

**TOWN OF ROYALTON, VERMONT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**TOWN OF ROYALTON, VERMONT**

**JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

The Selectboard  
Town of Royalton, Vermont

### **Report on the Financial Statements**

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 Royalton, Vermont (the Town) 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to 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 Royalton, Vermont as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Highway Fund for the year then ended in accordance with accounting principles generally accepted in the United State of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont  
March 9, 2022

*Margaret Bennett* <sup>4</sup>  
*Shosh-Nisa, P.C.*

**TOWN OF ROYALTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

This discussion and analysis is intended to serve as an introduction of the Town of Royalton's (the Town) basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**FINANCIAL HIGHLIGHTS**

Government-wide Highlights

The Town's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2021, by \$10,520,831 compared to \$10,218,898 at June 30, 2020. This represents an increase of \$301,933 or 2.95%.

Long-term liabilities

During the year, the Town obtained a note payable in the amount of \$25,000. Notes payable at June 30, 2021, were \$286,148, compared to \$287,111 at June 30, 2020. Total bonds and notes at June 30, 2021 were \$1,847,961 compared to \$1,921,594 at June 30, 2020.

**FINANCIAL STATEMENTS**

The accompanying financial statements for the year ended June 30, 2021, include two separate presentations of financial statements. Government-wide financial statements (the Statement of Net Position and the Statement of Activities) present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 improving or deteriorating. The Statement of Activities focuses on the programs of the Town and presents information showing how the Town's net position changed during the year.

The 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 user fees and charges (business-type activities).

Fund financial statements include statements that present activities by fund. 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 funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds primarily focus on near-term inflows and outflows of spendable resources and their balance at the end of the fiscal year. The Town's major governmental funds are the General Fund, Highway Fund, and Highway Improvement Fund.

Fiduciary Funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town did not have any fiduciary funds to report for the year ended June 30, 2021.

## FINANCIAL ANALYSIS

### Government-wide Financial Analysis

#### Net Position June 30, 2021 and 2020

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 4,521,613	\$ 4,004,005
Noncurrent assets	<u>5,720,803</u>	<u>6,228,039</u>
Total assets	<u>10,242,416</u>	<u>10,232,044</u>
Deferred outflows of resources	<u>134,458</u>	<u>84,996</u>
Current liabilities	170,384	440,255
Long-term liabilities	<u>1,034,352</u>	<u>1,018,697</u>
Total liabilities	<u>1,204,736</u>	<u>1,458,952</u>
Deferred inflows of resources	<u>580</u>	<u>868</u>
Net position:		
Net investment in capital assets	4,768,795	5,144,204
Restricted	3,707,556	1,589,051
Unrestricted	<u>695,207</u>	<u>2,123,965</u>
Total net position	<u>\$ 9,171,558</u>	<u>\$ 8,857,220</u>

For governmental activities, the Statement of Net Position shows total assets of the Town as of June 30, 2021, are \$10,242,416; total assets as of June 30, 2020, were \$10,232,044. Of these totals, \$4,521,613 and \$4,004,005 represent current assets, respectively. The noncurrent assets of \$5,720,803 and \$6,228,039 at June 30, 2021, and June 30, 2020, respectively, are net capital assets including land, buildings and equipment. The business-type activities reported total assets of \$2,362,485 and \$2,402,445 at June 30, 2021 and June 30, 2020, respectively. Business-type net position decreased \$12,405 during the year ended June 30, 2021, from \$1,361,678 at June 30, 2020, to \$1,349,273 at June 30, 2021. Business-type capital assets, net of depreciation, decreased by \$82,378 during the year ended June 30, 2021, from \$1,993,344 at June 30, 2020, to \$1,910,966 at June 30, 2021. The following table details capital assets, net of depreciation, for governmental activities.

#### Capital Assets as of June 30, 2021 and 2020 (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 771,413	\$ 771,413
Buildings	1,139,865	1,337,468
Building improvements	890,666	916,218
Land improvements	126,987	142,810
Infrastructure	1,991,473	2,230,667
Furniture and equipment	244,952	262,920
Vehicles	<u>536,745</u>	<u>532,026</u>
Net capital assets	<u>\$ 5,702,101</u>	<u>\$ 6,193,522</u>

The liabilities of the Town as of June 30, 2021, are \$2,217,948; liabilities as of June 30, 2020, were \$2,499,719. Of these totals, \$171,783 and \$469,206 represent current liabilities. The noncurrent liabilities of \$2,046,165 in the current year consist of accrued compensated absences, accrued interest on long-term debt, net pension liability, capital lease, and long-term debt.

### Change in Net Position for Fiscal Years Ended in 2021 and 2020

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues		
Grants and contributions	\$ 393,624	\$ 864,337
Charges for services	150,388	159,547
Other	31,146	-
General Revenues		
Property taxes	1,971,824	1,979,072
Investment income	246,921	13,280
Total Revenues	<u>2,793,903</u>	<u>3,016,236</u>
Expenses		
Governmental Activities		
Highway	967,909	1,066,950
General government	1,051,952	934,240
Public safety	270,915	319,450
Cemetery	42,872	28,587
Culture and recreation	110,353	77,108
Other services	3,051	1,120
Interest	32,513	32,715
Total Expenses	<u>2,479,565</u>	<u>2,460,170</u>
Change in net position	314,338	556,066
Net position - Beginning	<u>8,857,220</u>	<u>8,301,154</u>
Net position - Ending	<u>\$ 9,171,558</u>	<u>\$ 8,857,220</u>

The accrual basis total includes all fund expenditures plus depreciation of capital assets but excludes capital asset purchases. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as state and federal grants or fees charged for specific services.

Total governmental activity revenues, mainly property taxes, totaled \$2,793,903 for 2021, and \$3,016,236 for 2020. The 2021 revenues were \$314,338 more than expenses, which increased net position. The 2020 revenues were \$556,066 more than expenses, which increased net position in 2020. At June 30, 2021, net position totaled \$9,171,558. At June 30, 2020, net position, totaled \$8,857,220. Business-type activities had 2021 revenue that was \$12,405 less than expenses causing net position to decrease from \$1,361,678 at June 30, 2020, to \$1,349,273 at June 30, 2021.

#### Fund Financial Analysis

At June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$4,341,549, an increase of \$748,184 from the combined fund balance at the end of the prior year. At June 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$3,593,365, an increase of \$717,447 from the combined fund balance at the end of the prior year. Of the 2021 combined fund balance, \$118,293 constitutes

nonspendable fund balance, \$1,841,161 in restricted fund balance from various outside sources such as grantors, \$1,866,395 in voter committed amounts, \$271,655 in board assigned amounts for capital related in the Highway Fund and \$244,045 in unassigned amounts. The unassigned amount of \$244,045 is made up of a surplus \$298,917 in the General Fund, and a negative unassigned \$54,872 in the Other Governmental Funds.

General Fund - At June 30, 2021, assets of the General Fund were \$485,648, liabilities were \$35,669 and deferred inflows of resources were \$105,090; at June 30, 2020, assets of the General Fund were \$412,666, liabilities were \$28,732 and deferred inflows of resources were \$97,464.

General Fund revenues for 2021 were more than budgeted by \$47,346; the total expenditures were less than budgeted by \$126,878. Details of revenues and expenditures compared to the 2021 budget are shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund.

Wastewater Fund - These financial statements separately report the Town's single proprietary fund which is primarily supported through user fees. Net position for this fund was \$1,361,678 at June 30, 2020 and decreased \$12,405 during the year ended June 30, 2021, to \$1,349,273 at June 30, 2020. The decrease in net position was primarily due to interest expense that totaled \$23,230 for the year ended June 30, 2021.

### **Capital Assets and Debt Administration**

The Town has maintained an inventory of capital assets and reports depreciation of those assets in the government-wide financial statements. Machinery and equipment, office furniture, and computer systems have been recorded at their cost and depreciated over their estimated useful lives. The Town uses historical cost to record these assets.

At June 30, 2021, the Town has \$836,148 in long-term debt outstanding and \$97,158 in capital lease obligations.

During the year, the Town obtained a note payable in the amount of \$25,000. The Town obtained a \$300,000 note and \$161,765 lease obligation during fiscal 2020.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Royalton's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Administrator, Town of Royalton, 2460 VT Route 14, Royalton, Vermont 05068.



**TOWN OF ROYALTON, VERMONT**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current assets -			
Cash	\$ 2,381,753	\$ 306,437	\$ 2,688,190
Cash - restricted	618,156	18,215	636,371
Investments - restricted	1,224,394	-	1,224,394
Taxes, penalties and interest receivable	139,800	22,842	162,642
Grants receivable	23,912	-	23,912
Other receivables	1,470	102,091	103,561
Loans receivable - due within one year	15,769	-	15,769
Prepaid expenditures	48,592	-	48,592
Inventory	69,701	-	69,701
Due to (from) other activities	<u>(1,934)</u>	<u>1,934</u>	<u>-</u>
Total current assets	<u>4,521,613</u>	<u>451,519</u>	<u>4,973,132</u>
Noncurrent assets -			
Loans receivable - due after one year	18,702	-	18,702
Capital assets	9,872,043	3,383,289	13,255,332
less - accumulated depreciation	<u>(4,169,942)</u>	<u>(1,472,323)</u>	<u>(5,642,265)</u>
Total noncurrent assets	<u>5,720,803</u>	<u>1,910,966</u>	<u>7,631,769</u>
Total assets	<u>10,242,416</u>	<u>2,362,485</u>	<u>12,604,901</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension expense	<u>134,458</u>	<u>-</u>	<u>134,458</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	33,850	1,298	35,148
Accrued expenses	23,852	101	23,953
Deferred revenue	1,503	-	1,503
Current portion of capital lease	34,511	28,298	62,809
Current portion of long-term debt	<u>76,668</u>	<u>-</u>	<u>76,668</u>
Total current liabilities	<u>170,384</u>	<u>29,697</u>	<u>200,081</u>
Noncurrent liabilities -			
Accrued compensated absences	15,028	-	15,028
Accrued interest on long-term debt	1,412	-	1,412
Net pension liability	195,785	-	195,785
Capital lease	62,647	-	62,647
Long-term debt	<u>759,480</u>	<u>983,515</u>	<u>1,742,995</u>
Total noncurrent liabilities	<u>1,034,352</u>	<u>983,515</u>	<u>2,017,867</u>
Total liabilities	<u>1,204,736</u>	<u>1,013,212</u>	<u>2,217,948</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
(Page 2 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension credits	580	-	580
Total deferred inflows of resources	<u>580</u>	<u>-</u>	<u>580</u>
<b>NET POSITION:</b>			
Net investment in capital assets	4,768,795	899,153	5,667,948
Restricted	3,707,556	18,215	3,725,771
Unrestricted	695,207	431,905	1,127,112
Total net position	\$ <u>9,171,558</u>	\$ <u>1,349,273</u>	\$ <u>10,520,831</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS:	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Other</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities -							
General government	\$ 1,051,952	\$ 32,559	\$ 102,339	\$ 5,740	\$ (911,314)	\$ -	\$ (911,314)
Highway	967,909	460	206,524	144	(760,781)	-	(760,781)
Public Safety	270,915	5,176	23,043	2,739	(239,957)	-	(239,957)
Culture and recreation	110,353	320	14,818	145	(95,070)	-	(95,070)
Cemetery	42,872	375	-	14,300	(28,197)	-	(28,197)
Other services	3,051	111,498	46,900	8,078	163,425	-	163,425
Interest on long-term debt	<u>32,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,513)</u>	<u>-</u>	<u>(32,513)</u>
Total governmental activities	<u>2,479,565</u>	<u>150,388</u>	<u>393,624</u>	<u>31,146</u>	<u>(1,904,407)</u>	<u>-</u>	<u>(1,904,407)</u>
Business-type activities -							
Wastewater	<u>224,003</u>	<u>211,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,667)</u>	<u>(12,667)</u>
	<u>\$ 2,703,568</u>	<u>\$ 361,724</u>	<u>\$ 393,624</u>	<u>\$ 31,146</u>	<u>\$ (1,904,407)</u>	<u>(12,667)</u>	<u>(1,917,074)</u>
<b>GENERAL REVENUES</b>							
					1,971,824	-	1,971,824
					<u>246,921</u>	<u>262</u>	<u>247,183</u>
					<u>2,218,745</u>	<u>262</u>	<u>2,219,007</u>
CHANGE IN NET POSITION					314,338	(12,405)	301,933
NET POSITION, July 1, 2020					<u>8,857,220</u>	<u>1,361,678</u>	<u>10,218,898</u>
NET POSITION, June 30, 2021					<u>\$ 9,171,558</u>	<u>\$ 1,349,273</u>	<u>\$ 10,520,831</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**  
(Page 1 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 215,877	\$ 295,348	\$ 1,061,309	\$ 809,219	\$ 2,381,753
Cash, restricted	-	-	-	618,156	618,156
Investments, restricted	-	-	-	1,224,394	1,224,394
Taxes, penalties and interest receivable	139,800	-	-	-	139,800
Loans receivable	-	-	-	34,471	34,471
Grants receivable	-	-	-	23,912	23,912
Other receivables	-	-	-	1,470	1,470
Inventory	-	69,701	-	-	69,701
Due (to) from other funds	83,999	-	-	401	84,400
Prepaid expenditures	<u>45,972</u>	<u>2,620</u>	<u>-</u>	<u>-</u>	<u>48,592</u>
Total assets	<u>\$ 485,648</u>	<u>\$ 367,669</u>	<u>\$ 1,061,309</u>	<u>\$ 2,712,023</u>	<u>\$ 4,626,649</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 19,217	\$ 11,244	\$ -	\$ 3,389	\$ 33,850
Accrued expenses	16,452	6,750	-	650	23,852
Deferred revenue	-	-	-	1,503	1,503
Due to other funds	<u>-</u>	<u>5,699</u>	<u>-</u>	<u>80,635</u>	<u>86,334</u>
Total liabilities	<u>35,669</u>	<u>23,693</u>	<u>-</u>	<u>86,177</u>	<u>145,539</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**  
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	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable property taxes	105,090	-	-	-	105,090
Unavailable loan revenue	-	-	-	34,471	34,471
Total deferred inflows of resources	<u>105,090</u>	<u>-</u>	<u>-</u>	<u>34,471</u>	<u>139,561</u>
<b>FUND EQUITY:</b>					
Fund balances -					
Nonspendable	45,972	72,321	-	-	118,293
Restricted	-	-	-	1,841,161	1,841,161
Committed	-	-	1,061,309	805,086	1,866,395
Assigned	-	271,655	-	-	271,655
Unassigned (deficit)	298,917	-	-	(54,872)	244,045
Total fund balances	<u>344,889</u>	<u>343,976</u>	<u>1,061,309</u>	<u>2,591,375</u>	<u>4,341,549</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>485,648</u>	\$ <u>367,669</u>	\$ <u>1,061,309</u>	\$ <u>2,712,023</u>	\$ <u>4,626,649</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**  
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**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:**

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 4,341,549
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	9,872,043
Accumulated depreciation	(4,169,942)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Long-term debt	(836,148)
Capital lease payable	(97,158)
Accrued compensated absences	(15,028)
Accrued interest on long-term debt	(1,412)
Deferred revenues are reported in the governmental funds to offset uncollected receivables which are not available financial resources.	
Unavailable property taxes	105,090
Unavailable loan revenue	34,471
Balances related to net pension asset or liability and related deferred outflows/inflows of resources are not reported in the governmental funds.	
Deferred pension expense	134,458
Deferred pension credits	(580)
Net pension liability	<u>(195,785)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u><u>9,171,558</u></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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	General <u>Fund</u>	Highway <u>Fund</u>	Highway Improvement <u>Fund</u>	Other Governmental <u>Funds</u>	Totals Governmental <u>Funds</u>
<b>REVENUES:</b>					
Property taxes, net	\$ 1,104,939	\$ 823,737	\$ -	\$ -	\$ 1,928,676
Penalty and interest	35,522	-	-	-	35,522
Charges for service	1,420	-	-	-	1,420
Rental income	-	-	-	18,954	18,954
Intergovernmental	102,514	193,914	-	11,561	307,989
Licenses, permits, fees and fines	29,621	-	460	-	30,081
Investment income	2,182	643	1,091	243,005	246,921
Grant income	3,659	-	-	50,536	54,195
Loan repayments and interest	-	-	-	15,816	15,816
Donations	-	-	-	46,835	46,835
Miscellaneous	8,970	144	-	106,569	115,683
Total revenues	<u>1,288,827</u>	<u>1,018,438</u>	<u>1,551</u>	<u>493,276</u>	<u>2,802,092</u>
<b>EXPENDITURES:</b>					
General government	781,636	-	-	31,917	813,553
Highway	-	545,358	-	12,810	558,168
Public Safety	220,716	-	-	37,029	257,745
Culture and recreation	60,988	-	-	11,372	72,360
Cemetery	15,093	-	-	27,346	42,439
Other services	-	-	-	3,051	3,051

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>EXPENDITURES (CONTINUED):</b>					
Debt Service:					
Capital lease principal	-	-	-	64,607	64,607
Capital lease interest	-	-	-	4,416	4,416
Debt service principal	50,963	-	-	20,000	70,963
Debt service interest	11,847	-	-	16,250	28,097
Capital outlay	<u>14,565</u>	<u>30,437</u>	<u>-</u>	<u>118,507</u>	<u>163,509</u>
Total expenditures	<u>1,155,808</u>	<u>575,795</u>	<u>-</u>	<u>347,305</u>	<u>2,078,908</u>
EXCESS OF REVENUES OR (EXPENDITURES)	133,019	442,643	1,551	145,971	723,184
<b>OTHER FINANCING SOURCES (USES):</b>					
Interfund transfers, net	(74,600)	(310,000)	150,000	234,600	-
Proceeds from long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total other financing sources (uses)	<u>(74,600)</u>	<u>(310,000)</u>	<u>150,000</u>	<u>259,600</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	58,419	132,643	151,551	405,571	748,184
FUND BALANCES, July 1, 2020	<u>286,470</u>	<u>211,333</u>	<u>909,758</u>	<u>2,185,804</u>	<u>3,593,365</u>
FUND BALANCES, June 30, 2021	\$ <u><u>344,889</u></u>	\$ <u><u>343,976</u></u>	\$ <u><u>1,061,309</u></u>	\$ <u><u>2,591,375</u></u>	\$ <u><u>4,341,549</u></u>

The notes to financial statements are an integral part of this statement.



**TOWN OF ROYALTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Page 3 of 3)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

Net change in fund balance - total Governmental Funds	\$ 748,184
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net of dispositions	11,703
Depreciation	(503,124)
Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year	(97,464)
Current year	105,090
Loan revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year loan receivable since the item does not qualify as a current and available financial resource.	
Prior year	(50,286)
Current year	34,471
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.	
Proceeds from long-term debt	(25,000)
Principal payments on capital lease	64,607
Principal payments on long-term debt	70,963
(Increase) decrease in accrued interest on long-term debt	6,484
(Increase) decrease in compensated absences	(5,662)
Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
(Increase) decrease in net pension obligation	<u>(45,628)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	<u>\$ 314,338</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 1 of 8)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis</u> )	Variance Over <u>(Under)</u>
<b>REVENUES:</b>			
Property taxes	\$ 1,105,081	\$ 1,104,939	\$ (142)
Delinquent tax - interest	20,000	12,667	(7,333)
Delinquent tax - penalties	16,000	22,854	6,854
State of Vermont -			
Land use	60,000	93,945	33,945
Judicial fines	5,000	3,835	(1,165)
Railroad tax	4,000	4,734	734
Clerk fees	20,000	26,562	6,562
Fees	200	52	(148)
Local fines	1,000	20	(980)
Dog licenses	1,800	2,072	272
Interest earned	100	2,182	2,082
Liquor licenses	1,200	985	(215)
Police income	1,000	1,225	225
Recreation	3,700	300	(3,400)
Other income	2,400	12,455	10,055
	<u>1,241,481</u>	<u>1,288,827</u>	<u>47,346</u>
Total revenues			
<b>EXPENDITURES:</b>			
General Government -			
Selectboard -			
Wages	115,600	74,775	(40,825)
Social Security	8,460	5,718	(2,742)
Health Insurance	26,345	-	(26,345)
Retirement	4,500	2,410	(2,090)
Mileage	50	-	(50)
Supplies/tools	300	556	256
Telephone	400	937	537
Education/meetings	300	766	466
Total selectboard	<u>155,955</u>	<u>85,162</u>	<u>(70,793)</u>
Town Clerk -			
Wages	44,450	42,907	(1,543)
Social Security	3,750	3,282	(468)
Health Insurance	10,800	9,444	(1,356)

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 2 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Town Clerk (continued) -			
Retirement	1,560	1,440	(120)
Mileage	200	-	(200)
Supplies/tools	2,000	1,459	(541)
Telephone	900	798	(102)
Technology/computer	750	219	(531)
Education/meetings	600	50	(550)
Licenses paid to state	-	1,177	1,177
Total town clerk	<u>65,010</u>	<u>60,776</u>	<u>(4,234)</u>
Treasurer -			
Wages	7,000	6,265	(735)
Social Security	550	479	(71)
Mileage	50	-	(50)
Supplies/tools	450	623	173
Telephone	525	597	72
Technology/computer	300	171	(129)
Education/meetings	50	125	75
Total treasurer	<u>8,925</u>	<u>8,260</u>	<u>(665)</u>
Lister -			
Wages	27,500	20,753	(6,747)
Social Security	2,110	1,588	(522)
Mileage	300	175	(125)
Supplies/tools	800	1,096	296
Telephone	500	597	97
Technology/computer	5,000	3,182	(1,818)
Subcontractors	1,000	-	(1,000)
Advertising	-	99	99
Education/meetings	1,000	-	(1,000)
Postage	200	61	(139)
Total lister	<u>38,410</u>	<u>27,551</u>	<u>(10,859)</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 3 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Delinquent Tax Collector -			
Wages	16,000	29,386	13,386
Social Security	1,300	2,248	948
Advertising	500	-	(500)
Legal Fees	4,000	-	(4,000)
Total delinquent tax collector	<u>21,800</u>	<u>31,634</u>	<u>9,834</u>
Town Report -			
Printing	3,500	2,332	(1,168)
Postage	500	395	(105)
Total town report	<u>4,000</u>	<u>2,727</u>	<u>(1,273)</u>
General Operations -			
Wages	-	89	89
Social Security	-	219	219
Mileage	-	153	153
Supplies/tools	5,000	6,267	1,267
Telephone	-	959	959
Miscellaneous	200	65	(135)
Technology/computer	6,000	14,366	8,366
Subcontractors	3,000	4,546	1,546
Old Bank building	300	1,245	945
Advertising	1,100	257	(843)
Audit	20,500	20,750	250
Insurance	22,000	22,346	346
Postage	2,000	1,088	(912)
County taxes	16,400	19,477	3,077
Dues/fees/licenses/permits	4,526	4,884	358
Legal	7,000	2,923	(4,077)
Emergency management	11,500	11,429	(71)
E911	350	471	121
Old Schoolhouse	200	-	(200)
Townhouse	500	682	182
Solid Waste Alliance	25,850	26,580	730
Hope property	500	681	181

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 4 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
General Operations (continued) -			
Conservation Commission	250	-	(250)
GMEDC dues	1,415	-	(1,415)
Green Up Vermont	200	30	(170)
Rental of equipment	3,000	3,208	208
Stipends	4,000	3,715	(285)
Total general operations	<u>135,791</u>	<u>146,430</u>	<u>10,639</u>
Appropriations -			
One Planet Program	6,000	6,000	-
Fire Department	96,254	96,254	-
Library - Town	77,667	77,667	-
Rescue squad	152,398	152,398	-
Band concerts	3,900	3,900	-
Memorial Day	700	700	-
HIV/HVC Resource Center	500	500	-
Council on Aging	1,500	1,500	-
Clara Martin Aging	4,180	4,180	-
Family Place	200	200	-
Northern VT Resources C&D	100	100	-
Safeline	1,000	1,000	-
SR Area Senior Citizens	4,000	4,000	-
VT Adult Learning	500	500	-
VT Assoc of the Blind	750	750	-
Center for Independent Living	305	305	-
Visiting Nurse Alliance	7,000	7,000	-
WR Partnership	500	500	-
WC Partners	500	500	-
WC Youth Services	400	400	-
Orange County Parent-Child Center	1,000	1,000	-
Health Care Rehab of VT	2,689	2,689	-
Stagecoach	3,800	3,800	-
Royalton Food Shelf	10,000	10,000	-
S. Royalton School Health Hub	1,000	1,000	-
Total Appropriations	<u>376,843</u>	<u>376,843</u>	<u>-</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 5 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Town Office Building -			
Salary	1,500	510	(990)
Social Security	120	39	(81)
Supplies/tools	400	(23)	(423)
Telephone	-	175	175
Subcontractors	13,500	11,968	(1,532)
Security system	1,500	1,971	471
Water assessments	2,000	3,077	1,077
Electricity	7,000	7,597	597
Heat	9,000	4,042	(4,958)
Repairs/maintenance	4,500	2,521	(1,979)
Mowing	2,500	1,603	(897)
Total town office building	<u>42,020</u>	<u>33,480</u>	<u>(8,540)</u>
Planning Commission -			
Salary	1,650	-	(1,650)
Social Security	130	-	(130)
Mileage	100	-	(100)
Miscellaneous	200	-	(200)
Subcontractors	430	-	(430)
Printing	1,500	-	(1,500)
Advertising	500	-	(500)
Education/meetings	350	-	(350)
Two Rivers Ottauquechee Commission	4,243	4,243	-
Total town office building	<u>9,103</u>	<u>4,243</u>	<u>(4,860)</u>
Meetings and Elections -			
Social Security	391	95	(296)
Mileage	300	-	(300)
Supplies/tools	1,000	1,259	259
Miscellaneous	200	2,130	1,930
Printing	1,700	582	(1,118)
Education/meetings	600	-	(600)
Moderator	600	-	(600)
Ballot clerks	3,900	1,818	(2,082)

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Meetings and Elections (continued) -			
Presiding officer fee	600	450	(150)
Total meetings and elections	<u>9,291</u>	<u>6,334</u>	<u>(2,957)</u>
 Total General Government	 <u>867,148</u>	 <u>783,440</u>	 <u>(83,708)</u>
 Public Safety -			
Police Department -			
Salary	158,100	147,626	(10,474)
Social Security	12,100	11,513	(587)
Health insurance	14,000	12,926	(1,074)
Retirement	5,000	2,841	(2,159)
Mileage	100	31	(69)
Supplies/tools	2,300	4,041	1,741
Telephone	3,800	3,500	(300)
Technology/computer	2,000	3,724	1,724
Subcontractors	-	120	120
Fuel, oil, grease	8,000	5,774	(2,226)
Printing	200	-	(200)
Education/meetings	1,500	1,616	116
Insurance	18,000	17,233	(767)
Postage	-	93	93
Dues/fees/licenses/permits	150	500	350
Training	1,000	-	(1,000)
Repairs/maintenance	10,000	9,183	(817)
Uniforms	1,200	1,562	362
Equipment	6,500	8,703	2,203
Dog control	1,000	175	(825)
Rental of equipment	-	36	36
Stipends	<u>4,000</u>	<u>3,867</u>	<u>(133)</u>
Total police department	<u>248,950</u>	<u>235,064</u>	<u>(13,886)</u>
 Culture and Recreation -			
Recreation -			
Salary	8,200	8,231	31
Social Security	650	630	(20)

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 7 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Culture and Recreation (continued) -			
Recreation (continued) -			
Supplies/tools	500	1,245	745
Insurance	600	2,636	2,036
Dues/fees/licenses/permits	500	-	(500)
Hope property	1,500	1,930	430
Ice Rink improvements	2,000	388	(1,612)
Water assessments	50	50	-
Repairs/maintenance	3,500	5,661	2,161
Mowing	9,200	6,186	(3,014)
Rental of equipment	1,500	800	(700)
Special activities	2,550	510	(2,040)
Concerts	3,000	-	(3,000)
Total recreation	<u>33,750</u>	<u>28,267</u>	<u>(5,483)</u>
Sports Program -			
Supplies/tools	100	577	477
Baseball/softball	2,500	931	(1,569)
Soccer	1,000	-	(1,000)
Basketball	1,200	-	(1,200)
Babe Ruth	1,000	-	(1,000)
Specials	-	1,492	1,492
Stipends	1,000	-	(1,000)
Total sports program	<u>6,800</u>	<u>3,000</u>	<u>(3,800)</u>
Parks and Streets -			
Subcontractors	-	2,563	2,563
S. Royalton Village Green	-	177	177
Repairs/maintenance	3,000	3,256	256
Mowing	12,000	8,732	(3,268)
Rental of equipment	2,000	1,250	(750)
Street lights electricity	20,000	13,794	(6,206)
Total parks and streets	<u>37,000</u>	<u>29,772</u>	<u>(7,228)</u>
Total Culture and Recreation	<u>77,550</u>	<u>61,039</u>	<u>(16,511)</u>

The notes to financial statements are an integral part of this statement.



**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 8 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Cemeteries -			
N. Royalton Cemetery	3,480	8,321	4,841
Powers Cemetery	4,824	2,684	(2,140)
Hickey Cemetery	1,080	1,470	390
Metcalf Cemetery	300	110	(190)
Perrin #1 Cemetery	24	25	1
Perrin #2 Cemetery	60	25	(35)
Howard lot	60	35	(25)
Lindley lot	60	25	(35)
Haven Cemetery	<u>3,000</u>	<u>760</u>	<u>(2,240)</u>
Total cemeteries	<u>12,888</u>	<u>13,455</u>	<u>567</u>
Debt Service -			
Principal	55,550	50,723	(4,827)
Interest	<u>20,600</u>	<u>12,087</u>	<u>(8,513)</u>
Total debt service	<u>76,150</u>	<u>62,810</u>	<u>(13,340)</u>
Total expenditures	<u>1,282,686</u>	<u>1,155,808</u>	<u>(126,878)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(41,205)</u>	<u>133,019</u>	<u>(174,224)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out), net	<u>(77,600)</u>	<u>(74,600)</u>	<u>(3,000)</u>
NET CHANGE IN FUND BALANCE	\$ <u>(118,805)</u>	\$ <u>58,419</u>	\$ <u>(177,224)</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - HIGHWAY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 1 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
<b>REVENUES:</b>			
Property taxes	\$ 823,737	\$ 823,737	\$ -
State highway aid	145,000	193,914	48,914
Investment income	-	643	643
Miscellaneous	<u>-</u>	<u>144</u>	<u>144</u>
Total revenues	<u>968,737</u>	<u>1,018,438</u>	<u>49,701</u>
<b>EXPENDITURES:</b>			
Wages - staff	195,000	145,988	(49,012)
Wages - staff OT	37,000	14,706	(22,294)
Wages - vacation	-	7,213	7,213
Sick, personal time	-	7,011	7,011
Social security	17,800	12,960	(4,840)
Health insurance	28,000	28,539	539
Retirement	8,000	6,443	(1,557)
Mileage	500	-	(500)
Supplies/tools	6,150	2,833	(3,317)
Telephone	1,000	461	(539)
Miscellaneous	15,150	11,155	(3,995)
Technology/computer	800	1,186	386
Subcontractors/consultants	4,000	2,480	(1,520)
Advertising	350	78	(272)
Meetings/seminars	150	-	(150)
Insurance	32,000	31,216	(784)
Dues/fees/licenses/permits	1,400	1,350	(50)
Electricity	3,000	2,670	(330)
Heat	8,000	3,293	(4,707)
Repairs/maintenance	3,000	5,421	2,421
Uniforms	3,000	2,614	(386)
Rentals/equipment	40,000	41,933	1,933
Equipment miscellaneous	1,000	1,838	838
Fuel and oil	65,000	31,234	(33,766)
Salt	50,000	28,903	(21,097)
Sand	35,000	51,000	16,000

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - HIGHWAY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Gravel	30,000	27,888	(2,112)
Crawford pit	8,000	8,125	125
Cold patch	2,000	686	(1,314)
Calcium chloride	10,000	16,746	6,746
Culverts	5,000	1,881	(3,119)
Other materials	1,000	170	(830)
2 1/4 plant mix	5,000	-	(5,000)
1 1/4 plant mix	20,000	2,550	(17,450)
7 plant mix	15,000	(3,821)	(18,821)
Street signs	5,000	1,603	(3,397)
Chipper	500	312	(188)
04 Sterling truck	-	100	100
Cat 143H grader 05	11,200	8,667	(2,533)
2005 John Deere roadside mower	3,500	2,329	(1,171)
Vacuum leaf collector LCT 65	500	-	(500)
2010 John Deere 310 SSJ backhoe loader	3,000	4,794	1,794
John Deere snowplow/sweeper	3,000	2,679	(321)
2012 Dodge Ram 5500	7,000	1,587	(5,413)
2014 Freightliner AWD	7,000	37,148	30,148
2015 Freightliner L7500	7,000	6,653	(347)
2017 Int'l Truck	8,500	14,149	5,649
2016 Dodge Ram 5500	7,000	1,053	(5,947)
1997 Ford F450 bucket truck	2,000	-	(2,000)
2018 Komatsu loader	5,000	1,231	(3,769)
2019 Freightliner 1145D	6,500	(53)	(6,553)
John Deere Excavator	<u>-</u>	<u>(3,207)</u>	<u>(3,207)</u>
Total expenditures	728,000	575,795	(152,205)
 EXCESS OF REVENUES OR (EXPENDITURES)	 <u>240,737</u>	 <u>442,643</u>	 <u>201,906</u>
 <b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out), net	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 \$ <u>(69,263)</u>	 \$ <u>132,643</u>	 \$ <u>(201,906)</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2021**

	<u>Wastewater Fund</u>
<b>ASSETS:</b>	
Current assets -	
Cash and cash equivalents	\$ 306,437
Cash, restricted	18,215
Accounts receivable - user fees	102,091
Delinquent user fees, penalties and interest receivable	22,842
Due from other funds	<u>1,934</u>
Total current assets	<u>451,519</u>
Noncurrent assets -	
Capital assets	3,383,289
less - accumulated depreciation	<u>(1,472,323)</u>
Total noncurrent assets	<u>1,910,966</u>
Total assets	<u>2,362,485</u>
<b>LIABILITIES:</b>	
Current liabilities -	
Accounts payable	1,298
Accrued payroll and related	101
Bond payable due within one year	<u>28,298</u>
Total current liabilities	<u>29,697</u>
Noncurrent liabilities -	
Bond payable due after one year	<u>983,515</u>
Total liabilities	<u>1,013,212</u>
<b>NET POSITION:</b>	
Net investment in capital assets	899,153
Restricted	18,215
Unrestricted	<u>431,905</u>
Total net position	<u>\$ 1,349,273</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND CHANGE  
IN NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Wastewater Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for service	\$ 208,163
Penalties and interest on delinquent accounts	<u>3,173</u>
Total operating revenues	<u>211,336</u>
 <b>OPERATING EXPENSES:</b>	
Operation and maintenance	47,730
Contract services	67,396
Administration fees	3,269
Depreciation	<u>82,378</u>
Total operating expenses	<u>200,773</u>
 Operating income (loss)	 <u>10,563</u>
 <b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest income	262
Interest expense	<u>(23,230)</u>
Net nonoperating revenues (expenses)	<u>(22,968)</u>
 CHANGE IN NET POSITION	 (12,405)
 NET POSITION, July 1, 2020	 <u>1,361,678</u>
 NET POSITION, June 30, 2021	 \$ <u>1,349,273</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Wastewater Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 226,817
Cash paid to supplier for goods and services	(114,732)
Cash paid to employees for services	<u>(3,251)</u>
Net cash provided (used) by operating activities	<u>108,834</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Payment of long-term debt	(27,670)
Interest paid on long-term debt	<u>(23,230)</u>
Net cash provided (used) by capital and related financing activities	<u>(50,900)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	<u>262</u>
Net cash provided (used) by investing activities	<u>262</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,196
CASH AND CASH EQUIVALENTS, July 1, 2020	<u>266,456</u>
CASH AND CASH EQUIVALENTS, June 30, 2021	\$ <u><u>324,652</u></u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 10,563
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities -	
Depreciation	82,378
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	15,481
(Increase) decrease in prepaid expenses	297
Increase (decrease) in accounts payable	97
Increase (decrease) in accrued payroll	<u>18</u>
Net cash provided (used) by operating activities	\$ <u>108,834</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. Summary of significant accounting policies:**

The Town of Royalton, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont, and is governed by a five-member Selectboard (the Board) and Town Administrator. The Town provides various services as authorized and funded by State government or Town voters.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide Statement of Net Position, the financial position of the Town is consolidated and incorporates capital assets as well as all long-term debt and obligations. The government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds, if any, are summarized in a single column.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues and expenditures or expenses, as appropriate.

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. Summary of significant accounting policies (continued):**

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Highway Fund - The Highway Fund is used to account for the Town's highway activity.

Highway Improvement Fund - The Highway Improvement Fund is used to account for amounts committed for future capital outlays for highway infrastructure.

The Town reports the following major proprietary fund:

Wastewater Fund - The Wastewater Fund is used to account for the Town's sewer department operations.

Additionally, the Town reports as other governmental funds several funds which are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified services.

- D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property taxes are recorded as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned.



**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. Summary of significant accounting policies (continued):**

- E. Budgets and budgetary accounting - The Town approves a budget for the General Fund and Highway Fund at an annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General Fund and Highway Fund. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.
- F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1<sup>st</sup>. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town, Fire, and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2021, were payable in full on November 6, 2020.
- G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- H. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.
- I. Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair value using quoted prices in active markets for identical assets. This is considered a level 1 input valuation technique under the framework established by U.S. GAAP for measuring fair value. The Town does not own investments valued with level 2 or level 3 inputs, which would use quoted prices for similar assets, or in inactive markets, or other methods for estimating fair value.
- J. Inventory - Inventory in the Highway Fund is valued at cost using the first in/first out method. Inventory is recorded as an expenditure when consumed rather than when purchased.
- K. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**TOWN OF ROYALTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. Summary of significant accounting policies (continued):**

L. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired and constructed general infrastructure assets since the implementation of GASB Statement No. 34. Donated capital assets are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the useful lives shown below:

Land improvements	10 - 40 years
Buildings and improvements	10 - 50 years
Infrastructure	10 - 50 years
Furniture and equipment	3 - 20 years
Vehicles	3 - 15 years

M. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

N. Compensated absences - It is the Town's policy to permit employees to accumulate earned, but unused vacation pay benefits based upon their length of employment (subject to certain carryover limitations and time restrictions). Upon retirement, termination or death, employees are compensated for these accrued benefits at their current rates of pay. Compensated absences are reported in the government-wide financial statements. Governmental funds report compensated absences as an expenditure when the benefit is paid.

O. Long-term obligations - Governmental activities, business-type activities, and proprietary funds report long-term debt and other long-term obligations as liabilities in the applicable statement of net position. Governmental funds report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

P. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. Summary of significant accounting policies (continued):**

P. Fund equity (continued) -

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

The Town has not established policies or procedures for committing or assigning fund balance nor a policy specifying the order in which to apply expenditures to fund balance. With the implementation of GASB Statement No. 54, the Town's current practice is to apply expenditures to fund balance in the order of restricted, committed, assigned and unassigned unless the Selectboard specifies otherwise.

- Q. New accounting standard - The Town has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The adoption of GASB Statement No. 88 improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The impact on these financial statements is that the Town's disclosures related to debt provide users with information to understand the effects of debt on future resource flows, and separate information regarding direct borrowings (loan agreement with a lender) and direct placements of debt (a debt security issued directly to an investor) from other debt.

**2. Deposits and investments:**

Fair value and classification - Deposits and investments, which include \$1,224,394 in mutual funds, are stated at fair value as described in note 1.I.

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town does not have a deposit policy for custodial credit risk; however, the Town addresses this risk by depositing cash in FDIC insured banks. As of June 30, 2021, the Town's depository accounts were fully insured or collateralized.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2021, more than 5% of the Town's total investments are held in four mutual funds, which represent 17.62%, 26.88%, 26.30%, and 29.20% of the Town's total investments, respectively.

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**3. Loans receivable:**

The Town, through various federal loan programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivables. Loans receivable as of June 30, 2021, are as follows:

**Governmental activities -**

Loan, secured, to First Branch Coffee, assumed by Upper Pass Beer Company, interest at 4.75%, monthly payments of \$1,285, matures February 2023.	\$ 30,488
Loan, secured, to &Hair A Studio Salon, interest at 4.75%, monthly payments of \$188, matures May 2023.	<u>3,983</u>
	<u>\$ 34,471</u>

**4. Capital assets:**

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Governmental activities -</b>				
Capital assets, not depreciated:				
Land	\$ <u>771,413</u>	\$ -	\$ -	\$ <u>771,413</u>
Capital assets, depreciated:				
Buildings	2,157,233	-	218,100	1,939,133
Building improvements	949,751	-	-	949,751
Land improvements	192,133	-	-	192,133
Infrastructure	4,071,792	-	-	4,071,792
Furniture and equipment	818,568	29,565	17,864	830,269
Vehicles	983,608	133,944	-	1,117,552
Total capital assets, depreciated	<u>9,173,085</u>	<u>163,509</u>	<u>235,964</u>	<u>9,100,630</u>
Less accumulated depreciation:				
Buildings	819,765	46,557	67,054	799,268
Building improvements	33,533	25,552	-	59,085
Land improvements	49,323	15,823	-	65,146
Infrastructure	1,841,125	239,194	-	2,080,319
Furniture and equipment	555,648	46,773	17,104	585,317
Vehicles	451,582	129,225	-	580,807
Total accumulated depreciation	<u>3,750,976</u>	<u>503,124</u>	<u>84,158</u>	<u>4,169,942</u>
Total capital assets, depreciated, net	<u>5,422,109</u>	<u>(339,615)</u>	<u>151,806</u>	<u>4,930,688</u>
Total capital assets, net	<u>\$ 6,193,522</u>	<u>\$ (339,615)</u>	<u>\$ 151,806</u>	<u>\$ 5,702,101</u>

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**4. Capital assets (continued):**

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Business-type activities -</b>				
Capital assets, not depreciated:				
Land	\$ 21,811	\$ -	\$ -	\$ 21,811
Easements	9,000	-	-	9,000
Total capital assets, not depreciated	<u>30,811</u>	<u>-</u>	<u>-</u>	<u>30,811</u>
Capital assets, depreciated:				
Plants, lines and improvements	3,197,571	-	-	3,197,571
Buildings	57,821	-	-	57,821
Furniture and equipment	90,666	-	-	90,666
Vehicles	6,420	-	-	6,420
Total capital assets, depreciated	<u>3,352,478</u>	<u>-</u>	<u>-</u>	<u>3,352,478</u>
Less accumulated depreciation:				
Plants, lines and improvements	1,305,819	71,542	-	1,377,361
Buildings	3,739	2,531	-	6,270
Furniture and equipment	73,967	8,305	-	82,272
Vehicles	6,420	-	-	6,420
Total accumulated depreciation	<u>1,389,945</u>	<u>82,378</u>	<u>-</u>	<u>1,472,323</u>
Total capital assets, depreciated, net	<u>1,962,533</u>	<u>(82,378)</u>	<u>-</u>	<u>1,880,155</u>
 Total capital assets, net	 \$ <u>1,993,344</u>	 \$ <u>(82,378)</u>	 \$ <u>-</u>	 \$ <u>1,910,966</u>

Depreciation expense of \$503,124 in the governmental activities was allocated to expenses of the general government (\$41,787), public safety (\$13,170), highway (\$409,741), cemetery (\$433), and culture & recreation (\$37,993) programs based on the capital assets assigned to those functions.

Depreciation expense of \$82,378 in the business-type activities relates to the Wastewater function.

**5. Interfund receivable and payable balances:**

Interfund receivable and payable balances, due to the pooling of cash as of June 30, 2021, are as follows:

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
<b>Governmental funds -</b>		
General Fund	\$ 83,999	\$ -
Highway Fund	-	5,699
Other Governmental Funds	<u>401</u>	<u>80,635</u>
	84,400	86,334
<b>Proprietary funds -</b>		
Wastewater Fund	<u>1,934</u>	<u>-</u>
	\$ <u>86,334</u>	\$ <u>86,334</u>

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**6. Interfund transfers:**

Interfund transfers constitute the transfer of resources from the fund that receives the resource to the fund that utilizes them. Interfund transfers for the year ended June 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental funds -</b>		
General Fund	\$ -	\$ 74,600
Highway Fund	-	310,000
Highway Improvement Fund	150,000	-
Other Governmental Funds	<u>239,600</u>	<u>5,000</u>
	<u>\$ 389,600</u>	<u>\$ 389,600</u>

Transfers made from the General Fund to the Capital Project Fund, Police Vehicle Reserve Fund, and Academy Operations Fund of \$50,000, \$15,000 and \$9,600, respectively, were made to fund the future Chelsea Street Sidewalk project, the future purchase of police vehicles and the deficit in Academy Operations, respectively. Transfers made from the Highway Fund to the Highway Equipment Reserve Fund and Highway Improvement Fund of \$160,000 and \$150,000, respectively, were made to fund future highway equipment purchases and highway improvements, respectively. A transfer of \$5,000 was made from the Community Betterment Fund to the Lovejoy Trust to fund future donations.

**7. Long-term obligations:**

Long-term obligations activity for the year ended June 30, 2021, was as follows:

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2021</u>	<u>Due Within One Year</u>
<b>Governmental activities -</b>					
Accrued compensated absences	\$ 9,366	\$ 5,662	\$ -	\$ 15,028	\$ -
Net pension liability	100,407	95,378	-	195,785	-
Long-term debt	882,111	25,000	70,963	836,148	76,668
Capital lease	<u>161,765</u>	<u>-</u>	<u>64,607</u>	<u>97,158</u>	<u>31,356</u>
	<u>1,153,649</u>	<u>126,040</u>	<u>135,570</u>	<u>1,144,119</u>	<u>108,024</u>
<b>Business-type activities -</b>					
Long-term debt	\$ <u>1,039,483</u>	\$ <u>-</u>	\$ <u>27,670</u>	\$ <u>1,011,813</u>	\$ <u>28,298</u>

**8. Debt:**

Long-term - Outstanding long-term debt as of June 30, 2021, is as follows:

**Governmental activities -**

General obligation bonds:

Bond payable, U.S. Department of Agriculture, interest at 3.125%,  
annual principal payments of \$20,000 until February 2046.

Semiannual interest payments due February 1 and August 1.

Used to finance new town office building. \$ 500,000

**TOWN OF ROYALTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**8. Debt (continued):**

Long-term (continued) -

**Governmental activities (continued) -**

Notes from direct borrowings:

Bond payable, Vermont Municipal Bond Bank, net interest cost rate is 4.19%, payable in 20 annual principal payments of \$30,000 until 2019 then \$25,000 until 2023. Semi-annual interest payments due June 1 and December 1. 50,000

Note payable, Mascoma Bank, variable interest starting at 3.5%, payable in semi-annual principal and interest payments of \$17,895 through June 2027 then interest changes to the 5 year federal home loan bank rate plus 2.25% and payments increase to \$18,124 through December 2029. 261,148

Note payable, Bar Harbor Bank and Trust, payable in 4 annual principal and interest payments from June 2022 through June 2026 at 2.220% interest, for a police vehicle. 25,000

Total notes from direct borrowings 336,148  
\$ 836,148

**Business-type activities -**

General obligation bonds:

Note payable, USDA Rural Development, interest at 2.25%, semi-annual principal and interest payments of \$25,450 from May 2018 through November 2047. \$ 1,011,813

Long-term debt activity for the year ended June 30, 2021, was as follows:

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2021</u>	Due Within <u>One Year</u>
<b>Governmental Activities -</b>					
General obligation bonds:					
USDA Bond -Office Building	\$ <u>520,000</u>	\$ <u>-</u>	\$ <u>20,000</u>	\$ <u>500,000</u>	\$ <u>20,000</u>
Notes from direct borrowings:					
VMBB Bond	75,000	-	25,000	50,000	25,000
Mascoma Note	287,111	-	25,963	261,148	26,880
BHBT note	-	25,000	-	25,000	4,788
	<u>362,111</u>	<u>25,000</u>	<u>50,963</u>	<u>336,148</u>	<u>56,668</u>
Total governmental activities	\$ <u><u>882,111</u></u>	\$ <u><u>25,000</u></u>	\$ <u><u>70,963</u></u>	\$ <u><u>836,148</u></u>	\$ <u><u>76,668</u></u>
<b>Business-type Activities -</b>					
General obligation bonds:					
USDA Bond -Wastewater	\$ <u><u>1,039,483</u></u>	\$ <u><u>-</u></u>	\$ <u><u>27,670</u></u>	\$ <u><u>1,011,813</u></u>	\$ <u><u>28,298</u></u>

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**8. Debt (continued):**

Long-term (continued) - Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Governmental Activities</u>			
	<u>General Obligation Bonds</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 20,000	\$ 15,625	\$ 56,668	\$ 4,724
2023	20,000	15,000	57,723	9,034
2024	20,000	14,375	33,814	7,318
2025	20,000	13,750	34,943	6,190
2026	20,000	13,125	36,083	5,049
2027-2031	100,000	56,250	116,917	9,548
2032-2036	100,000	40,625	-	-
2037-2041	100,000	25,000	-	-
2042-2046	<u>100,000</u>	<u>9,375</u>	<u>-</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ 203,125</u>	<u>\$ 336,148</u>	<u>\$ 41,863</u>

Year ending June 30,	<u>Business-Type Activities</u>	
	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 28,298	\$ 22,602
2023	28,938	21,962
2024	29,593	21,307
2025	30,263	20,637
2026	30,948	19,952
2027-2031	165,564	88,936
2032-2036	185,161	69,339
2037-2041	207,079	47,421
2042-2046	231,591	22,909
2047-2048	<u>74,378</u>	<u>1,416</u>
	<u>\$ 1,011,813</u>	<u>\$ 336,481</u>

In the event that the Town is in default on their payment obligations issued from the Vermont Municipal Bond Bank (VMBB), the State Treasurer has the ability to intercept State funding until the default is cured.

In a prior year the VMBB refunded the 2002 Series 1 direct borrowing resulting in interest savings to the Town of \$13,744. This savings allocation, to be received between FY16 and FY22, has been reflected as a reduction of interest in the debt service requirements table.



**TOWN OF ROYALTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**9. Capital leases:**

The Town has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of the assets acquired by capital leases is the present value of the future lease payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are detailed on the following page.

Year ending June 30,	
2022	\$ 34,511
2023	34,511
2024	<u>34,512</u>
Total minimum lease payments	103,534
Less: amount representing interest	<u>(6,376)</u>
Present value of minimum lease payments	<u>\$ 97,158</u>

**10. Operating lease - lessor:**

The Town has entered into a lease agreement to rent the Royalton Academy Building through June 30, 2022. Rental income to the Town for the year ended June 30, 2021, was \$18,954.

**11. Fund balances:**

As of June 30, 2021, fund balances consist of the following:

Highway Fund Assigned Fund Balance:	
Highway equipment and improvements	\$ <u>271,655</u>
Highway Improvement Fund Committed Fund Balance:	
Highway Infrastructure	\$ <u>1,061,309</u>
Special Revenue Fund Restricted Fund Balance:	
Reappraisal Reserve Fund	\$ 150,632
Revolving Loan Fund	233,372
Coogan Carpenter	594
Parcel Maps	1,578
Lister Education	860
Police Vehicle Reserve	25,000
Gravel Pit Closure	66,219
Records Restoration	<u>25,087</u>
	\$ <u>503,342</u>
Special Revenue Fund Committed Fund Balance:	
Community Betterment Fund	\$ 105,919
Misc. Grants Fund	897
Police Vehicle Reserve	35,691
Gravel Pit Operations	<u>217,242</u>
	\$ <u>359,749</u>

**TOWN OF ROYALTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**11. Fund balances (continued):**

Special Revenue Fund Unassigned Fund Balance (Deficit):	
Academy Operations Fund	\$ (6,100)
FEMA #4445	<u>(6,178)</u>
	<u>\$ (12,278)</u>
Capital Project Fund Committed Fund Balance:	
Academy Building Capital Improvements	\$ 1,564
Capital Projects	187,412
Highway Equipment Reserve Fund	250,861
Underpass Art Project	<u>5,500</u>
	<u>\$ 445,337</u>
Capital Project Fund Unassigned Fund Balance (Deficit):	
Library Renovation Fund	\$ (42,394)
Culvert Replacement	<u>(200)</u>
	<u>\$ (42,594)</u>
Permanent Fund Restricted Fund Balance:	
Riverview Cemetery	\$ 339,909
Village Cemetery	416,781
Pleasant Hill Cemetery	123,481
Branchview Cemetery	339,856
Haven Cemetery	29,379
Alexander Trust Fund	58,520
Lovejoy Trust	15,068
Town Cemetery Trust	7,804
Academy Trust	391
Conservation Fund	<u>6,630</u>
	<u>\$ 1,337,819</u>

**12. Deficit fund balances:**

As of June 30, 2021 the Academy Operations Fund, an other governmental fund, has a deficit fund balance of \$6,100. Management intends to recover this deficit through a transfer of funds from the General Fund pending voter approval.

As of June 30, 2021 the FEMA #4445 Fund, an other governmental fund, has a deficit fund balance of \$6,178. Management intends to recover this deficit through a transfer of funds from the Highway Improvement Fund.

As of June 30, 2021 the Library Renovation Fund, an other governmental fund, has a deficit fund balance of \$42,394. Management intends to recover this deficit through a transfer of funds from the General Fund as approved by voters in the FY22 budget.

As of June 30, 2021 the Culvert Replacement Fund, an other governmental fund, has a deficit fund balance of \$200. Management intends to recover this deficit through receipt of grant funds.

**TOWN OF ROYALTON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**13. Pension plan:**

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS or the Plan) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. The State statutory provisions, found in Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6200, by calling (802) 828-2305 or online at <http://www.vermonttreasurer.gov>.

Benefits provided: VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits do vary between the groups included in the Plan, but are determined for the members of each group as a percentage of average compensation in a certain number of the highest consecutive years of service. Eligibility for benefits requires five years of service.

Contributions: Defined benefit plan members are required to contribute 3.0% (Group A), 5.375% (Group B), 10.5% (Group C) or 11.85% (Group D) of their annual covered salary, and the Town is required to contribute 4.5% (Group A), 6.0% (Group B), 7.75% (Group C) or 10.35% (Group D) of the employees' compensation. Defined contribution plan members are required to contribute 5.0% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2021, and 2020, were \$16,040 and \$11,120, respectively. The amounts contributed were equal to the required contributions for each year.

Pension liabilities, deferred outflows of resources, deferred inflows of resources: These financial statements include the Town's proportionate share of the VMERS' net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. The State of Vermont has provided the following information to all employers participating in VMERS, which is based on its calculation of the Town's 0.07739% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 195,785
Deferred outflow of resources - Deferred pension expense	\$ 134,458
Deferred inflow of resources - Deferred pension credits	\$ 580

Additional information: VMERS obtains an annual actuarial valuation for the pension plan. Detailed information is provided in that report for actuarial assumptions of inflation rates, salary increases, investment rates of return, mortality rates, discount rates, and the calculations used to develop annual contributions and the VMERS net position.

**TOWN OF ROYALTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**13. Pension plan (continued):**

Vermont Municipal Employees' Retirement System (continued) -

The Town entered into VMERS in FY19 after adopting GASB Statement No. 68 in FY15 and is developing the ten years of required supplementary information in schedules 1 and 2. This historical pension information includes the Town's Proportionate Share of Net Pension Liability of VMERS and Town's Contributions to VMERS.

**14. Transfer station:**

The Town is a participating member in the White River Solid Waste Alliance and jointly owns the Bethel-Royalton Transfer Station. This joint ownership is not included in the financial statements of the Town because the Town has no equity interest in the net resources of the transfer station other than the residual interest in assets that may (on dissolution) revert to the Town for lack of another equitable claimant.

**15. Subsequent Events:**

The Town has evaluated subsequent events through March 9, 2022, the date on which the financial statements were available to be issued.

**TOWN OF ROYALTON, VERMONT  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY** Schedule 1

**VMERS  
JUNE 30, 2021**

	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019 *</u>
Town's proportion of the net pension liability	0.0774%	0.0579%	
Town's proportionate share of the net pension liability	\$ 195,785	\$ 100,407	\$ -
Town's covered payroll	\$ 365,919	\$ 377,410	\$ - *
Town's proportionate share of the net pension liability as a percentage of its covered payroll	53.505%	26.604%	0.000%
VMERS net position as a percentage of the total pension liability	74.52%	80.35%	0.00%

**SCHEDULE OF TOWN'S CONTRIBUTIONS** Schedule 2

**VMERS  
JUNE 30, 2021**

	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019 *</u>
Contractually required contribution	\$ 16,467	\$ 16,040	\$ 11,120 *
Contributions in relation to the contractually required contribution	<u>16,467</u>	<u>16,040</u>	<u>11,120</u> *
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's covered payroll	\$ 365,919	\$ 377,410	\$ 269,563 *
Contributions as a percentage of covered payroll	4.500%	4.250%	4.125%

\*note that town entered into VMERS in Fiscal Year 2019 and actuarial data not available for the first year of the plan.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Selectboard  
Town of Royalton, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Royalton, Vermont (the Town) 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, and have issued our report thereon dated March 9, 2022.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town'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 the Town'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 an

instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Responses as item 2021-001.

### **Town's Response to Finding**

Management's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont  
March 9, 2022

*Mudgett Bennett* 9  
*Shook-Nixon, P.L.*

**TOWN OF ROYALTON, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

**2021-001 Payroll disbursements:**

During the audit we noted that payroll disbursements are not reviewed or approved by one or more members of the Board. We did note a formal non-payroll disbursement warrant process where warrants are signed by one or more Board members. Vermont Statutes section 24 V.S.A. § 1623 states that the Board may authorize one or more members of the Board to examine and allow payments made by the Town or submit to the Town Treasurer a certified copy of the Board minutes approving the payment(s).

We recommend that the Town utilize warrants for the payroll disbursement process and that these warrants be signed by one or more members of the Board similar to the non-payroll disbursement warrant process that is currently in place.

Management's response -

The Town has implemented a procedure where at least one board member will review and approve the biweekly payroll for processing by the payroll company as prepared by the Treasurer. The complete board will review completed payroll at the regular meeting of the Selectboard.