

TOWN OF READSBORO, VERMONT

Financial Statements and Schedules

June 30, 2021

(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT

TABLE OF CONTENTS

SECTION I - FINANCIAL SECTION

Independent Auditors' Report..... 1

Management's Discussion and Analysis (Required Supplemental Information)..... 4

Basic Financial Statements

 Government-wide Financial Statements:

 Statement of Net Position 11

 Statement of Activities 12

 Fund Financial Statements:

 Balance Sheet – Governmental Funds 13

 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position 14

 Statement of Revenues, Expenditures, and Changes in
 Fund Balances – Governmental Funds..... 15

 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement
 of Activities 16

 Statement of Net Position – Proprietary Funds 17

 Statement of Revenues, Expenses, and Changes in
 Net Position – Proprietary Funds 18

 Statement of Cash Flows – Proprietary Funds..... 19

 Notes to Financial Statements 20

Required Supplemental Information Other Than MD&A:

 Schedule of Revenues, Expenditures, and Changes in Fund Balance –
 Budget and Actual – General Fund 35

 Schedule of the Town's Proportionate Share of the Net Pension Liability and
 Town Contributions - Vermont Municipal Employees Retirement Plan 44

SECTION II - COMPLIANCE AND INTERNAL CONTROL

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* 45

Independent Auditors' Report

The Select Board
Town of Readsboro, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Readsboro, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Readsboro, Vermont, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows 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 Readsboro, 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.

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 Readsboro, 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment 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 judgment 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 Readsboro, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Readsboro, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10, the budgetary comparison information on pages 35 - 43, and the schedule of pension liabilities and contributions on page 44, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of the Town of Readsboro, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Readsboro, Vermont's internal control over financial reporting and compliance.

Love, Cody & Company, CPAs, P.C.

November 17, 2023

Vt. Reg. #357

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

As management of the Town of Readsboro, Vermont we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. This document has been prepared in accordance with Statement No. 34 of Governmental Accounting Standards Board (GASB 34). GASB 34 has made significant changes to both the contents and the format of the financial statements of governmental agencies. Please read it in conjunction with the Town's financial statements.

Financial Highlights – Primary Government

Government-Wide Highlights:

- *Net Position* – The assets of the Town exceeded its liabilities at the close of the fiscal year by \$6,493,619. Of this amount, \$1,335,501 was reported as *unrestricted net position* and may be used to meet the government's ongoing obligations to citizens and creditors, \$306,000 was restricted, and \$4,852,118 was invested in capital assets.

Fund Highlights:

- *Governmental Funds* – Governmental funds include general, special revenue, and permanent funds. As of June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$2,090,881.

Enterprise Funds:

- *Water Fund* – As of June 30, 2021, the Town's Water Fund reported total net position of \$2,554,917; \$(641,171) represents the *unrestricted balance* available for future expenses and \$3,196,088 is the amount invested in capital assets, net of related debt.
- *Sewer Fund* – As of June 30, 2021, the Town's Sewer Fund reported total net position of \$493,269; \$148,773 represents the *unrestricted balance* available for future expenses and \$344,496 is the amount invested in capital assets.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They are comprised of the *statement of net position* and *statement of activities*.

The *statement of net position* presents information of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

improving or deteriorating. This statement, unlike previous financial statements prior to implementing GASB 34, combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the above government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, parks and recreation, and cemetery. The business-type activities of the Town include the water and sewer departments.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the Town's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining alike funds and presenting them in total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented in a single column. The Town of Readsboro has elected to treat all of its funds as major and present them individually in the fund financial statements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on short-term inflows and outflows of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town operates *enterprise funds*. An enterprise fund is a proprietary fund category used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the water and sewer departments.

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information to provide additional financial information not included in the basic financial statements.*

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required financial statements and notes.

The following condensed and reformatted financial information is a condensed version of the government-wide financial statements presented on pages 11 and 12.

Table 1						
Net Position (in Thousands)						
	2021			2020		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
Current and other assets	\$ 2,391	232	2,623	2,109	317	2,426
Capital assets	1,547	3,541	5,088	1,698	3,748	5,446
Total assets	3,938	3,773	7,711	3,807	4,065	7,872
Deferred outflows of resources	78	0	78	51	0	51
Total assets and deferred outflows	4,016	3,773	7,789	3,858	4,065	7,923
Current liabilities	135	0	135	196	0	196
Noncurrent liabilities	425	724	1,149	420	767	1,187
Total liabilities	560	724	1,284	616	767	1,383
Deferred inflows of resources	10	0	10	5	0	5
Total liabilities and deferred inflows	570	724	1,294	621	767	1,388
Net position:						
Invested in capital assets, net of debt	1,312	3,541	4,853	1,419	3,748	5,167
Restricted	306	0	306	306	0	306
Unrestricted	1,828	(492)	1,336	1,512	(450)	1,062
Total net position	\$ 3,446	3,049	6,495	3,237	3,298	6,535

Unrestricted net position – is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
REVENUES						
General revenues:						
Property taxes	\$ 1,152	0	1,152	1,090	0	1,090
Other general revenues	61	55	116	92	57	149
Earnings on investments	68	0	68	24	0	24
Loss of Disposal of Assets	0	0	0	0	0	0
Program revenues:						
Charges for services	59	211	270	37	204	241
Operating grants and contributions	161	0	161	354	0	354
Capital grants and contributions	0	0	0	0	0	0
Total revenues	1,501	266	1,767	1,597	261	1,858
PROGRAM EXPENSES						
General government	351	0	351	544	0	544
Public safety	77	0	77	74	0	74
Public works	771	0	771	972	0	972
Parks, recreation and library	39	0	39	40	0	40
Cemetery	26	0	26	43	0	43
Interest	28	0	28	28	0	28
Water	0	239	239	0	322	322
Sewer	0	277	277	0	164	164
Total program expenses	1,292	516	1,808	1,701	486	2,187
Increase (decrease) in net position	\$ 209	(250)	(41)	(104)	(225)	(329)

Governmental Expenses. Total governmental activity expenses were \$1,291,910 and \$1,701,092 for the years ended June 30, 2021 and 2020, respectively. The largest expenses were incurred for general government and public works.

Governmental Revenues. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$219,874 and \$391,248 for the years ended June 30, 2021 and 2020 respectively. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues, *operating grants and contributions* which include operating-specific and discretionary (either operating or capital) grants and capital grants and contributions.

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

General revenues are all other revenue not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions, and investment earnings. Total general revenues from governmental activities were \$1,281,103 and \$1,205,492 for the years ended June 30, 2021 and 2020, respectively. Taxes of \$1,152,379 comprised 90% of the Town's general revenues for the year ended June 30, 2021.

Business-Type Activities. Net position for business-type (Water and Sewer) activities were \$3,048,186 and \$3,298,637 at June 30, 2021 and 2020, respectively. Total revenues for business-type activities were \$265,490 and \$261,069 for the years ended June 30, 2021 and 2020, respectively. Total expenses for the business-type activities were \$515,491 and \$485,683 for the years ended June 30, 2021 and 2020, respectively.

Financial Analysis of Individual Funds

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,090,881. \$567,838 is unassigned and is available for spending at the government's discretion. \$306,000 is restricted for the trust fund, \$56,798 is assigned for cemetery use and \$1,160,245 is committed for other purposes.

Proprietary Funds. The Town's proprietary funds (Water and Sewer) provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund compares actual results for the year ended June 30, 2021 to the approved budget for the General Fund. The most significant variances were as follows:

Table 3			
Significant General Fund Budget Variances for the Year Ended June 30, 2021			
REVENUES AND OTHER SOURCES:	EXPENDITURES AND OTHER USES:		
	Favorable (Unfavorable)		Favorable (Unfavorable)
Property taxes	\$ 376,985	Road materials	\$ (175,031)

Revenues and other sources

- The favorable variance in property taxes was the result of a tax sale.

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Expenditures and other uses

- The expenditure for road materials is related to a paving project and was funded by a \$95,000 appropriation and previously committed fund balance.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$5,087,617, net of accumulated depreciation of \$7,880,075. Investment in capital assets includes land, land improvements, buildings, infrastructure, machinery and equipment, lease improvements, software, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the Town such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items.

	June 30, 2021			June 30, 2020		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
Land and land improvements	\$ 117,345	233,355	350,700	119,339	233,355	352,694
Construction in progress	0	0	0	0	16,166	16,166
Distribution & collection systems	0	964,743	964,743	0	1,007,229	1,007,229
Buildings and improvements	20,251	2,263,492	2,283,743	22,539	2,404,981	2,427,520
Equipment and vehicles	922,158	78,994	1,001,152	1,033,957	86,709	1,120,666
Furniture and fixtures	0	0	0	0	0	0
Infrastructure	487,279	0	487,279	522,266	0	522,266
Total net assets	\$ 1,547,033	3,540,584	5,087,617	1,698,101	3,748,440	5,446,541

Debt Administration

Long-Term Liabilities – At the end of the current fiscal year, the Town had \$1,149,194 in long-term liabilities.

	Governmental Activities	Business-type Activities	Total Government
Bonds	\$ 210,005	724,466	934,471
Capital lease obligations	25,494	0	25,494
Net pension liability	189,229	0	189,229
Total long-term liabilities	\$ 424,728	724,466	1,149,194

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Economic Climate

- The economic slow-down across the region and country has had its effect on our local situation. The lack of new construction in the general area impacts the builders and suppliers in our community.
- Our community continues to suffer the inequities of the Act 60/68 education funding scheme as implemented by the State of Vermont.
- The challenges of educational opportunity for our children, insurance, energy costs, and affordable housing will be with our community for the foreseeable future.
- Attempts are being made to address the increasing number of vacant homes in the village section of Town.
- The Town is continuing to pursue grants to soften the financial impact to the Town's taxpayer's for any future projects.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to:

Town of Readsboro, Vermont
PO Box 187
Readsboro, VT 05350

TOWN OF READSBORO, VERMONT
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 1,435,867	88,173	1,524,040
Investments	738,294	0	738,294
Accounts and notes receivable	229	124,449	124,678
Delinquent taxes receivable, net	203,944	0	203,944
Inventory	0	203	203
Internal balances	(19,243)	19,243	0
Due from other governments	0	0	0
Prepaid expenses	32,256	0	32,256
Capital assets:			
Land	79,033	233,355	312,388
Other capital assets, net of accumulated depreciation	1,468,000	3,307,229	4,775,229
Total assets	3,938,380	3,772,652	7,711,032
Deferred outflows of financial resources:			
VMERS pension plan	77,583	0	77,583
Total assets and deferred outflows of financial resources	\$ 4,015,963	3,772,652	7,788,615
Liabilities:			
Accounts payable	\$ 60,034	0	60,034
Accrued liabilities	5,926	0	5,926
Due to School District	0	0	0
Deferred revenue	69,584	0	69,584
Line of credit	0	0	0
Capital leases payable:			
Due within one year	25,494	0	25,494
Due in more than one year	0	0	0
Bonds and notes payable:			
Due within one year	19,901	40,775	60,676
Due in more than one year	190,104	683,691	873,795
Net pension liability - VMERS	189,229	0	189,229
Total liabilities	560,272	724,466	1,284,738
Deferred inflows of financial resources:			
VMERS pension plan	10,258	0	10,258
Net position:			
Invested in capital assets, net of related debt	1,311,534	3,540,584	4,852,118
Restricted	306,000	0	306,000
Unrestricted	1,827,899	(492,398)	1,335,501
Total net position	\$ 3,445,433	3,048,186	6,493,619

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Activities
June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 350,641	48,943	14,500	0	(287,198)	0	(287,198)
Public safety	77,177	0	0	0	(77,177)	0	(77,177)
Public works	771,501	0	146,419	0	(625,082)	0	(625,082)
Parks, recreation and library	39,327	0	0	0	(39,327)	0	(39,327)
Cemetery	25,717	10,012	0	0	(15,705)	0	(15,705)
Interest	27,547	0	0	0	(27,547)	0	(27,547)
Total governmental activities	1,291,910	58,955	160,919	0	(1,072,036)	0	(1,072,036)
Business-type activities:							
Water	239,105	110,065	0	0	0	(129,040)	(129,040)
Sewer	276,836	101,034	0	0	0	(175,802)	(175,802)
Total business-type activities	515,941	211,099	0	0	0	(304,842)	(304,842)
Total primary government	\$ 1,807,851	270,054	160,919	0	(1,072,036)	(304,842)	(1,376,878)
General revenues:							
Property taxes					1,152,379	0	1,152,379
Investment earnings					68,247	143	68,390
Miscellaneous					79,518	12,212	91,730
Interest credit on bonds					0	22,995	22,995
Transfers					(19,041)	19,041	(0)
Total general revenues and transfers					1,281,103	54,391	1,335,494
Change in net assets					209,067	(250,451)	(41,384)
Net position - beginning					3,236,366	3,298,637	6,535,003
Net position - ending					\$ 3,445,433	3,048,186	6,493,619

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Funds		Permanent Fund	Total
		Cemetery Fund	Library Fund	Trust Fund	
Assets:					
Cash	\$ 1,419,925	15,942	0	0	1,435,867
Investments	0	37,247	0	701,047	738,294
Delinquent taxes receivable, net	203,944	0	0	0	203,944
Accounts and notes receivable	428	0	(200)	0	228
Due from other funds	279,532	3,609	200	0	283,341
Total assets	1,903,829	56,798	0	701,047	2,661,674
Deferred outflows of financial resources:					
Prepaid expenses	32,256	0	0	0	32,256
Total assets and deferred outflows of financial resources	\$ 1,936,085	56,798	0	701,047	2,693,930
Liabilities:					
Accounts payable	\$ 60,034	0	0	0	60,034
Due to other funds	0	0	0	302,584	302,584
Accrued liabilities	4,569	0	0	0	4,569
Total liabilities	64,603	0	0	302,584	367,187
Deferred inflows of financial resources:					
Property taxes paid in advance	63,432	0	0	0	63,432
Deferred property taxes	166,278	0	0	0	166,278
Deferred grant revenue	0	0	6,152	0	6,152
Total deferred inflows	229,710	0	6,152	0	235,862
Fund balance:					
Restricted	0	0	0	306,000	306,000
Committed	1,160,245	0	0	0	1,160,245
Assigned	0	56,798	0	0	56,798
Unassigned	481,527	0	(6,152)	92,463	567,838
Total fund balance	1,641,772	56,798	(6,152)	398,463	2,090,881
Total liabilities, deferred inflows and fund balance	\$ 1,936,085	56,798	0	701,047	2,693,930

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds, page 12 \$ 2,090,881

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$ 3,331,389	
Less accumulated depreciation	<u>(1,784,356)</u>	1,547,033

Deferred outflows of financial resources related to pension activities are not recognized in the funds		77,583
--	--	--------

Other long-term assets (property taxes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.		166,278
--	--	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(426,084)
---	--	-----------

Deferred inflows of financial resources related to pension activities are not recognized in the funds		(10,258)
---	--	----------

Net assets - governmental activities, page 10 \$ 3,445,433

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Revenue Funds		Permanent Fund	Total
		Cemetery Fund	Library Fund	Trust Fund	
Revenues:					
Property taxes	\$ 1,213,042	0	0	0	1,213,042
Licenses and permits	4,988	0	0	0	4,988
Intergovernmental	177,503	0	0	0	177,503
Charges for services	21,449	0	0	0	21,449
Lot sales	0	2,000	0	0	2,000
Solid waste	25,168	0	0	0	25,168
Interest and dividend income	519	893	0	18,526	19,938
Investment income	0	3,504	0	44,804	48,308
Miscellaneous	517,125	0	0	1,276	518,401
Total revenues	1,959,794	6,397	0	64,606	2,030,797
Expenditures:					
General government	282,849	0	0	0	282,849
Highways	623,208	0	0	0	623,208
Solid waste	61,294	0	0	0	61,294
Fire Department	54,846	0	0	0	54,846
Library	22,710	0	200	0	22,910
Appropriations	516,927	0	0	0	516,927
Cemetery	24,918	0	0	0	24,918
Capital outlays	29,888	0	0	0	29,888
Debt service	27,778	0	0	0	27,778
Total expenditures	1,644,418	0	200	0	1,644,618
Excess (deficiency) of revenues over expenditures	315,376	6,397	(200)	64,606	386,179
Other financing sources (uses):					
Operating transfers in (out)	(515)	0	0	(18,526)	(19,041)
	(515)	0	0	(18,526)	(19,041)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	314,861	6,397	(200)	46,080	367,138
Beginning fund balance	1,326,911	50,401	(5,952)	352,383	1,723,743
Ending fund balance	\$ 1,641,772	56,798	(6,152)	398,463	2,090,881

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances - governmental funds, page 14 \$ 367,138

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Expenditures for capital assets (net of capital lease)	\$ 0	
Less: current year depreciation and amortization	<u>(151,067)</u>	(151,067)

Proceeds from long-term financing provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Decrease in accrued interest on bonds	125
Repayment of principal on bonds and capital leases	43,780

Increase in accrued pension liability.	(47,991)
--	----------

Change in pension-related deferred inflows and deferred outflows	21,627
--	--------

Revenues in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenues in the funds. This amount represents a decrease in deferred property taxes (24,545)

Change in net assets - governmental activities, page 11 \$ 209,067

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Net Position
Proprietary Funds
June 30, 2021

	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash	\$ 38,865	49,308	88,173
Due from other funds	0	34,609	34,609
Accounts receivable	59,593	64,856	124,449
Inventory	203	0	203
Total current assets	98,661	148,773	247,434
Capital assets:			
Land	215,140	18,215	233,355
Distribution and collection systems	1,095,735	1,094,045	2,189,780
Buildings and equipment	6,387,949	825,218	7,213,167
Less accumulated depreciation	(4,502,736)	(1,592,982)	(6,095,718)
Total non-current assets	3,196,088	344,496	3,540,584
Total assets	\$ 3,294,749	493,269	3,788,018
Liabilities:			
Current liabilities:			
Due to other funds	\$ 15,366	0	15,366
Bonds payable, current portion	40,775	0	40,775
Total current liabilities	56,141	0	56,141
Notes and bonds payable, less current portion	683,691	0	683,691
Total liabilities	739,832	0	739,832
Net position:			
Invested in capital assets, net of related debt	3,196,088	344,496	3,540,584
Unrestricted - designated	(641,171)	148,773	(492,398)
Total net position	2,554,917	493,269	3,048,186
Total liabilities and net position	\$ 3,294,749	493,269	3,788,018

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	\$ 110,065	101,034	211,099
Interest on delinquent accounts	6,023	6,118	12,141
Miscellaneous	71	0	71
Total operating revenues	116,159	107,152	223,311
Operating expenses:			
Personnel services	45,133	45,871	91,004
Taxes	2,218	2,251	4,469
Professional services	6,252	10,483	16,735
Utilities and telephone	5,869	14,380	20,249
Insurance	3,048	2,819	5,867
Operating supplies and equipment	8,706	18,179	26,885
Office supplies and expenses	2,589	2,311	4,900
Depreciation and amortization	165,052	42,802	207,854
Other	238	454	692
Lagoon cleanout	0	137,286	137,286
Total operating expenses	239,105	276,836	515,941
Operating loss	(122,946)	(169,684)	(292,630)
Nonoperating revenues (expenses):			
Investment income	46	97	143
(Interest) credit on bonds	22,995	0	22,995
Total nonoperating revenues (expenses)	23,041	97	23,138
Loss before operating transfers	(99,905)	(169,587)	(269,492)
Operating transfers in (out)	19,041	0	19,041
	19,041	0	19,041
Change in net position	(80,864)	(169,587)	(250,451)
Total net position - beginning	2,635,781	662,856	3,298,637
Total net position - ending	\$ 2,554,917	493,269	3,048,186

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 107,780	98,704	206,484
Other cash receipts	71	0	71
Cash payments to:			
Suppliers of goods or services	(52,718)	(170,509)	(223,227)
Employees for services	(45,133)	(45,871)	(91,004)
Net cash provided by (used in) operating activities	10,000	(117,676)	(107,676)
Cash flows from non-capital financing activities:			
Interest on meter deposits	46	97	143
Transfers in	19,041	0	19,041
Net cash provided by non-capital financing activities	19,087	97	19,184
Cash flows from capital financing activities:			
Principal paid on bonds	(42,036)	0	(42,036)
Interest (paid) credit on bonds	22,995	0	22,995
Net cash used in capital financing activities	(19,041)	0	(19,041)
Cash flows from investing activities:			
Purchase of capital assets	0	0	0
Net cash used in investing activities	0	0	0
Net increase (decrease) in cash	10,046	(117,579)	(107,533)
Cash, beginning	28,819	166,887	195,706
Cash, ending	\$ 38,865	49,308	88,173
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating loss	\$ (122,946)	(169,684)	(292,630)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	165,052	42,802	207,854
(Increase) decrease in current assets and deferred outflows:			
Accounts receivable	(8,308)	(8,448)	(16,756)
Due from other funds	0	17,654	17,654
Increase (decrease) in current liabilities			
Due to other funds	(23,798)	0	(23,798)
Net cash provided by (used in) operating activities	\$ 10,000	(117,676)	(107,676)

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies**

(a) **Introduction**

The Town of Readsboro, Vermont (the "Town") is a unit of local government chartered in 1786. The Town operates under a Select Board form of government and provides services as outlined in its charter.

The accompanying financial statements of the Town of Readsboro, Vermont include all of the financial activity of the general government, special revenue funds, permanent fund, and enterprise funds. All these components are included because they are under the direct control of the Select Board. The Town exercises significant oversight and financial interdependence exists. The Town is not a component unit of another reporting entity.

The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

(b) **Basis of Presentation**

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements.

Government-wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the Town. Eliminations have been made to minimize the effect of internal transactions between funds. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and 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 statements provide information about the Town's funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. Management has elected to treat all of the Town's governmental funds as major funds.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(b) **Basis of Presentation (continued)**

Fund Financial Statements (continued)

The financial activities of the Town that are reported in the accompanying financial statements have been classified in the major funds described in the following paragraphs.

Governmental Funds

General Governmental Activities Fund – The General Governmental Activities Fund is used to account for all revenues and expenditures applicable to the general operations of the governmental agencies of the Town. All general operating revenues which are not restricted as to use by sources external to the town are recorded in the General Governmental Activities Fund.

Special Revenue Funds – The Special Revenue Funds are operating funds, for which the use of revenues is restricted, generally by Federal and State governments. The Town uses two Special Revenue Funds: the Cemetery Fund and the Library Fund.

Permanent Funds – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the programs. The one Permanent Fund used by the Town is the Trust Fund.

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town uses two enterprise funds, the Water Fund and the Sewer Fund.

(c) **Measurement Focus and Basis of Accounting**

The Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(c) **Measurement Focus and Basis of Accounting (continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues other than property taxes reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year. Property taxes are recognized to the extent collected within sixty days of fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(d) **Budgets and Budgetary Accounting**

The Town approves budgets for the General Fund at an annual Town Meeting. The Select Board determines the tax rate based on the budgets and Grand List. Formal budgetary accounting is employed as a management control device during the year.

(e) **Cash**

For purposes of the statement of cash flows presented for the proprietary funds, cash equivalents include all short-term highly liquid investments which are readily convertible to known amounts of cash and have original maturities of three months or less.

(f) **Investments**

Investments are stated at fair value (quoted market price, or the best available estimate).

(g) **Inventory**

Inventory is valued at cost using the first-in first-out method. Inventory in the Proprietary Fund consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed.

(h) **Capital Assets**

Property and equipment is stated at known or estimated historical cost. Net interest costs are capitalized on projects during the construction period. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows: office furniture and equipment – 5 to 10 years, motor vehicles and heavy equipment – 5 to 15 years, buildings and building improvements – 10 to 40 years, and infrastructure – 10 to 40 years.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(h) **Capital Assets (continued)**

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

(i) **Governmental Fund Balance / Net Assets**

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance is either not in spendable form (such as inventory), or is required to be maintained intact legally or contractually.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Select Board). To be reported as committed, amounts cannot be used for any other purpose unless the Select Board takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Select Board or by an official or body to which the Select Board delegates the authority. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Select Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Select Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, the Town will consider applicable restrictions, time-constraints and conditions specified in grants or otherwise when determining the order of spending from each fund category.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(i) **Governmental Fund Balance / Net Assets (continued)**

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted resources are used first to fund appropriations when there are both restricted and unrestricted resources available.

Unrestricted – This category includes both designated and undesignated net assets of the Town. Designated net assets include reserves that were established by the Board, which are considered internally designated. Undesignated net assets are not restricted for any project or other purpose.

(j) **Interfund Receivables and Payables**

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund but are properly applicable to another fund are recorded as expenditure or expense (transfers out) in the reimbursing fund and as reductions of the expenditure or expense (transfers in) in the fund that is reimbursed.

(k) **Use of Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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.

(2) **Cash**

At June 30, 2021, the carrying amount of the Town's deposits was \$1,524,040 and the bank balance was \$1,552,426. Of the bank balance, \$316,440 was covered by Federal depository insurance and \$1,235,986 was uninsured and uncollateralized.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. During the year the Town had deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits resulting in uninsured, uncollateralized deposits subject to custodial credit risk.

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(3) *Investments*

Investments at June 30, 2021 are as follows:

	Fair Value	Investment Maturities (Years)	
		Less Than 1	1-5
Cash equivalents	\$ 889	N/A	N/A
Certificates of Deposit	122,095	N/A	122,095
Mutual funds - equities	175,897	N/A	N/A
Mutual funds - fixed income	439,413	N/A	N/A
	\$ 738,294	-	122,095

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments. At year end, none of the Town's investments were subject to custodial credit risk.

Credit Risk

Credit risk is defined as the risk that an issuer of an investment in debt securities will not fulfill its obligation. All of the Town's investments in corporate bonds have an A rating. U.S. Government bonds are not considered to have credit risk and do not require disclosure of credit quality.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While no policy is in place, a majority of the Town's investments are in short-term holdings and are not subject to this risk.

(4) *Fair Value Measurements*

The Fair Value Measurement Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value are as follows:

- Level 1 – Unadjusted quoted prices in active market for identical assets.
- Level 2 – Inputs other than quoted prices in Level 1 that are observable for the assets, either directly or indirectly.
- Level 3 – Significant unobservable inputs for the assets where there is little or no market activity for the assets at the measurement date.

The Town's Level 1 assets include all investments in cash equivalents, mutual funds, and bonds. It has no Level 2 or Level 3 assets. Investments are classified within the level of the lowest significant input considered in determining fair value.

The inputs and methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(5) Capital Assets

Capital assets and activity for the year ended June 30, 2021 are as follows:

Governmental Funds	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Cost				
Non-depreciable Assets				
Land	\$ 79,033	0	0	79,033
Construction in Process	0	0	0	0
	79,033	0	0	79,033
Depreciable Assets				
Land Improvements	59,480	0	0	59,480
Buildings	56,714	0	0	56,714
Building Improvements	56,370	0	0	56,370
Infrastructure	749,279	0	0	749,279
Vehicles and Equipment	2,322,093	0	0	2,322,093
Furniture and Fixtures	8,421	0	0	8,421
	3,252,357	0	0	3,252,357
Accumulated Depreciation				
Land Improvements	(19,174)	(1,994)	0	(21,168)
Buildings	(54,814)	(100)	0	(54,914)
Building Improvements	(35,731)	(2,188)	0	(37,919)
Infrastructure	(227,013)	(34,987)	0	(262,000)
Vehicles and Equipment	(1,288,137)	(111,798)	0	(1,399,935)
Furniture and Fixtures	(8,421)	0	0	(8,421)
	(1,633,290)	(151,067)	0	(1,784,357)
Property and equipment, net	\$ 1,698,100	(151,067)	0	1,547,033
Proprietary Funds				
Cost				
Non-depreciable Assets				
Land	\$ 233,355	0	0	233,355
Construction in Process	16,166	0	(16,166)	0
	249,521	0	(16,166)	233,355
Depreciable Assets				
Buildings	7,055,260	0	0	7,055,260
Building Improvements	14,246	0	0	14,246
Distribution/Collection Systems	2,173,614	0	16,166	2,189,780
Vehicles and Equipment	143,661	0	0	143,661
	9,386,781	0	16,166	9,402,947

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(5) Capital Assets (continued)

Proprietary Funds	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Accumulated Depreciation				
Buildings	(4,650,279)	(141,489)	0	(4,791,768)
Building Improvements	(14,246)	0	0	(14,246)
Distribution/Collection Systems	(1,166,386)	(58,651)	0	(1,225,037)
Vehicles and Equipment	(56,953)	(7,714)	0	(64,667)
	(5,887,864)	(207,854)	0	(6,095,718)
Property and equipment, net	\$ 3,748,440	(207,854)	0	3,540,584

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,150
Public safety	25,329
Public works	122,601
Culture and recreation	1,187
Cemetery	800
	\$ 151,067

(6) Notes Payable

Long term liabilities at June 30, 2021 consist of the following:

Governmental Funds

Note payable to the USDA for water system improvements. Semiannual payments of \$16,040 are due in May and November, with the final payment due in November 2029. Payments include principal and interest, which is charged at 3.930%.	\$ 210,005
Total governmental activities debt	\$ 210,005

Proprietary Funds

Water bond payable to the Vermont Municipal Bond Bank, annual principal payments of between \$19,000 and \$47,000 plus interest at - 3.0% (annual debt service of \$19,041), matures January 1, 2045.	\$ 724,466
Total proprietary funds debt	\$ 724,466

Interest paid for the year ended June 30, 2021 was \$9,006. Interest credited on the proprietary fund water bond amounted to \$22,995 for the year ended June 30, 2021.

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(6) Notes Payable (continued)

The following is a summary of the changes in long-term debt.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable	\$ 229,154	0	(19,149)	210,005	19,901
	\$ 229,154	0	(19,149)	210,005	19,901
Business-type Activities:					
Bonds payable	\$ 766,502	0	(42,036)	724,466	40,775
	\$ 766,502	0	(42,036)	724,466	40,775

Maturities of long-term debt are as follows for the years ending June 30:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 19,901	8,253	28,154	40,775	(21,734)	19,041
2023	20,683	7,471	28,154	39,552	(20,511)	19,041
2024	21,496	6,658	28,154	38,365	(19,324)	19,041
2025	22,341	5,814	28,155	37,214	(18,173)	19,041
2026	23,219	4,936	28,155	36,097	(17,057)	19,040
2027-2031	102,365	10,251	112,616	164,879	(69,675)	95,204
2032-2036	0	0	0	141,588	(46,384)	95,204
2037-2041	0	0	0	121,586	(26,382)	95,204
2042-2046	0	0	0	104,410	(9,206)	95,204
	\$ 210,005	43,383	253,388	724,466	(248,446)	476,020

(7) Leases

The Town leases certain equipment under an agreement which is classified as a capital lease. At June 30, 2021 equipment recorded under capital lease in the Government-wide financial statements amounted to \$130,310. Accumulated amortization amounted to \$4,344.

Future minimum payments required under capital leases are as follows:

Year ending June 30, 2022	\$ 26,388
Total minimum lease payments	26,388
Less amount representing interest	(894)
Present value of minimum lease payments	\$ 25,494

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(8) Fund Balances

At June 30, 2021, the Town's fund balances were restricted, committed or assigned as follows:

General Fund, Committed:

Bridge repair	\$	22,342
Broadband		18,000
Cemetery capital		8,398
Computerization		12,083
Energy efficiency		88,000
FD protective equipment		30
Fire equipment		289,270
Grant matching		155,616
Landfill closure		10,158
Legal fees		15,895
Machinery sinking fund		142,818
Reappraisal		38,662
Restoration		12,928
Road materials reserve		52,713
Tax sale escrow		5,921
Town office reserve		17,425
Town owned building fund		<u>269,986</u>
Total general fund, committed	\$	<u><u>1,160,245</u></u>

Permanent Fund, Restricted:

Trust	\$	<u><u>306,000</u></u>
-------	----	-----------------------

(9) Property Taxes

The Town is responsible for assessing and collecting property taxes for the Readsboro School District, as well as for the Town itself. Property taxes are assessed based upon the assessed values as of April 1. The tax is payable in four installments: September 10, December 10, March 10 and May 10. All delinquent taxes are charged a penalty of 8% of the unpaid balance. Interest of 1% per month is charged for overdue taxes from the due date for the first three months and 1.5% per month thereafter.

The tax rate per \$100 of property value for 2021 was:

		Residential	Non-Residential
Municipal	\$	0.9377	0.9377
Local agreement		0.0100	0.0100
Education		1.2725	1.4655
	\$	<u>2.2202</u>	<u>2.4132</u>

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(10) Risk Management

The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, employee health and accident and environmental liability. The Town obtains coverage for the risks of losses to which it is exposed through participation in Property and Casualty Intermunicipal Fund, Inc. (PACIF), a self-insurance program sponsored by the Vermont League of Cities and Towns. PACIF is a non-profit corporation owned by the participating municipalities.

(11) Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of such audits is not believed to be material.

(12) Pension Plans

The Town contributes to the Vermont Municipal Employees Retirement System (VMERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Vermont. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The Town and employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

The Town participates in the Group A level of contributions and benefits of the System. Under Group A, the employee contributions are 3.000% of gross pay (3.250% effective July 1, 2021) and employer contributions are 4.500% of gross pay (4.750% effective July 1, 2021).

Of the Town's total payroll of \$347,511, \$259,363 was covered under the Vermont Municipal Employees' Retirement System.

Contributions for the year ended June 30, 2021 amounted to \$15,578.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources

Pension Plan Description and Benefits Provided

A detailed description of the Vermont Municipal Employees Retirement System (VMERS) is included in Note 12 to the financial statements.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported the following liability for its proportionate share of the net pension liability for VMERS. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net liability was based on a projection of the Town's long-term share of contributions to VMERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by VMERS reports provided to the Town.

Actuarial valuation date: June 30, 2020

Town of Readsboro's portion of the Plan's total net pension liability: \$189,229.

For the year ended June 30, 2021, the Town recognized pension expense of \$42,283. At June 30, 2021 the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 17,042	(561)
Changes in assumptions	25,370	-
Difference between projected and actual earnings on pension plan investments	18,098	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,154	(9,697)
Town contributions subsequent to the measurement date	15,919	-
	<u>\$ 77,583</u>	<u>(10,258)</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2022	\$	15,224
June 30, 2023		14,780
June 30, 2024		12,531
June 30, 2025		8,871
	\$	<u>51,406</u>

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

Significant Actuarial Assumptions and Methods

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

Salary Increases: 5% per year

Mortality:

Pre-Retirement:

Groups A, B, C - 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Group D – 100% of RP-2006 Blue Collar Employee with generation projection using Scale SSA-2017.

Healthy Post-retirement:

Groups A, B, C - 98% of RP-2006 tables, blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Group D – 100% of RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-retirement:

All Groups - RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B, and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 COLA is assumed to be 0.80% for all groups.

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

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

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)
Significant Actuarial Assumptions and Methods (continued)

Inflation: 2.5%.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

Significant Actuarial Assumptions and Methods (continued)

The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%):

1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
\$ 289,103	\$ 189,229	\$ 107,053

(14) Subsequent Events

The Town has evaluated subsequent events through November 2023, the date on which the financial statements were available to be issued.

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 799,933	1,176,918	376,985
Delinquent interest	0	16,682	16,682
Delinquent penalty	0	11,430	11,430
Tax sales	0	8,012	8,012
Total taxes	799,933	1,213,042	413,109
Licenses and Permits			
Dog licenses	100	73	(27)
Liquor licenses	285	350	65
Zoning permits	2,000	4,565	2,565
Dog fines	50	0	(50)
Total licenses and permits	2,435	4,988	2,553
Intergovernmental			
Highway aid	64,500	67,589	3,089
Other grants and fees	70,000	92,459	22,459
Highway supplement	0	17,455	17,455
Total intergovernmental	134,500	177,503	43,003
Charges for Services			
Copier/fax use	500	848	348
Recording fees	4,000	12,215	8,215
Civil fines	100	426	326
Restoration fund fees	0	5,298	5,298
Computerization fund fees	0	2,662	2,662
Total charges for services	4,600	21,449	16,849
Solid Waste			
Tipping fees	20,000	21,872	1,872
Car stickers	1,400	1,720	320
Metal sales and e-waste	1,500	1,576	76
Total solid waste	22,900	25,168	2,268
Miscellaneous Income			
Interest income	0	519	519
Other miscellaneous income	0	14,506	14,506
General reimbursement	9,000	5,619	(3,381)
Appropriations received:			
Machinery Sinking Fund	0	75,000	75,000
Grant Match Reserve Fund	0	95,000	95,000
Road Materials Fund	0	110,000	110,000
Fire Equipment Fund	0	100,000	100,000
Town Owned Building Fund	0	100,000	100,000
Cemetery Capital Fund	0	17,000	17,000
Total miscellaneous income	9,000	517,644	508,644
Total revenues	973,368	1,959,794	986,426

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
General Government			
<i>Selectmen</i>			
Salaries	9,680	9,274	406
Payroll taxes	580	739	(159)
Unemployment compensation	2,000	464	1,536
Office supplies	1,150	2,282	(1,132)
Tax bill expenses	1,200	995	205
Tax sale purchases	0	9,562	(9,562)
Town agent	45	376	(331)
Travel	100	0	100
Postage	500	169	331
Professional services	1,500	4,043	(2,543)
Contract services	0	1,342	(1,342)
Selectmen Projects	25,000	10,085	14,915
911 Project	1,000	0	1,000
Beautification Fund	875	619	256
<i>Total selectmen</i>	43,630	39,950	3,680
<i>Clerk</i>			
Salary	16,500	16,856	(356)
Asst. clerk salary	800	259	541
Ballot clerk salaries	1,650	1,950	(300)
BCA member	300	90	210
BCA meeting expense	100	26	74
Moderator salary	100	80	20
Payroll taxes	1,480	1,451	29
Retirement	950	1,013	(63)
Travel	50	0	50
Office supplies	1,500	1,852	(352)
Projects	0	9,329	(9,329)
Postage	650	833	(183)
Town meeting expense	500	2,697	(2,197)
Grant expenditures	0	5,006	(5,006)
Town reports	1,000	0	1,000
Equipment	2,500	369	2,131
Dog expense	95	77	18
Telecommunications	450	519	(69)
Professional services	500	1,319	(819)
Training	100	76	24
Membership dues	2,000	4,063	(2,063)
Equipment repair	500	34	466
Copier	530	651	(121)
Miscellaneous	0	10	(10)
<i>Total clerk</i>	32,255	48,560	(16,305)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
General Government (continued)			
<i>Treasurer</i>			
Salary	15,965	16,318	(353)
Asst. treasurer salary	800	85	715
Payroll taxes	1,300	1,255	45
Retirement	920	980	(60)
Travel	50	301	(251)
Office supplies	1,000	521	479
Small equipment	2,500	307	2,193
Telephone	450	519	(69)
Audit	14,000	10,667	3,333
Professional services	500	1,287	(787)
Training	100	0	100
Copier contract	530	651	(121)
Postage	1,000	1,242	(242)
Bank charges	50	0	50
<i>Total treasurer</i>	39,165	34,133	5,032
<i>Delinquent Tax Collector</i>			
Salary	0	9,939	(9,939)
Payroll taxes	960	761	199
Office supplies	850	342	508
<i>Total delinquent tax collector</i>	1,810	11,042	(9,232)
<i>Listers</i>			
Salaries	7,900	4,291	3,609
Payroll taxes	625	298	327
Retirement	0	215	(215)
Travel	100	0	100
Postage	200	476	(276)
Office supplies	100	713	(613)
Equipment	1,025	2,254	(1,229)
Contracted services	4,500	10,196	(5,696)
Telephone	1,600	1,469	131
Electricity, water and sewer	980	761	219
Professional services	2,760	1,288	1,472
Re-appraisal	0	35,609	(35,609)
<i>Total listers</i>	19,790	57,570	(37,780)
<i>911 Coordinator</i>			
Salary	150	120	30
Payroll taxes	13	9	4
<i>Total 911 coordinator</i>	163	129	34

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
General Government (continued)			
<i>Planning / Zoning</i>			
Zoning administrator	2,000	2,000	0
Payroll taxes	202	153	49
Zoning miscellaneous	100	505	(405)
WRC	1,750	1,730	20
Development Review Board	300	0	300
Office supplies	300	366	(66)
Postage	200	0	200
Training	600	0	600
Public hearings - Town plan	100	105	(5)
Community Development Com.	0	0	0
Other	450	111	339
<i>Total planning / zoning</i>	6,002	4,970	1,032
<i>Dog Officer</i>			
Salary	600	500	100
Payroll taxes	46	38	8
Travel expense	100	0	100
Dog expense	500	0	500
<i>Total dog officer</i>	1,246	538	708
<i>Public Safety</i>			
Contracted sevices	13,000	10,688	2,312
<i>Town Administrator</i>			
Salary	17,420	15,878	1,542
Payroll taxes	1,334	1,214	120
Travel expense	500	0	500
Office supplies	1,500	1,768	(268)
Telephone	500	519	(19)
Professional development	600	35	565
Membership dues	0	85	(85)
Copier contract	530	651	(121)
	22,384	20,150	2,234
<i>Miscellaneous</i>			
Electricity (Streets)	16,000	15,217	783
Electricity (Lions Park)	1,000	516	484
Historical Society Electricity	750	733	17
Historical Society Heat	1,500	2,053	(553)
Historical Society Sewer	456	342	114
Historical Society Water	505	504	1
Bandstand	250	156	94
Legal Fees	0	2,351	(2,351)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
General Government (continued)			
<i>Miscellaneous (continued)</i>			
Ballfield	250	255	(5)
Health Officer	300	225	75
Payroll taxes	24	130	(106)
Postage	50	0	50
Travel	50	0	50
Professional development	100	0	100
Town owned building expense	0	32,637	(32,637)
<i>Total miscellaneous</i>	21,235	55,119	(33,884)
Total general government	200,680	282,849	(82,169)
Highway			
<i>Winter Roads</i>			
Salaries	78,795	85,368	(6,573)
Payroll taxes	6,200	6,528	(328)
Retirement	4,600	5,118	(518)
Health insurance	33,065	35,337	(2,272)
Travel	0	173	(173)
Outside equipment	10,500	11,250	(750)
New equipment	1,000	0	1,000
Uniforms	1,500	1,074	426
Sand	30,000	31,099	(1,099)
Salt	26,500	22,391	4,109
<i>Total winter roads</i>	192,160	198,338	(6,178)
<i>Winter Garage</i>			
Office supplies	500	57	443
Supplies	5,000	5,671	(671)
Telephone	700	816	(116)
Electricity	3,000	4,320	(1,320)
Sewer / Water	505	767	(262)
<i>Total winter garage</i>	9,705	11,631	(1,926)
<i>Summer Roads</i>			
Salaries	98,850	95,130	3,720
Summer help	6,000	4,157	1,843
Payroll taxes	8,025	7,584	441
Retirement	5,700	5,719	(19)
Health insurance	33,065	36,481	(3,416)
Insurance	12,000	7,842	4,158
Workers compensation insurance	15,500	12,482	3,018
Travel	0	20	(20)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
<i>Summer Roads (continued)</i>			
Office supplies	600	1,535	(935)
Professional services	1,500	110	1,390
Outside equipment	6,000	4,940	1,060
Small equipment	1,500	470	1,030
Uniforms	1,500	878	622
Road materials	0	175,031	(175,031)
Special summer projects	0	200	(200)
Miscellaneous	5,000	4,819	181
<i>Total summer roads</i>	195,240	357,398	(162,158)
<i>Summer Garage</i>			
Supplies	4,500	2,153	2,347
Telephone	900	653	247
Electricity	1,500	0	1,500
Sewer / Water	697	425	272
Siding, windows and repairs	1,300	1,137	163
<i>Total summer garage</i>	8,897	4,368	4,529
<i>Fuels</i>			
Heating oil	7,500	5,105	2,395
Gas	500	59	441
Diesel	27,000	22,624	4,376
<i>Total fuels</i>	35,000	27,788	7,212
<i>Parts and Supplies</i>			
Truck 1 parts and supplies	4,000	155	3,845
Truck 2 parts and supplies	4,000	1,033	2,967
Truck 3 parts and supplies	4,000	2,258	1,742
Truck 4 parts and supplies	4,000	10,662	(6,662)
Truck 5 parts and supplies	4,000	1,243	2,757
VENTRAC	0	277	(277)
Backhoes	3,000	628	2,372
Loaders	4,000	541	3,459
Grader	3,000	4,287	(1,287)
Chainsaws	500	0	500
Mower	3,500	2,391	1,109
Compressor	100	0	100
Brush cutter	800	19	781
Supplies	500	191	309
<i>Total parts and supplies</i>	35,400	23,685	11,715
Total highway	476,402	623,208	(146,806)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Solid Waste			
Salaries	11,124	9,149	1,975
Payroll taxes	855	701	154
WC Insurance	1,600	1,142	458
Liability insurance	65	67	(2)
Travel	200	0	200
Office supplies	525	891	(366)
Electricity	1,200	1,048	152
Professional services	1,425	1,961	(536)
Container rental/pickup	32,000	40,899	(8,899)
WSWD assessment	5,600	5,021	579
Repairs	500	0	500
Miscellaneous	0	12	(12)
Junk Officer	500	375	125
Payroll taxes	39	28	11
Travel expenses	100	0	100
Total solid waste	55,733	61,294	(5,561)
Fire Department			
Fire warden	200	0	200
Insurance	6,700	6,520	180
Postage	0	299	(299)
Telephone	1,700	1,748	(48)
Electricity	1,300	3,229	(1,929)
Sewer / Water	922	922	0
Heating oil	2,500	2,186	314
Equipment	2,578	8,187	(5,609)
Training	1,000	455	545
Training officer	2,000	1,444	556
Membership dues	15,000	14,228	772
Gas	600	378	222
Diesel	1,200	327	873
Radio repairs	2,500	3,353	(853)
Equipment repairs	8,000	6,700	1,300
Equipment testing	2,000	0	2,000
Miscellaneous	500	841	(341)
Unemployment compensation	0	4,029	(4,029)
Total fire department	48,700	54,846	(6,146)
Library			
Salaries	23,283	13,043	10,240
Payroll taxes	1,785	993	792
Programs	1,200	1,904	(704)
Insurance	425	545	(120)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Library (continued)			
Travel	400	117	283
Office supplies	450	696	(246)
Postage	250	334	(84)
Books	1,500	1,437	63
Periodicals	280	240	40
Audio / Visual	800	961	(161)
Telephone	840	446	394
Technology	1,000	1,136	(136)
Culture & Recreation Depr	750	381	369
Membership dues	100	150	(50)
Professional development/misc.	300	327	(27)
Total library	33,363	22,710	10,653
Appropriations			
Machinery replacement fund	75,000	75,000	0
Grant Match Reserve Fund	0	95,000	(95,000)
Road Materials Fund	0	95,000	(95,000)
Gravel Fund	15,000	15,000	0
Fire Equipment Fund	0	100,000	(100,000)
Town Owned Building Fund	0	100,000	(100,000)
Cemetery Capital Fund	0	17,000	(17,000)
County tax	7,500	6,713	787
Council on Aging	900	900	0
Visiting Nurses Association	2,400	2,400	0
Emergency Mngmt/Cell Phone	400	384	16
VT Center for Independent Living	230	230	0
VT Association for the Blind	300	300	0
Memorial Day	2,000	2,000	0
Fourth of July	4,000	4,000	0
Food pantry	500	500	0
Wings program	0	2,500	(2,500)
Total appropriations	108,230	516,927	(408,697)
Capital Outlays			
Machinery replacement	0	26,388	(26,388)
Bridges	0	3,500	(3,500)
Total capital outlays	0	29,888	(29,888)
Cemeteries:			
Salaries	4,285	11,504	(7,219)
Payroll taxes	335	880	(545)
WC Insurance	700	558	142
Contracted Services	9,800	9,200	600
Parts and supplies	2,100	2,776	(676)
Total cemeteries	17,220	24,918	(7,698)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Debt Service			
Original Water Bond 2011-5	28,000	27,778	222
Total debt service	28,000	27,778	222
Total expenditures	968,328	1,644,418	(676,090)
Excess (deficiency) of revenues over expenditures	5,040	315,376	310,336
Other financing sources (uses):			
Operating transfer (to) from:			
Water Fund - 2016 Water Bond RF3-273	(19,040)	(19,041)	(1)
Trust Fund	14,000	18,526	4,526
Total other financing sources (uses)	(5,040)	(515)	4,525
Excess (deficiency) of revenues over expenditures and other financing uses	0	314,861	314,861
Fund balance July 1, 2020		1,326,911	
Fund balance June 30, 2021		\$ 1,641,772	

TOWN OF READSBORO, VERMONT
Schedule of the Town's Proportionate Share of the Net Pension Liability
and Town Contributions
Vermont Municipal Employees Retirement Plan

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	7.48017%	0.08141%	0.08480%	0.08866%	0.07755%	0.08658%	0.08530%
Proportionate share of the net pension liability	\$ 189,229	141,238	119,279	104,937	99,808	66,747	7,785
Covered-employee payroll	\$ 259,363	269,615	278,124	268,012	257,164	233,773	242,040
Proportionate share of the net pension liability as a percentage of its covered employee payroll	72.96%	52.39%	42.89%	39.15%	38.81%	28.55%	3.22%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	74.52%	80.35%	82.60%	80.95%	87.42%	98.32%
Contractually required contribution	\$ 15,578	15,490	15,642	14,852	14,145	11,787	12,102
Contributions in relation to the contractually required contribution	(15,578)	(15,490)	(15,642)	(14,852)	(14,145)	(11,787)	(12,102)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	6.01%	5.75%	5.62%	5.54%	5.50%	5.04%	5.00%



**INDEPENDENT AUDITORS' 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**

To the Select Board
Town of Readsboro, Vermont

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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Readsboro, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Readsboro, Vermont's basic financial statements, and have issued our report thereon dated November 17, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Readsboro, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Readsboro, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Readsboro, Vermont's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Readsboro, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 17, 2023

Love, Cody & Company, CPAs, P.C.

Vt. Reg. #357

115 Elm Street • P.O. Box 319 • Bennington, Vermont 05201-0319

(802) 442-5552 • (800) 894-5511

Facsimile: (802) 442-7314 • e-mail: mail@lovecody.com

www.lovecody.com