

TOWN OF WATERBURY, VERMONT

AUDIT REPORT

DECEMBER 31, 2022

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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, 2022, 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, 2022, 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, 2022, the Town implemented GASB Statement No. 87, "Leases".

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 29, 2023 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.

Sullivan, Powers & Co.

June 29, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF WATERBURY, VERMONT
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,924,617
Investments	1,339,574
Receivables	441,607
Loans Receivable	147,064
Prepaid Expenses	25,095
Capital Assets:	
Land	40,000
Construction in Progress	470,762
Other Capital Assets, (Net of Accumulated Depreciation)	41,482,556
Total Assets	46,871,275
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	230,887
Total Deferred Outflows of Resources	230,887
<u>LIABILITIES</u>	
Accounts Payable	177,517
Accrued Payroll and Benefits Payable	33,238
Due to Fiduciary Funds	336,565
Unearned Revenue	1,332,425
Accrued Interest Payable	26,456
Noncurrent Liabilities:	
Due within One Year	475,420
Due in More than One Year	4,585,153
Total Liabilities	6,966,774
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	9,943
Deferred Inflows of Resources Related to the Town's Participation in VMERS	230,399
Total Deferred Inflows of Resources	240,342
<u>NET POSITION</u>	
Net Investment in Capital Assets	37,398,084
Restricted:	
Non-Expendable:	
Cemetery	418,000
Tax Stabilization	644,000
Expendable:	
Culture and Recreation	567,642
Community Development	154,625
Cemetery	155,216
Tax Stabilization	367,665
Other Purposes	52,021
Unrestricted	137,793
Total Net Position	\$ 39,895,046

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

TOWN OF WATERBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,478,463	\$ 246,445	\$ 29,271	\$ 0	\$ (1,202,747)
Public Safety	970,350	117,004	0	0	(853,346)
Highways and Streets	2,406,449	12,180	134,685	667,399	(1,592,185)
Culture and Recreation	1,109,866	285,665	26,780	0	(797,421)
Community Development	86,955	0	0	0	(86,955)
Solid Waste	38,215	0	0	0	(38,215)
Cemetery	62,646	15,303	0	0	(47,343)
Interest on Long-term Debt	166,703	0	0	0	(166,703)
Total Primary Government	<u>\$ 6,319,647</u>	<u>\$ 676,597</u>	<u>\$ 190,736</u>	<u>\$ 667,399</u>	<u>(4,784,915)</u>
General Revenues:					
Property Taxes					4,124,917
Penalties and Interest on Delinquent Taxes					66,323
Payments in Lieu of Taxes					388,635
General State Grants					209,423
ARPA Funds					255,372
Unrestricted Investment Earnings/(Loss)					(92,449)
Gain on Sale of Equipment					22,600
Other Revenues					<u>12,636</u>
Total General Revenues					<u>4,987,457</u>
Change in Net Position					202,542
Net Position - January 1, 2022					<u>39,692,504</u>
Net Position - December 31, 2022					<u>\$ 39,895,046</u>

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

TOWN OF WATERBURY, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	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	\$ 2,777,473	\$ 0	\$ 0	\$ 0	\$ 1	\$ 147,143	\$ 0	\$ 2,924,617
Investments	0	0	0	470,391	447,979	421,204	0	1,339,574
Receivables	194,607	247,000	0	0	0	0	0	441,607
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	0	147,064	147,064
Advances to Other Funds	0	0	0	400,300	0	0	0	400,300
Due from Other Funds	0	0	634,946	140,974	125,236	0	380,426	1,281,582
Prepaid Items	25,095	0	0	0	0	0	0	25,095
Total Assets	\$ 2,997,175	\$ 247,000	\$ 634,946	\$ 1,011,665	\$ 573,216	\$ 568,347	\$ 527,490	\$ 6,559,839
LIABILITIES								
Accounts Payable	\$ 155,159	\$ 22,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 177,517
Accrued Payroll and Benefits Payable	33,238	0	0	0	0	0	0	33,238
Advances from Other Funds	12,000	167,000	221,300	0	0	0	0	400,300
Due to Other Funds	1,030,932	577,543	0	0	0	9,672	0	1,618,147
Unearned Revenue	1,332,425	0	0	0	0	0	0	1,332,425
Total Liabilities	2,563,754	766,901	221,300	0	0	9,672	0	3,561,627
DEFERRED INFLOWS OF RESOURCES								
Prepaid Property Taxes	9,943	0	0	0	0	0	0	9,943
Unavailable Property Taxes, Penalties and Interest	120,000	0	0	0	0	0	0	120,000
Unavailable Grants	0	72,000	0	0	0	0	0	72,000
Unavailable Loan Receivable	0	0	0	0	0	0	147,064	147,064
Total Deferred Inflows of Resources	129,943	72,000	0	0	0	0	147,064	349,007
FUND BALANCES/(DEFICIT)								
Nonspendable	25,095	0	0	644,000	418,000	0	0	1,087,095
Restricted	8,967	0	0	367,665	155,216	558,675	59,582	1,150,105
Committed	5,955	0	413,646	0	0	0	192,881	612,482
Assigned	258,150	0	0	0	0	0	127,963	386,113
Unassigned/(Deficit)	5,311	(591,901)	0	0	0	0	0	(586,590)
Total Fund Balances/(Deficit)	303,478	(591,901)	413,646	1,011,665	573,216	558,675	380,426	2,649,205
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,997,175	\$ 247,000	\$ 634,946	\$ 1,011,665	\$ 573,216	\$ 568,347	\$ 527,490	
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.								41,993,318
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.								339,064
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.								(5,087,029)
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.								488
Net Position of Governmental Activities								\$ 39,895,046

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, 2022

	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	\$ 4,124,917	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,124,917
Penalties and Interest on Delinquent Taxes	66,323	0	0	0	0	0	0	66,323
Payments in Lieu of Taxes	388,635	0	0	0	0	0	0	388,635
Intergovernmental	607,831	345,000	0	0	0	0	23,120	975,951
Charges for Services	530,330	0	0	0	15,303	0	0	545,633
Permits, Licenses and Fees	110,968	0	0	0	0	0	19,996	130,964
Investment Income/(Loss)	6,912	(1,778)	2,358	9,359	(41,229)	(69,322)	1,251	(92,449)
Donations	19,069	0	0	0	0	5,511	0	24,580
Other	7,479	0	0	0	1,370	3,787	0	12,636
Total Revenues	5,862,464	343,222	2,358	9,359	(24,556)	(60,024)	44,367	6,177,190
Expenditures:								
General Government	1,296,109	0	0	0	0	0	15,928	1,312,037
Public Safety	792,571	0	0	0	0	0	0	792,571
Highways and Streets	1,182,313	255,497	0	0	0	0	0	1,437,810
Culture and Recreation	1,060,329	0	0	0	0	120	7,825	1,068,274
Community Development	86,955	0	0	0	0	0	0	86,955
Solid Waste	38,215	0	0	0	0	0	0	38,215
Cemetery	0	0	0	0	62,646	0	0	62,646
Capital Outlay:								
Public Safety	49,682	0	0	0	0	0	0	49,682
Highways and Streets	0	677,703	0	0	0	0	0	677,703
Debt Service:								
Principal	307,500	84,384	80,460	0	0	0	926	473,270
Interest	124,350	19,022	25,157	0	0	0	203	168,732
Total Expenditures	4,938,024	1,036,606	105,617	0	62,646	120	24,882	6,167,895
Excess/(Deficiency) of Revenues Over Expenditures	924,440	(693,384)	(103,259)	9,359	(87,202)	(60,144)	19,485	9,295
Other Financing Sources/(Uses):								
Proceeds from Sale of Equipment	0	22,600	0	0	0	0	0	22,600
Transfers In	80,000	797,800	119,410	0	15,000	0	243,577	1,255,787
Transfers Out	(1,163,310)	0	(11,977)	(50,000)	(500)	(30,000)	0	(1,255,787)
Total Other Financing Sources/(Uses)	(1,083,310)	820,400	107,433	(50,000)	14,500	(30,000)	243,577	22,600
Net Change in Fund Balances	(158,870)	127,016	4,174	(40,641)	(72,702)	(90,144)	263,062	31,895
Fund Balances/(Deficit) - January 1, 2022	462,348	(718,917)	409,472	1,052,306	645,918	648,819	117,364	2,617,310
Fund Balances/(Deficit) - December 31, 2022	\$ 303,478	\$ (591,901)	\$ 413,646	\$ 1,011,665	\$ 573,216	\$ 558,675	\$ 380,426	\$ 2,649,205

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, 2022

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)	\$	31,895
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$727,385) is allocated over their estimated useful lives and reported as depreciation expense (\$1,307,693). This is the amount by which capital outlays exceeded depreciation in the current period.		(580,308)
The effect of a capital grant for the construction of a Town bridge by the State of Vermont is to increase net position.		420,399
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position		(19,246)
The issuance of long-term debt (\$-0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$473,270) 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.		473,270
Governmental funds report employer pension contributions as expenditures (\$68,840). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$76,756) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(7,916)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.		(98,000)
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. This amount is the net difference in the treatment of these items from the previous year.		<u>(17,552)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>202,542</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, 2022

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Investments	\$ 132,121	\$ 0
Due from Other Funds	0	343,168
Total Assets	\$ 132,121	\$ 343,168
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ 6,603	\$ 0
Due to School District	0	343,168
Total Liabilities	6,603	343,168
Net Position:		
Restricted:		
Held in Trust for Other Purposes	125,518	0
Total Net Position	125,518	0
Total Liabilities and Net Position	\$ 132,121	\$ 343,168

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, 2022

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Fund Education Tax Fund</u>
Additions:		
Investment Income/(Loss)	\$ (18,610)	\$ 0
Education Taxes Collected for Other Governments	<u>0</u>	<u>11,855,418</u>
Total Additions	<u>(18,610)</u>	<u>11,855,418</u>
Deductions:		
Education Taxes Distributed to Other Governments	0	11,855,418
Miscellaneous	<u>6,596</u>	<u>0</u>
Total Deductions	<u>6,596</u>	<u>11,855,418</u>
Change in Net Position	(25,206)	0
Net Position - January 1, 2022	<u>150,724</u>	<u>0</u>
Net Position - December 31, 2022	<u>\$ 125,518</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, 2022

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, 2022

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.

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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
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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 financed purchases 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 – Leases

Effective December 31, 2022, the Town implemented GASB Statement No. 87, “Leases”. GASB Statement No. 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. This Statement replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. The Town currently has no lease arrangements applicable to this Statement.

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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.

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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
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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.

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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 \$395,120 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town’s cash and investments as of December 31, 2022 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$2,777,473
Deposits held by Investment Companies	<u>147,144</u>
Total Cash	<u>2,924,617</u>
Investments:	
Certificates of Deposit	32,983
Corporate Bonds	37,427
Mutual Funds – Mixed Holdings	1,169,345
Annuity Contract	<u>231,940</u>
Total Investments	<u>1,471,695</u>
Total Cash and Investments	<u>\$4,396,312</u>

The Town has four (4) certificates of deposit at various banks ranging from \$4,976 to \$13,009 with interest rates ranging from 3.9% to 4.7%. All of the certificates of deposit mature during fiscal year 2023.

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 and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$ 430,127	\$ 430,127
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>2,527,473</u>	<u>2,695,070</u>
Total	<u>\$2,957,600</u>	<u>\$3,125,197</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$2,777,473
Cash – Deposits held by Investment Companies	147,144
Investments – Certificates of Deposit	<u>32,983</u>
Total	<u>\$2,957,600</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 certificates of deposit and annuity contract are 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
	Less Than 1 Year	1 to 5 Years	10 to 15 Years	
Corporate Bonds	\$ 22,103	\$ 10,114	\$ 5,210	\$ 37,427

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 certificates of deposit and annuity contract are 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, 2022				Total
	AA-	A+	A	A-	
Corporate Bonds	\$ 4,890	\$ 5,210	\$ 11,895	\$ 15,432	\$ 37,427

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Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has \$231,940 (16%) 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). The Town’s certificates of deposit are not subject to fair value disclosures. 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, 2022:

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	\$ 37,427	\$ 37,427	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	1,169,345	1,169,345	0	0
Total	\$ 1,206,772	\$ 1,206,772	\$ 0	\$ 0

TOWN OF WATERBURY, VERMONT
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B. Receivables

Receivables as of December 31, 2022, as reported in the statement of net position, are as follows:

	Governmental Activities
Delinquent Taxes Receivable	\$ 147,076
Penalties and Interest Receivable	26,049
Grants Receivable	262,886
Due from Other Entities	151
Accounts Receivable	5,445
Total	\$ 441,607

C. Loans Receivable

Loans receivable as of December 31, 2022 are as follows:

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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D. Capital Assets

Capital asset activity for the year ended December 31, 2022 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	28,236	442,526	0	470,762
Total Capital Assets, Not Being Depreciated	<u>68,236</u>	<u>442,526</u>	<u>0</u>	<u>510,762</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,491,878	0	0	9,491,878
Vehicles, Machinery and Equipment	4,624,617	251,095	0	4,875,712
Infrastructure	33,750,670	454,163	35,669	34,169,164
Totals	<u>47,867,165</u>	<u>705,258</u>	<u>35,669</u>	<u>48,536,754</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,087,789	240,319	0	2,328,108
Vehicles, Machinery and Equipment	2,053,168	251,862	0	2,305,030
Infrastructure	1,621,971	815,512	16,423	2,421,060
Totals	<u>5,762,928</u>	<u>1,307,693</u>	<u>16,423</u>	<u>7,054,198</u>
Total Capital Assets, Being Depreciated	<u>42,104,237</u>	<u>(602,435)</u>	<u>19,246</u>	<u>41,482,556</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,172,473</u>	<u>\$ (159,909)</u>	<u>\$ 19,246</u>	<u>\$ 41,993,318</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 151,855
Public Safety	177,779
Highways and Streets	939,585
Culture and Recreation	<u>38,474</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,307,693</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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E. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2022 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,030,932
Highway Capital Fund	0	577,543
Fire Department Capital Fund	634,946	0
Tax Stabilization Fund	140,974	0
Cemetery Fund	125,236	0
Library Trust Fund	0	9,672
Non-Major Governmental Funds	380,426	0
Private-Purpose Trust Funds	0	6,603
Custodial Fund - Education Tax Fund	343,168	0
	\$ 1,624,750	\$ 1,624,750

The composition of advances to/from other funds as of December 31, 2022 are as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund (Municipal Building Operating Fund)	\$ 0	\$ 12,000
Highway Capital Fund	0	167,000
Fire Department Capital Fund	0	221,300
Tax Stabilization Fund	400,300	0
	\$ 400,300	\$ 400,300

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	\$ 12,000
Advance to the Highway Capital Fund from the Tax Stabilization Fund for Highway Infrastructure, Interest at 2.75%, Principal Payments of \$12,500 Plus Interest Payable Annually	25,000
Advance to the Highway Capital Fund from the Tax Stabilization Fund for a Highway Grader, Interest at 2.75%, Principal Payments of \$28,400 Plus Interest Payable Annually	142,000

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Advance to the Fire Department Capital Fund from the Tax Stabilization Fund for a Fire Department Vehicle, Interest at 2.75%, Principal Payments of \$19,600 Plus Interest Payable Annually \$ 58,800

Advance to the Fire Department Capital Fund from the Tax Stabilization Fund for a Fire Department Tower Truck, Interest at 2.75%, Principal Payments of \$32,500 Plus Interest Payable Annually 162,500

Total Advances to/from Other Funds \$400,300

Interfund transfers during the year ended December 31, 2022 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Conservation Fund	\$ 700	* Appropriation
General Fund	Municipal Building Operating Fund	368,600	* Appropriation
General Fund	Local Development Corporation Fund	54,355	* Appropriation
General Fund	Highway Capital Fund	797,300	Appropriation
General Fund	Fire Department Capital Fund	119,410	Appropriation
General Fund	Cemetery Fund	15,000	Appropriation
General Fund	Reappraisal Fund	50,000	Appropriation
General Fund	Recreation Capital Fund	75,000	Appropriation
General Fund	Building Reserve Fund	86,600	Appropriation
Municipal Building Operating Fund	Building Reserve Fund	20,000	* Appropriation
ARPA Fund	General Fund	245,000	* Fund ARPA Expenditures
Fire Department Capital Fund	Building Reserve Fund	11,977	Transfer Reserve for Fire Department Building to Separate Capital Fund
Tax Stabilization Fund	General Fund	50,000	To Reduce Taxes Raised
Cemetery Fund	Highway Capital Fund	500	Fund Equipment Purchase
Library Trust Fund	General Fund	<u>30,000</u>	Appropriation
Total		<u>\$ 1,924,442</u>	

* The transfers between the General Fund, the Conservation Fund, the Municipal Building Operating Fund, the Local Development Corporation Fund and the ARPA Fund are netted within the General Fund and the transfer from the Municipal Building Operating Fund to the Building Reserve Fund is included with the General Fund as this fund is 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 \$66,886 from the difference between the expected and actual experience, \$56,724 from changes in assumptions and \$8,926 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 \$98,351 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$230,887.

G. Unearned Revenue

Unearned revenue in the governmental activities and General Fund consists of \$28,018 of fire coverage charges, \$8,080 of recreation fees and \$1,296,327 of grant revenue received in advance. Total unearned revenue in the governmental activities and General Fund is \$1,332,425.

TOWN OF WATERBURY, VERMONT
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H. Due to School District

During the year ended December 31, 2022, the Town paid the School District \$11,512,250 for education property taxes. Subsequent to year end, the State issued its final education property tax reconciliation for the State's fiscal year ending June 30, 2022. The State's final reconciliation showed \$11,855,418 was required to be paid to the School District. The amount of education taxes owed to the School District from the Town as of December 31, 2022 is \$343,168.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$9,943 of prepaid property taxes. It also includes \$211,598 from the difference between the projected and actual investment earnings and \$18,801 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 \$240,342.

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 \$9,943 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$129,943.

Deferred inflows of resources in the Highway Capital Fund consists of \$72,000 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.

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Long-term liabilities outstanding as of December 31, 2022 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	\$1,440,000	\$ 0	\$160,000	\$1,280,000
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	2,065,000	0	147,500	1,917,500
Bond Payable, Vermont Municipal Bond Bank, Paving, Principal Payments of \$50,000 Payable on November 1 Annually, Interest Rates Ranging from 1.491% to 2.571% Payable on May 1 and November 1, Due November, 2026	250,000	0	50,000	200,000
Note Payable, Community National Bank, Capital Improvements, Principal and Interest Payments of \$85,609 Payable on June 7 Annually, Interest at 2.0%, Due June, 2036	1,100,000	0	63,609	1,036,391
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>213,504</u>	<u>0</u>	<u>52,161</u>	<u>161,343</u>
Total	<u>\$5,068,504</u>	<u>\$ 0</u>	<u>\$473,270</u>	<u>\$4,595,234</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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	\$ 3,755,000	\$ 0	\$ 357,500	\$ 3,397,500	\$ 357,500
Notes Payable	1,313,504	0	115,770	1,197,734	117,920
Compensated Absences Payable	86,892	19,581	0	106,473	0
Net Pension Liability	<u>604,697</u>	<u>0</u>	<u>245,831</u>	<u>358,866</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 5,760,093</u>	<u>\$ 19,581</u>	<u>\$ 719,101</u>	<u>\$ 5,060,573</u>	<u>\$ 475,420</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
2023	\$ 475,420	\$ 140,287
2024	477,539	127,562
2025	479,445	114,818
2026	426,352	101,323
2027	377,729	88,116
2028-2032	1,590,285	262,156
2033-2036	<u>768,464</u>	<u>53,022</u>
Total	<u>\$ 4,595,234</u>	<u>\$ 887,284</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
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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		\$ 25,095
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>\$1,087,095</u>

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

Major Funds

General Fund:		
Restricted for Library Expenses by Donations (Source of Revenue is Donations)		\$ <u>8,967</u>
Tax Stabilization Fund:		
Restricted for Reduction of Property Taxes by Agreement (Source of Revenue is Donations) – Expendable Portion		<u>367,665</u>
Cemetery Fund:		
Restricted for Cemetery Fund Expenses by Donations and Lot Sales (Source of Revenue is Donations and Lot Sales)		<u>155,216</u>

TOWN OF WATERBURY, VERMONT
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DECEMBER 31, 2022

Library Trust Fund:		
Restricted for Library Trust Expenses by Trust Agreements (Source of Revenue is Donations)		\$ <u>558,675</u>

Non-Major Funds

Special Revenue Funds:		
Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)		52,021
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)		<u>7,561</u>
Total Non-Major Funds		<u>59,582</u>
Total Restricted Fund Balances		<u>\$1,150,105</u>

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

Major Funds

General Fund:		
Committed for Conservation Commission Expenses by the Voters		\$ 2,798
Committed for Library Expenses by the Voters		<u>3,157</u>
Total General Fund		<u>5,955</u>
Fire Department Capital Fund:		
Committed for Fire Department Capital Expenditures by the Voters		<u>413,646</u>

Non-Major Funds

Special Revenue Funds:		
Committed for Reappraisal Expenses by the Voters		<u>50,000</u>
Capital Projects Funds:		
Committed for Recreation Capital Expenditures by the Voters		24,023
Committed for Building Reserve Expenditures by the Voters		<u>118,858</u>
Total Capital Projects Funds		<u>142,881</u>
Total Non-Major Funds		<u>192,881</u>
Total Committed Fund Balances		<u>\$612,482</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Major Funds

General Fund:		
Assigned to Reduce Property Taxes in Fiscal Year 2023		\$258,150

Non-Major Funds

Special Revenue Funds:		
Assigned for Reappraisal Expenses		<u>127,963</u>
Total Assigned Fund Balances		<u>\$386,113</u>

The unassigned deficit of \$591,901 in the Highway Capital Fund will be funded with future appropriations.

L. Restricted Net Position

The restricted net position of the Town as of December 31, 2022 consisted of the following:

Governmental Activities:		
Restricted for Library Expenses by Donations	\$	8,967
Restricted for Reduction of Property Taxes by Agreement – Non-Expendable Portion		644,000
Restricted for Reduction of Property Taxes by Agreement – Expendable Portion		367,665
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		155,216
Restricted for Library Trust Fund Expenses by Trust Agreements		558,675
Restricted for Records Restoration by Statute		52,021
Restricted for Community Development by Grant Agreements		<u>154,625</u>
Total Governmental Activities		<u>\$2,359,169</u>

The net position held in trust for various purposes in the Town’s Private-Purpose Trust Funds as of December 31, 2022 consisted of the following:

Private-Purpose Trust Funds:		
Restricted for Veteran’s Monument Expenses by Trust Agreement	\$	99,262
Restricted for C. C. Fisher Fund Expenses by Trust Agreement		<u>26,256</u>
Total Private-Purpose Trust Funds		<u>\$125,518</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2021, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

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

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

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

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

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of December 31, 2022, the Town's proportionate share of this was 0.2438% resulting in a net pension liability of \$358,866. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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 0.2438% was an increase of 0.0048 from its proportion measured as of the prior year.

TOWN OF WATERBURY, VERMONT
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DECEMBER 31, 2022

For the year ended December 31, 2022, the Town recognized pension expense of \$76,756.

As of December 31, 2022, 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	\$ 66,886	\$ 0
Difference between projected and actual investment earnings on pension assets	0	211,598
Changes in assumptions	56,724	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,926	18,801
Town's required employer contributions made subsequent to the measurement date	98,351	0
	\$ 230,887	\$ 230,399

The required contributions made subsequent to the measurement date consists of contributions made from July 1, 2021 to December 31, 2021 of \$29,511 and contributions made from January 1, 2022 to December 31, 2022 of \$68,840. Total required contributions made subsequent to the measurement is \$98,351.

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$98,351 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 December 31</u>	
2023	\$ (2,978)
2024	(12,339)
2025	(27,042)
2026	(55,504)
Total	\$(97,863)

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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

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

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

Significant Actuarial Assumptions and Methods

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

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 Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

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

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Groups B, C and D members.

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

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

Inflation: 2.30%

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, 2021 are summarized in the following table:

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	5.05%
Active Global Equities	5%	5.05%
Large Cap US Equities	4%	4.00%
Small/Mid Cap US Equities	3%	4.50%
Non-US Developed Market Equities	7%	5.50%
Private Equity	10%	6.75%
Emerging Market Debt	4%	3.00%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	5.75%
Core Fixed Income	19%	0.00%
Core Real Estate	4%	3.75%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	3%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. 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, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$709,320	\$358,866	\$70,691

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.

TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022

Total covered payroll for Group DC was \$180,345. Pension expense for the years ended December 31, 2022, 2021 and 2020 were \$9,243, \$8,920 and \$7,971, 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.

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, 2022, property taxes became due and payable on August 12, 2022 and November 4, 2022. 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 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5300	.5300
Local Agreement	.0034	.0034
Education	<u>1.7622</u>	<u>1.6956</u>
Total	<u>2.2956</u>	<u>2.2290</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Government:			
Tax Revenues:			
Property Taxes	\$ 2,029,000	\$ 2,014,442	\$ (14,558)
Tax Interest	24,000	27,708	3,708
Tax Penalty	38,000	38,615	615
Tax Sale Fees	0	292	292
.225 of 1% School Taxes	28,725	26,983	(1,742)
Total Tax Revenues	2,119,725	2,108,040	(11,685)
Other Governments:			
Village Administration Service Fee	96,390	96,390	0
Traffic Control Income	2,000	1,506	(494)
PILOT	350,000	388,635	38,635
Mileage Reimbursement	100	158	58
Forest & Parks	91,660	92,843	1,183
Current Use	105,000	113,901	8,901
Railroad Tax	2,700	2,679	(21)
Planning Grant Income	0	3,408	3,408
Reservoir Grant Income	3,200	0	(3,200)
Duxbury Fire Contract	113,000	112,998	(2)
Moretown Fire Contract	2,500	2,500	0
Total Other Governments	766,550	815,018	48,468
Service Fees:			
Town Clerk Fees	100,000	75,435	(24,565)
Historical Society	3,000	3,940	940
Swimming Pool Income	50,000	45,662	(4,338)
Recreation Program Income	99,000	143,342	44,342
Mini-Camp Income	81,500	76,143	(5,357)
Recreation/Pool Snacks	2,000	2,247	247
Recreation Buildings Rentals	2,500	2,980	480
Red Cross Training Fees	3,500	1,285	(2,215)
Recreation Donations	7,000	1,067	(5,933)
Parks & Fields Income	7,500	6,955	(545)
Planning Fees	22,000	26,324	4,324
Total Service Fees	378,000	385,380	7,380
Interest & Transfers In:			
Interest on Sweep & CD's	3,000	6,903	3,903
Transfer from Tax Stabilization Fund	50,000	50,000	0
Total Interest & Transfers In	53,000	56,903	3,903

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, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Miscellaneous	\$ 0	\$ 6,185	\$ 6,185
Total Miscellaneous	0	6,185	6,185
Transfer from ARPA Fund:	600,000	150,000	(450,000)
Total General Government	3,917,275	3,521,526	(395,749)
Highway:			
Property Taxes	1,624,900	1,624,900	0
VT State Aid	120,495	122,039	1,544
State Grant Income	0	9,227	9,227
State Grant Income - Trees	1,895	1,895	0
Federal Excise Tax	250	1,524	1,274
Highway Labor/Materials	7,200	8,405	1,205
Pool Cross Charges	1,500	2,695	1,195
Overweight Permits & Miscellaneous	1,000	1,080	80
Miscellaneous	965	1,294	329
Transfer from ARPA Fund	95,000	95,000	0
Total Highway	1,853,205	1,868,059	14,854
Library:			
Property Taxes	485,575	485,575	0
Library Grant Income	4,000	4,785	785
Rent - Buildings and Grounds	0	25	25
Fees and Miscellaneous	350	1,081	731
Donations	1,000	11,565	10,565
Non-Resident Fees	4,000	5,250	1,250
Library Trust	30,000	30,000	0
Total Library	524,925	538,281	13,356
Total Revenues	6,295,405	5,927,866	(367,539)
Expenditures:			
General Government:			
General:			
Regular Pay	327,445	319,884	7,561
Selectboard	6,500	6,500	0
Clerk	61,110	75,444	(14,334)
Listers	1,500	1,500	0
Listers - Regular Pay	50,400	50,636	(236)
Historical Society Clerk	9,000	9,915	(915)
Health Insurance	93,555	95,194	(1,639)
Life, Disability, LTC Insurance	3,850	4,577	(727)
Social Security	35,110	35,729	(619)

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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, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
General/(Cont'd):			
Retirement	\$ 25,035	\$ 23,381	\$ 1,654
Unemployment Insurance	1,675	1,658	17
Workers Compensation	3,020	3,017	3
Computer Services	18,500	23,401	(4,901)
Tax Mapping	2,500	1,200	1,300
Professional Services	17,465	13,354	4,111
Legal Service	18,000	3,985	14,015
Clerical/Video Meeting	1,800	1,515	285
Voting Machine	6,200	4,492	1,708
Telephone/Internet	5,410	6,537	(1,127)
Postage	5,500	7,631	(2,131)
Advertising	650	500	150
Website	2,000	1,707	293
Printing - Annual Report	1,500	1,759	(259)
Office Supplies	11,625	14,254	(2,629)
Transfer to Municipal Building Operating Fund	68,000	68,000	0
Fuel - Gasoline	0	95	(95)
Training	5,000	361	4,639
Manager's Professional Development	3,000	3,287	(287)
Association Dues	1,200	1,124	76
Transfer to Reappraisal Fund	75,000	50,000	25,000
Travel & Meals	1,000	823	177
Commercial Audit	25,000	24,340	660
County Taxes	65,235	65,233	2
Property & Liability Insurance	17,135	17,135	0
Insurance Deductibles	0	2,358	(2,358)
VLCT Dues	7,840	7,840	0
Bank Charges	1,000	768	232
Memorial Day/July 4th	14,300	14,015	285
New Equipment	8,150	1,890	6,260
Senior Citizens	12,500	12,500	0
Transfer to Cemetery Fund	15,000	15,000	0
Waterbury Historical Society	2,200	1,870	330
ARPA Eligible Expenses - CV Fiber	600,000	50,000	550,000
Economic Development to Revitalizing Waterbury	54,355	54,355	0
Total General	1,685,265	1,098,764	586,501
Public Safety:			
Contracted Services	384,000	384,199	(199)
Waterbury Ambulance Service, Inc.	54,060	54,064	(4)
Total Public Safety	438,060	438,263	(203)

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Regular Pay	\$ 27,510	\$ 22,480	\$ 5,030
Part-time Pay	50,000	48,702	1,298
Life & Disability Insurance	2,900	2,900	0
Social Security	5,930	5,445	485
Unemployment Insurance	95	74	21
Workers Compensation	7,635	5,542	2,093
Physicals & Vaccination	1,000	0	1,000
Dispatching	86,600	87,341	(741)
Equipment Maintenance	14,700	20,330	(5,630)
Communications	7,000	6,570	430
Telephone/TV/Internet	10,340	10,168	172
Office Supplies	500	630	(130)
Canteen	125	0	125
Small Tools	500	0	500
Water	3,300	2,600	700
Building Maintenance	30,580	45,585	(15,005)
Utilities - Electric/Solar	8,470	10,355	(1,885)
Heat/Generator	8,670	9,021	(351)
Fuel Equipment & Service	2,000	303	1,697
Vehicle Maintenance	16,500	27,312	(10,812)
Fuel - Gasoline	200	263	(63)
Fuel - Diesel	4,150	7,287	(3,137)
Dues	600	0	600
Public Works Director	1,570	1,570	0
Training	4,000	3,480	520
Public Relations	350	356	(6)
Travel	500	0	500
Property & Liability Insurance	15,555	21,046	(5,491)
New Equipment	81,250	64,630	16,620
Debt Principal	160,000	160,000	0
Debt Interest	50,160	49,438	722
Transfer to Fire Department Capital Fund	206,010	206,010	0
	<u>808,700</u>	<u>819,438</u>	<u>(10,738)</u>
Total Fire Department			
Landfill:			
Mad River - Waterbury Solid Waste	37,320	37,317	3
Green Up	800	898	(98)
	<u>38,120</u>	<u>38,215</u>	<u>(95)</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, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Health & Social Services:			
Community Service Officer	\$ 24,960	\$ 0	\$ 24,960
Health Insurance	9,670	0	9,670
Life & Disability Insurance	300	0	300
Social Security	1,920	0	1,920
Retirement	1,685	0	1,685
Unemployment Insurance	220	0	220
Workers Compensation	1,770	0	1,770
Gasoline & Mileage	2,600	0	2,600
Pound Service	500	425	75
Travel & Training	500	0	500
Property & Liability Insurance	300	0	300
Signs & Equipment	15,000	0	15,000
Damage Claims/Enforcement	2,000	768	1,232
Public Health	13,500	13,534	(34)
	<u>74,925</u>	<u>14,727</u>	<u>60,198</u>
Total Health & Social Services			
Recreation - Pool:			
Regular Pay	49,150	55,905	(6,755)
Social Security	3,760	4,360	(600)
Unemployment Insurance	575	558	17
Workers Compensation	3,195	3,195	0
Clothing & Safety	650	480	170
Crosscharges	1,500	2,695	(1,195)
Equipment Maintenance	2,500	1,048	1,452
Telephone	585	2,259	(1,674)
Chemical Supplies	3,500	5,228	(1,728)
Water & Sewer	9,435	9,079	356
Electric	3,325	4,444	(1,119)
Training & Red Cross	4,000	1,447	2,553
Public Works Director	590	590	0
Training	1,000	1,200	(200)
Programs	3,600	0	3,600
Property & Liability Insurance	1,960	119	1,841
New Equipment	2,500	2,831	(331)
	<u>91,825</u>	<u>95,438</u>	<u>(3,613)</u>
Total Recreation - Pool			

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Programs - Summer:			
Day Camp Pay	\$ 80,000	\$ 157,849	\$ (77,849)
Program Pay	33,455	17,191	16,264
Other Programs	0	501	(501)
Programs Coordinator	24,000	37,470	(13,470)
Health Insurance	5,790	0	5,790
Life & Disability Insurance	155	0	155
Social Security	10,720	13,078	(2,358)
Unemployment Insurance	575	558	17
Workers Compensation	8,110	8,435	(325)
Clothing & Safety	2,250	2,514	(264)
Supplies & Cleaning	800	528	272
Supplies & Cleaning - COVID	0	119	(119)
Equipment Maintenance	200	106	94
Telephone	585	137	448
Training & Red Cross	350	990	(640)
Field Trips	4,250	10,101	(5,851)
Programs	5,000	5,647	(647)
Mini Camps	10,350	3,809	6,541
Property & Liability Insurance	1,960	1,470	490
New Equipment	1,500	4,835	(3,335)
	<u>190,050</u>	<u>265,338</u>	<u>(75,288)</u>
Total Recreation Programs - Summer			
Recreation Administration/Building Expense:			
Recreation Director	58,800	51,940	6,860
Health Insurance	7,940	6,026	1,914
Life, Disability, LTC Insurance	600	605	(5)
Social Security	4,500	5,178	(678)
Retirement	3,825	5,085	(1,260)
Unemployment Insurance	575	587	(12)
Workers Compensation	4,470	4,470	0
Computer Service	4,000	4,555	(555)
Telephone/TV/Internet	1,170	516	654
Postage	200	226	(26)
Advertising	1,000	0	1,000
Office Supplies	1,000	638	362
Water & Sewer	1,325	1,271	54
Building Maintenance	1,500	643	857
Electricity	600	1,179	(579)
Fuel-Heat	1,500	1,851	(351)
Fuel Equipment & Service	300	714	(414)
Gasoline & Mileage	200	3,420	(3,220)
Training	2,600	0	2,600
Association Dues	530	0	530
New Equipment	2,800	2,725	75
Transfer to Recreation Capital Fund	100,000	75,000	25,000
	<u>199,435</u>	<u>166,629</u>	<u>32,806</u>
Total Recreation Administration/Building Expense			

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks:			
Regular Pay	\$ 23,950	\$ 29,002	\$ (5,052)
Part-time Pay	19,500	17,003	2,497
Health Insurance	11,285	11,285	0
Life, Disability, LTC Insurance	220	482	(262)
Social Security	3,325	3,519	(194)
Retirement	1,500	1,885	(385)
Unemployment Insurance	575	558	17
Workers Compensation	2,105	2,105	0
Water	3,070	4,431	(1,361)
Grounds Maintenance	25,000	22,067	2,933
Equipment Maintenance	2,300	1,988	312
Electricity	3,300	3,636	(336)
Fuel - Gas	3,500	3,833	(333)
Public Works Director	590	590	0
Property & Liability Insurance	1,960	1,960	0
New Equipment	1,750	2,249	(499)
Transfer to Highway Capital Fund	3,300	3,300	0
Total Parks	107,230	109,893	(2,663)
Planning Department:			
Regular Pay	72,660	74,239	(1,579)
Zoning Administrator	43,345	45,632	(2,287)
Health Insurance	33,850	17,597	16,253
Life, Disability, LTC Insurance	1,190	1,233	(43)
Social Security	8,875	9,060	(185)
Retirement	8,630	8,945	(315)
Unemployment Insurance	420	404	16
Workers Compensation	660	660	0
Professional Services	3,950	2,123	1,827
Special Project - Reservoir	3,200	3,408	(208)
Special Project - Green Mountain	500	500	0
Legal Service	10,000	5,894	4,106
Telephone	750	1,033	(283)
Postage	600	543	57
Advertising	2,000	1,557	443
Printing	50	22	28
Office Supplies	650	895	(245)
Beautification	3,000	2,591	409
Training - Tuition	1,000	1,474	(474)
Mapping	2,800	1,200	1,600
Dues - Regional Planning	7,090	7,090	0
Central VT Economic Development	2,000	2,000	0
Dues - VCDA	325	240	85
Travel	1,000	215	785
Conservation Commission	700	700	0
Revitalizing Waterbury	32,600	32,600	0
Total Planning Department	241,845	221,855	19,990

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Debt Management:			
Transfer to Municipal Building Operating Fund	\$ 106,460	\$ 106,460	\$ 0
Interest Expense	500	0	500
Total Debt Management	106,960	106,460	500
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
Friends of the Waterbury Reservoir	1,000	1,000	0
Ice Center of Washington West	100,000	100,000	0
Master Plan for Recreation Facilities	50,000	33,290	16,710
Total Special Articles	207,900	191,190	16,710
Total General Government	4,190,315	3,566,210	624,105

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Regular Pay	\$ 409,780	\$ 408,635	\$ 1,145
Health Insurance	74,720	72,964	1,756
Life, Disability, LTC Insurance	4,120	3,877	243
Social Security	31,350	32,343	(993)
Retirement	25,925	25,404	521
Unemployment Insurance	1,785	1,767	18
Workers Compensation	46,570	46,570	0
Clothing & Safety	7,500	6,817	683
Telephone/Internet	3,685	3,998	(313)
Office Supplies	500	116	384
Stormwater Fees	2,875	1,976	899
Small Tools	1,850	2,128	(278)
Water	425	492	(67)
Grounds Maintenance	3,000	2,000	1,000
Buildings Maintenance	6,000	6,371	(371)
Rent	4,960	4,960	0
Electricity	3,730	3,014	716
Street Lights	32,805	32,493	312
Fuel - Propane	5,075	10,705	(5,630)
Fuel - Heat	6,790	0	6,790
Fuel - Equipment & Service	750	1,525	(775)
Equipment Maintenance	49,000	50,778	(1,778)
Vehicle Maintenance	35,000	31,586	3,414
Fuel - Gas	6,845	10,220	(3,375)
Fuel - Diesel	52,100	83,070	(30,970)
Tuition	0	227	(227)
Public Works Director	42,205	42,205	0
Training	1,000	0	1,000
Tree Maintenance	4,000	3,000	1,000
Tree Planting	3,790	2,418	1,372
Engineering	3,000	0	3,000
Contractors	19,275	19,547	(272)
Summer Maintenance	27,000	24,096	2,904
Bridges, Culverts and Guardrails	12,000	6,630	5,370
Emergency Road Repairs	0	30,003	(30,003)
Chloride	12,000	9,113	2,887
Salt	45,000	39,679	5,321
Sand	48,000	38,922	9,078
Gravel	36,000	47,033	(11,033)
Stone	9,000	6,260	2,740
Gravel Resurfacing	36,000	21,708	14,292
Traffic Control Materials	31,000	22,011	8,989
Miscellaneous	0	133	(133)
Property & Liability Insurance	15,955	23,319	(7,364)
New Equipment	3,000	2,200	800
Transfer to Highway Capital Fund	794,000	794,000	0
	<u>1,959,365</u>	<u>1,976,313</u>	<u>(16,948)</u>
Total Highway	<u>1,959,365</u>	<u>1,976,313</u>	<u>(16,948)</u>

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Library:			
Regular Pay	\$ 227,860	\$ 227,710	\$ 150
Part-time Pay	10,000	6,165	3,835
Health Insurance	9,925	9,726	199
Life, Disability, LTC Insurance	3,000	3,033	(33)
Social Security	18,555	17,903	652
Retirement	11,500	13,314	(1,814)
Unemployment Insurance	1,360	1,342	18
Workers Compensation	2,800	2,800	0
Computer Service	5,500	3,740	1,760
Software Licensing	3,000	2,760	240
Equipment Lease & Maintenance	1,700	2,043	(343)
Telephone/Internet	3,010	3,464	(454)
Postage	2,625	1,445	1,180
Office Supplies	4,500	3,619	881
Transfer to Municipal Building Operating Fund	72,190	72,190	0
Tuition	400	215	185
Dues	330	360	(30)
Programs	3,500	3,547	(47)
Mileage Reimbursement	200	380	(180)
Program Supplies	1,900	2,271	(371)
Books	29,000	27,464	1,536
Property & Liability Insurance	1,140	1,140	0
Purchased By Donation	0	13,023	(13,023)
Grant Expenses	0	4,737	(4,737)
New Equipment	4,900	4,702	198
Transfer to Municipal Building Operating Fund - Debt	121,950	121,950	0
Total Library	<u>540,845</u>	<u>551,043</u>	<u>(10,198)</u>
Total Expenditures	<u>6,690,525</u>	<u>6,093,566</u>	<u>596,959</u>
Excess/(Deficiency) of Revenues			
Over Expenditures	\$ <u>(395,120)</u>	(165,700)	\$ <u>229,420</u>

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TOWN OF WATERBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES
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 BUDGET AND ACTUAL - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

Adjustments to Reconcile from Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
Library Reserve Fund Income	\$ 2,497
Library Reserve Fund Expenses	(766)
Conservation Fund Income	9
Conservation Fund Expenses	(502)
Conservation Fund Transfer In	700
Municipal Building Operating Fund Income	1,720
Municipal Building Operating Fund Expenses	(345,428)
Municipal Building Operating Fund Transfer In	368,600
Municipal Building Operating Fund Transfer Out	(20,000)
Local Development Corporation Fund Expenses	(54,355)
Local Development Corporation Fund Transfer In	54,355
ARPA Fund Income	255,372
ARPA Fund Expenses	(10,372)
ARPA Fund Transfer Out	<u>(245,000)</u>
Net Change in Fund Balance	(158,870)
Fund Balance - January 1, 2022	<u>462,348</u>
Fund Balance - December 31, 2022	<u>\$ 303,478</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, 2022

	2022	2021	2020	2019*	2018*	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 147,184,198	\$ 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	0.2438%	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	\$ 358,866	\$ 604,697	\$ 455,005	\$ 364,681	\$ 364,681	\$ 305,289	\$ 324,419	\$ 204,429	\$ 24,316
Town's Covered Employee Payroll	\$ 878,049	\$ 841,591	\$ 875,770	\$ 805,449	\$ 805,449	\$ 729,111	\$ 677,617	\$ 664,137	\$ 637,607
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	40.8708%	71.8516%	51.9549%	45.2767%	45.2767%	41.8714%	47.8765%	30.7811%	3.8136%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%	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: None.

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

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

TOWN OF WATERBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<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)	\$ 68,840	\$ 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>68,840</u>	<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>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 1,057,964	\$ 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	6.507%	6.253%	6.024%	5.816%	5.696%	5.644%	5.654%	5.581%	5.390%

Notes to Schedule

Valuation Date: June 30, 2021

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

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Total
<u>ASSETS</u>	<u> </u>	<u> </u>	<u> </u>
Loans Receivable (Net of Allowance for Uncollectibles)	\$ 147,064	\$ 0	\$ 147,064
Due from Other Funds	<u>237,545</u>	<u>142,881</u>	<u>380,426</u>
Total Assets	\$ <u><u>384,609</u></u>	\$ <u><u>142,881</u></u>	\$ <u><u>527,490</u></u>
 <u>LIABILITIES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</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</u>			
Restricted	59,582	0	59,582
Committed	50,000	142,881	192,881
Assigned	<u>127,963</u>	<u>0</u>	<u>127,963</u>
Total Fund Balances	<u>237,545</u>	<u>142,881</u>	<u>380,426</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>384,609</u></u>	\$ <u><u>142,881</u></u>	\$ <u><u>527,490</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 21,765	\$ 1,355	\$ 23,120
Permits, Licenses and Fees	19,301	695	19,996
Investment Income	<u>887</u>	<u>364</u>	<u>1,251</u>
Total Revenues	<u>41,953</u>	<u>2,414</u>	<u>44,367</u>
Expenditures:			
General Government	15,928	0	15,928
Culture and Recreation	0	7,825	7,825
Debt Service:			
Principal	0	926	926
Interest	<u>0</u>	<u>203</u>	<u>203</u>
Total Expenditures	<u>15,928</u>	<u>8,954</u>	<u>24,882</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>26,025</u>	<u>(6,540)</u>	<u>19,485</u>
Other Financing Sources:			
Transfers In	<u>50,000</u>	<u>193,577</u>	<u>243,577</u>
Total Other Financing Sources	<u>50,000</u>	<u>193,577</u>	<u>243,577</u>
Net Change in Fund Balances	76,025	187,037	263,062
Fund Balances/(Deficit) - January 1, 2022	<u>161,520</u>	<u>(44,156)</u>	<u>117,364</u>
Fund Balances - December 31, 2022	<u>\$ 237,545</u>	<u>\$ 142,881</u>	<u>\$ 380,426</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2022

	<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>177,963</u>	<u>52,021</u>	<u>7,561</u>	<u>237,545</u>
Total Assets	\$ <u>177,963</u>	\$ <u>52,021</u>	\$ <u>154,625</u>	\$ <u>384,609</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	52,021	7,561	59,582
Committed	50,000	0	0	50,000
Assigned	<u>127,963</u>	<u>0</u>	<u>0</u>	<u>127,963</u>
Total Fund Balances	<u>177,963</u>	<u>52,021</u>	<u>7,561</u>	<u>237,545</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>177,963</u>	\$ <u>52,021</u>	\$ <u>154,625</u>	\$ <u>384,609</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
Revenues:				
Intergovernmental	\$ 21,765	\$ 0	\$ 0	\$ 21,765
Permits, Licenses and Fees	0	19,301	0	19,301
Investment Income	681	180	26	887
Total Revenues	<u>22,446</u>	<u>19,481</u>	<u>26</u>	<u>41,953</u>
Expenditures:				
General Government	0	15,928	0	15,928
Total Expenditures	<u>0</u>	<u>15,928</u>	<u>0</u>	<u>15,928</u>
Excess of Revenues Over Expenditures	<u>22,446</u>	<u>3,553</u>	<u>26</u>	<u>26,025</u>
Other Financing Sources:				
Transfers In	50,000	0	0	50,000
Total Other Financing Sources	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Net Change in Fund Balances	72,446	3,553	26	76,025
Fund Balances - January 1, 2022	<u>105,517</u>	<u>48,468</u>	<u>7,535</u>	<u>161,520</u>
Fund Balances - December 31, 2022	<u>\$ 177,963</u>	<u>\$ 52,021</u>	<u>\$ 7,561</u>	<u>\$ 237,545</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2022

	Recreation Capital Fund	Building Reserve Fund	Total
<u>ASSETS</u>			
Due from Other Funds	\$ <u>24,023</u>	\$ <u>118,858</u>	\$ <u>142,881</u>
Total Assets	\$ <u><u>24,023</u></u>	\$ <u><u>118,858</u></u>	\$ <u><u>142,881</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Committed	<u>24,023</u>	<u>118,858</u>	<u>142,881</u>
Total Fund Balances	<u>24,023</u>	<u>118,858</u>	<u>142,881</u>
Total Liabilities and Fund Balances	\$ <u><u>24,023</u></u>	\$ <u><u>118,858</u></u>	\$ <u><u>142,881</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Recreation Capital Fund	Building Reserve Fund	Total
Revenues:			
Intergovernmental	\$ 1,355	\$ 0	\$ 1,355
Permits, Licenses and Fees	695	0	695
Investment Income	83	281	364
	<u>2,133</u>	<u>281</u>	<u>2,414</u>
Total Revenues			
Expenditures:			
Culture and Recreation	7,825	0	7,825
Debt Service:			
Principal	926	0	926
Interest	203	0	203
	<u>8,954</u>	<u>0</u>	<u>8,954</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	<u>(6,821)</u>	<u>281</u>	<u>(6,540)</u>
Other Financing Sources:			
Transfers In	<u>75,000</u>	<u>118,577</u>	<u>193,577</u>
Total Other Financing Sources	<u>75,000</u>	<u>118,577</u>	<u>193,577</u>
Net Change in Fund Balances	68,179	118,858	187,037
Fund Balances/(Deficit) - January 1, 2022	<u>(44,156)</u>	<u>0</u>	<u>(44,156)</u>
Fund Balances - December 31, 2022	<u>\$ 24,023</u>	<u>\$ 118,858</u>	<u>\$ 142,881</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 DECEMBER 31, 2022

	Veteran's Monument Fund	C.C. Fisher Fund	Total
<u>ASSETS</u>			
Investments	\$ <u>102,294</u>	\$ <u>29,827</u>	\$ <u>132,121</u>
Total Assets	\$ <u><u>102,294</u></u>	\$ <u><u>29,827</u></u>	\$ <u><u>132,121</u></u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to Other Funds	\$ <u>3,032</u>	\$ <u>3,571</u>	\$ <u>6,603</u>
Total Liabilities	<u>3,032</u>	<u>3,571</u>	<u>6,603</u>
Net Position:			
Restricted:			
Held in Trust for Other Purposes	<u>99,262</u>	<u>26,256</u>	<u>125,518</u>
Total Net Position	<u>99,262</u>	<u>26,256</u>	<u>125,518</u>
Total Liabilities and Net Position	\$ <u><u>102,294</u></u>	\$ <u><u>29,827</u></u>	\$ <u><u>132,121</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Veteran's Monument Fund	C.C. Fisher Fund	Total
Additions:			
Investment Income/(Loss)	\$ <u>(11,847)</u>	\$ <u>(6,763)</u>	\$ <u>(18,610)</u>
Total Additions	<u>(11,847)</u>	<u>(6,763)</u>	<u>(18,610)</u>
Deductions:			
Miscellaneous	<u>3,022</u>	<u>3,574</u>	<u>6,596</u>
Total Deductions	<u>3,022</u>	<u>3,574</u>	<u>6,596</u>
Change in Net Position	(14,869)	(10,337)	(25,206)
Net Position - January 1, 2022	<u>114,131</u>	<u>36,593</u>	<u>150,724</u>
Net Position - December 31, 2022	\$ <u><u>99,262</u></u>	\$ <u><u>26,256</u></u>	\$ <u><u>125,518</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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

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

Selectboard
Town of 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, 2022, 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 29, 2023.

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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Waterbury, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2022-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2022-02 and 2022-03 to be significant deficiencies.

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 Findings

"Government Auditing Standards" requires the auditor to perform limited procedures on the Town of Waterbury, Vermont's response to the findings 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.

Sullivan, Powers & Co.

June 29, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF WATERBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2022

Deficiencies in Internal Control:

Material Weaknesses:

2022-01 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.

Significant Deficiencies:

2022-02 Accounts Payable

Criteria:

Internal controls should be in place to ensure that expenditures are recorded in the proper fiscal year. Expenditures should be recorded based on the timing of services provided or when goods are received.

Condition:

The Town did not have controls in place to ensure all accounts payable were recorded in the proper fiscal year.

TOWN OF WATERBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2022

Cause:

Unknown.

Effect:

The Town's accounts payable balance was incorrect.

Recommendation:

We recommend that the Town review their end of the year invoices more thoroughly in order to properly classify expenditures to the correct fiscal year.

2022-03 Netting Revenues and Expenditures

Criteria:

Internal controls should be in place to ensure that revenues are not netted with expenditures in order to conform with generally accepted accounting principles.

Condition:

The Town netted a paving grant with the related expenditures account during the year. This nets out the revenue and expenditures as if they did not exist and results in the understatement of both revenue and expenditures.

Cause:

The Town was not aware that this practice is not in accordance with generally accepted accounting principles.

Effect:

This will result in understatement of revenue and expenditures.

Recommendation:

We recommend that the Town implement controls to ensure that revenues are not netted with expenditures.



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28 NORTH MAIN ST., SUITE 1
WATERBURY, VT 05676
WATERBURYVT.COM

July 5, 2023

Jordon Plummer
Sullivan, Powers & Co.

Dear Jordon:

Please see the Town's formal responses to the 2022 audit findings. We can be contacted at any time with questions.

2022-01 Grants Receivable/Deferred Inflows of Resources

For many years the Town employed a staff person whose primary role included management of the various associated with the Town's disaster recovery efforts. This individual worked at the direction of the Municipal Manager, who also retired at the end of 2022.

There was some confusion about grant receivables due to the turnover, and also due to the length of the state grant and unanticipated delays in completing the project. The grant in question will be completed in 2023 and there should not be any year end entries.

2022-02 Accounts Payable

The Town acknowledges the finding and the associated error in 2022. We will conduct a comprehensive review of expenditures towards the end of 2023 to help ensure expenses are recorded in the appropriate fiscal year. Further, if we have any questions, we will confer with our independent auditors prior to recording the expense.

2022-03 Netting Revenues and Expenditures

We acknowledge the error and believe we are henceforth educated in the correct way to record grant expenditures.

Capital Projects Fund

As part of the 2023 budget process debt service was moved from the Town's capital project funds into the general fund. We believe this finding has been addressed in full.

Vacation Payouts

In 2023 the Town Selectboard adopted a revised employee handbook, which adjusted employee accrual rates, and maximum accrual banks, for vacation, sick, and compensation time. The intent of management is to abide by these revised limits. We believe this finding has been addressed in full.

Sincerely Yours,

A handwritten signature in black ink that reads "Tom Leitz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Thomas Leitz, Municipal Manager

A handwritten signature in blue ink that reads "Michelle Ryan". The signature is cursive and somewhat stylized, with a large initial "M".

Michelle Ryan, Bookkeeper