

TOWN OF READSBORO, VERMONT

Financial Statements and Schedules

June 30, 2022

(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT

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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, 2022, 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, 2022, 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 December 22, 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.

December 22, 2023

Vt. Reg. #357

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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, 2022. 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 \$6,578,210. Of this amount, \$1,644,795 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 \$4,627,415 was invested in capital assets.

Fund Highlights:

- *Governmental Funds* – Governmental funds include general, special revenue, and permanent funds. As of June 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$2,344,712.

Enterprise Funds:

- *Water Fund* – As of June 30, 2022, the Town's Water Fund reported total net position of \$2,437,498; \$(591,812) represents the *unrestricted balance* available for future expenses and \$3,029,310 is the amount invested in capital assets, net of related debt.
- *Sewer Fund* – As of June 30, 2022, the Town's Sewer Fund reported total net position of \$457,907; \$156,052 represents the *unrestricted balance* available for future expenses and \$301,855 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, 2022

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, 2022

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)						
	2022			2021		
	Governmental Activities	Business- type Activities	Total Govern- ment	Governmental Activities	Business- type Activities	Total Govern- ment
Current and other assets	\$ 2,630	248	2,878	2,391	232	2,623
Capital assets	1,580	3,331	4,911	1,547	3,541	5,088
Total assets	4,210	3,579	7,789	3,938	3,773	7,711
Deferred outflows of resources	53	0	53	78	0	78
Total assets and deferred outflows	4,263	3,579	7,842	4,016	3,773	7,789
Current liabilities	165	40	205	135	0	135
Noncurrent liabilities	341	644	985	425	724	1,149
Total liabilities	506	684	1,190	560	724	1,284
Deferred inflows of resources	74	0	74	10	0	10
Total liabilities and deferred inflows	580	684	1,264	570	724	1,294
Net position:						
Invested in capital assets, net of debt	1,296	3,331	4,627	1,312	3,541	4,853
Restricted	306	0	306	306	0	306
Unrestricted	2,081	(436)	1,645	1,828	(492)	1,336
Total net position	\$ 3,683	2,895	6,578	3,446	3,049	6,495

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, 2022

Table 2						
Change in Net Position (in Thousands)						
	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
REVENUES						
General revenues:						
Property taxes	\$ 1,181	0	1,181	1,152	0	1,152
Other general revenues	71	29	100	61	55	116
Earnings on investments	(53)	0	(53)	68	0	68
Loss of Disposal of Assets	0	0	0	0	0	0
Program revenues:						
Charges for services	61	219	280	59	211	270
Operating grants and contributions	310	0	310	161	0	161
Capital grants and contributions	175	0	175	0	0	0
Total revenues	1,745	248	1,993	1,501	266	1,767
PROGRAM EXPENSES						
General government	333	0	333	351	0	351
Public safety	70	0	70	77	0	77
Public works	993	0	993	771	0	771
Parks, recreation and library	47	0	47	39	0	39
Cemetery	38	0	38	26	0	26
Interest	27	0	27	28	0	28
Water	0	250	250	0	239	239
Sewer	0	151	151	0	277	277
Total program expenses	1,508	401	1,909	1,292	516	1,808
Increase (decrease) in net position	\$ 237	(153)	84	209	(250)	(41)

Governmental Expenses. Total governmental activity expenses were \$1,507,958 and \$1,291,910 for the years ended June 30, 2022 and 2021, 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 \$545,918 and \$219,874 for the years ended June 30, 2022 and 2021 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, 2022

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 \$1,193,453 and \$1,281,103 for the years ended June 30, 2022 and 2021, respectively. Taxes of \$1,181,163 comprised 99% of the Town's general revenues for the year ended June 30, 2022.

Business-Type Activities. Net position for business-type (Water and Sewer) activities were \$2,895,405 and \$3,048,186 at June 30, 2022 and 2021, respectively. Total revenues for business-type activities were \$248,541 and \$265,490 for the years ended June 30, 2022 and 2021, respectively. Total expenses for the business-type activities were \$401,322 and \$515,941 for the years ended June 30, 2022 and 2021, 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 \$2,344,712. \$754,790 is unassigned and is available for spending at the government's discretion. \$306,000 is restricted for the trust fund, \$56,590 is assigned for cemetery use and \$1,227,332 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, 2022 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, 2022			
REVENUES AND OTHER SOURCES:	EXPENDITURES AND OTHER USES:		
	Favorable (Unfavorable)		Favorable (Unfavorable)
Property taxes	\$ 352,644	Road materials	\$ (386,283)
Other grants and fees	339,973		

TOWN OF READSBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Revenues and other sources

- The favorable variance in property taxes was the result of the budget not including amounts to be collected on behalf of the school.
- The favorable variance in other grants and fees was the result of unbudgeted State grants for various capital projects.

Expenditures and other uses

- The expenditure for road materials is related to paving projects and the Turner Road culvert project going over estimates.

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, 2022, amounts to \$4,910,755, net of accumulated depreciation of \$8,243,408. 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, 2022			June 30, 2021		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
Land and land improvements	\$ 115,351	233,355	348,706	117,345	233,355	350,700
Distribution & collection systems	0	904,207	904,207	0	964,743	964,743
Buildings and improvements	17,963	2,122,003	2,139,966	20,251	2,263,492	2,283,743
Equipment and vehicles	993,983	71,600	1,065,583	922,158	78,994	1,001,152
Furniture and fixtures	0	0	0	0	0	0
Infrastructure	452,293	0	452,293	487,279	0	487,279
Total net assets	\$ 1,579,590	3,331,165	4,910,755	1,547,033	3,540,584	5,087,617

Debt Administration

Long-Term Liabilities – At the end of the current fiscal year, the Town had \$1,070,050 in long-term liabilities.

TOWN OF READSBORO, VERMONT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2022

Table 5			
Noncurrent Liability Balances at June 30, 2022			
	Governmental Activities	Business-type Activities	Total Government
Bonds	\$ 190,104	683,691	873,795
Capital lease obligations	93,236	0	93,236
Net pension liability	103,019	0	103,019
Total long-term liabilities	\$ 386,359	683,691	1,070,050

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 1,745,219	88,279	1,833,498
Investments	666,427	0	666,427
Accounts and notes receivable	229	139,845	140,074
Delinquent taxes receivable, net	213,885	0	213,885
Inventory	0	203	203
Internal balances	(19,604)	19,604	0
Prepaid expenses	24,557	0	24,557
Capital assets:			
Land	79,033	233,355	312,388
Other capital assets, net of accumulated depreciation	1,500,557	3,097,810	4,598,367
Total assets	4,210,303	3,579,096	7,789,399
Deferred outflows of financial resources:			
VMERS pension plan	52,379	0	52,379
Total assets and deferred outflows of financial resources	\$ 4,262,682	3,579,096	7,841,778
Liabilities:			
Accounts payable	\$ 44,838	0	44,838
Accrued liabilities	(1,574)	0	(1,574)
Due to School District	5,178	0	5,178
Deferred revenue	70,719	0	70,719
Capital leases payable:			
Due within one year	25,494	0	25,494
Due in more than one year	67,742	0	67,742
Bonds and notes payable:			
Due within one year	20,683	39,552	60,235
Due in more than one year	169,421	644,139	813,560
Net pension liability - VMERS	103,019	0	103,019
Total liabilities	505,520	683,691	1,189,211
Deferred inflows of financial resources:			
VMERS pension plan	74,357	0	74,357
Net position:			
Invested in capital assets, net of related debt	1,296,250	3,331,165	4,627,415
Restricted	306,000	0	306,000
Unrestricted	2,080,555	(435,760)	1,644,795
Total net position	\$ 3,682,805	2,895,405	6,578,210

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Activities
June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 333,459	45,923	135,360	0	(152,176)	0	(152,176)
Public safety	70,442	0	0	0	(70,442)	0	(70,442)
Public works	992,540	0	174,626	175,000	(642,914)	0	(642,914)
Parks, recreation and library	47,085	0	0	0	(47,085)	0	(47,085)
Cemetery	37,658	15,009	0	0	(22,649)	0	(22,649)
Interest	26,774	0	0	0	(26,774)	0	(26,774)
Total governmental activities	1,507,958	60,932	309,986	175,000	(962,040)	0	(962,040)
Business-type activities:							
Water	250,210	110,450	0	0	0	(139,760)	(139,760)
Sewer	151,112	108,813	0	0	0	(42,299)	(42,299)
Total business-type activities	401,322	219,263	0	0	0	(182,059)	(182,059)
Total primary government	\$ 1,909,280	280,195	309,986	175,000	(962,040)	(182,059)	(1,144,099)
General revenues:							
Property taxes					1,181,163	0	1,181,163
Investment earnings (loss)					(53,309)	106	(53,203)
Miscellaneous					65,599	13,397	78,996
Interest credit on bonds					0	21,734	21,734
Transfers					5,959	(5,959)	(0)
Total general revenues and transfers					1,199,412	29,278	1,228,690
Change in net assets					237,372	(152,781)	84,591
Net position - beginning					3,445,433	3,048,186	6,493,619
Net position - ending					\$ 3,682,805	2,895,405	6,578,210

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Funds		Permanent Fund	Total
		Cemetery Fund	Library Fund	Trust Fund	
Assets:					
Cash	\$ 1,725,472	19,747	0	0	1,745,219
Investments	0	33,234	0	633,193	666,427
Delinquent taxes receivable, net	213,885	0	0	0	213,885
Accounts and notes receivable	429	0	(200)	0	229
Due from other funds	278,871	3,609	500	0	282,980
Total assets	2,218,657	56,590	300	633,193	2,908,740
Deferred outflows of financial resources:					
Prepaid expenses	24,557	0	0	0	24,557
Total assets and deferred outflows of financial resources	\$ 2,243,214	56,590	300	633,193	2,933,297
Liabilities:					
Accounts payable	\$ 44,838	0	0	0	44,838
Due to School District	5,178	0	0	0	5,178
Due to other funds	0	0	0	302,584	302,584
Accrued liabilities	(2,802)	0	0	0	(2,802)
Total liabilities	47,214	0	0	302,584	349,798
Deferred inflows of financial resources:					
Property taxes paid in advance	64,267	0	0	0	64,267
Deferred property taxes	168,068	0	0	0	168,068
Deferred grant revenue	0	0	6,452	0	6,452
Total deferred inflows	232,335	0	6,452	0	238,787
Fund balance:					
Restricted	0	0	0	306,000	306,000
Committed	1,227,332	0	0	0	1,227,332
Assigned	0	56,590	0	0	56,590
Unassigned	736,333	0	(6,152)	24,609	754,790
Total fund balance	1,963,665	56,590	(6,152)	330,609	2,344,712
Total liabilities, deferred inflows and fund balance	\$ 2,243,214	56,590	300	633,193	2,933,297

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, 2022

Total fund balances - governmental funds, page 13	\$	2,344,712
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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	\$	3,517,861	
Less accumulated depreciation		<u>(1,938,271)</u>	1,579,590

Deferred outflows of financial resources related to pension activities are not recognized in the funds	52,379
--	--------

Other long-term assets (property taxes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.	168,068
--	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(387,587)
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Deferred inflows of financial resources related to pension activities are not recognized in the funds	(74,357)
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Net assets - governmental activities, page 11	\$	3,682,805
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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, 2022

	General Fund	Special Revenue Funds		Permanent Fund	Total
		Cemetery Fund	Library Fund	Trust Fund	
Revenues:					
Property taxes	\$ 1,217,622	0	0	0	1,217,622
Licenses and permits	5,573	0	0	0	5,573
Intergovernmental	484,407	0	0	0	484,407
Charges for services	14,452	0	0	0	14,452
Lot sales	0	3,000	0	0	3,000
Solid waste	27,620	0	0	0	27,620
Interest and dividend income	695	895	0	3,086	4,676
Investment income	0	(4,103)	0	(53,882)	(57,985)
Miscellaneous	464,133	0	0	311	464,444
Total revenues	2,214,502	(208)	0	(50,485)	2,163,809
Expenditures:					
General government	258,737	0	0	0	258,737
Highways	863,394	0	0	0	863,394
Solid waste	75,135	0	0	0	75,135
Fire Department	55,429	0	0	0	55,429
Library	36,567	0	0	0	36,567
Appropriations	441,931	0	0	0	441,931
Cemetery	36,858	0	0	0	36,858
Capital outlays	120,123	0	0	0	120,123
Debt service	27,763	0	0	0	27,763
Total expenditures	1,915,937	0	0	0	1,915,937
Excess (deficiency) of revenues over expenditures	298,565	(208)	0	(50,485)	247,872
Other financing sources (uses):					
Operating transfers in (out)	23,328	0	0	(17,369)	5,959
	23,328	0	0	(17,369)	5,959
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	321,893	(208)	0	(67,854)	253,831
Beginning fund balance	1,641,772	56,798	(6,152)	398,463	2,090,881
Ending fund balance	\$ 1,963,665	56,590	(6,152)	330,609	2,344,712

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, 2022

Net change in fund balances - governmental funds, page 15	\$	253,831
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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)	\$ 93,235	
Less: current year depreciation and amortization	<u>(153,914)</u>	(60,679)

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	128
Repayment of principal on bonds and capital leases	45,395

Decrease in accrued pension liability.	86,210
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Change in pension-related deferred inflows and deferred outflows	(89,303)
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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 an increase in deferred property taxes

	1,790
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Change in net assets - governmental activities, page 12	\$	237,372
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See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Net Position
Proprietary Funds
June 30, 2022

	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash	\$ 38,910	49,369	88,279
Due from other funds	0	33,033	33,033
Accounts receivable	66,195	73,650	139,845
Inventory	203	0	203
Total current assets	105,308	156,052	261,360
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	(4,669,514)	(1,635,623)	(6,305,137)
Total non-current assets	3,029,310	301,855	3,331,165
Total assets	\$ 3,134,618	457,907	3,592,525
Liabilities:			
Current liabilities:			
Due to other funds	\$ 13,429	0	13,429
Bonds payable, current portion	39,552	0	39,552
Total current liabilities	52,981	0	52,981
Notes and bonds payable, less current portion	644,139	0	644,139
Total liabilities	697,120	0	697,120
Net position:			
Invested in capital assets, net of related debt	3,029,310	301,855	3,331,165
Unrestricted - designated	(591,812)	156,052	(435,760)
Total net position	2,437,498	457,907	2,895,405
Total liabilities and net position	\$ 3,134,618	457,907	3,592,525

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, 2022

	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	\$ 110,450	108,813	219,263
Interest on delinquent accounts	6,402	6,541	12,943
Miscellaneous	119	335	454
Total operating revenues	116,971	115,689	232,660
Operating expenses:			
Personnel services	48,210	48,278	96,488
Taxes	2,396	2,401	4,797
Professional services	7,919	11,295	19,214
Utilities and telephone	6,513	13,204	19,717
Insurance	3,808	3,509	7,317
Operating supplies and equipment	11,036	25,462	36,498
Office supplies and expenses	3,389	3,095	6,484
Depreciation and amortization	166,778	42,642	209,420
Other	161	917	1,078
Lagoon cleanout	0	309	309
Total operating expenses	250,210	151,112	401,322
Operating loss	(133,239)	(35,423)	(168,662)
Nonoperating revenues (expenses):			
Investment income	45	61	106
(Interest) credit on bonds	21,734	0	21,734
Total nonoperating revenues (expenses)	21,779	61	21,840
Loss before operating transfers	(111,460)	(35,362)	(146,822)
Operating transfers in (out)	(5,959)	0	(5,959)
	(5,959)	0	(5,959)
Change in net position	(117,419)	(35,362)	(152,781)
Total net position - beginning	2,554,917	493,269	3,048,186
Total net position - ending	\$ 2,437,498	457,907	2,895,405

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	Water Fund	Sewer Fund	Total
<i>Cash flows from operating activities:</i>			
Cash receipts from customers	\$ 110,250	106,559	216,809
Other cash receipts	119	335	454
<i>Cash payments to:</i>			
Suppliers of goods or services	(37,159)	(58,616)	(95,775)
Employees for services	(48,210)	(48,278)	(96,488)
<i>Net cash provided by operating activities</i>	25,000	0	25,000
<i>Cash flows from non-capital financing activities:</i>			
Interest on meter deposits	45	61	106
Transfers out	(5,959)	0	(5,959)
<i>Net cash provided by (used in) non-capital financing activities</i>	(5,914)	61	(5,853)
<i>Cash flows from capital financing activities:</i>			
Principal paid on bonds	(40,775)	0	(40,775)
Interest (paid) credit on bonds	21,734	0	21,734
<i>Net cash used in capital financing activities</i>	(19,041)	0	(19,041)
<i>Cash flows from investing activities:</i>			
Purchase of capital assets	0	0	0
<i>Net cash used in investing activities</i>	0	0	0
<i>Net increase in cash</i>	45	61	106
<i>Cash, beginning</i>	38,865	49,308	88,173
<i>Cash, ending</i>	\$ 38,910	49,369	88,279
<i>Reconciliation of operating income to net cash provided by (used in) operating activities:</i>			
Operating loss	\$ (133,239)	(35,423)	(168,662)
<i>Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:</i>			
Depreciation	166,778	42,642	209,420
<i>(Increase) decrease in current assets and deferred outflows:</i>			
Accounts receivable	(6,602)	(8,795)	(15,397)
Due from other funds	0	1,576	1,576
<i>Increase (decrease) in current liabilities</i>			
Due to other funds	(1,937)	0	(1,937)
<i>Net cash provided by (used in) operating activities</i>	\$ 25,000	0	25,000

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, 2022, the carrying amount of the Town's deposits was \$1,833,498 and the bank balance was \$1,859,470. Of the bank balance, \$335,335 was covered by Federal depository insurance and \$1,524,135 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, 2022 are as follows:

	Fair Value	Investment Maturities (Years)	
		Less Than 1	1-5
Cash equivalents	\$ 1,581	N/A	N/A
Certificates of Deposit	139,307	N/A	139,307
Mutual funds - equities	201,315	N/A	N/A
Mutual funds - fixed income	324,224	N/A	N/A
	\$ 666,427	-	139,307

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, 2022 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	186,471	0	2,508,564
Furniture and Fixtures	8,421	0	0	8,421
	3,252,357	186,471	0	3,438,828
Accumulated Depreciation				
Land Improvements	(21,168)	(1,994)	0	(23,162)
Buildings	(54,914)	(100)	0	(55,014)
Building Improvements	(37,919)	(2,188)	0	(40,107)
Infrastructure	(262,000)	(34,986)	0	(296,986)
Vehicles and Equipment	(1,399,935)	(114,646)	0	(1,514,581)
Furniture and Fixtures	(8,421)	0	0	(8,421)
	(1,784,357)	(153,914)	0	(1,938,271)
Property and equipment, net	\$ 1,547,033	32,557	0	1,579,590
Proprietary Funds				
Cost				
Non-depreciable Assets				
Land	\$ 233,355	0	0	233,355
Construction in Process	0	0	0	0
	233,355	0	0	233,355
Depreciable Assets				
Buildings	7,055,260	0	0	7,055,260
Building Improvements	14,246	0	0	14,246
Distribution/Collection Systems	2,189,780	0	0	2,189,780
Vehicles and Equipment	143,661	0	0	143,661
	9,402,947	0	0	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	(4,791,768)	(141,489)	0	(4,933,257)
Building Improvements	(14,246)	0	0	(14,246)
Distribution/Collection Systems	(1,225,037)	(60,536)	0	(1,285,573)
Vehicles and Equipment	(64,667)	(7,394)	0	(72,061)
	(6,095,718)	(209,419)	0	(6,305,137)
Property and equipment, net	\$ 3,540,585	(209,419)	0	3,331,165

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,150
Public safety	24,523
Public works	126,254
Culture and recreation	1,187
Cemetery	800
	\$ 153,914

(6) Notes Payable

Long term liabilities at June 30, 2022 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%.	\$ 190,104
Total governmental activities debt	\$ 190,104

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.	\$ 683,691
Total proprietary funds debt	\$ 683,691

Interest paid for the year ended June 30, 2022 was \$8,253. Interest credited on the proprietary fund water bond amounted to \$21,734 for the year ended June 30, 2022.

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	\$ 210,005	0	(19,901)	190,104	20,683
	\$ 210,005	0	(19,901)	190,104	20,683
Business-type Activities:					
Bonds payable	\$ 724,466	0	(40,775)	683,691	39,552
	\$ 724,466	0	(40,775)	683,691	39,552

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
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	24,131	4,023	28,154	35,015	(15,974)	19,041
2028-2032	78,234	6,228	84,462	159,933	(64,729)	95,204
2033-2037	0	0	0	137,340	(42,136)	95,204
2038-2042	0	0	0	117,938	(22,734)	95,204
2043-2047	0	0	0	82,237	(6,074)	76,163
	\$ 190,104	35,130	225,234	683,691	(226,712)	456,979

(7) Leases

The Town leases certain equipment under an agreement which is classified as a capital lease. At June 30, 2022 equipment recorded under capital lease in the Government-wide financial statements amounted to \$316,781. Accumulated amortization amounted to \$39,730.

Future minimum payments required under capital leases are as follows:

Year ending June 30:	
2023	\$ 33,060
2024	33,060
2025	33,060
Total minimum lease payments	99,180
Less amount representing interest	(5,944)
Present value of minimum lease payments	\$ 93,236

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(8) Fund Balances

At June 30, 2022, the Town's fund balances were restricted, committed or assigned as follows:

General Fund, Committed:

Bridge repair	\$	21,862
Broadband		18,000
Cemetery capital		3,735
Computerization		12,281
Energy efficiency		88,000
FD protective equipment		30
Fire equipment		339,270
Grant matching		155,616
Landfill closure		10,187
Legal fees		13,131
Machinery sinking fund		102,845
Reappraisal		45,892
Restoration		15,698
Road materials reserve		45,077
Tax sale escrow		5,921
Town office reserve		17,425
Town owned building fund		332,362
Total general fund, committed	\$	<u>1,227,332</u>

Permanent Fund, Restricted:

Trust	\$	<u>306,000</u>
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(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 2022 was:

		Residential	Non-Residential
Municipal	\$	0.9128	0.9128
Local agreement		0.0098	0.0098
Education		1.2143	1.4650
	\$	2.1369	2.3876

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 B level of contributions and benefits of the System. Under Group B, the employee contributions are 5.625% of gross pay and employer contributions are 6.250% of gross pay.

Of the Town's total payroll of \$364,664, \$270,299 was covered under the Vermont Municipal Employees' Retirement System.

Contributions for the year ended June 30, 2022 amounted to \$16,894.

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, 2021

Town of Readsboro's portion of the Plan's total net pension liability: \$103,019.

For the year ended June 30, 2022, the Town recognized pension expense of \$19,987. At June 30, 2022 the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,201	(60,743)
Changes in assumptions	16,284	-
Difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	(13,614)
Town contributions subsequent to the measurement date	16,894	-
	\$ 52,379	(74,357)

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, 2023.

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, 2023	\$	(4,416)
June 30, 2024		(6,503)
June 30, 2025		(9,884)
June 30, 2026		(18,069)
	\$	(38,872)

(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: 7.00%, net of pension plan investment expenses, including inflation.

Salary Increases: Varying from 7.00% to 4.75% from 0-9 years of service, then a single rate of 4.5% for all subsequent years.

Mortality:

Groups A/8/C 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019.

Group D PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

Healthy Post-retirement - Retirees:

Groups A/8/C 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Group D PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Healthy Post-retirement - Beneficiaries:

Groups A/8/C 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Group D Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

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, 2022, COLA is assumed to be 2.00% for Group A and 2.30% for Groups B, C, and D. The January 1, 2021, COLAs were 0.40% for all groups.

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

Actuarial Value of Assets: 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 determining the contribution requirements.

(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: 2.3%.

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, 2022, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
Large Cap US Equities	4.00%	4.00%
Small/Mid Cap US Equities	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Market Debt	4.00%	3.00%
Private and alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	5.75%
Core Fixed Income	19.00%	0.00%
Core Real Estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

(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%)
\$ 203,622	\$ 103,019	\$ 20,293

(14) Subsequent Events

The Town has evaluated subsequent events through December 22, 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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 826,728	1,179,372	352,644
Delinquent interest	4,000	16,730	12,730
Delinquent penalty	0	9,221	9,221
Tax sales	800	12,299	11,499
Total taxes	831,528	1,217,622	386,094
Licenses and Permits			
Dog licenses	100	188	88
Liquor licenses	285	290	5
Zoning permits	2,000	5,095	3,095
Dog fines	50	0	(50)
Total licenses and permits	2,435	5,573	3,138
Intergovernmental			
Highway aid	64,500	67,014	2,514
Other grants and fees	70,000	409,973	339,973
Highway supplement	0	7,420	7,420
Total intergovernmental	134,500	484,407	349,907
Charges for Services			
Copier/fax use	450	1,028	578
Recording fees	6,000	8,097	2,097
Civil fines	100	163	63
Restoration fund fees	0	3,442	3,442
Computerization fund fees	0	1,722	1,722
Total charges for services	6,550	14,452	7,902
Solid Waste			
Tipping fees	20,000	22,155	2,155
Car stickers	1,000	3,980	2,980
Metal sales and e-waste	1,250	1,485	235
Total solid waste	22,250	27,620	5,370
Miscellaneous Income			
Interest income	0	695	695
Other miscellaneous income	0	30,585	30,585
General reimbursement	9,000	13,548	4,548
Appropriations received:			
Machinery Sinking Fund	0	75,000	75,000
Road Materials Fund	0	150,000	150,000
Fire Equipment Fund	0	50,000	50,000
Town Owned Building Fund	0	130,000	130,000
Cemetery Capital Fund	0	5,000	5,000
Legal fees reserve fund	0	10,000	10,000
Total miscellaneous income	9,000	464,828	455,828
Total revenues	1,006,263	2,214,502	1,208,239

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
General Government			
<i>Selectmen</i>			
Salaries	9,680	7,500	2,180
Payroll taxes	580	616	(36)
Unemployment compensation	2,000	0	2,000
Office supplies	1,500	1,130	370
Tax bill expenses	500	842	(342)
Tax sale purchases	0	4,775	(4,775)
Town agent	45	100	(55)
Travel	100	0	100
Postage	500	57	443
Professional services	2,000	2,265	(265)
Contract services	0	582	(582)
Selectmen Projects	25,000	11,790	13,210
Beautification Fund	875	839	36
<i>Total selectmen</i>	42,780	30,496	12,284
<i>Clerk</i>			
Salary	17,000	16,896	104
Asst. clerk salary	600	116	484
Ballot clerk salaries	800	345	455
BCA member	300	0	300
BCA meeting expense	100	7	93
Moderator salary	100	50	50
Payroll taxes	1,490	1,297	193
Retirement	1,020	1,056	(36)
Travel	50	0	50
Office supplies	1,500	1,559	(59)
Projects	0	2,172	(2,172)
Postage	650	254	396
Town meeting expense	500	263	237
Town reports	1,000	1,020	(20)
Equipment	1,500	187	1,313
Dog expense	95	79	16
Telecommunications	575	543	32
Professional services	500	1,120	(620)
Training	100	169	(69)
Membership dues	2,050	35	2,015
Equipment repair	500	0	500
Copier	575	832	(257)
<i>Total clerk</i>	31,005	28,000	3,005

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Expenditures (continued)</i>			
<i>General Government (continued)</i>			
<i>Treasurer</i>			
Salary	16,445	16,743	(298)
Asst. treasurer salary	600	66	534
Payroll taxes	1,320	1,285	35
Retirement	990	1,046	(56)
Travel	100	434	(334)
Office supplies	1,000	762	238
Small equipment	1,000	156	844
Telephone	575	543	32
Audit	16,000	10,667	5,333
Professional services	500	1,185	(685)
Training	100	58	42
Copier contract	575	832	(257)
Postage	600	697	(97)
Bank charges	0	711	(711)
<i>Total treasurer</i>	39,805	35,185	4,620
<i>Delinquent Tax Collector</i>			
Salary	0	7,982	(7,982)
Payroll taxes	960	610	350
Office supplies	850	266	584
<i>Total delinquent tax collector</i>	1,810	8,858	(7,048)
<i>Listers</i>			
Salaries	8,200	5,070	3,130
Payroll taxes	630	792	(162)
Retirement	500	305	195
Travel	100	0	100
Postage	600	104	496
Office supplies	500	13	487
Equipment	1,425	1,193	232
Contracted services	4,500	10,103	(5,603)
Telephone	1,600	1,679	(79)
Electricity, water and sewer	980	843	137
Professional services	2,760	207	2,553
Training	250	0	250
Re-appraisal	0	12	(12)
<i>Total listers</i>	22,045	20,321	1,724
<i>911 Coordinator</i>			
Salary	200	200	0
Payroll taxes	16	15	1
<i>Total 911 coordinator</i>	216	215	1

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Expenditures (continued)</i>			
<i>General Government (continued)</i>			
<i>Planning / Zoning</i>			
Zoning administrator	2,000	1,640	360
Payroll taxes	202	126	76
WRC	1,730	1,758	(28)
Development Review Board	300	100	200
Office supplies	400	143	257
Postage	200	65	135
Training	100	28	72
Public hearings - Town plan	100	0	100
Other	450	1,144	(694)
<i>Total planning / zoning</i>	5,482	5,004	478
<i>Dog Officer</i>			
Salary	600	1,100	(500)
Payroll taxes	46	84	(38)
Travel expense	100	0	100
Dog expense	500	0	500
<i>Total dog officer</i>	1,246	1,184	62
<i>Public Safety</i>			
Contracted sevicees	13,000	8,280	4,720
<i>Town Administrator</i>			
Salary	18,500	15,827	2,673
Payroll taxes	1,420	1,210	210
Travel expense	500	0	500
Office supplies	1,500	2,303	(803)
Telephone	570	543	27
Professional development	600	0	600
Membership dues	0	85	(85)
Copier contract	530	832	(302)
	23,620	20,800	2,820
<i>Miscellaneous</i>			
Electricity (Streets)	16,000	14,476	1,524
Electricity (Lions Park)	1,000	853	147
Historical Society Electricity	750	559	191
Historical Society Heat	1,500	1,891	(391)
Historical Society Sewer	456	490	(34)
Historical Society Water	505	504	1
Bandstand	250	134	116
Legal Fees	0	12,795	(12,795)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
General Government (continued)			
Miscellaneous (continued)			
Ballfield	250	222	28
Health Officer	300	300	0
Payroll taxes	24	60	(36)
Postage	50	0	50
Travel	50	0	50
Professional development	100	0	100
Town owned building expense	0	68,110	(68,110)
Total miscellaneous	21,235	100,394	(79,159)
Total general government	202,244	258,737	(56,493)
Highway			
Winter Roads			
Salaries	81,885	79,921	1,964
Payroll taxes	6,300	6,136	164
Retirement	5,000	4,994	6
Health insurance	34,401	36,417	(2,016)
Travel	0	293	(293)
Outside equipment	15,500	5,753	9,747
New equipment	1,000	0	1,000
Uniforms	1,500	709	791
Sand	32,000	39,541	(7,541)
Salt	26,500	35,137	(8,637)
Miscellaneous	0	71	(71)
Total winter roads	204,086	208,972	(4,886)
Winter Garage			
Office supplies	500	608	(108)
Supplies	6,000	4,005	1,995
Telephone	700	696	4
Electricity	4,500	2,588	1,912
Sewer / Water	505	905	(400)
Total winter garage	12,205	8,802	3,403
Summer Roads			
Salaries	101,815	94,038	7,777
Summer help	6,000	0	6,000
Payroll taxes	8,270	6,753	1,517
Retirement	6,200	5,878	322
Health insurance	34,401	36,417	(2,016)
Insurance	14,250	12,724	1,526
Workers compensation insurance	16,000	11,302	4,698
Travel	100	0	100

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Expenditures (continued)</i>			
<i>Summer Roads (continued)</i>			
Office supplies	600	1,110	(510)
Copier/IT	0	73	(73)
Professional services	1,500	789	711
Outside equipment	10,000	5,485	4,515
Small equipment	1,500	0	1,500
Uniforms	1,500	811	689
Road materials	0	386,283	(386,283)
Miscellaneous	5,000	1,222	3,778
<i>Total summer roads</i>	<i>207,136</i>	<i>562,885</i>	<i>(355,749)</i>
<i>Summer Garage</i>			
Supplies	4,500	4,379	121
Telephone	950	983	(33)
Electricity	1,500	877	623
Sewer / Water	797	532	265
Siding, windows and repairs	1,300	1,402	(102)
<i>Total summer garage</i>	<i>9,047</i>	<i>8,173</i>	<i>874</i>
<i>Fuels</i>			
Heating oil	7,500	72	7,428
Gas	500	95	405
Diesel	27,000	36,268	(9,268)
Diesel exhaust fluid	0	900	(900)
<i>Total fuels</i>	<i>35,000</i>	<i>37,335</i>	<i>(2,335)</i>
<i>Parts and Supplies</i>			
Truck 1 parts and supplies	4,000	990	3,010
Truck 2 parts and supplies	4,000	6,144	(2,144)
Truck 3 parts and supplies	4,000	10,996	(6,996)
Truck 4 parts and supplies	4,000	3,658	342
Truck 5 parts and supplies	4,000	7,180	(3,180)
VENTRAC	0	328	(328)
Truck 22 and plow	0	1,144	(1,144)
Backhoes	3,000	2,711	289
Loaders	4,000	773	3,227
Grader	4,000	1,223	2,777
Chainsaws	500	109	391
Mower	3,500	1,753	1,747
Compressor	100	0	100
Brush cutter	800	0	800
Supplies	500	218	282
<i>Total parts and supplies</i>	<i>36,400</i>	<i>37,227</i>	<i>(827)</i>
<i>Total highway</i>	<i>503,874</i>	<i>863,394</i>	<i>(359,520)</i>

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Expenditures (continued)</i>			
<i>Solid Waste</i>			
Salaries	11,460	9,765	1,695
Payroll taxes	880	747	133
WC Insurance	1,200	1,131	69
Liability insurance	67	76	(9)
Travel	200	45	155
Office supplies	525	864	(339)
Electricity	1,200	1,061	139
Professional services	2,100	3,956	(1,856)
Container rental/pickup	36,000	51,931	(15,931)
WSWD assessment	5,600	5,021	579
Repairs	500	0	500
Junk Officer	500	500	0
Payroll taxes	39	38	1
Travel expenses	100	0	100
<i>Total solid waste</i>	60,371	75,135	(14,764)
<i>Fire Department</i>			
Insurance	6,900	7,000	(100)
Postage	1,046	2,669	(1,623)
Telephone	1,700	1,729	(29)
Electricity	1,300	1,218	82
Sewer / Water	954	910	44
Heating oil	3,000	0	3,000
Equipment	2,500	1,675	825
Training	1,000	0	1,000
Training officer	1,700	2,044	(344)
Membership dues	14,500	14,387	113
Gas	400	534	(134)
Diesel	1,000	856	144
Radio repairs	2,500	1,765	735
Equipment repairs	8,000	8,051	(51)
Equipment testing	3,000	1,154	1,846
Miscellaneous	500	737	(237)
Grant expenditures	0	10,700	(10,700)
<i>Total fire department</i>	50,000	55,429	(5,429)
<i>Library</i>			
Salaries	23,283	25,329	(2,046)
Payroll taxes	1,785	1,916	(131)
Programs	1,200	1,742	(542)
Insurance	425	433	(8)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Library (continued)			
Travel	400	44	356
Office supplies	450	306	144
Postage	250	470	(220)
Books	1,500	1,232	268
Periodicals	200	40	160
Audio / Visual	800	404	396
Telephone	840	1,230	(390)
Technology	1,000	703	297
Culture & Recreation Depr	750	559	191
Membership dues	100	50	50
Professional development/misc.	300	109	191
Library grant expenditures	0	2,000	(2,000)
Total library	33,283	36,567	(3,284)
Appropriations			
Machinery replacement fund	75,000	75,000	0
Road Materials Fund	0	150,000	(150,000)
Fire Equipment Fund	0	50,000	(50,000)
Town Owned Building Fund	0	130,000	(130,000)
Cemetery Capital Fund	0	5,000	(5,000)
Legal fees reserve	0	10,000	(10,000)
County tax	8,000	8,279	(279)
Council on Aging	900	900	0
Visiting Nurses Association	2,400	2,400	0
Emergency Mngmt/Cell Phone	400	322	78
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
Gathering Place	500	500	0
Wings program	0	2,500	(2,500)
Total appropriations	94,230	441,931	(347,701)
Capital Outlays			
Machinery replacement	0	119,623	(119,623)
Bridges	0	500	(500)
Total capital outlays	0	120,123	(120,123)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Cemeteries:</i>			
Salaries	11,070	11,923	(853)
Payroll taxes	865	912	(47)
WC Insurance	600	746	(146)
Contracted Services	9,800	19,884	(10,084)
Parts and supplies	6,885	3,393	3,492
Total cemeteries	29,220	36,858	(7,638)
<i>Debt Service</i>			
Original Water Bond 2011-5	28,000	27,763	237
Total debt service	28,000	27,763	237
Total expenditures	1,001,222	1,915,937	(914,715)
Excess (deficiency) of revenues over expenditures	5,041	298,565	293,524
<i>Other financing sources (uses):</i>			
Operating transfer (to) from:			
Water Fund - 2016 Water Bond RF3-273	(19,041)	(19,041)	0
Water Fund	0	25,000	25,000
Trust Fund	14,000	17,369	3,369
Total other financing sources (uses)	(5,041)	23,328	28,369
Excess (deficiency) of revenues over expenditures and other financing uses	0	321,893	321,893
Fund balance July 1, 2021		1,641,772	
Fund balance June 30, 2022		\$ 1,963,665	

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

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.06999%	0.07480%	0.08141%	0.08480%	0.08866%	0.07755%	0.08658%	0.08530%
Proportionate share of the net pension liability	\$ 103,019	\$ 189,229	\$ 141,238	\$ 119,279	\$ 104,937	\$ 99,808	\$ 66,747	\$ 7,785
Covered-employee payroll	\$ 270,299	\$ 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	38.11%	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	72.96%	86.21%	74.52%	80.35%	82.60%	80.95%	87.42%	98.32%
Contractually required contribution	\$ 16,894	\$ 15,578	\$ 15,490	\$ 15,642	\$ 14,852	\$ 14,145	\$ 11,787	\$ 12,102
Contributions in relation to the contractually required contribution	(16,894)	(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	6.25%	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, 2022, 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 December 22, 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.

December 22, 2023

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

Vt. Reg. #357

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