

TOWN OF WATERBURY, VERMONT

AUDIT REPORT

DECEMBER 31, 2021

TOWN OF WATERBURY, VERMONT
 AUDIT REPORT
 TABLE OF CONTENTS
 DECEMBER 31, 2021

		<u>Page #</u>
Independent Auditor's Report		1-4
Basic Financial Statements:		
Statement of Net Position	Exhibit A	5
Statement of Activities	Exhibit B	6
Governmental Funds:		
Balance Sheet	Exhibit C	7
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit E	9
Fiduciary Funds:		
Statement of Fiduciary Net Position	Exhibit F	10
Statement of Changes in Fiduciary Net Position	Exhibit G	11
Notes to the Financial Statements		12-39
Required Supplementary Information:		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	Schedule 1	40-50
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 2	51
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 3	52

TOWN OF WATERBURY, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
DECEMBER 31, 2021

	<u>Page #</u>
Other Information:	
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 4 53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 5 54
Combining Balance Sheet - Non-Major Special Revenue Funds	Schedule 6 55
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	Schedule 7 56
Combining Schedule of Fiduciary Net Position - Private-Purpose Trust Funds	Schedule 8 57
Combining Schedule of Changes in Fiduciary Net Position - Private-Purpose Trust Funds	Schedule 9 58
 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"	 59-60
 Schedule of Findings and Deficiencies in Internal Control	 61
 Response to Deficiencies in Internal Control	

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterbury, Vermont as of and for the year ended December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterbury, Vermont, as of December 31, 2021, 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.

Basis for Opinions

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

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective December 31, 2021, the Town implemented GASB Statement No. 84, "Fiduciary Activities".

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waterbury, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waterbury, Vermont's ability to continue as a going concern for a reasonable period of time.

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

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

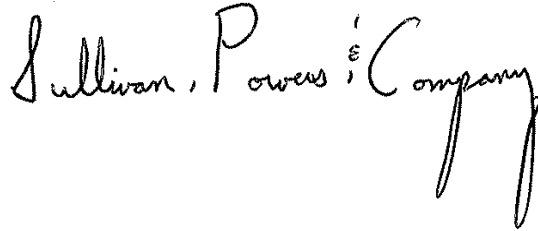
Other Information

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 express no opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated June 20, 2022 on our consideration of the Town of Waterbury, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waterbury, Vermont’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Waterbury, Vermont’s internal control over financial reporting and compliance.

June 20, 2022
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 'S' at the beginning and a long, sweeping tail at the end.

TOWN OF WATERBURY, VERMONT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,979,594
Investments	1,156,962
Receivables	352,033
Loans Receivable	147,064
Prepaid Expenses	13,426
Capital Assets:	
Land	40,000
Construction in Progress	28,236
Other Capital Assets, (Net of Accumulated Depreciation)	42,104,237
Total Assets	46,821,552
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	281,108
Total Deferred Outflows of Resources	281,108
<u>LIABILITIES</u>	
Accounts Payable	414,903
Accrued Payroll and Benefits Payable	27,137
Due to Fiduciary Funds	344,470
Unearned Revenue	807,206
Accrued Interest Payable	28,485
Noncurrent Liabilities:	
Due within One Year	473,339
Due in More than One Year	5,286,754
Total Liabilities	7,382,294
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	989
Deferred Inflows of Resources Related to the Town's Participation in VMERS	26,873
Total Deferred Inflows of Resources	27,862
<u>NET POSITION</u>	
Net Investment in Capital Assets	37,103,969
Restricted:	
Non-Expendable:	
Cemetery	418,000
Tax Stabilization	644,000
Expendable:	
Culture and Recreation	656,055
Community Development	154,599
Cemetery	227,918
Tax Stabilization	408,306
Other Purposes	48,468
Unrestricted	31,189
Total Net Position	\$ 39,692,504

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

TOWN OF WATERBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 1,480,691	\$ 270,018	\$ 83,345	\$ 0	\$ (1,127,328)
Public Safety	965,716	118,309	0	0	(847,407)
Highways and Streets	1,605,691	9,615	183,752	3,165,520	1,753,196
Culture and Recreation	832,299	231,721	87,614	0	(512,964)
Community Development	70,170	0	0	0	(70,170)
Solid Waste	36,273	0	0	0	(36,273)
Cemetery	64,868	23,525	51,500	10,000	20,157
Interest on Long-term Debt	178,553	0	0	0	(178,553)
Total Primary Government	\$ 5,234,261	\$ 653,188	\$ 406,211	\$ 3,175,520	(999,342)
General Revenues:					
Property Taxes					4,015,399
Penalties and Interest on Delinquent Taxes					63,303
Payments in Lieu of Taxes					350,765
General State Grants					207,342
Unrestricted Investment Earnings					207,545
Gain on Sale of Equipment					850
Other Revenues					7,697
Total General Revenues					4,852,901
Change in Net Position					3,853,559
Net Position - January 1, 2021					35,838,945
Net Position - December 31, 2021					\$ 39,692,504

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

TOWN OF WATERBURY, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	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	\$ 2,822,913	\$ 0	\$ 0	\$ 705	\$ 2	\$ 155,974	\$ 0	\$ 2,979,594
Investments	0	0	0	374,423	289,694	492,845	0	1,156,962
Receivables	175,533	170,000	0	0	6,500	0	0	352,033
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	0	147,064	147,064
Advances to Other Funds	0	0	0	499,300	0	0	0	499,300
Due from Other Funds	0	0	682,872	177,878	349,722	0	161,520	1,371,992
Prepaid Items	13,426	0	0	0	0	0	0	13,426
Total Assets	\$ 3,011,872	\$ 170,000	\$ 682,872	\$ 1,052,306	\$ 645,918	\$ 648,819	\$ 308,584	\$ 6,520,371
LIABILITIES								
Accounts Payable	\$ 259,146	\$ 155,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 414,903
Accrued Payroll and Benefits Payable	27,137	0	0	0	0	0	0	27,137
Advances from Other Funds	18,000	207,900	273,400	0	0	0	0	499,300
Due to Other Funds	1,317,046	355,260	0	0	0	0	44,156	1,716,462
Unearned Revenue	807,206	0	0	0	0	0	0	807,206
Total Liabilities	2,428,535	718,917	273,400	0	0	0	44,156	3,465,008
DEFERRED INFLOWS OF RESOURCES								
Prepaid Property Taxes	989	0	0	0	0	0	0	989
Unavailable Property Taxes, Penalties and Interest	120,000	0	0	0	0	0	0	120,000
Unavailable Grants	0	170,000	0	0	0	0	0	170,000
Unavailable Loan Receivable	0	0	0	0	0	0	147,064	147,064
Total Deferred Inflows of Resources	120,989	170,000	0	0	0	0	147,064	438,053
FUND BALANCES/(DEFICIT)								
Nonspendable	13,426	0	0	644,000	418,000	0	0	1,075,426
Restricted	97,861	0	0	408,306	227,918	648,819	56,003	1,438,907
Committed	18,513	0	409,472	0	0	0	0	427,985
Assigned	0	0	0	0	0	0	105,517	105,517
Unassigned/(Deficit)	332,548	(718,917)	0	0	0	0	(44,156)	(430,525)
Total Fund Balances/(Deficit)	462,348	(718,917)	409,472	1,052,306	645,918	648,819	117,364	2,617,310
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,011,872	\$ 170,000	\$ 682,872	\$ 1,052,306	\$ 645,918	\$ 648,819	\$ 308,584	
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.								42,172,473
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.								437,064
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.								(5,788,578)
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.								254,235
Net Position of Governmental Activities								\$ 39,692,504

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

TOWN OF WATERBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ 4,045,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,045,399
Penalties and Interest on Delinquent Taxes	63,303	0	0	0	0	0	0	63,303
Payments in Lieu of Taxes	350,765	0	0	0	0	0	0	350,765
Intergovernmental	410,682	0	0	0	6,500	0	21,679	438,861
Charges for Services	472,671	0	0	0	23,525	0	0	496,196
Permits, Licenses and Fees	128,835	0	0	0	0	0	28,157	156,992
Investment Income	2,002	0	397	54,578	47,803	102,677	88	207,545
Donations	80,210	0	0	0	45,000	7,404	10,000	142,614
Other	6,717	0	0	0	980	0	0	7,697
Total Revenues	5,560,584	0	397	54,578	123,808	110,081	59,924	5,909,372
Expenditures:								
General Government	1,278,836	0	0	0	0	0	26,000	1,304,836
Public Safety	789,848	0	8,025	0	0	0	0	797,873
Highways and Streets	1,064,808	44,849	0	0	0	0	0	1,109,657
Culture and Recreation	773,628	0	0	0	0	225	20,673	794,526
Community Development	70,170	0	0	0	0	0	0	70,170
Solid Waste	36,273	0	0	0	0	0	0	36,273
Cemetery	0	0	0	0	64,868	0	0	64,868
Capital Outlay:								
Highways and Streets	0	1,095,509	0	0	0	0	0	1,095,509
Culture and Recreation	0	0	0	0	0	0	66,207	66,207
Debt Service:								
Principal	307,500	65,853	37,096	0	0	0	427	410,876
Interest	133,310	17,195	17,190	0	0	0	100	167,795
Total Expenditures	4,454,373	1,223,406	62,311	0	64,868	225	113,407	5,918,590
Excess/(Deficiency) of Revenues Over Expenditures	1,106,211	(1,223,406)	(61,914)	54,578	58,940	109,856	(53,483)	(9,218)
Other Financing Sources/(Uses):								
Proceeds from Sale of Equipment	0	850	0	0	0	0	0	850
Transfers In	26,365	606,255	192,000	0	5,000	0	10,000	839,620
Transfers Out	(813,255)	0	0	0	0	(26,365)	0	(839,620)
Total Other Financing Sources/(Uses)	(786,890)	607,105	192,000	0	5,000	(26,365)	10,000	850
Net Change in Fund Balances	319,321	(616,301)	130,086	54,578	63,940	83,491	(43,483)	(8,368)
Fund Balances/(Deficit) - January 1, 2021	143,027	(102,616)	279,386	997,728	581,978	565,328	160,847	2,625,678
Fund Balances/(Deficit) - December 31, 2021	\$ 462,348	\$ (718,917)	\$ 409,472	\$ 1,052,306	\$ 645,918	\$ 648,819	\$ 117,364	\$ 2,617,310

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, 2021

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)	\$	(8,368)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,161,716) is allocated over their estimated useful lives and reported as depreciation expense (\$719,328). This is the amount by which capital outlays exceeded depreciation in the current period.		442,388
The effect of a capital grant for the construction of Town roads by the State of Vermont is to increase net position.		3,189,550
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position		(85,592)
The issuance of long-term debt (\$-0-) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$410,876) 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.		410,876
Governmental funds report employer pension contributions as expenditures (\$58,201). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$135,629) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(77,428)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(11,952)
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>(5,915)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>3,853,559</u></u>

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

TOWN OF WATERBURY, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Investments	\$ 141,254	\$ 0
Due from Other Funds	9,470	335,000
Total Assets	\$ 150,724	\$ 335,000
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to School District	\$ 0	\$ 335,000
Total Liabilities	0	335,000
Net Position:		
Restricted:		
Held in Trust for Other Purposes	150,724	0
Total Net Position	150,724	0
Total Liabilities and Net Position	\$ 150,724	\$ 335,000

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, 2021

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
	<u> </u>	<u> </u>
Additions:		
Investment Income	\$ 20,743	\$ 0
Education Taxes Collected for Other Governments	<u>0</u>	<u>12,043,000</u>
Total Additions	<u>20,743</u>	<u>12,043,000</u>
Deductions:		
Education Taxes Distributed to Other Governments	<u>0</u>	<u>12,043,000</u>
Total Deductions	<u>0</u>	<u>12,043,000</u>
Change in Net Position	20,743	0
Net Position - January 1, 2021	<u>129,981</u>	<u>0</u>
Net Position - December 31, 2021	<u>\$ 150,724</u>	<u>\$ 0</u>

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Additionally, the Town reports the following fund types:

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.

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. 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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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. New Pronouncement – Fiduciary Activities

Effective December 31, 2021, the Town implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund. As a result, the collection and remittance of education taxes on behalf of other governments are now presented in a Custodial Fund.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

G. 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.”

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

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

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

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

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.

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

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

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

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

**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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

Pension-related differences arise because governmental funds report the current period's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources, if made after the measurement date. 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, the Local Development Corporation Fund and the ARPA Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$139,910. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures over Appropriations

For the year ended December 31, 2021 expenditures in the General Fund exceeded appropriations by \$54,045. These over-expenditures were funded by excess revenues.

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of December 31, 2021 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$2,833,941
Deposits held by Investment Companies	<u>145,653</u>
Total Cash	<u>2,979,594</u>
Investments:	
Corporate Bonds	23,883
Mutual Funds – Mixed Holdings	1,055,487
Annuity Contract	<u>218,846</u>
Total Investments	<u>1,298,216</u>
Total Cash and Investments	<u>\$4,277,810</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	\$ 406,681	\$ 406,681
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>2,572,913</u>	<u>2,656,951</u>
Total	<u>\$2,979,594</u>	<u>\$3,063,632</u>

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$2,833,941
Cash – Deposits held by Investment Companies	<u>145,653</u>
Total	<u>\$2,979,594</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	\$ 17,039	\$ 6,844	\$ 23,883

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, 2021
Corporate Bonds	A
	\$ 23,883

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$218,846 (17%) 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, 2021:

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	\$ 23,883	\$ 23,883	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	1,055,487	1,055,487	0	0
Total	<u>\$ 1,079,370</u>	<u>\$ 1,079,370</u>	<u>\$ 0</u>	<u>\$ 0</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

B. Receivables

Receivables as of December 31, 2021, as reported in the statement of net position, are as follows:

		<u>Governmental Activities</u>
Delinquent Taxes Receivable	\$	140,265
Penalties and Interest Receivable		16,113
Grants Receivable		177,600
Due from Other Entities		12,419
Accounts Receivable		<u>5,636</u>
Total	\$	<u><u>352,033</u></u>

C. Loans Receivable

Loans receivable as of December 31, 2021 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><u>\$147,064</u></u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

D. Capital Assets

Capital asset activity for the year ended December 31, 2021 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	21,009,057	3,420,615	24,401,436	28,236
Total Capital Assets, Not Being Depreciated	<u>21,049,057</u>	<u>3,420,615</u>	<u>24,401,436</u>	<u>68,236</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,430,428	61,450	0	9,491,878
Vehicles, Machinery and Equipment	5,377,283	342,986	1,095,652	4,624,617
Infrastructure	8,821,512	24,929,158	0	33,750,670
Totals	<u>23,629,223</u>	<u>25,333,594</u>	<u>1,095,652</u>	<u>47,867,165</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	1,848,838	238,951	0	2,087,789
Vehicles, Machinery and Equipment	2,834,003	227,718	1,008,553	2,053,168
Infrastructure	1,369,312	252,659	0	1,621,971
Totals	<u>6,052,153</u>	<u>719,328</u>	<u>1,008,553</u>	<u>5,762,928</u>
Total Capital Assets, Being Depreciated	<u>17,577,070</u>	<u>24,614,266</u>	<u>87,099</u>	<u>42,104,237</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,626,127</u>	<u>\$ 28,034,881</u>	<u>\$ 24,488,535</u>	<u>\$ 42,172,473</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 145,855
Public Safety	167,843
Highways and Streets	384,117
Culture and Recreation	<u>21,513</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 719,328</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

E. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2021 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 1,317,046
Highway Capital Fund	0	355,260
Fire Department Capital Fund	682,872	0
Tax Stabilization Fund	177,878	0
Cemetery Fund	349,722	0
Non-Major Governmental Funds	161,520	44,156
Private-Purpose Trust Funds	9,470	0
Custodial Fund - Education Tax Fund	<u>335,000</u>	<u>0</u>
	<u>\$ 1,716,462</u>	<u>\$ 1,716,462</u>

The composition of advances to/from other funds as of December 31, 2021 are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund (Municipal Building Operating Fund)	\$ 0	\$ 18,000
Highway Capital Fund	0	207,900
Fire Department Capital Fund	0	273,400
Tax Stabilization Fund	<u>499,300</u>	<u>0</u>
	<u>\$ 499,300</u>	<u>\$ 499,300</u>

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

Advance to the General Fund (Municipal Building Operating Fund) from the Tax Stabilization Fund for Building Improvements, Interest at 2.75%, Principal Payments of \$6,000 Plus Interest Payable Annually	\$ 18,000
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	37,500
Advance to the Highway Capital Fund from the Tax Stabilization Fund for a Highway Grader, Interest at 4%, Principal Payments of \$28,400 Plus Interest Payable Annually	170,400

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$ 78,400

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 195,000

Total Advances to/from Other Funds \$499,300

Interfund transfers during the year ended December 31, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Conservation Fund	\$ 700	* Appropriation
General Fund	Municipal Building Operating Fund	340,105	* Appropriation
General Fund	Local Development Corporation Fund	53,170	* Appropriation
General Fund	Highway Capital Fund	586,255	Appropriation
General Fund	Highway Capital Fund	20,000	Transfer Excess PILOT Payment
General Fund	Fire Department Capital Fund	192,000	Appropriation
General Fund	Cemetery Fund	5,000	Appropriation
General Fund	Recreation Capital Fund	10,000	Appropriation
Library Trust Fund	General Fund	<u>26,365</u>	Appropriation
Total		<u>\$ 1,233,595</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 \$54,460 from the difference between the expected and actual experience, \$57,834 from the difference between the projected and actual investment earnings, \$81,071 from changes in assumptions and \$4,023 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 \$83,720 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$281,108.

G. Unearned Revenue

Unearned revenue in the governmental activities and General Fund consists of \$28,945 of fire coverage charges and \$778,261 of grant revenue received in advance. Total unearned revenue in the governmental activities and General Fund is \$807,206.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

H. Due to School District

The Town has billed and collected education taxes for the State of Vermont as of December 31, 2021 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, 2021 was \$335,000.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$989 of prepaid property taxes. It also includes \$1,792 from the difference between the expected and actual experience and \$25,081 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$27,862.

Deferred inflows of resources in the General Fund consists of \$120,000 of delinquent property taxes, penalties and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$989 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$120,989.

Deferred inflows of resources in the Highway Capital Fund consists of \$170,000 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.

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 notes 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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Long-term liabilities outstanding as of December 31, 2021 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	\$1,600,000	\$ 0	\$160,000	\$1,440,000
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	2,212,500	0	147,500	2,065,000
Bond Payable, Vermont Municipal Bond Bank, Paving, Principal Payments of \$50,000 Payable on November 1 Annually, Interest Rates Ranging from 1.491% to 2.571% Payable on May 1 and November 1, Due November, 2026	300,000	0	50,000	250,000
Note Payable, Community National Bank, Capital Improvements, Principal and Interest Payments of \$85,609 Payable on June 7 Annually Beginning June 7, 2022, Interest at 2.0%, Due June, 2036. The Town Refinanced \$266,880 of this Note with Community National Bank During the Year.	1,366,880	0	266,880	1,100,000
Note Payable, Community National Bank, Capital Improvements, Principal and Interest Payments of \$55,540 Payable on December 21 Annually, Interest at 1.55%, Due December, 2025	<u>0</u>	<u>266,880</u>	<u>53,376</u>	<u>213,504</u>
Total	<u>\$5,479,380</u>	<u>\$266,880</u>	<u>\$677,756</u>	<u>\$5,068,504</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 4,112,500	\$ 0	\$ 357,500	\$ 3,755,000	\$ 357,500
Notes Payable	1,366,880	266,880	320,256	1,313,504	115,839
Compensated Absences Payable	91,735	0	4,843	86,892	0
Net Pension Liability	455,005	149,692	0	604,697	0
 Total Governmental Activities Long-term Liabilities	 <u>\$ 6,026,120</u>	 <u>\$ 416,572</u>	 <u>\$ 682,599</u>	 <u>\$ 5,760,093</u>	 <u>\$ 473,339</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.

Debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2022	\$ 473,339	\$ 152,652
2023	475,420	140,287
2024	477,539	127,562
2025	479,376	114,887
2026	426,352	101,323
2027-2031	1,742,975	318,452
2032-2036	993,503	84,842
Total	<u>\$ 5,068,504</u>	<u>\$ 1,040,005</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.

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

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.

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

Major Funds

General Fund:		
Nonspendable Prepaid Items		\$ 13,426
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>\$1,075,426</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)		\$ 90,625
Restricted for Library Expenses by Donations (Source of Revenue is Donations)		<u>7,236</u>
	Total General Fund	<u>97,861</u>
Tax Stabilization Fund:		
Restricted for Reduction of Property Taxes by Agreement (Source of Revenue is Donations) – Expendable Portion		<u>408,306</u>

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

Cemetery Fund:	
Restricted for Cemetery Fund Expenses by Donations and Lot Sales (Source of Revenue is Donations and Lot Sales)	\$ <u>227,918</u>
Library Trust Fund:	
Restricted for Library Trust Expenses by Trust Agreements (Source of Revenue is Donations)	<u>648,819</u>
 <u>Non-Major Funds</u>	
Special Revenue Funds:	
Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)	48,468
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	<u>7,535</u>
Total Non-Major Funds	<u>56,003</u>
Total Restricted Fund Balances	<u>\$1,438,907</u>

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

Major Funds

General Fund:	
Committed for Conservation Commission Expenses by the Voters	\$ 2,592
Committed for Library Expenses by the Voters	<u>15,921</u>
Total General Fund	<u>18,513</u>
Fire Department Capital Fund:	
Committed for Fire Department Capital Expenditures by the Voters	<u>409,472</u>
Total Committed Fund Balances	<u>\$427,985</u>

The fund balances in the following fund is assigned as follows:

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>\$105,517</u>
Total Assigned Fund Balances	<u>\$105,517</u>

The unassigned deficit of \$718,917 in the Highway Capital Fund will be funded with future appropriations.

The unassigned deficit of \$44,156 in the Recreation Capital Fund will be funded with future appropriations.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

L. Restricted Net Position

The restricted net position of the Town as of December 31, 2021 consisted of the following:

Governmental Activities:

Restricted for Library Expenses by Donations	\$ 7,236
Restricted for Reduction of Property Taxes by Agreement – Non-Expendable Portion	644,000
Restricted for Reduction of Property Taxes by Agreement – Expendable Portion	408,306
Restricted for Cemetery Fund Expenses by Donations and Lot Sales – Non-Expendable Portion	418,000
Restricted for Cemetery Fund Expenses by Donations and Lot Sales – Expendable Portion	227,918
Restricted for Library Trust Fund Expenses by Trust Agreements	648,819
Restricted for Records Restoration by Statute	48,468
Restricted for Community Development by Grant Agreements	<u>154,599</u>
 Total Governmental Activities	 <u>\$2,557,346</u>

The net position held in trust for various purposes in the Town’s Private-Purpose Trust Funds as of December 31, 2021 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Veteran’s Monument Expenses by Trust Agreement	\$114,131
Restricted for C. C. Fisher Fund Expenses by Trust Agreement	<u>36,593</u>
 Total Private-Purpose Trust Funds	 <u>\$150,724</u>

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, 2020, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2020, the measurement date selected by the State of Vermont, VMERS was funded at 74.52% and had a plan fiduciary net position of \$740,052,895 and a total pension liability of \$993,026,959 resulting in a net position liability of \$252,974,064. As of December 31, 2021, the Town's proportionate share of this was 0.2390% resulting in a net pension liability of \$604,697. The net pension liability was measured as of June 30, 2020, 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 0.2390% was a decrease of 0.0233 from its proportion measured as of the prior year.

For the year ended December 31, 2021, the Town recognized pension expense of \$135,629.

As of December 31, 2021, 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	\$ 54,460	\$ 1,792
Difference between projected and actual investment earnings on pension assets	57,834	0
Changes in assumptions	81,071	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,023	25,081
Town's required employer contributions made subsequent to the measurement date	<u>83,720</u>	<u>0</u>
	<u>\$ 281,108</u>	<u>\$ 26,873</u>

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

The required contributions made subsequent to the measurement date consists of contributions made from July 1, 2020 to December 31, 2020 of \$25,519 and contributions made from January 1, 2021 to December 31, 2021 of \$58,201. Total required contributions made subsequent to the measurement is \$83,720.

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$83,720 will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending</u> <u>December 31</u>	
2022	\$ 49,123
2023	51,406
2024	42,206
2025	<u>27,780</u>
Total	<u>\$170,515</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.

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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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 – 3.00%. Group B – 5.375%. Group C – 10.50%. Group D – 11.85%.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Employer Contributions – Group A – 4.50%. Group B – 6.00%. Group C – 7.75%. Group D – 10.35%.

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

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation, a decrease from 7.50% in the prior year.

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

Mortality:

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

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

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

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

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, 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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Inflation: 2.30%

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, 2020 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%	7.07%
US Equity – Large Cap	4%	6.19%
US Equity – Small/Mid Cap	3%	6.93%
Non-US Equity – Large Cap	5%	7.01%
Non-US Equity – Small Cap	2%	7.66%
Emerging Markets Debt	4%	3.66%
Core Bond	20%	0.39%
Private & Alternate Credit	10%	6.03%
US TIPS	3%	(0.20)%
Core Real Estate	5%	4.06%
Non-Core Real Estate	3%	6.43%
Private Equity	10%	11.27%
Infrastructure/Farmland	2%	5.44%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%, a decrease from 7.50% in the prior year. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. 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.

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

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

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$923,854	\$604,697	\$342,098

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 \$174,045. Pension expense for the years ended December 31, 2021, 2020 and 2019 were \$8,920, \$7,971 and \$8,197, 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.

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.

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

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, 2021, property taxes became due and payable on August 13, 2021 and November 5, 2021. 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 2021 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5200	.5200
Local Agreement	.0036	.0036
Education	<u>1.7986</u>	<u>1.7560</u>
Total	<u>2.3222</u>	<u>2.2796</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
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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Government:			
Tax Revenues:			
Property Taxes	\$ 2,172,485	\$ 2,178,274	\$ 5,789
Tax Interest	22,000	23,877	1,877
Tax Penalty	27,000	39,426	12,426
Tax Sale Fees	1,500	86	(1,414)
.225 of 1% School Taxes	<u>26,350</u>	<u>27,360</u>	<u>1,010</u>
Total Tax Revenues	<u>2,249,335</u>	<u>2,269,023</u>	<u>19,688</u>
Other Governments:			
Village Administration Service Fee	91,800	91,800	0
Traffic Control Income	6,000	441	(5,559)
PILOT	160,000	350,765	190,765
Mileage Reimbursement	300	95	(205)
Forest & Parks	30,000	91,660	61,660
Current Use	35,000	113,003	78,003
Railroad Tax	2,700	2,679	(21)
VTRANS Grant Income	25,000	31,268	6,268
Reservoir Grant Income	3,200	2,328	(872)
Duxbury Fire Contract	115,360	115,362	2
Moretown Fire Contract	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Total Other Governments	<u>471,860</u>	<u>801,901</u>	<u>330,041</u>
Service Fees:			
Town Clerk Fees	100,000	101,493	1,493
Animal Control Income	0	6	6
Historical Society	3,000	3,000	0
Swimming Pool Income	40,000	46,181	6,181
Recreation Program Income	90,000	90,800	800
Mini-Camp Income	15,000	69,843	54,843
Recreation/Pool Snacks	1,500	2,090	590
Recreation Buildings Rentals	2,000	2,850	850
Red Cross Training Fees	5,500	5,600	100
Recreation Donations	5,000	64,220	59,220
Parks & Fields Income	5,000	8,850	3,850
Planning Fees	<u>24,000</u>	<u>20,622</u>	<u>(3,378)</u>
Total Service Fees	<u>291,000</u>	<u>415,555</u>	<u>124,555</u>
Interest & Transfers In:			
Interest on Sweep & CD's	5,000	1,791	(3,209)
Transfer from Tax Stabilization Fund	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Total Interest & Transfers In	<u>55,000</u>	<u>1,791</u>	<u>(53,209)</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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Miscellaneous	\$ 0	\$ 4,317	\$ 4,317
Total Miscellaneous	0	4,317	4,317
Transportation Liaison Grant Income:	0	24,975	24,975
Total General Government	3,067,195	3,517,562	450,367
Highway:			
Property Taxes	1,428,575	1,428,575	0
VT State Aid	85,000	120,497	35,497
Federal Excise Tax	500	228	(272)
Highway Labor/Materials	10,000	7,175	(2,825)
Pool Cross Charges	3,000	1,350	(1,650)
Overweight Permits & Miscellaneous	1,000	1,090	90
Special Projects Grant Income	0	7,922	7,922
Highway Grant Income	0	13,027	13,027
Miscellaneous	1,230	2,400	1,170
Total Highway	1,529,305	1,582,264	52,959
Library:			
Property Taxes	438,550	438,550	0
Library Grant Income	0	3,000	3,000
Rent - Buildings and Grounds	0	50	50
Fees and Miscellaneous	200	672	472
Donations	0	11,328	11,328
Non-Resident Fees	2,250	4,425	2,175
Library Trust	26,365	26,365	0
Total Library	467,365	484,390	17,025
Total Revenues	5,063,865	5,584,216	520,351
Expenditures:			
General Government:			
General:			
Regular Pay	349,200	352,314	(3,114)
Selectboard	6,500	6,500	0
Clerk	57,420	58,043	(623)
Listers	1,500	1,500	0
Listers - Regular Pay	48,420	48,530	(110)
Historical Society Clerk	8,625	8,472	153
Health Insurance	80,855	84,463	(3,608)
Life, Disability, LTC Insurance	4,080	3,777	303
Social Security	36,080	36,082	(2)

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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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
General/(Cont'd):			
Retirement	\$ 18,195	\$ 21,055	\$ (2,860)
Unemployment Insurance	1,675	1,676	(1)
Workers Compensation	3,220	3,221	(1)
Computer Services	10,000	15,107	(5,107)
Tax Mapping	2,500	2,502	(2)
Professional Services	7,425	7,279	146
Legal Service	12,000	11,247	753
Clerical/Video Meeting	1,800	1,635	165
Voting Machine	2,200	3,375	(1,175)
Elections - COVID	0	1,844	(1,844)
Telephone/Internet	5,300	5,243	57
Postage	4,985	6,134	(1,149)
Advertising	650	330	320
Website	8,500	8,070	430
Printing - Annual Report	700	1,293	(593)
Office Supplies	11,000	11,340	(340)
Transfer to Municipal Building Operating Fund	53,245	53,245	0
Training	750	4,433	(3,683)
Manager's Professional Development	700	190	510
Association Dues	1,110	1,120	(10)
Travel & Meals	500	438	62
Commercial Audit	25,000	23,580	1,420
County Taxes	84,520	84,520	0
Property & Liability Insurance	18,815	19,617	(802)
VLCT Dues	7,390	7,390	0
Bank Charges	300	942	(642)
Memorial Day/July 4th	2,000	12,000	(10,000)
Miscellaneous	0	28	(28)
New Equipment	6,000	3,085	2,915
Senior Citizens	12,500	12,500	0
Transfer to Cemetery Fund	5,000	5,000	0
Waterbury Historical Society	2,200	2,040	160
Economic Development to Revitalizing Waterbury	53,170	53,170	0
	<u>956,030</u>	<u>984,330</u>	<u>(28,300)</u>
Total General			
Public Safety:			
Contracted Services	383,400	374,251	9,149
Waterbury Ambulance Service, Inc.	39,770	39,770	0
	<u>423,170</u>	<u>414,021</u>	<u>9,149</u>
Total Public Safety			

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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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Regular Pay	\$ 26,710	\$ 22,296	\$ 4,414
Part-time Pay	48,705	47,739	966
Life & Disability Insurance	2,900	2,724	176
Social Security	5,770	5,358	412
Unemployment Insurance	75	74	1
Workers Compensation	7,000	6,745	255
Physicals & Vaccination	1,000	0	1,000
Dispatching	85,000	84,060	940
Equipment Maintenance	14,700	17,994	(3,294)
Communications	6,500	6,889	(389)
Telephone/TV/Internet	9,740	9,989	(249)
Office Supplies	500	325	175
Canteen	125	0	125
Small Tools	500	0	500
Water	3,000	2,612	388
Building Maintenance	30,000	30,519	(519)
Utilities - Electric/Solar	8,690	8,169	521
Heat/Generator	6,635	8,248	(1,613)
Fuel Equipment & Service	0	1,650	(1,650)
Vehicle Maintenance	15,900	49,531	(33,631)
Fuel - Gasoline	75	178	(103)
Fuel - Diesel	3,000	4,144	(1,144)
Dues	600	255	345
Public Works Director	965	965	0
Training	4,000	315	3,685
Public Relations	350	0	350
Travel	0	1,428	(1,428)
Property & Liability Insurance	16,000	16,000	0
Miscellaneous	0	110	(110)
New Equipment	75,000	47,510	27,490
Debt Principal	165,000	160,000	5,000
Debt Interest	54,700	54,593	107
Transfer to Fire Department Capital Fund	192,000	192,000	0
	<u>785,140</u>	<u>782,420</u>	<u>2,720</u>
Total Fire Department			
Landfill:			
Mad River - Waterbury Solid Waste	35,450	35,448	2
Green Up	800	825	(25)
	<u>36,250</u>	<u>36,273</u>	<u>(23)</u>
Total Landfill			

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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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Health & Social Services:			
Community Service Officer	\$ 5,500	\$ 0	\$ 5,500
Health Officer	600	250	350
Social Security	465	19	446
Unemployment Insurance	30	29	1
Workers Compensation	120	120	0
Pound Service	500	0	500
Travel & Training	225	200	25
Damage Claims/Enforcement	200	0	200
Public Health	13,500	13,500	0
Total Health & Social Services	21,140	14,118	7,022
Recreation - Pool:			
Regular Pay	52,000	38,375	13,625
Social Security	3,980	2,946	1,034
Unemployment Insurance	710	709	1
Workers Compensation	3,000	3,875	(875)
Clothing & Safety	500	632	(132)
Crosscharges	1,500	1,350	150
Equipment Maintenance	3,000	1,809	1,191
Telephone	800	1,897	(1,097)
Chemical Supplies	3,500	3,352	148
Water & Sewer	8,250	8,985	(735)
Electric	3,000	3,334	(334)
Training & Red Cross	6,000	3,024	2,976
Public Works Director	690	690	0
Training	1,000	1,571	(571)
Property & Liability Insurance	120	122	(2)
New Equipment	3,000	1,932	1,068
Total Recreation - Pool	91,050	74,603	16,447

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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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Programs - Summer:			
Summer Program Pay	\$ 82,300	\$ 83,980	\$ (1,680)
Regular Pay - Mini Camps	12,000	20,917	(8,917)
Other Programs	2,500	244	2,256
Social Security	7,400	7,977	(577)
Unemployment Insurance	690	689	1
Workers Compensation	6,165	6,165	0
Clothing & Safety	2,000	2,717	(717)
Supplies & Cleaning	800	883	(83)
Supplies & Cleaning - COVID	1,200	12	1,188
Equipment Maintenance	200	218	(18)
Telephone	500	0	500
Training & Red Cross	750	195	555
Programs	5,000	48,856	(43,856)
Programs - COVID	0	345	(345)
Mini Camps	5,000	2,537	2,463
Property & Liability Insurance	1,150	137	1,013
New Equipment	2,000	2,171	(171)
	<u>129,655</u>	<u>178,043</u>	<u>(48,388)</u>
Total Recreation Programs - Summer			
Recreation Administration/Building Expense:			
Recreation Director	54,200	58,073	(3,873)
Health Insurance	9,735	9,732	3
Life, Disability, LTC Insurance	625	517	108
Social Security	4,145	4,454	(309)
Retirement	3,300	3,566	(266)
Unemployment Insurance	690	689	1
Workers Compensation	4,000	4,230	(230)
Computer Service	4,000	3,215	785
Telephone/TV/Internet	500	365	135
Postage	200	152	48
Advertising	750	1,087	(337)
Office Supplies	800	1,326	(526)
Water & Sewer	1,200	1,260	(60)
Building Maintenance	1,500	646	854
Electricity	685	552	133
Fuel-Heat	1,580	772	808
Fuel Equipment & Service	200	1,273	(1,073)
Gasoline & Mileage	500	503	(3)
Training	2,600	2,000	600
Association Dues	600	190	410
Property & Liability Insurance	0	1,150	(1,150)
New Equipment	2,500	1,773	727
Transfer to Recreation Capital Fund	10,000	10,000	0
	<u>104,310</u>	<u>107,525</u>	<u>(3,215)</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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks:			
Regular Pay	\$ 22,000	\$ 23,240	\$ (1,240)
Part-time Pay	13,000	21,658	(8,658)
Health Insurance	6,895	8,135	(1,240)
Life, Disability, LTC Insurance	275	267	8
Social Security	2,675	4,038	(1,363)
Retirement	1,125	1,425	(300)
Unemployment Insurance	690	689	1
Workers Compensation	2,000	2,618	(618)
Water	3,000	2,924	76
Grounds Maintenance	23,000	22,224	776
Equipment Maintenance	2,500	1,007	1,493
Electricity	2,000	3,224	(1,224)
Fuel - Gas	3,300	3,339	(39)
Public Works Director	690	690	0
Property & Liability Insurance	1,150	1,118	32
New Equipment	1,000	647	353
Transfer to Highway Capital Fund	1,500	1,500	0
	<u>86,800</u>	<u>98,743</u>	<u>(11,943)</u>
Total Parks			
Planning Department:			
Regular Pay	66,270	68,783	(2,513)
Zoning Administrator	46,965	32,325	14,640
Health Insurance	37,945	30,850	7,095
Life, Disability, LTC Insurance	1,350	1,092	258
Social Security	8,660	7,155	1,505
Retirement	8,120	7,372	748
Unemployment Insurance	375	372	3
Workers Compensation	805	805	0
Professional Services	3,950	2,220	1,730
Special Project - Reservoir	4,200	3,328	872
Special Project - Green Mountain	500	500	0
Legal Service	5,500	9,816	(4,316)
Telephone	740	730	10
Postage	600	475	125
Advertising	1,400	3,354	(1,954)
Printing	50	0	50
Office Supplies	0	651	(651)
Beautification	5,000	4,264	736
Training - Tuition	1,000	540	460
Mapping	2,500	2,400	100
Dues - Regional Planning	6,600	6,598	2
Central VT Economic Development	2,000	2,000	0
Dues - VCDA	325	245	80
Travel	1,000	80	920
Office Equipment	0	26	(26)
Conservation Commission	700	700	0
Revitalizing Waterbury	17,000	17,000	0
	<u>223,555</u>	<u>203,681</u>	<u>19,874</u>
Total Planning Department			

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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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Debt Management:			
Transfer to Municipal Building Operating Fund	\$ 105,245	\$ 105,245	\$ 0
Interest Expense	3,800	372	3,428
Total Debt Management	109,045	105,617	3,428
Special Articles:			
Central Vermont Adult Education	2,000	2,000	0
Community Band	800	800	0
Capstone Community Action	1,000	1,000	0
Central Vermont Council on Aging	1,250	1,250	0
Downstreet Housing	1,500	1,500	0
Children's Room	4,000	4,000	0
Center For Independent Living	600	600	0
GMTA	7,325	7,325	0
Good Beginnings	500	500	0
Peoples Health & Wellness	1,000	1,000	0
Retired Senior Volunteers	1,000	1,000	0
Sexual Assault Team	200	200	0
CIRCLE	1,375	1,375	0
Vermont Association for Blind	500	500	0
Washington County Youth Service	1,500	1,500	0
Family Center of Washington County	1,000	1,000	0
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
Total Special Articles	56,900	56,900	0
Transportation Liaison Grant Expense:	0	24,978	(24,978)
Total General Government	3,023,045	3,081,252	(58,207)

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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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Regular Pay	\$ 388,885	\$ 388,793	\$ 92
Part-time Pay	0	5,850	(5,850)
Health Insurance	80,855	76,962	3,893
Life, Disability, LTC Insurance	4,100	4,061	39
Social Security	29,750	30,338	(588)
Retirement	23,880	23,330	550
Unemployment Insurance	1,620	1,622	(2)
Workers Compensation	48,340	47,907	433
Clothing & Safety	7,500	6,698	802
Clothing & Safety - COVID	0	7	(7)
Telephone/Internet	3,000	3,559	(559)
Office Supplies	500	310	190
Stormwater Fees	2,875	2,216	659
Small Tools	1,580	1,734	(154)
Water	425	463	(38)
Grounds Maintenance	6,000	3,000	3,000
Buildings Maintenance	4,000	7,419	(3,419)
Rent	4,815	4,815	0
Electricity	3,730	2,544	1,186
Street Lights	29,000	31,851	(2,851)
Fuel - Propane	2,175	4,834	(2,659)
Fuel - Heat	6,790	4,697	2,093
Fuel - Equipment & Service	750	550	200
Equipment Maintenance	33,000	32,114	886
Vehicle Maintenance	30,000	33,635	(3,635)
Fuel - Gas	5,085	6,518	(1,433)
Fuel - Diesel	50,000	48,690	1,310
Public Works Director	32,690	32,690	0
Training	250	0	250
Tree Maintenance	4,000	7,720	(3,720)
Engineering	0	1,633	(1,633)
Contractors	19,275	15,376	3,899
Summer Maintenance	26,000	25,714	286
Bridges, Culverts and Guardrails	12,000	7,245	4,755
Chloride	10,975	11,311	(336)
Salt	45,000	42,776	2,224
Sand	48,000	44,352	3,648
Gravel	36,000	30,013	5,987
Stone	9,000	7,605	1,395
Gravel Resurfacing	34,000	31,345	2,655
Traffic Control Materials	24,000	3,941	20,059
Miscellaneous	0	7,955	(7,955)
Property & Liability Insurance	15,955	19,496	(3,541)
New Equipment	2,000	1,119	881
Transfer to Highway Capital Fund	584,755	604,755	(20,000)
Total Highway	<u>1,672,555</u>	<u>1,669,563</u>	<u>2,992</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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Library:			
Regular Pay	\$ 210,000	\$ 201,539	\$ 8,461
Part-time Pay	4,500	8,668	(4,168)
Health Insurance	19,465	12,012	7,453
Life, Disability, LTC Insurance	3,000	2,597	403
Social Security	16,410	16,015	395
Retirement	9,860	10,372	(512)
Unemployment Insurance	1,485	1,485	0
Workers Compensation	2,820	2,577	243
Commissioners Training	0	58	(58)
Computer Service	4,500	5,051	(551)
Computer Service - COVID	0	1,151	(1,151)
Software Licensing	2,550	3,274	(724)
Equipment Lease & Maintenance	1,700	1,674	26
Telephone/Internet	2,920	2,923	(3)
Postage	2,450	2,549	(99)
Office Supplies	4,100	5,015	(915)
Office Supplies - COVID	0	131	(131)
Transfer to Municipal Building Operating Fund	61,015	61,015	0
Tuition	400	49	351
Dues	300	338	(38)
Programs	3,000	3,651	(651)
Mileage Reimbursement	200	51	149
Program Supplies	1,900	1,341	559
Books	29,000	28,926	74
Property & Liability Insurance	1,100	1,100	0
Purchased By Donation	0	9,052	(9,052)
New Equipment	4,900	3,791	1,109
Transfer to Municipal Building Operating Fund - Debt	120,600	120,600	0
Total Library	<u>508,175</u>	<u>507,005</u>	<u>1,170</u>
Total Expenditures	<u>5,203,775</u>	<u>5,257,820</u>	<u>(54,045)</u>
Excess/(Deficiency) of Revenues			
Over Expenditures	\$ <u>(139,910)</u>	326,396	\$ <u>466,306</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, 2021

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

Library Reserve Fund Income	\$	1,662
Library Reserve Fund Expenses		(824)
Conservation Fund Income		1
Conservation Fund Expenses		(245)
Conservation Fund Transfer In		700
Municipal Building Operating Fund Income		860
Municipal Building Operating Fund Expenses		(349,544)
Municipal Building Operating Fund Transfer In		340,105
Local Development Corporation Fund Expenses		(53,170)
Local Development Corporation Fund Transfer In		53,170
ARPA Fund Income		<u>210</u>
 Net Change in Fund Balance		 319,321
 Fund Balance - January 1, 2021		 <u>143,027</u>
 Fund Balance - December 31, 2021	 \$	 <u><u>462,348</u></u>

The reconciling items are due to combining five (5) funds, the Library Reserve Fund, the Conservation Fund, the Municipal Building Operating Fund, the Local Development Corporation Fund and the ARPA 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, 2021

	2021	2020	2019*	2018*	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 252,974,064	\$ 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	0.2390%	0.2623%	0.2592%	0.2592%	0.2520%	0.2521%	0.2652%	0.2664%
Town's Proportionate Share of the Net Pension Liability	\$ 604,697	\$ 455,005	\$ 364,681	\$ 364,681	\$ 305,289	\$ 324,419	\$ 204,429	\$ 24,316
Town's Covered Employee Payroll	\$ 930,727	\$ 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	64.9704%	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	74.52%	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: The following changes were effective for the June 30, 2020 valuation date:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows:
 - Pre-Retirement:
 - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.
 - Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019.
 - Healthy Post-Retirement - Retirees:
 - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
 - Group D - PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
 - Healthy Post-Retirement - Beneficiaries:
 - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
 - Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
 - Disabled Retirees:
 - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
 - Group A: Decreased the rates throughout all ages.
 - Group B: For females, slightly decreased the rates at younger ages and then increased the rates at later ages. For males, slightly decreased the rates at most ages.
 - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
 - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability loan of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were updated as follows:
 - Simplified female rates to one set of slightly reduced rates for all females.

* 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 eight 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, 2021

	<u>2021</u>	<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)	\$ 58,201	\$ 47,603	\$ 52,411	\$ 49,243	\$ 42,874	\$ 39,262	\$ 38,021	\$ 35,695
Contributions in Relation to the Actuarially Determined Contributions	<u>58,201</u>	<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>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 930,727	\$ 790,279	\$ 901,155	\$ 864,559	\$ 759,640	\$ 694,353	\$ 681,282	\$ 662,214
Contributions as a Percentage of Town's Covered Employee Payroll	6.253%	6.024%	5.816%	5.696%	5.644%	5.654%	5.581%	5.390%

Notes to Schedule

Valuation Date: June 30, 2020

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

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund Recreation Capital Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Loans Receivable (Net of Allowance for Uncollectibles)	\$ 147,064	\$ 0	\$ 147,064
Due from Other Funds	<u>161,520</u>	<u>0</u>	<u>161,520</u>
Total Assets	<u>\$ 308,584</u>	<u>\$ 0</u>	<u>\$ 308,584</u>
<u>LIABILITIES</u>			
Liabilities:			
Due to Other Funds	\$ <u>0</u>	\$ <u>44,156</u>	\$ <u>44,156</u>
Total Liabilities	<u>0</u>	<u>44,156</u>	<u>44,156</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Loan Receivable	<u>147,064</u>	<u>0</u>	<u>147,064</u>
Total Deferred Inflows of Resources	<u>147,064</u>	<u>0</u>	<u>147,064</u>
<u>FUND BALANCES/(DEFICIT)</u>			
Restricted	56,003	0	56,003
Assigned	105,517	0	105,517
Unassigned/(Deficit)	<u>0</u>	<u>(44,156)</u>	<u>(44,156)</u>
Total Fund Balances/(Deficit)	<u>161,520</u>	<u>(44,156)</u>	<u>117,364</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 308,584</u>	<u>\$ 0</u>	<u>\$ 308,584</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 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds	Capital Projects Fund <u>Recreation Capital Fund</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$ 21,679	\$ 0	\$ 21,679
Permits, Licenses and Fees	27,797	360	28,157
Investment Income	88	0	88
Donations	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Total Revenues	<u>49,564</u>	<u>10,360</u>	<u>59,924</u>
Expenditures:			
General Government	26,000	0	26,000
Culture and Recreation	0	20,673	20,673
Capital Outlay:			
Culture and Recreation	0	66,207	66,207
Debt Service:			
Principal	0	427	427
Interest	<u>0</u>	<u>100</u>	<u>100</u>
Total Expenditures	<u>26,000</u>	<u>87,407</u>	<u>113,407</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>23,564</u>	<u>(77,047)</u>	<u>(53,483)</u>
Other Financing Sources:			
Transfers In	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Total Other Financing Sources	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Net Change in Fund Balances	23,564	(67,047)	(43,483)
Fund Balances - January 1, 2021	<u>137,956</u>	<u>22,891</u>	<u>160,847</u>
Fund Balances/(Deficit) - December 31, 2021	<u>\$ 161,520</u>	<u>\$ (44,156)</u>	<u>\$ 117,364</u>

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TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2021

	<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>105,517</u>	<u>48,468</u>	<u>7,535</u>	<u>161,520</u>
Total Assets	\$ <u>105,517</u>	\$ <u>48,468</u>	\$ <u>154,599</u>	\$ <u>308,584</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	48,468	7,535	56,003
Assigned	<u>105,517</u>	<u>0</u>	<u>0</u>	<u>105,517</u>
Total Fund Balances	<u>105,517</u>	<u>48,468</u>	<u>7,535</u>	<u>161,520</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>105,517</u>	\$ <u>48,468</u>	\$ <u>154,599</u>	\$ <u>308,584</u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
Revenues:				
Intergovernmental	\$ 21,679	\$ 0	\$ 0	\$ 21,679
Permits, Licenses and Fees	0	27,797	0	27,797
Investment Income	58	26	4	88
Total Revenues	<u>21,737</u>	<u>27,823</u>	<u>4</u>	<u>49,564</u>
Expenditures:				
General Government	<u>0</u>	<u>26,000</u>	<u>0</u>	<u>26,000</u>
Total Expenditures	<u>0</u>	<u>26,000</u>	<u>0</u>	<u>26,000</u>
Net Change in Fund Balances	21,737	1,823	4	23,564
Fund Balances - January 1, 2021	<u>83,780</u>	<u>46,645</u>	<u>7,531</u>	<u>137,956</u>
Fund Balances - December 31, 2021	<u>\$ 105,517</u>	<u>\$ 48,468</u>	<u>\$ 7,535</u>	<u>\$ 161,520</u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 DECEMBER 31, 2021

	Veteran's Monument Fund	C.C. Fisher Fund	Total
<u>ASSETS</u>			
Investments	\$ 108,600	\$ 32,654	\$ 141,254
Due from Other Funds	5,531	3,939	9,470
Total Assets	\$ 114,131	\$ 36,593	\$ 150,724
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Net Position:			
Restricted:			
Held in Trust for Other Purposes	114,131	36,593	150,724
Total Net Position	114,131	36,593	150,724
Total Liabilities and Net Position	\$ 114,131	\$ 36,593	\$ 150,724

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Veteran's Monument Fund	C.C. Fisher Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Investment Income	\$ 15,921	\$ 4,822	\$ 20,743
Total Additions	<u>15,921</u>	<u>4,822</u>	<u>20,743</u>
Deductions:	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	15,921	4,822	20,743
Net Position - January 1, 2021	<u>98,210</u>	<u>31,771</u>	<u>129,981</u>
Net Position - December 31, 2021	<u>\$ 114,131</u>	<u>\$ 36,593</u>	<u>\$ 150,724</u>

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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, 2021, 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 June 20, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waterbury, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waterbury, Vermont's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2021-01, that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

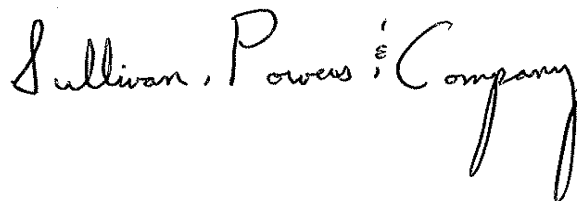
Town of Waterbury, Vermont's Response to Finding

"Government Auditing Standards" requires the auditor to perform limited procedures on the Town of Waterbury, Vermont's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Waterbury, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of 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.

June 20, 2022
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF WATERBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2021

Deficiencies in Internal Control:

Material Weaknesses:

2021-01 Grants Receivable/Deferred Inflows of Resources

Criteria:

Internal controls should be in place to ensure that the grants receivable and related deferred inflows of resources balances are recorded properly at year end.

Condition:

The grants receivable and related deferred inflows of resources accounts were not reconciled to the actual balances at year end which resulted in various adjustments.

Cause:

Unknown.

Effect:

The Town's grants receivable and related deferred inflows of resources balances were incorrect.

Recommendation:

We recommend that the Town reconcile the grants receivable and related deferred inflows of resources balances to supporting documentation annually in order to detect and correct errors.



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June 15, 2022

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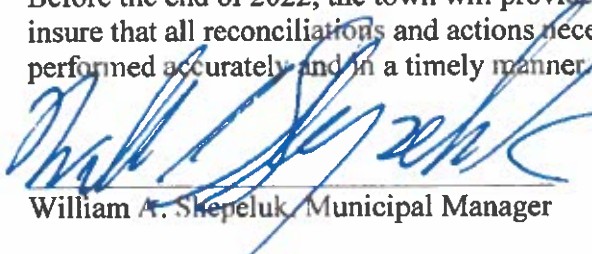
In Responses to Auditors Findings and Deficiencies in Internal Control
December 31, 2021
Town of Waterbury

The audit report for the year ended December 31, 2021 contained one significant deficiency in internal control, which was noted as a Material Weakness. This is the response from management:

2021-1 Grants Receivable/Deferred Inflows of Resources

The auditors found the town did not reconcile grants receivables and related deferred inflows, reconciling them to the balance sheet by year end. As such, the year-end financial statements were not accurate. This required numerous adjustments to the financial statements during the audit.

Before the end of 2022, the town will provide training to the bookkeeper and other staff to better insure that all reconciliations and actions necessary for closing the books at year end are performed accurately and in a timely manner.



William A. Shepeluk, Municipal Manager

Date: 6/15/22