

TOWN OF WATERBURY, VERMONT

AUDIT REPORT

DECEMBER 31, 2020

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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, 2020, 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, 2020, 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.

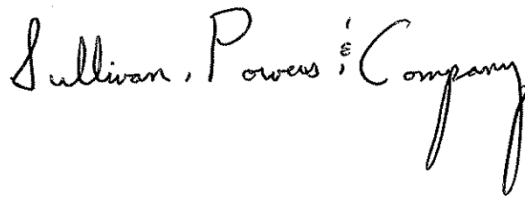
Other Information

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 July 15, 2021 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.

July 15, 2021
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized initial 'S' and a long, sweeping tail on the 'y' of 'Company'.

TOWN OF WATERBURY, VERMONT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,912,342
Investments	1,434,381
Receivables	449,056
Loans Receivable	147,064
Prepaid Expenses	35,987
Deposit on Tandem Truck	129,456
Capital Assets:	
Land	40,000
Construction in Progress	21,009,057
Other Capital Assets, (Net of Accumulated Depreciation)	17,577,070
Total Assets	42,734,413
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	185,929
Total Deferred Outflows of Resources	185,929
<u>LIABILITIES</u>	
Accounts Payable	166,894
Accrued Payroll and Benefits Payable	25,790
Due to Fiduciary Funds	9,463
Unearned Revenue	28,525
Due to School District	750,000
Tax Sale Overpayments	45,072
Accrued Interest Payable	17,727
Noncurrent Liabilities:	
Due within One Year	622,532
Due in More than One Year	5,403,588
Total Liabilities	7,069,591
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	7,848
Deferred Inflows of Resources Related to the Town's Participation in VMERS	3,958
Total Deferred Inflows of Resources	11,806
<u>NET POSITION</u>	
Net Investment in Capital Assets	33,289,870
Restricted:	
Non-Expendable:	
Cemetery	418,000
Tax Stabilization	644,000
Expendable:	
Highways and Streets	56,216
Culture and Recreation	569,450
Community Development	154,595
Cemetery	163,978
Tax Stabilization	353,728
Other Purposes	46,645
Unrestricted	142,463
Total Net Position	\$ 35,838,945

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

TOWN OF WATERBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,437,230	\$ 279,018	\$ 169,608	\$ 0	\$ (988,604)
Public Safety	940,353	123,162	0	0	(817,191)
Highways and Streets	1,401,657	16,696	136,401	7,478,319	6,229,759
Culture and Recreation	619,936	103,648	46,577	1,000	(468,711)
Community Development	86,494	0	13,736	0	(72,758)
Solid Waste	36,100	0	0	0	(36,100)
Cemetery	44,926	17,450	2,500	0	(24,976)
Interest on Long-term Debt	178,414	0	0	0	(178,414)
Total Primary Government	\$ 4,745,110	\$ 539,974	\$ 368,822	\$ 7,479,319	3,643,005
General Revenues:					
Property Taxes					3,890,011
Penalties and Interest on Delinquent Taxes					39,000
Payments in Lieu of Taxes					334,033
General State Grants					199,336
Unrestricted Investment Earnings					164,416
Gain on Sale of Vehicles					10,000
Other Revenues					2,970
Total General Revenues					4,639,766
Change in Net Position					8,282,771
Net Position - January 1, 2020					27,556,174
Net Position - December 31, 2020					\$ 35,838,945

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

TOWN OF WATERBURY, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$ 1,911,533	\$ 0	\$ 0	\$ 705	\$ 0	\$ 104	\$ 0	\$ 1,912,342
Investments	0	0	0	407,095	462,062	565,224	0	1,434,381
Receivables	305,026	144,030	0	0	0	0	0	449,056
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	0	147,064	147,064
Advances to Other Funds	0	0	0	574,300	0	0	0	574,300
Due from Other Funds	0	16,728	604,886	15,628	119,916	0	160,847	918,005
Prepaid Expenses	35,987	0	0	0	0	0	0	35,987
Deposit on Tandem Truck	0	129,456	0	0	0	0	0	129,456
Total Assets	\$ 2,252,546	\$ 290,214	\$ 604,886	\$ 997,728	\$ 581,978	\$ 565,328	\$ 307,911	\$ 5,600,591
LIABILITIES								
Accounts Payable	\$ 166,894	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 166,894
Accrued Payroll and Benefits Payable	25,790	0	0	0	0	0	0	25,790
Advances from Other Funds	0	248,800	325,500	0	0	0	0	574,300
Due to Other Funds	927,468	0	0	0	0	0	0	927,468
Unearned Revenue	28,525	0	0	0	0	0	0	28,525
Due to School District	750,000	0	0	0	0	0	0	750,000
Tax Sale Overpayments	45,072	0	0	0	0	0	0	45,072
Total Liabilities	1,943,749	248,800	325,500	0	0	0	0	2,518,049
DEFERRED INFLOWS OF RESOURCES								
Prepaid Property Taxes	7,848	0	0	0	0	0	0	7,848
Unavailable Property Taxes, Penalties and Interest	150,000	0	0	0	0	0	0	150,000
Unavailable Grants	7,922	144,030	0	0	0	0	0	151,952
Unavailable Loan Receivable	0	0	0	0	0	0	147,064	147,064
Total Deferred Inflows of Resources	165,770	144,030	0	0	0	0	147,064	456,864
FUND BALANCES/(DEFICIT)								
Nonspendable	35,987	129,456	0	644,000	418,000	0	0	1,227,443
Restricted	162,047	13,667	0	353,728	163,978	565,328	54,176	1,312,924
Committed	2,136	0	279,386	0	0	0	22,891	304,413
Assigned	0	0	0	0	0	0	83,780	83,780
Unassigned/(Deficit)	(57,143)	(245,739)	0	0	0	0	0	(302,882)
Total Fund Balances/(Deficit)	143,027	(102,616)	279,386	997,728	581,978	565,328	160,847	2,625,678
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,252,546	\$ 290,214	\$ 604,886	\$ 997,728	\$ 581,978	\$ 565,328	\$ 307,911	

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.	38,626,127
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	449,016
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.	(6,043,847)
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.	181,971
Net Position of Governmental Activities	\$ 35,838,945

TOWN OF WATERBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:								
Property Taxes	\$ 3,807,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,807,511
Penalties and Interest on Delinquent Taxes	39,000	0	0	0	0	0	0	39,000
Payments in Lieu of Taxes	334,033	0	0	0	0	0	0	334,033
Intergovernmental	508,443	0	0	0	0	0	42,018	550,461
Charges for Services	349,234	0	0	0	15,650	0	0	364,884
Permits, Licenses and Fees	143,180	0	0	0	1,800	0	30,110	175,090
Investment Income/(Loss)	2,256	(413)	(99)	46,283	42,867	73,475	47	164,416
Donations	8,256	0	0	0	2,500	5,802	1,000	17,558
Other	1,620	850	0	0	500	0	0	2,970
Total Revenues	5,193,533	437	(99)	46,283	63,317	79,277	73,175	5,455,923
Expenditures:								
General Government	1,211,752	0	0	0	0	0	14,174	1,225,926
Public Safety	768,573	0	0	0	0	0	0	768,573
Highways and Streets	987,917	9,156	0	0	0	0	0	997,073
Culture and Recreation	583,365	0	0	0	0	70	1,384	584,819
Community Development	70,334	0	0	0	0	0	16,160	86,494
Solid Waste	36,100	0	0	0	0	0	0	36,100
Cemetery	0	0	0	0	44,926	0	0	44,926
Capital Outlay:								
Public Safety	0	0	489,692	0	0	0	0	489,692
Highways and Streets	0	729,568	0	0	0	0	0	729,568
Culture and Recreation	0	0	0	0	0	0	11,468	11,468
Debt Service:								
Principal	312,500	50,000	0	0	0	0	0	362,500
Interest	153,564	14,761	9,690	0	0	0	0	178,015
Total Expenditures	4,124,105	803,485	499,382	0	44,926	70	43,186	5,515,154
Excess/(Deficiency) of Revenues Over Expenditures	1,069,428	(803,048)	(499,481)	46,283	18,391	79,207	29,989	(59,231)
Other Financing Sources/(Uses):								
Issuance of Long-term Debt	0	405,880	950,000	0	0	0	11,000	1,366,880
Proceeds from Sale of Equipment	0	3,625	0	0	0	0	0	3,625
Proceeds from Sale of Vehicles	0	525	10,000	0	0	0	0	10,525
Transfers In	71,705	955,355	172,000	0	0	0	37,800	1,236,860
Transfers Out	(1,165,155)	0	0	(50,000)	0	(14,255)	(7,450)	(1,236,860)
Total Other Financing Sources/(Uses)	(1,093,450)	1,365,385	1,132,000	(50,000)	0	(14,255)	41,350	1,381,030
Net Change in Fund Balances	(24,022)	562,337	632,519	(3,717)	18,391	64,952	71,339	1,321,799
Fund Balances/(Deficit) - January 1, 2020	167,049	(664,953)	(353,133)	1,001,445	563,587	500,376	89,508	1,303,879
Fund Balances/(Deficit) - December 31, 2020	\$ 143,027	\$ (102,616)	\$ 279,386	\$ 997,728	\$ 581,978	\$ 565,328	\$ 160,847	\$ 2,625,678

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, 2020

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)	\$ 1,321,799
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,230,728) is allocated over their estimated useful lives and reported as depreciation expense (\$681,932). This is the amount by which capital outlays exceeded depreciation in the current period.	548,796
The effect of a capital grant for the construction of Town roads by the State of Vermont is to increase net position.	7,469,826
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position	(25,432)
The issuance of long-term debt (\$1,366,880) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$362,500) 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.	(1,004,380)
Governmental funds report employer pension contributions as expenditures (\$47,603). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$145,173) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(97,570)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	92,132
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>(22,400)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 8,282,771</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, 2020

<u>ASSETS</u>	<u>Private-Purpose Trust Funds</u>
Investments	\$ 120,518
Due from Other Funds	<u>9,463</u>
Total Assets	<u><u>\$ 129,981</u></u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	<u>\$ 0</u>
Net Position:	
Restricted:	
Held in Trust for Other Purposes	<u>129,981</u>
Total Net Position	<u>129,981</u>
Total Liabilities And Net Position	<u><u>\$ 129,981</u></u>

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, 2020

	Private-Purpose Trust Funds
Additions:	
Investment Income	\$ <u>10,535</u>
Total Additions	<u>10,535</u>
Deductions:	
Miscellaneous	<u>2,216</u>
Total Deductions	<u>2,216</u>
Change in Net Position	8,319
Net Position - January 1, 2020	<u>121,662</u>
Net Position - December 31, 2020	<u><u>\$ 129,981</u></u>

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020

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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. Prepaid Expenses/Items and Deposits

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

Reported prepaid items and deposits 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:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
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 expenditure budget for the General Fund is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The voters are presented estimated revenue projections, however, do not approve them. The Selectboard modifies the revenue projections prior to setting the tax rate if more accurate projections are available. 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.

TOWN OF WATERBURY, VERMONT
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B. Budgeted Deficit

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$363,888. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town’s cash and investments as of December 31, 2020 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$1,911,618
Deposits held by Investment Companies	<u>724</u>
Total Cash	<u>1,912,342</u>
Investments:	
Corporate Bonds	25,524
Mutual Funds – Mixed Holdings	1,322,916
Annuity Contract	<u>206,459</u>
Total Investments	<u>1,554,899</u>
Total Cash and Investments	<u>\$3,467,241</u>

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	\$ 250,724	\$ 250,724
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>1,661,618</u>	<u>1,702,388</u>
Total	<u>\$1,912,342</u>	<u>\$1,953,112</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	\$1,911,618
Cash – Deposits held by Investment Companies	<u>724</u>
Total	<u>\$1,912,342</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	15 to 20 Years	
Corporate Bonds	\$ 18,210	\$ 7,314	\$ 25,524

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, 2020
Corporate Bonds	A
	\$ 25,524

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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 \$206,459 (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, 2020:

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	\$ 25,524	\$ 25,524	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	1,322,916	1,322,916	0	0
Total	\$ 1,348,440	\$ 1,348,440	\$ 0	\$ 0

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B. Receivables

Receivables as of December 31, 2020, as reported in the statement of net position, are as follows:

	Governmental Activities
Delinquent Taxes Receivable	\$ 174,105
Penalties and Interest Receivable	13,019
Grants Receivable	181,676
Due from Other Entities	71,611
Accounts Receivable	8,645
Total	\$ 449,056

C. Loans Receivable

Loans receivable as of December 31, 2020 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, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Construction in Progress	<u>13,404,536</u>	<u>7,604,521</u>	<u>0</u>	<u>21,009,057</u>
Total Capital Assets, Not Being Depreciated	<u>13,444,536</u>	<u>7,604,521</u>	<u>0</u>	<u>21,049,057</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,410,542	19,886	0	9,430,428
Vehicles, Machinery and Equipment	4,942,169	606,569	171,455	5,377,283
Infrastructure	<u>8,351,934</u>	<u>469,578</u>	<u>0</u>	<u>8,821,512</u>
Totals	<u>22,704,645</u>	<u>1,096,033</u>	<u>171,455</u>	<u>23,629,223</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	1,613,048	235,790	0	1,848,838
Vehicles, Machinery and Equipment	2,758,740	221,286	146,023	2,834,003
Infrastructure	<u>1,144,456</u>	<u>224,856</u>	<u>0</u>	<u>1,369,312</u>
Totals	<u>5,516,244</u>	<u>681,932</u>	<u>146,023</u>	<u>6,052,153</u>
Total Capital Assets, Being Depreciated	<u>17,188,401</u>	<u>414,101</u>	<u>25,432</u>	<u>17,577,070</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,632,937</u>	<u>\$ 8,018,622</u>	<u>\$ 25,432</u>	<u>\$ 38,626,127</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 145,396
Public Safety	155,576
Highways and Streets	366,332
Culture and Recreation	<u>14,628</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 681,932</u>

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E. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2020 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 927,468
Highway Capital Fund	16,728	0
Fire Department Capital Fund	604,886	0
Tax Stabilization Fund	15,628	0
Cemetery Fund	119,916	0
Non-Major Governmental Funds	160,847	0
Private-Purpose Trust Funds	<u>9,463</u>	<u>0</u>
	<u>\$ 927,468</u>	<u>\$ 927,468</u>

The composition of advances to/from other funds as of December 31, 2020 are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Highway Capital Fund	\$ 0	\$ 248,800
Fire Department Capital Fund	0	325,500
Tax Stabilization Fund	<u>574,300</u>	<u>0</u>
	<u>\$ 574,300</u>	<u>\$ 574,300</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	\$ 50,000
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	198,800
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	98,000
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>227,500</u>
Total Advances to/from Other Funds	<u>\$574,300</u>

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Interfund transfers during the year ended December 31, 2020 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Conservation Fund	\$ 700	* Appropriation
General Fund	Municipal Building Operating Fund	332,195	* Appropriation
General Fund	Local Development Corporation Fund	54,330	* Appropriation
General Fund	Highway Capital Fund	855,355	Appropriation
General Fund	Highway Capital Fund	100,000	Transfer Excess PILOT Payment
General Fund	Fire Department Capital Fund	172,000	Appropriation
General Fund	Recreation Capital Fund	37,800	Appropriation
Tax Stabilization Fund	General Fund	50,000	To Reduce Taxes Raised
Library Trust Fund	General Fund	14,255	Appropriation
Reappraisal Fund	General Fund	<u>7,450</u>	Fund Reappraisal Expenses
Total		<u>\$ 1,624,085</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 \$58,950 from the difference between the expected and actual experience, \$30,991 from the difference between the projected and actual investment earnings, \$15,191 from changes in assumptions and \$5,736 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 \$75,061 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$185,929.

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$28,525 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, 2020 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, 2020 was \$750,000.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$7,848 of prepaid property taxes. It also includes \$3,933 from the difference between the expected and actual experience and \$25 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 \$11,806.

TOWN OF WATERBURY, VERMONT
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Deferred inflows of resources in the General Fund consists of \$150,000 of delinquent property taxes, penalties and interest on those taxes and \$7,922 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$7,848 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$165,770.

Deferred inflows of resources in the Highway Capital Fund consists of \$144,030 of grant revenue 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 \$147,064 of loans receivable as they would not be available to liquidate current liabilities.

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 Town has a note payable to finance capital projects through a local bank.

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, 2020 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	\$1,765,000	\$ 0	\$165,000	\$1,600,000

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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	\$2,360,000	\$ 0	\$147,500	\$2,212,500
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	350,000	0	50,000	300,000
Note Payable, Community National Bank, Capital Improvements, Principal and Interest Payments of \$286,218 Payable on December 21 Annually, Interest at 1.55%, Due December, 2025	<u>0</u>	<u>1,366,880</u>	<u>0</u>	<u>1,366,880</u>
Total	<u>\$4,475,000</u>	<u>\$1,366,880</u>	<u>\$362,500</u>	<u>\$5,479,380</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>
Governmental Activities					
General Obligation Bonds Payable	\$ 4,475,000	\$ 0	\$ 362,500	\$ 4,112,500	\$ 357,500
Notes Payable	0	1,366,880	0	1,366,880	265,032
Compensated Absences Payable	69,734	22,001	0	91,735	0
Net Pension Liability	<u>364,681</u>	<u>90,324</u>	<u>0</u>	<u>455,005</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 4,909,415</u>	<u>\$ 1,479,205</u>	<u>\$ 362,500</u>	<u>\$ 6,026,120</u>	<u>\$ 622,532</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
2021	\$ 622,532	\$ 158,360
2022	626,639	144,421
2023	630,811	129,965
2024	635,047	115,123
2025	639,351	99,981
2026-2030	1,587,500	311,058
2031-2035	737,500	89,690
Total	<u>\$ 5,479,380</u>	<u>\$ 1,048,598</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.

TOWN OF WATERBURY, VERMONT
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The fund balances in the following funds are nonspendable as follows:

Major Funds

General Fund:	
Nonspendable Prepaid Expenses	\$ 35,987
Highway Capital Fund:	
Nonspendable Deposit on Tandem Truck	129,456
Tax Stabilization Fund:	
Nonspendable Tax Stabilization Fund Principal	644,000
Cemetery Fund:	
Nonspendable Cemetery Fund Perpetual Care by Lot Sales	<u>418,000</u>
Total Nonspendable Fund Balances	<u>\$1,227,443</u>

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

Major Funds

General Fund:	
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and Highway State Aid)	\$ 157,925
Restricted for Library Expenses by Donations (Source of Revenue is Donations)	<u>4,122</u>
Total General Fund	<u>162,047</u>
Highway Capital Fund:	
Restricted for Highway Capital Equipment Expenditures by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>13,667</u>
Tax Stabilization Fund:	
Restricted for Reduction of Property Taxes by Agreement (Source of Revenue is Donations) – Expendable Portion	<u>353,728</u>
Cemetery Fund:	
Restricted for Cemetery Fund Expenses by Donations and Lot Sales (Source of Revenue is Donations and Lot Sales)	<u>163,978</u>
Library Trust Fund:	
Restricted for Library Trust Expenses by Trust Agreements (Source of Revenue is Donations)	<u>565,328</u>

TOWN OF WATERBURY, VERMONT
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Non-Major Funds

Special Revenue Funds:	
Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)	\$ 46,645
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	<u>7,531</u>
Total Non-Major Funds	<u>54,176</u>
Total Restricted Fund Balances	<u>\$1,312,924</u>

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

Major Funds

General Fund:	
Committed for Conservation Commission Expenditures by the Voters	\$ 2,136
Fire Department Capital Fund:	
Committed for Fire Department Capital Expenditures by the Voters	279,386

Non-Major Funds

Capital Project Fund:	
Committed for Recreation Capital Expenditures by the Voters	<u>22,891</u>
Total Committed Fund Balances	<u>\$304,413</u>

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

Major Funds

General Fund:	
Assigned for Library Expenses	\$ 40,813
Assigned in Excess of Available Fund Balance	<u>(40,813)</u>
Total General Fund	<u>0</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>83,780</u>
Total Assigned Fund Balances	<u>\$ 83,780</u>

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The unassigned deficit of \$57,143 in the General Fund will be funded with future property tax revenue.

The unassigned deficit of \$245,739 in the Highway Capital Fund will be funded with future appropriations and borrowing.

L. Restricted Net Position

The restricted net position of the Town as of December 31, 2020 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$ 56,216
Restricted for Library Expenses by Donations	4,122
Restricted for Reduction of Property Taxes by Agreement – Non-Expendable Portion	644,000
Restricted for Reduction of Property Taxes by Agreement – Expendable Portion	353,728
Restricted for Cemetery Fund Expenses by Donations and Lot Sales	581,978
Restricted for Library Trust Fund Expenses by Trust Agreements	565,328
Restricted for Records Restoration by Statute	46,645
Restricted for Community Development by Grant Agreements	<u>154,595</u>
Total Governmental Activities	<u>\$2,406,612</u>

The net position held in trust for various purposes in the Town’s Private-Purpose Trust Funds as of December 31, 2020 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Veteran’s Monument Expenses by Trust Agreement	\$ 98,210
Restricted for C. C. Fisher Fund Expenses by Trust Agreement	<u>31,771</u>
Total Private-Purpose Trust Funds	<u>\$129,981</u>

TOWN OF WATERBURY, VERMONT
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V. OTHER INFORMATION

A. Pension Plans

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. As of June 30, 2019, the measurement date selected by the State of Vermont, the retirement system consisted of 379 participating employers.

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

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

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

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

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net position liability of \$173,491,807. As of December 31, 2020, the Town's proportionate share of this was 0.2623% resulting in a net pension liability of \$455,005. The net pension liability was measured as of June 30, 2019, 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's proportion of 0.2623% was an increase of 0.0031 from its proportion measured as of the prior year.

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For the year ended December 31, 2020, the Town recognized pension expense of \$145,173.

As of December 31, 2020, 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	\$ 58,950	\$ 3,933
Difference between projected and actual investment earnings on pension assets	30,991	0
Changes in assumptions	15,191	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,736	25
Town's required employer contributions made subsequent to the measurement date	75,061	0
	\$ 185,929	\$ 3,958

The required contributions made subsequent to the measurement date consists of contributions made from July 1, 2019 to December 31, 2019 of \$27,458 and contributions made from January 1, 2020 to December 31, 2020 of \$47,603. Total required contributions made subsequent to the measurement is \$75,061.

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$75,061 will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2021	\$ 42,135
2022	23,251
2023	25,755
2024	<u>15,769</u>
Total	<u>\$106,910</u>

Summary of System Provisions

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

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Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

TOWN OF WATERBURY, VERMONT
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Death Benefit:

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

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

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

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

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

Member Contributions – Group A – 2.75%. Group B – 5.125%. Group C – 10.25%. Group D – 11.60%.

Employer Contributions – Group A – 4.25%. Group B – 5.75%. Group C – 7.50%. Group D – 10.10%.

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 A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Mortality Table with generational projection using scale SSA-2017.

Healthy Post-Retirement: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017.

Disabled Post-Retirement: All Groups – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

TOWN OF WATERBURY, VERMONT
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Spouse’s Age: Females three years younger than males.

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B, C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, 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.

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

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	6.90%
US Equity – Large Cap	4%	5.94%
US Equity – Small/Mid Cap	3%	6.72%
Non-US Equity – Large Cap	5%	6.81%
Non-US Equity – Small Cap	2%	7.31%
Emerging Markets Debt	4%	4.26%
Core Bond	14%	1.79%
Non-Core Bonds	6%	3.22%
Short Quality Credit	5%	1.81%
Private Credit	5%	6.00%
US TIPS	3%	1.45%
Core Real Estate	5%	4.26%
Non-Core Real Estate	3%	5.76%
Private Equity	10%	10.81%
Infrastructure/Farmland	2%	4.89%

TOWN OF WATERBURY, VERMONT
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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>
\$746,139	\$455,005	\$213,999

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.

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 \$155,532. Pension expense for the years ended December 31, 2020, 2019 and 2018 were \$7,971, \$8,197 and \$8,084, respectively.

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.

TOWN OF WATERBURY, VERMONT
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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.

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, 2020, property taxes became due and payable on August 14, 2020 and November 13, 2020. 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 2020 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5100	.5100
Local Agreement	.0019	.0019
Education	<u>1.7368</u>	<u>1.7314</u>
Total	<u>2.2487</u>	<u>2.2433</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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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E. Short-term Debt

Annually, the Town borrows monies in anticipation of taxes. The activity during 2020 was as follows:

Short-term Debt - January 1, 2020	\$ 0
Proceeds of Tax Anticipation Note	870,000
Repayment of Tax Anticipation Note	<u>(870,000)</u>
Short-term Debt - December 31, 2020	<u>\$ 0</u>

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Government:			
Tax Revenues:			
Property Taxes	\$ 1,527,345	\$ 1,440,391	\$ (86,954)
Tax Interest	22,000	8,871	(13,129)
Tax Penalty	27,000	30,129	3,129
Tax Sale Fees	1,500	3,009	1,509
.225 of 1% School Taxes	26,350	26,037	(313)
Total Tax Revenues	<u>1,604,195</u>	<u>1,508,437</u>	<u>(95,758)</u>
Other Governments:			
Village Administration Service Fee	90,000	90,000	0
Traffic Control Income	4,000	6,587	2,587
PILOT	208,000	334,033	126,033
Mileage Reimbursement	300	15	(285)
Forest & Parks	91,000	91,660	660
Current Use	89,500	104,997	15,497
Railroad Tax	2,700	2,679	(21)
VTRANS Grant Income	55,250	54,401	(849)
Reservoir Grant Income	3,200	3,015	(185)
Trees Grant Income	3,000	3,000	0
COVID Relieve Grant Income	0	34,487	34,487
Duxbury Fire Contract	114,075	114,075	0
Moretown Fire Contract	2,500	2,500	0
Total Other Governments	<u>663,525</u>	<u>841,449</u>	<u>177,924</u>
Service Fees:			
Town Clerk Fees	87,200	105,428	18,228
Animal Control Income	0	7	7
Historical Society	5,000	1,543	(3,457)
Swimming Pool Income	45,000	9,666	(35,334)
Recreation Program Income	95,000	75,388	(19,612)
Mini-Camp Income	12,000	12,427	427
Recreation/Pool Snacks	2,000	0	(2,000)
Recreation Buildings Rentals	4,000	600	(3,400)
Red Cross Training Fees	5,500	0	(5,500)
Recreation Donations	5,000	2,125	(2,875)
Recreation COVID Grant Income	0	33,342	33,342
Parks & Fields Income	8,500	1,830	(6,670)
Planning Fees	24,000	23,887	(113)
Total Service Fees	<u>293,200</u>	<u>266,243</u>	<u>(26,957)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Transfer from Reappraisal Fund:	\$ 7,450	\$ 7,450	\$ 0
Interest & Transfers In:			
Interest on Sweep & CD's	5,000	2,255	(2,745)
Transfer from Tax Stabilization Fund	50,000	50,000	0
Total Interest & Transfers In	55,000	52,255	(2,745)
Miscellaneous:			
Miscellaneous	0	452	452
Total Miscellaneous	0	452	452
Transportation Liason Grant Income:	0	51,648	51,648
Total General Government	2,623,370	2,727,934	104,564
Highway:			
Property Taxes	1,882,690	1,882,690	0
VT State Aid	113,000	113,719	719
Federal Excise Tax	500	0	(500)
Highway Labor/Materials	16,000	15,746	(254)
Pool Cross Charges	3,000	0	(3,000)
Overweight Permits & Miscellaneous	1,000	950	(50)
Special Projects Grants	5,000	14,760	9,760
Miscellaneous	1,165	1,168	3
Total Highway	2,022,355	2,029,033	6,678
Library:			
Property Taxes	484,430	484,430	0
Library Grant Income	0	720	720
Rent - Buildings and Grounds	350	50	(300)
Fees and Miscellaneous	1,225	462	(763)
Donations	0	2,228	2,228
Non-Resident Fees	3,200	2,850	(350)
Library Trust	14,255	14,255	0
Total Library	503,460	504,995	1,535
Total Revenues	5,149,185	5,261,962	112,777

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
General Government:			
General:			
Regular Pay	\$ 358,400	\$ 330,328	\$ 28,072
Selectboard	6,500	6,500	0
Clerk	57,000	56,086	914
Listers	1,500	1,500	0
Listers - Regular Pay	48,180	47,547	633
Historical Society Clerk	11,500	5,103	6,397
Health Insurance	78,525	78,528	(3)
Life, Disability, LTC Insurance	4,000	3,929	71
Social Security	36,625	33,366	3,259
Retirement	19,860	18,615	1,245
Unemployment Insurance	600	599	1
Workers Compensation	2,625	2,315	310
Computer Services	10,000	16,260	(6,260)
Tax Mapping	2,100	2,100	0
Deaf Interpreter	800	0	800
Professional Services	3,200	7,243	(4,043)
Computer Services - COVID	0	2,832	(2,832)
Legal Service	5,610	17,997	(12,387)
Clerical/Video Meeting	1,800	1,874	(74)
Voting Machine	3,900	2,059	1,841
Elections - COVID	0	3,174	(3,174)
Telephone/Internet	4,880	5,129	(249)
Postage	4,500	4,836	(336)
Advertising	500	627	(127)
Website	2,000	1,654	346
Printing - Annual Report	1,500	1,499	1
Office Supplies	12,000	11,441	559
Transfer to Municipal Building Operating Fund	45,000	45,000	0
Fuel - Gasoline	0	67	(67)
Training	1,200	163	1,037
Manager's Professional Development	2,700	0	2,700
Association Dues	1,200	1,036	164
Travel & Meals	500	469	31
Commercial Audit	22,700	24,830	(2,130)
County Taxes	63,355	42,237	21,118
Property & Liability Insurance	21,975	21,620	355
VLCT Dues	7,390	7,445	(55)
Bank Charges	400	221	179
Memorial Day/July 4th	12,750	0	12,750
Miscellaneous	0	1,504	(1,504)
New Equipment	8,000	3,879	4,121
Equipment - COVID	0	1,796	(1,796)
Senior Citizens	10,000	10,000	0

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
General/(Cont'd):			
Transfer to Cemetery Fund	\$ 15,000	\$ 0	\$ 15,000
Waterbury Historical Society	2,200	1,870	330
Economic Development to Revitalizing Waterbury	54,330	54,500	(170)
 Total General	 946,805	 879,778	 67,027
Public Safety:			
Contracted Services	365,100	365,100	0
Waterbury Ambulance Service, Inc.	39,770	39,770	0
Special Events	1,150	0	1,150
 Total Public Safety	 406,020	 404,870	 1,150
Fire Department:			
Regular Pay	26,710	25,824	886
Part-time Pay	55,000	47,287	7,713
Life & Disability Insurance	2,900	2,808	92
Social Security	6,250	5,593	657
Unemployment Insurance	80	80	0
Workers Compensation	11,200	8,495	2,705
Physicals & Vaccination	1,000	0	1,000
Dispatching	79,610	80,647	(1,037)
Equipment Maintenance	15,000	11,009	3,991
Communications	6,000	2,287	3,713
Telephone/TV/Internet	8,500	9,503	(1,003)
Office Supplies	500	115	385
Canteen	125	0	125
Small Tools	500	172	328
Water	2,700	3,093	(393)
Building Maintenance	28,000	28,428	(428)
Utilities - Electric/Solar	8,000	9,053	(1,053)
Heat/Generator	5,000	6,032	(1,032)
Fuel Equipment & Service	1,000	0	1,000
Vehicle Maintenance	15,900	25,127	(9,227)
Fuel - Gasoline	75	62	13
Fuel - Diesel	3,855	2,869	986
Dues	600	0	600
Public Works Director	690	690	0
Training	4,000	0	4,000
Public Relations	350	0	350
Travel	100	0	100
Property & Liability Insurance	17,135	16,558	577
New Equipment	76,000	77,971	(1,971)
Debt Principal	165,000	165,000	0
Debt Interest	59,610	58,853	757
Transfer to Fire Department Fund	172,000	172,000	0
 Total Fire Department	 773,390	 759,556	 13,834

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Landfill:			
Mad River - Waterbury Solid Waste	\$ 35,450	\$ 35,450	\$ 0
Green Up	800	650	150
Total Landfill	<u>36,250</u>	<u>36,100</u>	<u>150</u>
Health & Social Services:			
Animal Control Officer	500	0	500
Health Officer	1,200	1,200	0
Social Security	130	92	38
Unemployment Insurance	30	29	1
Workers Compensation	120	120	0
Pound Service	500	0	500
Travel & Training	225	0	225
Damage Claims/Enforcement	200	2,318	(2,118)
Public Health	13,500	13,500	0
Total Health & Social Services	<u>16,405</u>	<u>17,259</u>	<u>(854)</u>
Recreation - Pool:			
Regular Pay	51,000	8,606	42,394
Social Security	3,900	1,435	2,465
Unemployment Insurance	230	229	1
Workers Compensation	3,370	505	2,865
Clothing & Safety	1,200	0	1,200
Crosscharges	3,000	0	3,000
Equipment Maintenance	1,775	0	1,775
Telephone	800	1,797	(997)
Chemical Supplies	3,450	0	3,450
Water & Sewer	8,250	3,437	4,813
Electric	3,695	2,999	696
Training & Red Cross	5,000	836	4,164
Public Works Director	2,110	2,110	0
Training	1,000	0	1,000
Property & Liability Insurance	130	130	0
New Equipment	3,000	190	2,810
Total Recreation - Pool	<u>91,910</u>	<u>22,274</u>	<u>69,636</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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Programs - Summer:			
Summer Program Pay	\$ 72,000	\$ 84,321	\$ (12,321)
Regular Pay - Mini Camps	5,000	13,809	(8,809)
Other Programs	3,800	444	3,356
Social Security	6,180	7,374	(1,194)
Unemployment Insurance	200	200	0
Workers Compensation	5,360	5,644	(284)
Clothing & Safety	2,800	0	2,800
Supplies & Cleaning	600	3,207	(2,607)
Equipment Maintenance	200	100	100
Telephone	800	328	472
Training & Red Cross	750	240	510
Field Trips	4,700	0	4,700
Programs	3,500	3,427	73
Mini Camps	5,000	856	4,144
Property & Liability Insurance	1,120	1,120	0
New Equipment	2,000	6,152	(4,152)
Miscellaneous	0	5,361	(5,361)
	<u>114,010</u>	<u>132,583</u>	<u>(18,573)</u>
Total Recreation Programs - Summer			
Recreation Administration/Building Expense:			
Recreation Director	50,520	51,093	(573)
Health Insurance	9,450	9,456	(6)
Life, Disability, LTC Insurance	550	505	45
Social Security	3,865	3,824	41
Retirement	2,970	2,938	32
Unemployment Insurance	140	140	0
Workers Compensation	3,680	3,934	(254)
Computer Service	4,000	3,195	805
Telephone/TV/Internet	800	360	440
Postage	275	160	115
Advertising	1,000	360	640
Office Supplies	800	602	198
Water & Sewer	1,200	1,119	81
Building Maintenance	1,500	1,660	(160)
Electricity	875	665	210
Fuel-Heat	1,700	1,375	325
Fuel Equipment & Service	200	323	(123)
Gasoline & Mileage	800	203	597
Training	3,000	1,000	2,000
Association Dues	750	190	560
New Equipment	2,500	448	2,052
Transfer to Recreation Capital Fund	37,800	37,800	0
	<u>128,375</u>	<u>121,350</u>	<u>7,025</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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks:			
Regular Pay	\$ 22,050	\$ 14,209	\$ 7,841
Part-time Pay	19,500	0	19,500
Health Insurance	5,675	7,967	(2,292)
Life, Disability, LTC Insurance	275	456	(181)
Social Security	3,180	1,085	2,095
Retirement	1,130	730	400
Unemployment Insurance	135	134	1
Workers Compensation	2,180	1,882	298
Water	3,300	2,784	516
Grounds Maintenance	23,000	13,103	9,897
Equipment Maintenance	2,200	1,894	306
Electricity	2,500	1,170	1,330
Fuel - Gas	3,580	1,395	2,185
Public Works Director	1,660	1,660	0
Property & Liability Insurance	1,120	1,120	0
New Equipment	1,000	511	489
Transfer to Highway Capital Fund	5,610	5,610	0
Total Parks	98,095	55,710	42,385
Planning Department:			
Regular Pay	67,310	65,375	1,935
Zoning Administrator	46,655	31,670	14,985
Health Insurance	36,840	36,840	0
Life, Disability, LTC Insurance	1,300	1,304	(4)
Social Security	8,720	7,341	1,379
Retirement	7,880	6,757	1,123
Unemployment Insurance	155	156	(1)
Workers Compensation	655	1,086	(431)
Professional Services	7,500	5,825	1,675
Special Project - Reservoir	3,200	3,015	185
Special Project - Trees	7,380	8,975	(1,595)
Special Project - Green Mountain	1,000	1,000	0
Legal Service	5,500	4,467	1,033
Telephone	675	720	(45)
Postage	600	636	(36)
Advertising	625	1,648	(1,023)
Printing	50	0	50
Office Supplies	700	485	215
Beautification	5,000	4,411	589
Training - Tuition	1,000	103	897
Mapping	2,100	2,452	(352)
Dues - Regional Planning	6,430	6,427	3
Central VT Economic Development	2,000	2,000	0
Dues - VCDA	325	80	245

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Planning Department/(Cont'd):			
Travel	\$ 1,300	\$ 386	\$ 914
Miscellaneous	0	30	(30)
Office Equipment	0	34	(34)
Equipment - COVID	0	1,162	(1,162)
Conservation Commission	700	700	0
Revitalizing Waterbury	17,000	17,000	0
	<u>232,600</u>	<u>212,085</u>	<u>20,515</u>
Total Planning Department			
	<u>232,600</u>	<u>212,085</u>	<u>20,515</u>
Debt Management:			
Transfer to Municipal Building Operating Fund	106,880	106,880	0
Interest Expense	5,800	12,852	(7,052)
	<u>112,680</u>	<u>119,732</u>	<u>(7,052)</u>
Total Debt Management			
	<u>112,680</u>	<u>119,732</u>	<u>(7,052)</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	7,323	7,323	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	0	1,000
LEAP	2,500	2,500	0
Senior Citizens	20,000	20,000	0
American Red Cross	2,000	2,000	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
Maker Space	2,500	2,500	0
	<u>57,898</u>	<u>56,898</u>	<u>1,000</u>
Total Special Articles			
	<u>57,898</u>	<u>56,898</u>	<u>1,000</u>
Transportation Liason Grant Expense:	0	49,359	(49,359)
	<u>0</u>	<u>49,359</u>	<u>(49,359)</u>
Total General Government	<u>3,014,438</u>	<u>2,867,554</u>	<u>146,884</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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Regular Pay	\$ 382,500	\$ 331,316	\$ 51,184
Health Insurance	96,250	93,919	2,331
Life, Disability, LTC Insurance	4,800	3,883	917
Social Security	29,260	23,627	5,633
Retirement	21,400	18,744	2,656
Unemployment Insurance	525	524	1
Workers Compensation	46,760	47,473	(713)
Clothing & Safety	7,000	6,558	442
Telephone/Internet	2,770	2,703	67
Office Supplies	500	405	95
Stormwater Fees	2,875	1,976	899
Small Tools	2,000	1,504	496
Water	425	406	19
Grounds Maintenance	6,000	500	5,500
Buildings Maintenance	14,800	6,914	7,886
Rent	4,815	4,669	146
Electricity	3,570	3,620	(50)
Street Lights	26,655	28,529	(1,874)
Fuel - Propane	2,175	1,532	643
Fuel - Heat	10,000	5,431	4,569
Fuel - Equipment & Service	750	0	750
Equipment Maintenance	33,000	27,236	5,764
Vehicle Maintenance	30,000	33,612	(3,612)
Fuel - Gas	8,000	5,046	2,954
Fuel - Diesel	62,110	31,038	31,072
Public Works Director	48,595	47,526	1,069
Training	250	15	235
Tree Maintenance	4,000	6,085	(2,085)
Engineering	0	3,112	(3,112)
Contractors	19,275	2,520	16,755
Summer Maintenance	23,700	17,889	5,811
Bridges, Culverts and Guardrails	11,550	7,392	4,158
Chloride	9,300	10,452	(1,152)
Salt	56,000	51,620	4,380
Sand	54,000	55,424	(1,424)
Gravel	36,000	37,395	(1,395)
Stone	8,100	9,204	(1,104)
Gravel Resurfacing	32,800	21,048	11,752

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway/(Cont'd):			
Traffic Control Materials	\$ 18,700	\$ 20,018	\$ (1,318)
Miscellaneous	0	66	(66)
Property & Liability Insurance	15,955	16,499	(544)
New Equipment	2,000	487	1,513
Transfer to Highway Capital Fund	849,745	949,745	(100,000)
	<u>1,988,910</u>	<u>1,937,662</u>	<u>51,248</u>
Total Highway			
Library:			
Regular Pay	211,445	190,394	21,051
Part-time Pay	5,350	875	4,475
Health Insurance	18,915	18,870	45
Life, Disability, LTC Insurance	3,000	2,760	240
Social Security	16,585	14,294	2,291
Retirement	10,100	7,790	2,310
Unemployment Insurance	480	478	2
Workers Compensation	2,240	2,400	(160)
Commissioners Training	500	0	500
Computer Service	6,500	3,445	3,055
Software Licensing	2,550	2,144	406
Equipment Lease & Maintenance	1,640	1,708	(68)
Telephone/Internet	2,625	2,834	(209)
Postage	1,800	1,760	40
Office Supplies	4,100	3,897	203
Office Supplies - COVID	0	520	(520)
Transfer to Municipal Building Operating Fund	57,840	57,840	0
Tuition	1,525	37	1,488
Dues	555	330	225
Programs	4,000	2,885	1,115
Mileage Reimbursement	900	95	805
Program Supplies	2,500	1,908	592
Books	29,000	27,496	1,504
Property & Liability Insurance	1,100	1,100	0
Purchased By Donation	0	1,493	(1,493)
New Equipment	2,000	618	1,382
Transfer to Municipal Building Operating Fund - Debt	122,475	122,475	0
	<u>509,725</u>	<u>470,446</u>	<u>39,279</u>
Total Library			
Total Expenditures	<u>5,513,073</u>	<u>5,275,662</u>	<u>237,411</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(363,888)</u>	(13,700)	\$ <u>350,188</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, 2020

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

Library Reserve Fund Income	\$	2,360
Library Reserve Fund Expenses		(4,727)
Conservation Fund Income		1
Conservation Fund Expenses		(143)
Conservation Fund Transfer In		700
Municipal Building Operating Fund Income		915
Municipal Building Operating Fund Expenses		(342,789)
Municipal Building Operating Fund Transfer In		332,195
Local Development Corporation Fund Expenses		(53,164)
Local Development Corporation Fund Transfer In		<u>54,330</u>
 Net Change in Fund Balance		 (24,022)
 Fund Balance - January 1, 2020		 <u>167,049</u>
 Fund Balance - December 31, 2020	 \$	 <u><u>143,027</u></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, 2020

	2020	2019*	2018*	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 173,491,807	\$ 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	0.2623%	0.2592%	0.2592%	0.2520%	0.2521%	0.2652%	0.2664%
Town's Proportionate Share of the Net Pension Liability	\$ 455,005	\$ 364,681	\$ 364,681	\$ 305,289	\$ 324,419	\$ 204,429	\$ 24,316
Town's Covered Employee Payroll	\$ 790,279	\$ 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	57.5752%	40.4682%	42.1812%	40.1886%	46.7225%	30.0065%	3.6719%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.35%	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 seven years are shown.

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TOWN OF WATERBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$ 47,603	\$ 52,411	\$ 49,243	\$ 42,874	\$ 39,262	\$ 38,021	\$ 35,695
Contributions in Relation to the Actuarially Determined Contributions	<u>47,603</u>	<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>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 790,279	\$ 901,155	\$ 864,559	\$ 759,640	\$ 694,353	\$ 681,282	\$ 662,214
Contributions as a Percentage of Town's Covered Employee Payroll	6.024%	5.816%	5.696%	5.644%	5.654%	5.581%	5.390%

Notes to Schedule

Valuation Date: June 30, 2019

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

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	Special Revenue Funds	Capital Projects Fund Recreation Capital Fund	Total
<u>ASSETS</u>			
Loans Receivable (Net of Allowance for Uncollectibles)	\$ 147,064	\$ 0	\$ 147,064
Due from Other Funds	137,956	22,891	160,847
Total Assets	\$ 285,020	\$ 22,891	\$ 307,911
<u>LIABILITIES</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Loan Receivable	147,064	0	147,064
Total Deferred Inflows of Resources	147,064	0	147,064
<u>FUND BALANCES</u>			
Restricted	54,176	0	54,176
Committed	0	22,891	22,891
Assigned	83,780	0	83,780
Total Fund Balances	137,956	22,891	160,847
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 285,020	\$ 22,891	\$ 307,911

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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, 2020

	Special Revenue Funds	Capital Projects Fund <u>Recreation Capital Fund</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$ 42,018	\$ 0	\$ 42,018
Permits, Licenses and Fees	29,735	375	30,110
Investment Income/(Loss)	53	(6)	47
Donations	<u>0</u>	<u>1,000</u>	<u>1,000</u>
 Total Revenues	 <u>71,806</u>	 <u>1,369</u>	 <u>73,175</u>
Expenditures:			
General Government	14,174	0	14,174
Culture and Recreation	0	1,384	1,384
Community Development	16,160	0	16,160
Capital Outlay:			
Culture and Recreation	<u>0</u>	<u>11,468</u>	<u>11,468</u>
 Total Expenditures	 <u>30,334</u>	 <u>12,852</u>	 <u>43,186</u>
Excess/(Deficiency) of Revenues Over Expenditures	 <u>41,472</u>	 <u>(11,483)</u>	 <u>29,989</u>
Other Financing Sources/(Uses):			
Issuance of Long-term Debt	0	11,000	11,000
Transfers In	0	37,800	37,800
Transfers Out	<u>(7,450)</u>	<u>0</u>	<u>(7,450)</u>
 Total Other Financing Sources/(Uses)	 <u>(7,450)</u>	 <u>48,800</u>	 <u>41,350</u>
Net Change in Fund Balances	34,022	37,317	71,339
Fund Balances/(Deficit) - January 1, 2020	<u>103,934</u>	<u>(14,426)</u>	<u>89,508</u>
Fund Balances - December 31, 2020	\$ <u><u>137,956</u></u>	\$ <u><u>22,891</u></u>	\$ <u><u>160,847</u></u>

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TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2020

	<u>Reappraisal Fund</u>	<u>Records Restoration Fund</u>	<u>Community Development Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Loans Receivable (Net of Allowance for Uncollectibles)	\$ 0	\$ 0	\$ 147,064	\$ 147,064
Due from Other Funds	<u>83,780</u>	<u>46,645</u>	<u>7,531</u>	<u>137,956</u>
Total Assets	\$ <u><u>83,780</u></u>	\$ <u><u>46,645</u></u>	\$ <u><u>154,595</u></u>	\$ <u><u>285,020</u></u>
<u>LIABILITIES</u>				
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loan Receivable	<u>0</u>	<u>0</u>	<u>147,064</u>	<u>147,064</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>147,064</u>	<u>147,064</u>
<u>FUND BALANCES</u>				
Restricted	0	46,645	7,531	54,176
Assigned	<u>83,780</u>	<u>0</u>	<u>0</u>	<u>83,780</u>
Total Fund Balances	<u>83,780</u>	<u>46,645</u>	<u>7,531</u>	<u>137,956</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>83,780</u></u>	\$ <u><u>46,645</u></u>	\$ <u><u>154,595</u></u>	\$ <u><u>285,020</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2020

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
Revenues:				
Intergovernmental	\$ 21,499	\$ 0	\$ 20,519	\$ 42,018
Permits, Licenses and Fees	0	29,735	0	29,735
Investment Income	34	16	3	53
Total Revenues	21,533	29,751	20,522	71,806
Expenditures:				
General Government	0	14,174	0	14,174
Community Development	0	0	16,160	16,160
Total Expenditures	0	14,174	16,160	30,334
Excess of Revenues Over Expenditures	21,533	15,577	4,362	41,472
Other Financing Sources/(Uses):				
Transfers Out	(7,450)	0	0	(7,450)
Total Other Financing Sources/(Uses)	(7,450)	0	0	(7,450)
Net Change in Fund Balances	14,083	15,577	4,362	34,022
Fund Balances - January 1, 2020	69,697	31,068	3,169	103,934
Fund Balances - December 31, 2020	\$ 83,780	\$ 46,645	\$ 7,531	\$ 137,956

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 DECEMBER 31, 2020

	<u>Veteran's Monument Fund</u>	<u>C.C. Fisher Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Investments	\$ 92,683	\$ 27,835	\$ 120,518
Due from Other Funds	<u>5,527</u>	<u>3,936</u>	<u>9,463</u>
Total Assets	<u>\$ 98,210</u>	<u>\$ 31,771</u>	<u>\$ 129,981</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position:			
Restricted:			
Held in Trust for Other Purposes	<u>98,210</u>	<u>31,771</u>	<u>129,981</u>
Total Net Position	<u>98,210</u>	<u>31,771</u>	<u>129,981</u>
Total Liabilities and Net Position	<u>\$ 98,210</u>	<u>\$ 31,771</u>	<u>\$ 129,981</u>

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, 2020

	Veteran's Monument Fund	C.C. Fisher Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Investment Income	\$ <u>6,717</u>	\$ <u>3,818</u>	\$ <u>10,535</u>
Total Additions	<u>6,717</u>	<u>3,818</u>	<u>10,535</u>
Deductions:			
Miscellaneous	<u>2,216</u>	<u>0</u>	<u>2,216</u>
Total Deductions	<u>2,216</u>	<u>0</u>	<u>2,216</u>
Change in Net Position	4,501	3,818	8,319
Net Position - January 1, 2020	<u>93,709</u>	<u>27,953</u>	<u>121,662</u>
Net Position - December 31, 2020	<u><u>\$ 98,210</u></u>	<u><u>\$ 31,771</u></u>	<u><u>\$ 129,981</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.
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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, 2020, 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 July 15, 2021.

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 2020-01 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 July 15, 2021.

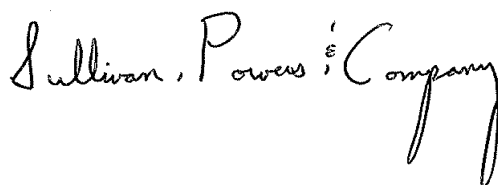
Town of Waterbury, Vermont's Response to Deficiency in Internal Control

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.

July 15, 2021
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF WATERBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2020

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2020-01 Tax Sale Escrow Account

Criteria:

Internal controls should be in place to ensure the tax sale escrow activity has been reconciled to the general ledger at year-end.

Condition:

The Town did not have internal controls in place to ensure that the tax sale escrow activity was reconciled to the general ledger at year-end.

Cause:

Unknown.

Effect:

The Town's tax sale escrow cash account and tax sale overpayments liability account was understated at year-end.

Recommendation:

We recommend that the Town implement controls to ensure the tax sale escrow activity is reconciled to the general ledger at year-end.



WATERBURY MUNICIPAL OFFICE

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September 2, 2021

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In Responses to Auditors Findings and Deficiencies in Internal Control
December 31, 2020
Town of Waterbury

The audit report for the year ended December 31, 2020 contained one noted significant deficiency. This is the response from management:

2020-1 Tax Sale Escrow Account Unreconciled to the General Ledger

The town, as a practice, has kept a separate statement savings account to account for funds on deposits and other transactions related to tax sales. Almost always, the account has had a balance of about \$10 of "petty cash" simply to keep the account open. This petty cash has never been shown on the town's balance sheet. In early 2020, the town held a tax sale where 3 properties were actually "sold" to a high bidder. The money from those three "sales" had to be kept in escrow and interest earned on the money had to be accounted for until the properties were redeemed by their owners or until a tax collector's deed was issued to the high bidder who then became the buyer.

Neither deposits made into this account nor interest earned on it were posted as a liability to the town's financial statements. After the tax sale, the town took the tax obligation it was owed, depositing it into its general fund. The remaining money in the account belonged to the high bidders for each of the three properties and, as such, was kept in escrow in the separate savings account. The high bidders were entitled to their money back plus interest if the property was redeemed. If the property was actually transferred by tax collector's deed to the high bidder, the money on deposit plus interest earned on it was paid out to the former owner. As such, any money held by the town cannot be considered an asset, but is a liability as it all of it will eventually be paid out to another party.

As a result of this finding in the town's audit report, management along with the town treasurer, has agreed to close this "tax sale escrow" savings account. The small balance in the account, presently about \$11, will be deposited into the town's general checking account. A new fund will be established and the activity in the "tax escrow account" will now be accounted for and will be posted to the town's financial statements.



William A. Shepeluk, Municipal Manager



9/2/21