	357,500	127,342
2023	357,500	117,058
2024	357,500	106,452
2025-2029	1,637,500	366,264
2030-2034	897,500	123,780
2035	147,500	6,318
Total	<u>\$ 4,475,000</u>	<u>\$ 1,130,292</u>

**K. 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, it is the Town’s policy to first consider 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.

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

Major Funds

General Fund:		
Nonspendable Prepaid Expenses		\$ 17,303
Tax Stabilization Fund:		
Nonspendable Tax Stabilization Fund Principal		644,000
Cemetery Fund:		
Restricted for Cemetery Fund Perpetual Care by Lot Sales		<u>418,000</u>
	Total Nonspendable Fund Balances	<u>\$ 1,079,303</u>

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

Major Funds

General Fund:		
Restricted for Library Expenses by Donations (Source of Revenue is Donations)		\$ <u>6,488</u>
Tax Stabilization Fund:		
Restricted for Reduction of Property Taxes by Agreement (Source of Revenue is Donations) – Expendable Portion		<u>357,445</u>
Cemetery Fund:		
Restricted for Cemetery Fund Expenses by Donations and Lot Sales (Source of Revenue is Donations and Lot Sales)		<u>145,587</u>
Library Trust Fund:		
Restricted for Library Trust Expenses by Trust Agreements		<u>500,376</u>

Non-Major Funds

Special Revenue Funds:		
Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)		31,068
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)		<u>3,169</u>
	Total Non-Major Funds	<u>34,237</u>
	Total Restricted Fund Balances	<u>\$1,044,133</u>

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

Major Funds

General Fund:	
Committed for Conservation Commission Expenditures by the Voters	<u>\$1,578</u>
Total Committed Fund Balances	<u>\$1,578</u>

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

Major Funds

General Fund:	
Assigned for Library Expenses	<u>\$ 6,264</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>69,697</u>
Total Assigned Fund Balances	<u>\$75,961</u>

The unassigned deficit of \$664,953 in the Highway Capital Fund will be funded with future appropriations and borrowing.

The unassigned deficit of \$353,133 in the Fire Department Capital Fund will be funded with future appropriations and borrowing.

The unassigned deficit of \$14,426 in the Recreation Capital Fund will be funded with future appropriations.

**L. Restricted Net Position**

The restricted net position of the Town as of December 31, 2019 consisted of the following:

Governmental Activities:	
Restricted for Library Expenses by Donations	\$ 6,488
Restricted for Reduction of Property Taxes by Agreement	
– Non-Expendable Portion	644,000
Restricted for Reduction of Property Taxes by Agreement	
– Expendable Portion	357,445
Restricted for Cemetery Fund Expenses by Donations and Lot Sales	563,587
Restricted for Library Trust Fund Expenses by Trust Agreements	500,376
Restricted for Records Restoration by Statute	31,068
Restricted for Community Development by Grant Agreements	<u>157,016</u>
Total Governmental Activities	<u>\$2,259,980</u>



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The net position held in trust for various purposes in the Town's Private-Purpose Trust Funds as of December 31, 2019 consisted of the following:

Private-Purpose Trust Funds:	
Restricted for Veteran's Monument Expenses by Trust Agreement	\$ 93,709
Restricted for C. C. Fisher Fund Expenses by Trust Agreement	<u>27,953</u>
 Total Private-Purpose Trust Funds	 <u>\$121,662</u>

## V. OTHER INFORMATION

### A. Pension Plan

#### Defined Benefit Plan

#### The Vermont Municipal Employees' Retirement System (VMERS)

##### 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. During the year ended December 31, 2019, the retirement system consisted of 402 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.

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**Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

As of June 30, 2018, the measurement date selected by the State of Vermont, VMERS was funded at 82.60% and had a plan fiduciary net position of \$667,848,905 and a total pension liability of \$808,524,797 resulting in a net position liability of \$140,675,892. As of December 31, 2019, the Town's proportionate share of this was 0.2592% resulting in a net pension liability of \$364,681. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined.

The Town utilized the June 30, 2018 measurement date for the years ended December 31, 2018 and December 31, 2019. As a result, the Town recognized no pension expense during the year.

As of December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 31,676	\$ 5,831
Difference between projected and actual investment earnings on pension assets	42,265	0
Changes in assumptions	40,384	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,459	1,583
Town's required employer contributions made subsequent to the measurement date	77,847	0
	\$ 196,631	\$ 7,414

The required contributions made subsequent to the measurement date consists of contributions made from July 1, 2018 to December 31, 2018 of \$25,436 and contributions made from January 1, 2019 to December 31, 2019 of \$52,411. Total required contributions made subsequent to the measurement is \$77,847.

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$77,847 will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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<u>Year Ending December 31</u>	
2020	\$ 68,004
2021	26,074
2022	7,409
2023	<u>9,883</u>
Total	<u>\$111,370</u>

**Summary of System Provisions**

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups B and C provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Groups B and C – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

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

Amount – 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.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Groups C. 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 Group B.

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

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Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

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

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

Member Contributions – Group B – 5.125% effective July 1, 2019 (increased from 5.0%). Group C – 10.25% effective July 1, 2019 (increased from 10.125%).

Employer Contributions – Group B – 5.75% effective July 1, 2019 (increased from 5.625%). Group C – 7.5% effective July 1, 2019 (increased from 7.375%).

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

**Significant Actuarial Assumptions and Methods**

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation.

Salary increases: 5% per year.

Mortality:

Death in Active Service: Groups B and C – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Healthy Post-Retirement: Groups B and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement.

Disabled Post-Retirement: Groups B and C – RP-2006 Disabled Mortality Table with generational improvement.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Groups B and C members (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group B who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2019 COLA is assumed to be 1.3% for all groups.

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

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

Inflation: 2.50%.

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	18%	6.10%
Non-US Equity	16%	7.45%
Global Equity	9%	6.74%
Fixed Income	26%	2.25%
Real Estate	8%	5.11%
Private Markets	15%	7.60%
Hedge Funds	8%	3.86%

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Discount Rate – The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$617,687	\$364,681	\$158,917

**Defined Contribution Plan**

Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 5.125%.

The Town pays all costs accrued each year for the plan. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total covered payroll for Group DC was \$159,938. Pension expense for the year ended December 31, 2019 was \$8,197.

**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. 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 rate setting 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.

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The Town is also 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.

**C. Property Taxes**

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected two (2) times per year. During the tax year ended December 31, 2019, property taxes became due and payable on August 9, 2019 and November 8, 2019. The penalty 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 2019 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.5100	.5100
Local Agreement	.0018	.0018
Education	<u>1.6820</u>	<u>1.6484</u>
Total	<u>2.1938</u>	<u>2.1602</u>

**D. Commitments and Contingencies**

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.

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Government:			
Tax Revenues:			
Property Taxes	\$ 1,865,770	\$ 1,886,069	\$ 20,299
Tax Interest	25,000	21,688	(3,312)
Tax Penalty	28,000	29,436	1,436
Tax Sale Fees	3,000	0	(3,000)
.225 of 1% School Taxes	24,500	25,101	601
	<u>1,946,270</u>	<u>1,962,294</u>	<u>16,024</u>
Total Tax Revenues			
Other Governments:			
Village Administration Service Fee	98,000	98,000	0
Traffic Control Income	2,400	3,964	1,564
PILOT	204,000	302,378	98,378
PILOT- Not for Profits	1,850	2,002	152
Mileage Reimbursement	350	339	(11)
Forest & Parks	88,300	88,660	360
Current Use	88,500	91,768	3,268
Railroad Tax	2,535	2,679	144
Municipal Planning Grant Income	0	1,215	1,215
VTRANS Grant Income	65,000	62,351	(2,649)
Reservoir Grant Income	2,500	2,080	(420)
Trees Grant Income	2,000	1,000	(1,000)
Duxbury Fire Contract	114,000	112,393	(1,607)
Moretown Fire Contract	2,500	2,500	0
	<u>671,935</u>	<u>771,329</u>	<u>99,394</u>
Total Other Governments			
Service Fees:			
Town Clerk Fees	60,000	76,300	16,300
Historical Society	5,000	6,076	1,076
Swimming Pool Income	40,000	48,303	8,303
Recreation Program Income	80,000	93,806	13,806
Mini-Camp Income	15,000	11,210	(3,790)
Recreation/Pool Snacks	1,000	2,179	1,179
Recreation Buildings Rentals	4,000	3,099	(901)
Red Cross Training Fees	6,000	4,668	(1,332)
Recreation Donations	0	5,250	5,250
Parks & Fields Income	8,000	9,395	1,395
Planning Fees	24,000	24,826	826
	<u>243,000</u>	<u>285,112</u>	<u>42,112</u>
Total Service Fees			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Transfer from Reappraisal Fund:	\$ 7,100	\$ 7,100	\$ 0
Interest & Transfers In:			
Interest on Sweep & CD's	4,800	4,966	166
Transfer from Tax Stabilization Fund	48,165	48,165	0
Total Interest & Transfers In	52,965	53,131	166
Miscellaneous:			
Fire Miscellaneous	0	525	525
Miscellaneous	0	1,336	1,336
Total Miscellaneous	0	1,861	1,861
Transportation Liason Grant Income:	0	46,941	46,941
Total General Government	2,921,270	3,127,768	206,498
Highway:			
Property Taxes	1,515,180	1,515,180	0
VT State Aid	110,000	110,578	578
State Grant	0	6,406	6,406
Federal Excise Tax	500	735	235
Highway Labor/Materials	16,000	13,584	(2,416)
Pool Cross Charges	3,000	3,000	0
Overweight Permits & Miscellaneous	1,000	1,000	0
Miscellaneous	0	1,203	1,203
Total Highway	1,645,680	1,651,686	6,006
Library:			
Property Taxes	484,430	484,430	0
Rent - Buildings and Grounds	700	350	(350)
Fees and Miscellaneous	1,200	1,429	229
Donations	0	5,898	5,898
Non-Resident Fees	2,200	2,920	720
Library Trust	15,000	15,000	0
Total Library	503,530	510,027	6,497
Total Revenues	5,070,480	5,289,481	219,001

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
General Government:			
General:			
Regular Pay	\$ 344,950	\$ 342,702	\$ 2,248
Selectboard	6,500	6,500	0
Clerk	56,160	55,770	390
Listers	1,500	1,500	0
Listers - Regular Pay	47,000	47,088	(88)
Historical Society Clerk	11,500	11,738	(238)
Health Insurance	75,050	75,051	(1)
Life, Disability, LTC Insurance	4,400	4,153	247
Social Security	35,245	35,453	(208)
Retirement	20,000	19,173	827
Unemployment Insurance	1,435	1,435	0
Workers Compensation	1,990	1,990	0
Computer Services	6,000	11,524	(5,524)
Tax Mapping	1,500	2,100	(600)
Deaf Interpreter	800	749	51
Professional Services	3,200	2,736	464
Legal Service	7,250	4,990	2,260
Clerical/Video Meeting	1,800	1,703	97
Voting Machine	1,200	948	252
Telephone/Internet	7,500	4,779	2,721
Postage	5,040	4,650	390
Advertising	500	565	(65)
Website	2,000	2,254	(254)
Printing - Annual Report	1,500	1,399	101
Office Supplies	10,000	10,951	(951)
Transfer to Municipal Building Operating Fund	45,000	45,000	0
Vehicle Maintenance	1,240	1,976	(736)
Fuel - Gasoline	550	601	(51)
Training	900	566	334
Manager's Professional Development	2,400	2,558	(158)
Association Dues	1,025	1,085	(60)
Travel & Meals	250	406	(156)
Commercial Audit	30,205	33,777	(3,572)
County Taxes	60,850	60,850	0
Property & Liability Insurance	22,555	22,555	0
VLCT Dues	7,100	7,097	3
Bank Charges	400	59	341
Memorial Day/July 4th	11,800	11,800	0
Miscellaneous	0	1,196	(1,196)
New Equipment	2,000	1,532	468
Senior Citizens	10,000	10,000	0
Transfer to Cemetery Fund	15,000	15,000	0
Waterbury Historical Society	2,200	2,040	160
Economic Development to Revitalizing Waterbury	52,770	52,770	0
Total General	920,265	922,769	(2,504)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Public Safety:			
Contracted Services	\$ 365,100	\$ 365,100	\$ 0
Waterbury Ambulance Service, Inc.	39,770	39,770	0
Special Events	2,200	1,320	880
 Total Public Safety	 407,070	 406,190	 880
Fire Department:			
Regular Pay	26,000	26,185	(185)
Part-time Pay	62,000	46,780	15,220
Life & Disability Insurance	2,900	2,808	92
Social Security	6,730	5,582	1,148
Workers Compensation	10,735	12,564	(1,829)
Physicals & Vaccination	1,700	0	1,700
Dispatching	73,670	73,107	563
Equipment Maintenance	16,200	27,478	(11,278)
Communications	8,500	8,525	(25)
Telephone/TV/Internet	7,000	8,327	(1,327)
Office Supplies	500	165	335
Canteen	125	0	125
Small Tools	500	0	500
Water	2,700	2,711	(11)
Building Maintenance	16,500	21,888	(5,388)
Utilities - Electric/Solar	8,000	8,306	(306)
Heat/Generator	7,700	5,973	1,727
Fuel Equipment & Service	1,000	178	822
Vehicle Maintenance	17,500	19,004	(1,504)
Fuel - Gasoline	150	45	105
Fuel - Diesel	4,600	3,503	1,097
Dues	600	255	345
Public Works Director	740	740	0
Training	3,500	3,452	48
Public Relations	350	5	345
Travel	200	0	200
Property & Liability Insurance	16,595	16,682	(87)
New Equipment	51,000	45,829	5,171
Debt Principal	165,000	165,000	0
Debt Interest	64,070	64,091	(21)
Transfer to Fire Department Fund	166,690	166,690	0
 Total Fire Department	 743,455	 735,873	 7,582
Landfill:			
Mad River - Waterbury Solid Waste	31,650	31,650	0
Green Up	800	768	32
 Total Landfill	 32,450	 32,418	 32

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TOWN OF WATERBURY, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Health &amp; Social Services:</b>			
Animal Control Officer	\$ 500	\$ 0	\$ 500
Health Officer	1,200	1,200	0
Social Security	130	92	38
Unemployment Insurance	30	30	0
Workers Compensation	60	60	0
Pound Service	500	0	500
Travel & Training	250	0	250
Damage Claims/Enforcement	250	0	250
Public Health	13,500	13,500	0
<b>Total Health &amp; Social Services</b>	<b>16,420</b>	<b>14,882</b>	<b>1,538</b>
<b>Recreation - Pool:</b>			
Regular Pay	50,000	49,050	950
Social Security	3,825	3,752	73
Unemployment Insurance	610	610	0
Workers Compensation	2,260	2,260	0
Clothing & Safety	425	1,280	(855)
Crosscharges	3,000	3,000	0
Equipment Maintenance	2,000	1,746	254
Telephone	500	1,705	(1,205)
Chemical Supplies	3,050	3,347	(297)
Water & Sewer	9,000	8,184	816
Electric	2,290	3,583	(1,293)
Training & Red Cross	5,000	4,648	352
Public Works Director	2,415	3,815	(1,400)
Training	1,000	0	1,000
Property & Liability Insurance	135	135	0
Miscellaneous	0	526	(526)
New Equipment	3,400	2,199	1,201
<b>Total Recreation - Pool</b>	<b>88,910</b>	<b>89,840</b>	<b>(930)</b>

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TOWN OF WATERBURY, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Programs - Summer:			
Summer Program Pay	\$ 67,000	\$ 74,641	\$ (7,641)
Regular Pay - Mini Camps	6,000	3,982	2,018
Other Programs	3,500	3,682	(182)
Social Security	5,850	6,015	(165)
Unemployment Insurance	620	622	(2)
Workers Compensation	3,055	5,380	(2,325)
Clothing & Safety	1,800	2,883	(1,083)
Supplies & Cleaning	800	407	393
Equipment Maintenance	200	200	0
Telephone	500	191	309
Training & Red Cross	750	414	336
Field Trips	4,500	3,913	587
Programs	3,500	3,223	277
Mini Camps	5,300	4,827	473
Property & Liability Insurance	1,815	0	1,815
New Equipment	3,000	2,022	978
	<u>108,190</u>	<u>112,402</u>	<u>(4,212)</u>
Total Recreation Programs - Summer			
Recreation Administration/Building Expense:			
Recreation Director	43,425	52,777	(9,352)
Health Insurance	9,035	9,035	0
Life, Disability, LTC Insurance	550	527	23
Social Security	3,320	4,008	(688)
Retirement	2,475	3,003	(528)
Unemployment Insurance	180	180	0
Workers Compensation	2,325	0	2,325
Computer Service	2,000	2,895	(895)
Telephone/TV/Internet	1,500	409	1,091
Postage	275	256	19
Advertising	625	955	(330)
Office Supplies	1,000	396	604
Water & Sewer	1,200	1,142	58
Building Maintenance	1,500	1,191	309
Electricity	640	876	(236)
Fuel-Heat	1,700	1,528	172
Fuel Equipment & Service	200	0	200
Gasoline & Mileage	1,200	405	795
Association Dues	750	504	246
Property & Liability Insurance	0	1,815	(1,815)
New Equipment	3,000	1,774	1,226
Transfer to Recreation Capital Fund	30,000	46,378	(16,378)
	<u>106,900</u>	<u>130,054</u>	<u>(23,154)</u>
Total Recreation Administration/Building Expense			

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TOWN OF WATERBURY, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Parks:</b>			
Regular Pay	\$ 24,000	\$ 21,850	\$ 2,150
Part-time Pay	18,565	19,336	(771)
Health Insurance	5,270	7,030	(1,760)
Life, Disability, LTC Insurance	280	222	58
Social Security	3,255	3,151	104
Retirement	1,370	1,388	(18)
Unemployment Insurance	355	345	10
Workers Compensation	2,340	2,340	0
Water	3,500	3,196	304
Grounds Maintenance	21,400	23,551	(2,151)
Equipment Maintenance	2,000	2,161	(161)
Electricity	2,200	2,808	(608)
Fuel - Gas	2,600	3,254	(654)
Public Works Director	2,415	2,415	0
Property & Liability Insurance	980	980	0
New Equipment	1,000	870	130
Transfer to Highway Capital Fund	3,000	3,000	0
	<u>94,530</u>	<u>97,897</u>	<u>(3,367)</u>
<b>Total Parks</b>			
<b>Planning Department:</b>			
Regular Pay	65,100	65,088	12
Zoning Administrator	40,815	45,406	(4,591)
Health Insurance	35,625	36,038	(413)
Life, Disability, LTC Insurance	1,305	1,373	(68)
Social Security	8,020	8,292	(272)
Retirement	7,170	7,425	(255)
Unemployment Insurance	445	446	(1)
Workers Compensation	660	660	0
Professional Services	14,100	8,051	6,049
Special Project - Reservoir	2,500	2,080	420
Special Project - Trees	2,200	520	1,680
Legal Service	7,000	3,924	3,076
Telephone	975	654	321
Postage	750	586	164
Advertising	800	562	238
Printing	50	0	50
Office Supplies	750	691	59
Beautification	5,000	4,789	211
Training - Tuition	1,600	775	825
Mapping	1,200	2,100	(900)
Dues - Regional Planning	6,080	6,077	3
Central VT Economic Development	2,000	2,000	0

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TOWN OF WATERBURY, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Planning Department/(Cont'd):			
Dues - VCDA	\$ 325	\$ 315	\$ 10
Travel	1,600	1,316	284
Office Equipment	1,700	2,774	(1,074)
Conservation Commission	700	700	0
Revitalizing Waterbury	17,000	17,000	0
Total Planning Department	<u>225,470</u>	<u>219,642</u>	<u>5,828</u>
Debt Management:			
Transfer to Municipal Building Operating Fund	108,280	108,280	0
Interest Expense	2,500	5,270	(2,770)
Total Debt Management	<u>110,780</u>	<u>113,550</u>	<u>(2,770)</u>
Special Articles:			
Central Vermont Adult Education	2,000	2,000	0
Community Band	800	800	0
Capstone Community Action	1,000	1,000	0
Central Vermont Council on Aging	1,250	1,250	0
Downstreet Housing	1,500	1,500	0
Children's Room	4,000	4,000	0
Center For Independent Living	600	600	0
GMTA	7,325	7,325	0
Good Beginnings	500	500	0
Peoples Health & Wellness	1,000	1,000	0
Retired Senior Volunteers	1,000	1,000	0
Sexual Assault Team	200	200	0
CIRCLE	1,375	1,375	0
Vermont Association for Blind	500	500	0
Washington County Youth Service	1,500	1,500	0
Family Center of Washington County	1,000	1,000	0
Project Independence	1,000	1,000	0
LEAP	2,500	2,500	0
Senior Citizens	20,000	20,000	0
American Red Cross	2,000	2,000	0
Home Share Now	700	700	0
Our House of Central Vermont	250	250	0
State Police Advisory	100	100	0
Community Harvest Center of Vermont	500	500	0
Everybody Wins!	500	500	0
Washington County Mental Health	3,000	3,000	0
Total Special Articles	<u>56,100</u>	<u>56,100</u>	<u>0</u>
Transportation Liason Grant Expense:	<u>0</u>	<u>49,230</u>	<u>(49,230)</u>
Total General Government	<u>2,910,540</u>	<u>2,980,847</u>	<u>(70,307)</u>

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TOWN OF WATERBURY, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Regular Pay	\$ 363,000	\$ 390,065	\$ (27,065)
Part-time Pay	5,000	5,255	(255)
Health Insurance	92,145	90,386	1,759
Life, Disability, LTC Insurance	4,455	4,316	139
Social Security	28,040	30,111	(2,071)
Retirement	20,690	21,826	(1,136)
Unemployment Insurance	1,485	1,395	90
Workers Compensation	36,155	35,185	970
Clothing & Safety	7,000	6,529	471
Telephone/Internet	2,800	2,717	83
Advertising	100	0	100
Office Supplies	500	189	311
Stormwater Fees	3,500	2,616	884
Small Tools	1,600	1,596	4
Water	425	420	5
Grounds Maintenance	5,690	4,119	1,571
Buildings Maintenance	15,000	10,933	4,067
Rent	4,700	4,700	0
Electricity	2,575	3,435	(860)
Street Lights	30,750	25,629	5,121
Fuel - Propane	2,000	1,979	21
Fuel - Heat	8,400	8,999	(599)
Fuel - Equipment & Service	750	89	661
Equipment Maintenance	33,000	29,592	3,408
Vehicle Maintenance	30,000	29,406	594
Fuel - Gas	6,750	7,271	(521)
Fuel - Diesel	57,355	56,463	892
Tuition	0	90	(90)
Public Works Director	47,000	47,000	0
Training	250	90	160
Tree Maintenance	3,200	2,190	1,010
Engineering	1,000	907	93
Contractors	19,500	17,520	1,980
Summer Maintenance	18,000	22,979	(4,979)
Bridges, Culverts and Guardrails	10,000	11,438	(1,438)
Chloride	12,000	8,673	3,327
Salt	51,500	66,759	(15,259)
Sand	53,000	54,763	(1,763)
Gravel	31,500	36,050	(4,550)
Stone	7,500	7,697	(197)

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TOWN OF WATERBURY, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway/(Cont'd):			
Gravel Resurfacing	\$ 30,000	\$ 29,814	\$ 186
Traffic Control Materials	19,000	17,783	1,217
Miscellaneous	0	133	(133)
Property & Liability Insurance	17,460	17,718	(258)
New Equipment	3,600	2,344	1,256
Existing Debt - Principal	10,000	10,000	0
Existing Debt - Interest	540	542	(2)
Transfer to Highway Capital Fund	533,000	615,000	(82,000)
	<u>1,631,915</u>	<u>1,744,711</u>	<u>(112,796)</u>
Total Highway			
Library:			
Regular Pay	195,510	192,007	3,503
Part-time Pay	2,700	4,943	(2,243)
Health Insurance	26,150	22,981	3,169
Life, Disability, LTC Insurance	2,600	2,801	(201)
Social Security	15,100	14,813	287
Retirement	7,700	7,793	(93)
Unemployment Insurance	1,075	1,073	2
Workers Compensation	1,430	1,430	0
Commissioners Training	500	195	305
Computer Service	6,500	5,210	1,290
Software Licensing	2,050	2,147	(97)
Equipment Lease & Maintenance	1,640	1,633	7
Telephone/Internet	1,800	2,552	(752)
Postage	2,100	1,984	116
Office Supplies	3,700	4,368	(668)
Transfer to Municipal Building Operating Fund	51,570	51,570	0
Tuition	1,770	1,805	(35)
Dues	510	412	98
Programs	4,000	3,508	492
Mileage Reimbursement	600	713	(113)
Program Supplies	2,500	2,474	26
Books	28,000	27,668	332
Property & Liability Insurance	930	930	0
Purchased By Donation	0	5,872	(5,872)
New Equipment	3,000	2,688	312
Transfer to Municipal Building Operating Fund - Debt	124,080	124,080	0
	<u>487,515</u>	<u>487,650</u>	<u>(135)</u>
Total Library			
Total Expenditures	<u>5,029,970</u>	<u>5,213,208</u>	<u>(183,238)</u>
Excess of Revenues			
Over Expenditures	\$ <u>40,510</u>	76,273	\$ <u>35,763</u>

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TOWN OF WATERBURY, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

Adjustments to Reconcile from Budgetary Basis of Accounting  
 to the Modified Accrual Basis of Accounting:

Library Reserve Fund Income	\$ 2,878
Library Reserve Fund Expenses	(732)
Conservation Fund Income	543
Conservation Fund Expenses	(47)
Conservation Fund Transfer In	700
Municipal Building Operating Fund Income	4,220
Municipal Building Operating Fund Expenses	(358,851)
Municipal Building Operating Fund Transfer In	328,930
Local Development Corporation Fund Expenses	(52,770)
Local Development Corporation Fund Transfer In	<u>52,770</u>
Net Change in Fund Balance	53,914
Fund Balance - January 1, 2019	<u>113,135</u>
Fund Balance - December 31, 2019	<u>\$ 167,049</u>

The reconciling items are due to combining four (4) funds, the Library Reserve Fund, the Conservation Fund, the Municipal Building Operating Fund and the Local Development Corporation Fund with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF WATERBURY, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 DECEMBER 31, 2019

	2019*	2018*	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 140,675,892	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.2592%	0.2592%	0.2520%	0.2521%	0.2652%	0.2664%
Town's Proportionate Share of the Net Pension Liability	\$ 364,681	\$ 364,681	\$ 305,289	\$ 324,419	\$ 204,429	\$ 24,316
Town's Covered Employee Payroll	\$ 901,155	\$ 864,559	\$ 759,640	\$ 694,353	\$ 681,282	\$ 662,214
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	40.4682%	42.1812%	40.1886%	46.7225%	30.0065%	3.6719%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.60%	82.60%	83.64%	80.95%	87.42%	98.32%

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions and Methods: None.

\* The Town utilized the June 30, 2018 measurement date for the years ended December 31, 2018 and December 31, 2019

Fiscal year 2014 was the first year of implementation, therefore, only six years are shown.

TOWN OF WATERBURY, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$ 52,411	\$ 49,243	\$ 42,874	\$ 39,262	\$ 38,021	\$ 35,695
Contributions in Relation to the Actuarially Determined Contributions	<u>52,411</u>	<u>49,243</u>	<u>42,874</u>	<u>39,262</u>	<u>38,021</u>	<u>35,695</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 901,155	\$ 864,559	\$ 759,640	\$ 694,353	\$ 681,282	\$ 662,214
Contributions as a Percentage of Town's Covered Employee Payroll	5.816%	5.696%	5.644%	5.654%	5.581%	5.390%

**Notes to Schedule**

Valuation Date: June 30, 2018

Fiscal year 2014 was the first year of implementation, therefore, only six years are shown.

TOWN OF WATERBURY, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund Recreation Capital Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Receivables	\$ 19,440	\$ 0	\$ 19,440
Loans Receivable (Net of Allowance for Uncollectibles)	147,064	0	147,064
Due from Other Funds	<u>100,765</u>	<u>0</u>	<u>100,765</u>
Total Assets	<u>\$ 267,269</u>	<u>\$ 0</u>	<u>\$ 267,269</u>
<u>LIABILITIES</u>			
Due to Other Funds	<u>\$ 9,488</u>	<u>\$ 14,426</u>	<u>\$ 23,914</u>
Total Liabilities	<u>9,488</u>	<u>14,426</u>	<u>23,914</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Grants	6,783	0	6,783
Unavailable Loan Receivable	<u>147,064</u>	<u>0</u>	<u>147,064</u>
Total Deferred Inflows of Resources	<u>153,847</u>	<u>0</u>	<u>153,847</u>
<u>FUND BALANCES/(DEFICIT)</u>			
Restricted	34,237	0	34,237
Assigned	69,697	0	69,697
Unassigned/(Deficit)	<u>0</u>	<u>(14,426)</u>	<u>(14,426)</u>
Total Fund Balances/(Deficit)	<u>103,934</u>	<u>(14,426)</u>	<u>89,508</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/(Deficit)	<u>\$ 267,269</u>	<u>\$ 0</u>	<u>\$ 267,269</u>

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TOWN OF WATERBURY, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds	Capital Projects Fund <u>Recreation Capital Fund</u>	Total
<b>Revenues:</b>			
Intergovernmental	\$ 34,041	\$ 0	\$ 34,041
Permits, Licenses and Fees	20,890	515	21,405
Investment Income	<u>130</u>	<u>0</u>	<u>130</u>
Total Revenues	<u>55,061</u>	<u>515</u>	<u>55,576</u>
<b>Expenditures:</b>			
General Government	19,884	0	19,884
Culture and Recreation	0	4,702	4,702
Community Development	22,870	0	22,870
Capital Outlay:			
Culture and Recreation	<u>0</u>	<u>58,849</u>	<u>58,849</u>
Total Expenditures	<u>42,754</u>	<u>63,551</u>	<u>106,305</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>12,307</u>	<u>(63,036)</u>	<u>(50,729)</u>
<b>Other Financing Sources/(Uses):</b>			
Transfers In	0	46,378	46,378
Transfers Out	<u>(7,100)</u>	<u>0</u>	<u>(7,100)</u>
Total Other Financing Sources/(Uses)	<u>(7,100)</u>	<u>46,378</u>	<u>39,278</u>
Net Change in Fund Balances	5,207	(16,658)	(11,451)
Fund Balances - January 1, 2019	<u>98,727</u>	<u>2,232</u>	<u>100,959</u>
Fund Balances/(Deficit) - December 31, 2019	<u>\$ 103,934</u>	<u>\$ (14,426)</u>	<u>\$ 89,508</u>

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TOWN OF WATERBURY, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2019

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
<u>ASSETS</u>				
Receivables	\$ 0	\$ 0	\$ 19,440	\$ 19,440
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	147,064	147,064
Due from Other Funds	69,697	31,068	0	100,765
Total Assets	\$ 69,697	\$ 31,068	\$ 166,504	\$ 267,269
<u>LIABILITIES</u>				
Liabilities:				
Due to Other Funds	\$ 0	\$ 0	\$ 9,488	\$ 9,488
Total Liabilities	0	0	9,488	9,488
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	0	0	6,783	6,783
Unavailable Loan Receivable	0	0	147,064	147,064
Total Deferred Inflows of Resources	0	0	153,847	153,847
<u>FUND BALANCES</u>				
Restricted	0	31,068	3,169	34,237
Assigned	69,697	0	0	69,697
Total Fund Balances	69,697	31,068	3,169	103,934
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 69,697	\$ 31,068	\$ 166,504	\$ 267,269

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TOWN OF WATERBURY, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
Revenues:				
Intergovernmental	\$ 21,384	\$ 0	\$ 12,657	\$ 34,041
Permits, Licenses and Fees	0	20,890	0	20,890
Investment Income	86	33	11	130
Total Revenues	<u>21,470</u>	<u>20,923</u>	<u>12,668</u>	<u>55,061</u>
Expenditures:				
General Government	970	18,914	0	19,884
Community Development	0	0	22,870	22,870
Total Expenditures	<u>970</u>	<u>18,914</u>	<u>22,870</u>	<u>42,754</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>20,500</u>	<u>2,009</u>	<u>(10,202)</u>	<u>12,307</u>
Other Financing Sources/(Uses):				
Transfers Out	<u>(7,100)</u>	<u>0</u>	<u>0</u>	<u>(7,100)</u>
Total Other Financing Sources/(Uses)	<u>(7,100)</u>	<u>0</u>	<u>0</u>	<u>(7,100)</u>
Net Change in Fund Balances	13,400	2,009	(10,202)	5,207
Fund Balances - January 1, 2019	<u>56,297</u>	<u>29,059</u>	<u>13,371</u>	<u>98,727</u>
Fund Balances - December 31, 2019	<u>\$ 69,697</u>	<u>\$ 31,068</u>	<u>\$ 3,169</u>	<u>\$ 103,934</u>

See Disclaimer in Accompanying Independent Auditor's Report.



TOWN OF WATERBURY, VERMONT  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 DECEMBER 31, 2019

	Veteran's Monument Fund	C.C. Fisher Fund	Total
<u>ASSETS</u>			
Investments	\$ 95,980	\$ 26,762	\$ 122,742
Due from Other Funds	0	1,191	1,191
Total Assets	\$ 95,980	\$ 27,953	\$ 123,933
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to Other Funds	\$ 2,271	\$ 0	\$ 2,271
Total Liabilities	2,271	0	2,271
Net Position:			
Restricted:			
Held in Trust for Other Purposes	93,709	27,953	121,662
Total Net Position	93,709	27,953	121,662
Total Liabilities and Net Position	\$ 95,980	\$ 27,953	\$ 123,933

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Veteran's Monument Fund	C.C. Fisher Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Investment Income	\$ <u>15,790</u>	\$ <u>5,185</u>	\$ <u>20,975</u>
Total Additions	<u>15,790</u>	<u>5,185</u>	<u>20,975</u>
Deductions:			
Miscellaneous	<u>1,022</u>	<u>0</u>	<u>1,022</u>
Total Deductions	<u>1,022</u>	<u>0</u>	<u>1,022</u>
Change in Net Position	14,768	5,185	19,953
Net Position - January 1, 2019	<u>78,941</u>	<u>22,768</u>	<u>101,709</u>
Net Position - December 31, 2019	<u><u>\$ 93,709</u></u>	<u><u>\$ 27,953</u></u>	<u><u>\$ 121,662</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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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 Waterbury, Vermont  
28 North Main Street, Suite 1  
Waterbury, Vermont 05676

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 Waterbury, Vermont as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Waterbury, Vermont's basic financial statements and have issued our report thereon dated September 17, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Waterbury, Vermont's internal control over financial reporting (internal control) to determine the 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 Waterbury, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waterbury, Vermont's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified a certain deficiency that we consider to be a significant deficiency.

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 Waterbury, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2019-01 to be a significant deficiency.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Waterbury, 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 determination of financial statement amounts. 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".

We also noted certain other matters that we reported to the management of the Town of Waterbury, Vermont in a separate letter dated September 17, 2020.

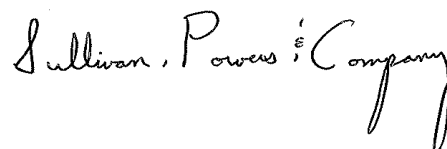
### ***Town of Waterbury, Vermont's Response to Deficiency in Internal Control***

The Town of Waterbury, Vermont's response to the deficiency in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Waterbury, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 Waterbury, 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 Waterbury, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 17, 2020  
Montpelier, Vermont  
VT Lic. #92-000180



TOWN OF WATERBURY, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
DECEMBER 31, 2019

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2019-01 Reconciliation of Receivables and Deferred Inflows of Resources Accounts

*Criteria:*

Internal controls should be in place to provide for the timely reconciliation of all balance sheet accounts to supporting documentation monthly to detect and correct errors in account balances.

*Condition:*

The Town does not have internal controls in place to ensure that timely reconciliations are performed for receivables and deferred inflows of resources accounts. These accounts were not reconciled to the actual balances at year end or during the year which resulted in various adjustments to revenue.

*Cause:*

Unknown.

*Effect:*

The Town's receivables, and deferred inflows of sources and grant revenue were incorrect during the year and at year end.

*Recommendation:*

We recommend that all balance sheet accounts be reconciled to supporting documentation monthly to detect and correct errors.



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September 18, 2020

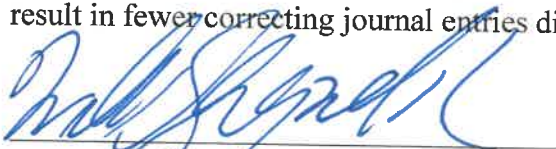
Sullivan, Powers & Co., P.C.  
77 Barre Street  
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Montpelier, VT 05601

In Responses to Auditors Findings and Deficiencies in Internal Control  
December 31, 2019

**Town of Waterbury**

2019-1 Reconciliation of Receivables and Deferred Inflows in Resource Accounts

All financial statements are reviewed at the end of each month and the balance sheet for all funds are reconciled. It appears, however, the manager and the bookkeeper do not properly adjust deferred inflows during the reconciliation process each month. To provide a more accurate statement of its finances, the town will update its internal controls to insure timely and complete reconciliation of all balance sheets each month. In addition, the town will schedule additional meetings with the auditing firm, between the formal annual audits, to review the financial statements in order to assure proper posting throughout the year. The expectation is this will result in more accurate financial statements throughout the year and at year end. It should also result in fewer correcting journal entries directed by the auditing firm during the audit itself.

  
\_\_\_\_\_  
William A. Shepeluk, Municipal Manager

  
\_\_\_\_\_  
9/18/2020