

TOWN OF ROYALTON, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2022
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF ROYALTON, VERMONT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Royalton, Vermont

Report on the Audit of 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, 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 accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Royalton, 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 these 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'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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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'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'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, 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 May 11, 2023 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
May 11, 2023

Margaret Bennett 4
Shosh-Nisa, P.L.

**TOWN OF ROYALTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022, by \$10,593,439 compared to \$10,520,831 at June 30, 2021. This represents an increase of \$72,608 or 0.1%.

Long-term liabilities

The Town did not obtain any new debt during the year ended June 30, 2022. Notes payable at June 30, 2022, were \$358,921, compared to \$433,306 at June 30, 2021. Total bonds and notes at June 30, 2022 were \$1,640,265 compared to \$1,945,119 at June 30, 2021.

FINANCIAL STATEMENTS

The accompanying financial statements for the year ended June 30, 2022 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, Highway Improvement Fund, Culvert Replacement Fund, and the ARPA Grant 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, 2022.

FINANCIAL ANALYSIS

Government-wide Financial Analysis

Net Position June 30, 2022 and 2021

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Current assets	\$ 4,754,060	\$ 4,521,613
Noncurrent assets	<u>5,524,590</u>	<u>5,720,803</u>
Total assets	<u>10,278,650</u>	<u>10,242,416</u>
Deferred outflows of resources	<u>96,964</u>	<u>134,458</u>
Current liabilities	396,206	170,384
Long-term liabilities	<u>666,079</u>	<u>1,034,352</u>
Total liabilities	<u>1,062,285</u>	<u>1,204,736</u>
Deferred inflows of resources	<u>68,878</u>	<u>580</u>
Net position:		
Net investment in capital assets	4,867,598	4,768,795
Restricted	3,713,551	3,707,556
Unrestricted	<u>663,302</u>	<u>695,207</u>
Total net position	<u>\$ 9,244,451</u>	<u>\$ 9,171,558</u>

For governmental activities, the Statement of Net Position shows total assets of the Town as of June 30, 2022, are \$10,278,650; total assets as of June 30, 2021, were \$10,242,416. Of these totals, \$4,754,060 and \$4,521,613 represent current assets, respectively. The noncurrent assets of \$5,524,590 and \$5,720,803 at June 30, 2022, and June 30, 2021, respectively, are net capital assets including land, buildings and equipment. The business-type activities reported total assets of \$2,336,689 and \$2,362,485 at June 30, 2022 and June 30, 2021, respectively. Business-type net position decreased \$285 during the year ended June 30, 2022, from \$1,349,273 at June 30, 2021, to \$1,348,988 at June 30, 2022. Business-type capital assets, net of depreciation, decreased by \$76,663 during the year ended June 30, 2022, from \$1,910,966 at June 30, 2021, to \$1,834,303 at June 30, 2022. The following table details capital assets, net of depreciation, for governmental activities.

Capital Assets as of June 30, 2022 and 2021

(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 771,413	\$ 771,413
Construction in progress	71,165	-
Buildings	1,095,031	1,139,865
Building improvements	865,114	890,666
Land improvements	111,164	126,987
Infrastructure	1,766,803	1,991,473
Furniture and equipment	198,179	244,952
Vehicles	<u>645,721</u>	<u>536,745</u>
Net capital assets	<u>\$ 5,524,590</u>	<u>\$ 5,702,101</u>

The liabilities of the Town as of June 30, 2022, are \$1,062,285; liabilities as of June 30, 2021, were \$1,204,736. Of these totals, \$396,206 and \$170,384 represent current liabilities, respectively. The noncurrent liabilities of \$666,079 in the current year consist of accrued compensated absences, accrued interest on long-term debt, net pension liability, and long-term debt.

Change in Net Position for Fiscal Years Ended in 2022 and 2021

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues -		
Grants and contributions	\$ 999,558	\$ 393,624
Charges for services	105,091	150,388
Other	87,347	31,146
General Revenues -		
Property taxes	2,001,052	1,971,824
Investment income	(45,945)	246,921
Total Revenues	<u>3,147,103</u>	<u>2,793,903</u>
Expenses:		
Governmental Activities -		
Highway	1,354,515	967,909
General government	942,101	1,051,952
Public safety	493,662	270,915
Cemetery	43,041	42,872
Culture and recreation	173,565	110,353
Other services	48,694	3,051
Interest	18,632	32,513
Total Expenses	<u>3,074,210</u>	<u>2,479,565</u>
Change in net position	72,893	314,338
Net position - Beginning	<u>9,171,558</u>	<u>8,857,220</u>
Net position - Ending	<u>\$ 9,244,451</u>	<u>\$ 9,171,558</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 \$3,147,103 for 2022, and \$2,793,903 for 2021. The 2022 revenues were \$72,893 more than expenses, which increased net position. The 2021 revenues were \$314,338 more than expenses, which increased net position in 2021. At June 30, 2022, net position totaled \$9,244,451. At June 30, 2021, net position totaled \$9,171,558. Business-type activities had 2022 revenue that was \$285 less than expenses causing net position to decrease from \$1,349,273 at June 30, 2021, to \$1,348,988 at June 30, 2022.

Fund Financial Analysis

At June 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$4,434,011, an increase of \$92,462 from the combined fund balance at the end of the prior year. 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. Of the 2022 combined fund balance, \$121,016 constitutes

nonspendable fund balance, \$2,063,178 in restricted fund balance from various outside sources such as grantors, \$1,650,373 in voter committed amounts, \$587,569 in board assigned amounts for June 30, 2023 and June 30, 2024 General Fund budgets and \$11,875 in unassigned amounts. The unassigned amount of \$11,875 is made up of a surplus of \$32,301 in the General Fund, and a negative unassigned \$20,426 in the Other Governmental Funds.

General Fund - At June 30, 2022, assets of the General Fund were \$501,490, liabilities were \$46,881 and deferred inflows of resources were \$29,759; at June 30, 2021, assets of the General Fund were \$485,648, liabilities were \$35,669 and deferred inflows of resources were \$105,090.

General Fund revenues for 2022 were more than budgeted by \$184,863; the total expenditures were less than budgeted by \$28,974. Details of revenues and expenditures compared to the 2022 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 \$1,349,273 at June 30, 2021 and decreased \$285 during the year ended June 30, 2022, to \$1,348,988. The decrease in net position was primarily due to interest expense that totaled \$24,360 for the year ended June 30, 2022.

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, 2022, the Town has \$1,640,265 in long-term debt outstanding.

The Town did not obtain any new debt during the year ended June 30, 2022. During 2021, the Town obtained a note payable in the amount of \$25,000.

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, P.O. Box 680, South Royalton, Vermont 05068.

TOWN OF ROYALTON, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash	\$ 2,381,258	\$ 130,789	\$ 2,512,047
Cash - restricted	810,136	232,383	1,042,519
Investments - restricted	1,253,779	-	1,253,779
Taxes, penalties and interest receivable	73,581	15,927	89,508
Grants receivable	96,552	-	96,552
Other receivables	-	123,287	123,287
Loans receivable - due within one year	17,738	-	17,738
Prepaid expenditures	47,508	-	47,508
Inventory	73,508	-	73,508
Total current assets	<u>4,754,060</u>	<u>502,386</u>	<u>5,256,446</u>
Noncurrent assets -			
Capital assets	10,100,251	3,383,289	13,483,540
less - accumulated depreciation	<u>(4,575,661)</u>	<u>(1,548,986)</u>	<u>(6,124,647)</u>
Total noncurrent assets	<u>5,524,590</u>	<u>1,834,303</u>	<u>7,358,893</u>
Total assets	<u>10,278,650</u>	<u>2,336,689</u>	<u>12,615,339</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense	<u>96,964</u>	<u>-</u>	<u>96,964</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	245,376	2,312	247,688
Accrued expenses	27,167	2,116	29,283
Deferred revenue	9	-	9
Current portion of long-term debt	<u>123,654</u>	<u>28,936</u>	<u>152,590</u>
Total current liabilities	<u>396,206</u>	<u>33,364</u>	<u>429,570</u>
Noncurrent liabilities -			
Accrued compensated absences	14,982	-	14,982
Accrued interest on long-term debt	8,752	-	8,752
Net pension liability	109,007	-	109,007
Long-term debt	<u>533,338</u>	<u>954,337</u>	<u>1,487,675</u>
Total noncurrent liabilities	<u>666,079</u>	<u>954,337</u>	<u>1,620,416</u>
Total liabilities	<u>1,062,285</u>	<u>987,701</u>	<u>2,049,986</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, 2022
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension credits	<u>68,878</u>	<u>-</u>	<u>68,878</u>
NET POSITION:			
Net investment in capital assets	4,867,598	851,030	5,718,628
Restricted	3,713,551	232,383	3,945,934
Unrestricted	<u>663,302</u>	<u>265,575</u>	<u>928,877</u>
Total net position	\$ <u>9,244,451</u>	\$ <u>1,348,988</u>	\$ <u>10,593,439</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, 2022**

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	\$ 942,101	\$ 41,113	\$ 201,144	\$ 13,055	\$ (686,789)	\$ -	\$ (686,789)
Highway	1,354,515	470	741,770	50,942	(561,333)	-	(561,333)
Public Safety	493,662	10,724	11,075	15,000	(456,863)	-	(456,863)
Culture and recreation	173,565	3,400	6,612	-	(163,553)	-	(163,553)
Cemetery	43,041	750	-	-	(42,291)	-	(42,291)
Other services	48,694	48,634	38,957	8,350	47,247	-	47,247
Interest on long-term debt	<u>18,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,632)</u>	<u>-</u>	<u>(18,632)</u>
Total governmental activities	<u>3,074,210</u>	<u>105,091</u>	<u>999,558</u>	<u>87,347</u>	<u>(1,882,214)</u>	<u>-</u>	<u>(1,882,214)</u>
Business-type activities -							
Wastewater	<u>232,085</u>	<u>176,761</u>	<u>54,135</u>	<u>126</u>	<u>-</u>	<u>(1,063)</u>	<u>(1,063)</u>
Total business-type activities	<u>232,085</u>	<u>176,761</u>	<u>54,135</u>	<u>126</u>	<u>-</u>	<u>(1,063)</u>	<u>(1,063)</u>
	<u>\$ 3,306,295</u>	<u>\$ 281,852</u>	<u>\$ 1,053,693</u>	<u>\$ 87,473</u>	<u>(1,882,214)</u>	<u>(1,063)</u>	<u>(1,883,277)</u>
GENERAL REVENUES							
					2,001,052	-	2,001,052
					<u>(45,945)</u>	<u>778</u>	<u>(45,167)</u>
					<u>1,955,107</u>	<u>778</u>	<u>1,955,885</u>
CHANGE IN NET POSITION					72,893	(285)	72,608
NET POSITION, July 1, 2021					<u>9,171,558</u>	<u>1,349,273</u>	<u>10,520,831</u>
NET POSITION, June 30, 2022					<u>\$ 9,244,451</u>	<u>\$ 1,348,988</u>	<u>\$ 10,593,439</u>

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

TOWN OF ROYALTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
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	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>Culvert Replacement Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS							
Cash	\$ 389,662	\$ 249,980	\$ 1,045,945	\$ 134,325	\$ -	\$ 561,346	\$ 2,381,258
Cash, restricted	-	-	-	-	229,782	580,354	810,136
Investments, restricted	-	-	-	-	-	1,253,779	1,253,779
Taxes, penalties and interest receivable	73,581	-	-	-	-	-	73,581
Loans receivable	-	-	-	-	-	17,738	17,738
Grants receivable	-	-	-	60,000	-	36,552	96,552
Inventory	-	73,508	-	-	-	-	73,508
Prepaid expenditures	<u>38,247</u>	<u>9,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,508</u>
Total assets	<u>\$ 501,490</u>	<u>\$ 332,749</u>	<u>\$ 1,045,945</u>	<u>\$ 194,325</u>	<u>\$ 229,782</u>	<u>\$ 2,449,769</u>	<u>\$ 4,754,060</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ 29,289	\$ 7,804	\$ -	\$ 194,325	\$ -	\$ 13,958	\$ 245,376
Accrued expenses	17,592	8,909	-	-	-	666	27,167
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Total liabilities	<u>46,881</u>	<u>16,713</u>	<u>-</u>	<u>194,325</u>	<u>-</u>	<u>14,633</u>	<u>272,552</u>

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

TOWN OF ROYALTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
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	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>Culvert Replacement Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable property taxes	29,759	-	-	-	-	-	29,759
Unavailable loan revenue	-	-	-	-	-	17,738	17,738
Total deferred inflows of resources	<u>29,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,738</u>	<u>47,497</u>
FUND EQUITY:							
Fund balances -							
Nonspendable	38,247	82,769	-	-	-	-	121,016
Restricted	-	-	-	-	229,782	1,833,396	2,063,178
Committed	-	-	1,045,945	-	-	604,428	1,650,373
Assigned	354,302	233,267	-	-	-	-	587,569
Unassigned (deficit)	<u>32,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,426)</u>	<u>11,875</u>
Total fund balances	<u>424,850</u>	<u>316,036</u>	<u>1,045,945</u>	<u>-</u>	<u>229,782</u>	<u>2,417,398</u>	<u>4,434,011</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 501,490</u>	<u>\$ 332,749</u>	<u>\$ 1,045,945</u>	<u>\$ 194,325</u>	<u>\$ 229,782</u>	<u>\$ 2,449,769</u>	<u>\$ 4,754,060</u>

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

TOWN OF ROYALTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
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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	\$ 4,434,011
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	10,100,251
Accumulated depreciation	(4,575,661)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Long-term debt	(656,992)
Accrued compensated absences	(14,982)
Accrued interest on long-term debt	(8,752)
Deferred revenues are reported in the governmental funds to offset uncollected receivables which are not available financial resources.	
Unavailable property taxes	29,759
Unavailable loan revenue	17,738
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	96,964
Deferred pension credits	(68,878)
Net pension liability	<u>(109,007)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u><u>9,244,451</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, 2022

(Page 1 of 3)

	General <u>Fund</u>	Highway <u>Fund</u>	Highway Improvement <u>Fund</u>	Culvert Replacement <u>Fund</u>	ARPA Grant <u>Fund</u>	Other Governmental <u>Funds</u>	Totals Governmental <u>Funds</u>
REVENUES:							
Property taxes, net	\$ 1,168,384	\$ 837,000	\$ -	\$ -	\$ -	\$ -	\$ 2,005,384
Penalties and interest	70,998	-	-	-	-	-	70,998
Charges for service	8,271	-	-	-	-	-	8,271
Rental income	-	-	-	-	-	26,755	26,755
Intergovernmental	101,916	171,166	-	-	-	11,569	284,651
Licenses, permits, fees and fines	41,100	-	469	-	-	-	41,569
Investment income (loss)	1,646	1,193	2,151	-	674	(51,609)	(45,945)
Grant income	-	-	-	60,000	429,108	100,204	589,312
Loan repayments and interest	-	-	-	-	-	16,732	16,732
Donations	-	-	-	-	-	37,936	37,936
Miscellaneous	14,948	5,943	-	-	-	137,610	158,501
Total revenues	<u>1,407,263</u>	<u>1,015,302</u>	<u>2,620</u>	<u>60,000</u>	<u>429,782</u>	<u>279,197</u>	<u>3,194,164</u>
EXPENDITURES:							
General government	815,317	-	-	-	-	48,586	863,903
Highway	-	733,242	6,393	194,323	-	23,451	957,409
Public Safety	259,206	-	-	-	200,000	21,717	480,923
Culture and recreation	84,211	-	-	-	-	53,565	137,776
Cemetery	16,503	-	-	-	-	26,105	42,608
Other services	-	-	-	-	-	48,694	48,694
Debt Service:							
Debt service principal	38,249	-	-	-	-	238,065	276,314
Debt service interest	(711)	-	-	-	-	19,343	18,632

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, 2022**

(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>Culvert Replacement Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
EXPENDITURES (CONTINUED):							
Capital outlay	-	-	-	-	-	275,443	275,443
Total expenditures	<u>1,212,775</u>	<u>733,242</u>	<u>6,393</u>	<u>194,323</u>	<u>200,000</u>	<u>754,969</u>	<u>3,101,702</u>
EXCESS OF REVENUES OR (EXPENDITURES)	194,488	282,060	(3,773)	(134,323)	229,782	(475,772)	92,462
OTHER FINANCING SOURCES (USES):							
Interfund transfers, net	<u>(114,527)</u>	<u>(310,000)</u>	<u>(11,591)</u>	<u>134,523</u>	-	<u>301,595</u>	-
NET CHANGE IN FUND BALANCES	79,961	(27,940)	(15,364)	200	229,782	(174,177)	92,462
FUND BALANCES (DEFICIT), July 1, 2021	<u>344,889</u>	<u>343,976</u>	<u>1,061,309</u>	<u>(200)</u>	-	<u>2,591,575</u>	<u>4,341,549</u>
FUND BALANCES, June 30, 2022	\$ <u>424,850</u>	\$ <u>316,036</u>	\$ <u>1,045,945</u>	\$ <u>-</u>	\$ <u>229,782</u>	\$ <u>2,417,398</u>	\$ <u>4,434,011</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, 2022**

(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	\$ 92,462
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	310,340
Depreciation	(487,851)
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	(105,090)
Current year	29,759
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	(34,471)
Current year	17,738
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.	
Principal payments on long-term debt	276,314
(Increase) decrease in accrued interest on long-term debt	(7,340)
(Increase) decrease in compensated absences	46
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>(19,014)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	<u>\$ 72,893</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, 2022

(Page 1 of 8)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
REVENUES:			
Property taxes	\$ 1,087,000	\$ 1,168,384	\$ 81,384
Delinquent tax - interest	20,000	33,334	13,334
Delinquent tax - penalties	16,000	37,664	21,664
State of Vermont -			
Land use	60,000	95,577	35,577
Judicial fines	2,000	3,972	1,972
Railroad tax	4,500	2,367	(2,133)
Clerk fees	20,000	35,510	15,510
Fees	200	-	(200)
Local fines	1,000	1,462	462
Dog licenses	1,000	3,313	2,313
Interest earned	100	1,646	1,546
Liquor licenses	1,000	1,305	305
Police income	1,100	5,291	4,191
Recreation	3,000	3,400	400
Other income	<u>5,500</u>	<u>14,038</u>	<u>8,538</u>
Total revenues	<u>1,222,400</u>	<u>1,407,263</u>	<u>184,863</u>
EXPENDITURES:			
General Government -			
Selectboard -			
Wages	73,100	81,549	8,449
Social Security	5,710	6,238	528
Benefits	-	224	224
Retirement	2,800	2,849	49
Supplies/tools	300	-	(300)
Education/meetings	<u>500</u>	<u>288</u>	<u>(212)</u>
Total selectboard	<u>82,410</u>	<u>91,148</u>	<u>8,738</u>
Town Clerk -			
Wages	44,450	41,570	(2,880)
Social Security	3,400	3,180	(220)
Benefits	10,800	8,883	(1,917)

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, 2022

(Page 2 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Town Clerk (continued) -			
Retirement	1,500	1,506	6
Mileage	200	46	(154)
Supplies/tools	1,500	977	(523)
Technology/computer	5,700	-	(5,700)
Education/meetings	500	185	(315)
Licenses paid to state	-	2,866	2,866
Total town clerk	<u>68,050</u>	<u>59,213</u>	<u>(8,837)</u>
Treasurer -			
Wages	8,250	5,178	(3,072)
Social Security	805	396	(409)
Benefits	-	2,325	2,325
Mileage	50	-	(50)
Supplies/tools	450	1,161	711
Technology/computer	3,300	-	(3,300)
Education/meetings	250	35	(215)
Total treasurer	<u>13,105</u>	<u>9,095</u>	<u>(4,010)</u>
Lister -			
Wages	25,000	22,212	(2,788)
Social Security	2,000	1,699	(301)
Mileage	300	187	(113)
Supplies/tools	500	543	43
Technology/computer	8,240	8,106	(134)
Subcontractors	1,000	386	(614)
Education/meetings	500	100	(400)
Postage	200	53	(147)
Total lister	<u>37,740</u>	<u>33,286</u>	<u>(4,454)</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, 2022

(Page 3 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Delinquent Tax Collector -			
Wages	16,000	35,788	19,788
Social Security	1,300	2,738	1,438
Advertising	500	769	269
Legal Fees	<u>4,000</u>	<u>10,874</u>	<u>6,874</u>
Total delinquent tax collector	<u>21,800</u>	<u>50,169</u>	<u>28,369</u>
Town Report -			
Printing	2,500	2,349	(151)
Postage	<u>550</u>	<u>375</u>	<u>(175)</u>
Total town report	<u>3,050</u>	<u>2,724</u>	<u>(326)</u>
General Operations -			
Wages	13,338	-	(13,338)
Social Security	1,020	2	(1,018)
Supplies/tools	5,000	3,946	(1,054)
Telephone	-	1,729	1,729
Miscellaneous	200	4,679	4,479
Technology/computer	5,610	23,779	18,169
Subcontractors	3,000	3,682	682
Old Bank building	300	208	(92)
Advertising	1,100	315	(785)
Audit	20,500	13,000	(7,500)
Insurance	24,000	37,980	13,980
Postage	2,000	1,084	(916)
County taxes	16,400	18,585	2,185
Dues/fees/licenses/permits	5,500	712	(4,788)
Legal	7,000	3,030	(3,970)
Emergency management	1,500	25	(1,475)
E911	350	180	(170)
Old Schoolhouse	200	-	(200)
Townhouse	500	382	(118)
Solid Waste Alliance	34,805	34,802	(3)
Hope property	500	490	(10)
Repairs/maintenance	-	529	529

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, 2022

(Page 4 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
General Operations (continued) -			
Conservation Commission	400	-	(400)
GMEDC dues	1,430	-	(1,430)
Green Up Vermont	200	281	81
Rental of equipment	3,000	2,266	(734)
Stipends	6,000	31	(5,969)
Total general operations	<u>153,853</u>	<u>151,717</u>	<u>(2,136)</u>
Appropriations -			
One Planet Program	6,000	6,000	-
Fire Department	94,345	94,345	-
Library - Town	79,622	79,622	-
Rescue squad	152,410	152,410	-
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>376,901</u>	<u>376,901</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, 2022

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	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Town Office Building -			
Salary	750	646	(104)
Social Security	120	49	(71)
Supplies/tools	500	120	(380)
Telephone	1,800	867	(933)
Subcontractors	13,500	11,475	(2,025)
Security system	4,800	2,032	(2,768)
Water assessments	2,000	695	(1,305)
Electricity	12,500	5,966	(6,534)
Heat	5,000	5,361	361
Repairs/maintenance	4,500	1,168	(3,332)
Mowing	2,500	2,199	(301)
Total town office building	<u>47,970</u>	<u>30,578</u>	<u>(17,392)</u>
Planning Commission -			
Salary	1,200	-	(1,200)
Social Security	130	-	(130)
Mileage	100	-	(100)
Miscellaneous	200	-	(200)
Subcontractors	430	-	(430)
Printing	1,000	-	(1,000)
Advertising	500	-	(500)
Education/meetings	350	-	(350)
Two Rivers Ottauquechee Commission	4,250	4,243	(7)
Total town office building	<u>8,160</u>	<u>4,243</u>	<u>(3,917)</u>
Meetings and Elections -			
Social Security	150	11	(139)
Mileage	50	-	(50)
Supplies/tools	500	1,078	578
Miscellaneous	200	-	(200)
Printing	750	580	(170)
Education/meetings	500	-	(500)
Moderator	300	-	(300)
Ballot clerks	750	436	(314)

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, 2022

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	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Meetings and Elections (continued) -			
Presiding officer fee	300	150	(150)
Total meetings and elections	<u>3,500</u>	<u>2,255</u>	<u>(1,245)</u>
Total General Government	<u>816,539</u>	<u>811,329</u>	<u>(5,210)</u>
Public Safety -			
Police Department -			
Salary	158,350	148,269	(10,081)
Social Security	12,350	11,239	(1,111)
Benefits	13,800	14,926	1,126
Retirement	5,300	6,903	1,603
Mileage	100	157	57
Supplies/tools	4,000	3,563	(437)
Telephone	3,360	2,109	(1,251)
Miscellaneous	-	25	25
Technology/computer	3,000	2,273	(727)
Subcontractors	7,500	471	(7,029)
Fuel, oil, grease	7,500	6,992	(508)
Printing	200	-	(200)
Education/meetings	1,500	-	(1,500)
Insurance	19,000	27,500	8,500
Postage	100	84	(16)
Dues/fees/licenses/permits	500	1,390	890
Training	1,000	300	(700)
Repairs/maintenance	7,000	15,966	8,966
Uniforms	1,500	3,125	1,625
Equipment	6,500	18,976	12,476
Dog control	750	177	(573)
Rental of equipment	-	19	19
Stipends	6,000	31	(5,969)
Total police department	<u>259,310</u>	<u>264,495</u>	<u>5,185</u>
Total Public Safety	<u>259,310</u>	<u>264,495</u>	<u>5,185</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, 2022

(Page 7 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Culture and Recreation -			
Recreation -			
Salary	8,200	4,163	(4,037)
Social Security	650	318	(332)
Supplies/tools	500	141	(359)
Insurance	2,250	2,771	521
Dues/fees/licenses/permits	500	-	(500)
Hope property	1,500	3,774	2,274
Ice Rink improvements	2,000	1,829	(171)
Water assessments	50	50	-
Repairs/maintenance	3,500	8,651	5,151
Mowing	9,200	9,037	(163)
Rental of equipment	1,500	3,484	1,984
Special activities	2,550	8,839	6,289
Concerts	3,000	-	(3,000)
Total recreation	<u>35,400</u>	<u>43,057</u>	<u>7,657</u>
Sports Program -			
Supplies/tools	100	490	390
Baseball/softball	2,500	2,189	(311)
Soccer	1,000	3,130	2,130
Basketball	1,200	1,000	(200)
Babe Ruth	1,000	-	(1,000)
Stipends	1,000	-	(1,000)
Total sports program	<u>6,800</u>	<u>6,809</u>	<u>9</u>
Parks and Streets -			
S. Royalton Village Green	-	883	883
Repairs/maintenance	3,000	9,499	6,499
Mowing	11,000	10,739	(261)
Rental of equipment	2,000	860	(1,140)
Street lights electricity	17,000	15,714	(1,286)
Total parks and streets	<u>33,000</u>	<u>37,695</u>	<u>4,695</u>
 Total Culture and Recreation	 <u>75,200</u>	 <u>87,561</u>	 <u>12,361</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, 2022

(Page 8 of 8)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u> </u>	Variance Over <u>(Under)</u>
EXPENDITURES (CONTINUED):			
Cemeteries -			
N. Royalton Cemetery	11,800	7,343	(4,457)
Powers Cemetery	3,000	3,224	224
Hickey Cemetery	1,800	550	(1,250)
Metcalf Cemetery	300	-	(300)
Perrin #1 Cemetery	50	-	(50)
Perrin #2 Cemetery	50	-	(50)
Howard lot	50	-	(50)
Lindley lot	50	-	(50)
Haven Cemetery	<u>2,000</u>	<u>665</u>	<u>(1,335)</u>
Total cemeteries	<u>19,100</u>	<u>11,782</u>	<u>(7,318)</u>
Debt Service -			
Principal	51,000	38,319	(12,681)
Interest	<u>20,600</u>	<u>(711)</u>	<u>(21,311)</u>
Total debt service	<u>71,600</u>	<u>37,608</u>	<u>(33,992)</u>
Total expenditures	<u>1,241,749</u>	<u>1,212,775</u>	<u>(28,974)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(19,349)</u>	<u>194,488</u>	<u>213,837</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (out), net	<u>(106,000)</u>	<u>(114,527)</u>	<u>8,527</u>
NET CHANGE IN FUND BALANCE	\$ <u>(125,349)</u>	\$ <u>79,961</u>	\$ <u>205,310</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, 2022

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	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
REVENUES:			
Property taxes	\$ 837,000	\$ 837,000	\$ -
State highway aid	150,000	171,166	21,166
Investment income	-	1,193	1,193
Miscellaneous	-	5,942	5,942
Total revenues	<u>987,000</u>	<u>1,015,301</u>	<u>28,301</u>
EXPENDITURES:			
Highway -			
Wages - staff	200,000	188,528	(11,472)
Wages - staff OT	35,000	29,654	(5,346)
Wages - vacation	-	5,494	5,494
Sick, personal time	-	7,196	7,196
Social security	18,000	17,224	(776)
Benefits	28,000	40,861	12,861
Retirement	8,000	9,554	1,554
Mileage	500	-	(500)
Supplies/tools	3,100	2,222	(878)
Telephone	600	525	(75)
Miscellaneous	14,600	15,583	983
Technology/computer	1,000	1,296	296
Subcontractors/consultants	3,000	72,551	69,551
Advertising	350	45	(305)
Meetings/seminars	150	-	(150)
Insurance	33,000	35,304	2,304
Dues/fees/licenses/permits	1,400	1,590	190
Electricity	3,500	2,156	(1,344)
Heat	7,000	7,596	596
Repairs/maintenance	6,000	3,997	(2,003)
Uniforms	3,000	2,877	(123)
Rentals/equipment	40,000	44,171	4,171
Paving/sidewalk/guardrail repair	3,000	-	(3,000)
Equipment miscellaneous	1,000	-	(1,000)
Fuel and oil	65,000	74,202	9,202
Salt	50,000	34,449	(15,551)
Sand	35,000	(16,000)	(51,000)

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, 2022

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Highway (continued) -			
Gravel	35,000	5,600	(29,400)
Crawford pit	8,000	-	(8,000)
Cold patch	1,500	635	(865)
Calcium chloride	12,000	12,338	338
Culverts	5,000	-	(5,000)
Other materials	1,000	1,061	61
2 1/4 plant mix	-	(2,550)	(2,550)
1 1/4 plant mix	20,000	-	(20,000)
7 plant mix	15,000	33,530	18,530
Street signs	2,500	1,722	(778)
Chipper	500	-	(500)
Cat 143H grader 05	11,200	27,377	16,177
2005 John Deere roadside mower	2,500	5,784	3,284
Vacuum leaf collector LCT 65	500	-	(500)
2010 John Deere 310 SSJ backhoe loader	3,000	3,776	776
John Deere snowplow/sweeper	3,000	1,158	(1,842)
2012 Dodge Ram 5500	7,000	8,817	1,817
2014 Freightliner AWD	7,000	15,752	8,752
2015 Freightliner L7500	7,000	449	(6,551)
2017 Int'l Truck	8,500	19,210	10,710
2016 Dodge Ram 5500	7,000	5,944	(1,056)
1997 Ford F450 bucket truck	2,000	6	(1,994)
2018 Komatsu loader	5,000	1,220	(3,780)
2019 Freightliner 1145D	6,500	9,350	2,850
John Deere Excavator	3,000	987	(2,013)
Total expenditures	<u>733,900</u>	<u>733,241</u>	<u>(659)</u>
 EXCESS OF REVENUES OR (EXPENDITURES)	 <u>253,100</u>	 <u>282,060</u>	 <u>28,960</u>
 OTHER FINANCING SOURCES (USES):			
Transfers in (out), net	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 \$ <u>(56,900)</u>	 \$ <u>(27,940)</u>	 \$ <u>28,960</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, 2022

	<u>Wastewater Fund</u>
ASSETS:	
Current assets -	
Cash and cash equivalents	\$ 130,789
Cash, restricted	232,383
Accounts receivable - user fees	123,287
Delinquent user fees, penalties and interest receivable	<u>15,927</u>
Total current assets	<u>502,386</u>
Noncurrent assets -	
Capital assets	3,383,289
less - accumulated depreciation	<u>(1,548,986)</u>
Total noncurrent assets	<u>1,834,303</u>
Total assets	<u>2,336,689</u>
LIABILITIES:	
Current liabilities -	
Accounts payable	2,312
Accrued payroll and related	2,116
Bond payable due within one year	<u>28,936</u>
Total current liabilities	<u>33,364</u>
Noncurrent liabilities -	
Bond payable due after one year	<u>954,337</u>
Total liabilities	<u>987,701</u>
NET POSITION:	
Net investment in capital assets	851,030
Restricted	232,383
Unrestricted	<u>265,575</u>
Total net position	<u>\$ 1,348,988</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, 2022**

	<u>Wastewater Fund</u>
OPERATING REVENUES:	
Charges for service	\$ 225,173
Penalties and interest on delinquent accounts	<u>5,849</u>
Total operating revenues	<u>231,022</u>
 OPERATING EXPENSES:	
Operation and maintenance	57,922
Contract services	69,795
Administration fees	3,345
Depreciation	<u>76,663</u>
Total operating expenses	<u>207,725</u>
 Operating income (loss)	 <u>23,297</u>
 NONOPERATING REVENUES (EXPENSES):	
Interest income	778
Interest expense	<u>(24,360)</u>
Net nonoperating revenues (expenses)	<u>(23,582)</u>
 CHANGE IN NET POSITION	 (285)
 NET POSITION, July 1, 2021	 <u>1,349,273</u>
 NET POSITION, June 30, 2022	 \$ <u>1,348,988</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, 2022

	<u>Wastewater Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 218,675
Cash paid to supplier for goods and services	(126,703)
Cash paid to employees for services	<u>(1,330)</u>
Net cash provided (used) by operating activities	<u>90,642</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payment of long-term debt	(28,540)
Interest paid on long-term debt	<u>(24,360)</u>
Net cash provided (used) by capital and related financing activities	<u>(52,900)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>778</u>
Net cash provided (used) by investing activities	<u>778</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,520
CASH AND CASH EQUIVALENTS, July 1, 2021	<u>324,652</u>
CASH AND CASH EQUIVALENTS, June 30, 2022	\$ <u><u>363,172</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 23,297
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities -	
Depreciation	76,663
Net unrealized and realized (gain)/loss on investments	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(14,281)
(Increase) decrease in due from other funds	1,934
Increase (decrease) in accounts payable	1,014
Increase (decrease) in accrued payroll	<u>2,015</u>
Net cash provided (used) by operating activities	\$ <u><u>90,642</u></u>

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

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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.

Culvert Replacement Fund - The Culvert Replacement Fund is used to account for culvert specific projects.

ARPA Grant Fund - The ARPA (American Rescue Plan Act) Grant Fund is used to account for restricted amounts received by the Town from the ARPA grant.

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.

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued):

D. Measurement focus and basis of accounting (continued) -

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.

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 1st. 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, 2022, were payable in full on November 5, 2021.

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, 2022

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, 2022

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. 87, *Leases*. This statement improves accounting and financial reporting for leases by state and local governments. The impact on these financial statements is that Town's financed purchase of an excavator has been reclassified from a capital lease to a direct borrowing of long-term debt.

2. Deposits and investments:

Fair value and classification - Deposits and investments, which include \$1,253,779 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, 2022, 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, 2022, more than 5% of the Town's total investments are held in five mutual funds, which represent 8.65%, 16%, 23.73%, 25.5%, and 26.12% of the Town's total investments.

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, 2022 are detailed on the following page.

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. Loans receivable (continued):

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.	\$ 16,208
Loan, secured, to &Hair A Studio Salon, interest at 4.75%, monthly payments of \$188, matures May 2023.	<u>1,530</u>
	<u>\$ 17,738</u>

4. Capital assets:

Capital asset activity for the year ended June 30, 2022, are as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 771,413	\$ -	\$ -	\$ 771,413
Construction in progress	<u>-</u>	<u>71,165</u>	<u>-</u>	<u>71,165</u>
Total capital assets, not depreciated	<u>771,413</u>	<u>71,165</u>	<u>-</u>	<u>842,578</u>
Capital assets, depreciated:				
Buildings	1,939,133	-	-	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	830,269	-	-	830,269
Vehicles	<u>1,117,552</u>	<u>249,278</u>	<u>92,235</u>	<u>1,274,595</u>
Total capital assets, depreciated	<u>9,100,630</u>	<u>249,278</u>	<u>92,235</u>	<u>9,257,673</u>
Less accumulated depreciation:				
Buildings	799,268	44,834	-	844,102
Building improvements	59,085	25,552	-	84,637
Land improvements	65,146	15,823	-	80,969
Infrastructure	2,080,319	224,670	-	2,304,989
Furniture and equipment	585,317	46,773	-	632,090
Vehicles	<u>580,807</u>	<u>130,199</u>	<u>82,132</u>	<u>628,874</u>
Total accumulated depreciation	<u>4,169,942</u>	<u>487,851</u>	<u>82,132</u>	<u>4,575,661</u>
Total capital assets, depreciated, net	<u>4,930,688</u>	<u>(238,573)</u>	<u>10,103</u>	<u>4,682,012</u>
Total capital assets, net	<u>\$ 5,702,101</u>	<u>\$ (167,408)</u>	<u>\$ 10,103</u>	<u>\$ 5,524,590</u>

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	\$ 21,811	\$ -	\$ -	\$ 21,811
Easements	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
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	<u>6,420</u>	<u>-</u>	<u>-</u>	<u>6,420</u>
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	1,377,361	71,544	-	1,448,905
Buildings	6,270	2,531	-	8,801
Furniture and equipment	82,272	2,588	-	84,860
Vehicles	<u>6,420</u>	<u>-</u>	<u>-</u>	<u>6,420</u>
Total accumulated depreciation	<u>1,472,323</u>	<u>76,663</u>	<u>-</u>	<u>1,548,986</u>
Total capital assets, depreciated, net	<u>1,880,155</u>	<u>(76,663)</u>	<u>-</u>	<u>1,803,492</u>
 Total capital assets, net	 \$ <u>1,910,966</u>	 \$ <u>(76,663)</u>	 \$ <u>-</u>	 \$ <u>1,834,303</u>

Depreciation expense of \$487,851 in the governmental activities was allocated to expenses of the General Government (\$41,787), Public Safety (\$12,736), Highway (\$397,106), Cemetery (\$433), and Culture and Recreation (\$35,789) programs based on the capital assets assigned to those functions.

Depreciation expense of \$76,663 in the business-type activities relates to the Wastewater function.

5. 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, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ -	\$ 114,527
Highway Fund	-	310,000
Highway Improvement Fund	140,000	151,591
Culvert Replacement Fund	134,523	-
Other Governmental Funds	<u>301,595</u>	<u>-</u>
	\$ <u>576,118</u>	\$ <u>576,118</u>

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. Interfund transfers (continued):

Transfers made from the General Fund to the Parcel Maps Fund, Capital Projects Fund, Police Vehicle Fund and Library Renovation Fund of \$3,000, \$50,000, \$18,000, and \$43,527, respectively, were for the parcel map reserve, capital improvement reserve, police vehicle reserve, and a transfer to clear the residual deficit in the Library Renovation Fund, respectively. Transfers from the Highway Fund to the Highway Equipment Reserve Fund and Highway Improvement Fund of \$170,000 and \$140,000, respectively, were made based off budgeted transfers. Transfers out of the Highway Improvement Fund of \$151,591 to the Culvert Replacement Fund, Miscellaneous Grants Fund, FEMA #4445 Fund, and Fiscal Year 2021 Fund of \$134,523, \$2,960, \$6,178, and \$7,930, respectively, were made to cover grants in aid for the Town's responsibility of grant funded highway projects.

6. Long-term obligations:

Long-term obligations activity for the year ended June 30, 2022, was as follows:

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2022</u>	Due Within <u>One Year</u>
Governmental activities -					
Accrued compensated absences	\$ 15,028	\$ -	\$ 46	\$ 14,982	\$ -
Net pension liability	195,785	-	86,778	109,007	-
Long-term debt	933,306	-	276,314	656,992	123,654
Accrued interest on long-term debt	<u>1,412</u>	<u>7,340</u>	<u>-</u>	<u>8,752</u>	<u>8,752</u>
	\$ <u>1,145,531</u>	\$ <u>7,340</u>	\$ <u>363,138</u>	\$ <u>789,733</u>	\$ <u>132,406</u>
Business-type activities -					
Long-term debt	\$ <u>1,011,813</u>	\$ <u>-</u>	\$ <u>28,540</u>	\$ <u>983,273</u>	\$ <u>28,936</u>

7. Debt:

Long-term - Outstanding long-term debt as of June 30, 2022, 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.

\$ 298,071

Notes from direct borrowings:

General obligation note, 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.

25,000

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

7. Debt (continued):

Long-term (continued) -

Governmental activities (continued) -

Notes from direct borrowings (continued):

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. 247,899

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. 20,220

Financed purchase, John Deere Financial, payable in 5 annual principal and interest payments from July 2020 through April 2024 at 3.2% interest, for an excavator. 65,802

358,921
\$ 656,992

Business-type activities -

General obligation bonds:

General obligation note, USDA Rural Development, interest at 2.25%, semi-annual principal and interest payments of \$25,450 from May 2018 through November 2047. \$ 983,273

Long-term debt activity for the year ended June 30, 2022, was as follows:

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2022</u>	Due Within <u>One Year</u>
Governmental Activities -					
General obligation bonds:					
USDA Bond - Office Building	\$ <u>500,000</u>	\$ <u>-</u>	\$ <u>201,929</u>	\$ <u>298,071</u>	\$ <u>20,000</u>
Notes from direct borrowings:					
VMBB Note	50,000	-	25,000	25,000	25,000
Mascoma Note	261,148	-	13,249	247,899	41,385
BHBT note	25,000	-	4,780	20,220	4,894
Deere credit	<u>97,158</u>	<u>-</u>	<u>31,356</u>	<u>65,802</u>	<u>32,375</u>
	<u>433,306</u>	<u>-</u>	<u>74,385</u>	<u>358,921</u>	<u>103,654</u>
Total governmental activities	\$ <u>933,306</u>	\$ <u>-</u>	\$ <u>276,314</u>	\$ <u>656,992</u>	\$ <u>123,654</u>
Business-type Activities -					
General obligation bonds:					
USDA Bond - Wastewater	\$ <u>1,011,813</u>	\$ <u>-</u>	\$ <u>28,540</u>	\$ <u>983,273</u>	\$ <u>28,936</u>

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

7. 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>
2023	\$ 20,000	\$ 9,315	\$ 103,654	\$ 15,509
2024	20,000	8,690	67,241	8,403
2025	20,000	8,065	34,943	6,190
2026	20,000	7,440	36,091	5,049
2027	20,000	6,815	31,972	3,817
2028-2032	100,000	24,699	85,020	5,662
2033-2037	<u>98,071</u>	<u>9,074</u>	<u>-</u>	<u>-</u>
	<u>\$ 298,071</u>	<u>\$ 74,098</u>	<u>\$ 358,921</u>	<u>\$ 44,630</u>

Year ending June 30,	<u>Business-Type Activities</u>	
	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 28,936	\$ 21,964
2024	29,591	21,309
2025	30,260	20,640
2026	30,945	19,955
2027	31,645	19,255
2028-2032	169,296	85,204
2033-2037	189,335	65,165
2038-2042	211,747	42,753
2043-2047	236,811	17,689
2048	<u>24,707</u>	<u>279</u>
	<u>\$ 983,273</u>	<u>\$ 314,213</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, received between FY16 and FY22, has been reflected as a reduction of interest in the debt service requirements table.

8. 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, 2022, was \$20,945.

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

9. Fund balances:

As of June 30, 2022, fund balances consist of the following:

General Fund Nonspendable Fund Balance:	
Prepaid expenditures for next fiscal year	\$ <u>38,247</u>
General Fund Assigned Fund Balance:	
Year ending June 30, 2023 General Fund budgeted spending	\$ 168,177
Year ending June 30, 2024 General Fund budgeted spending	<u>186,125</u>
	\$ <u>354,302</u>
Highway Fund Nonspendable Fund Balance:	
Items in inventory at June 30, 2022 and prepaid expenditures	\$ <u>82,769</u>
Highway Fund Assigned Fund Balance:	
Highway equipment and improvements	\$ <u>233,267</u>
Highway Improvement Fund Committed Fund Balance:	
Highway Infrastructure	\$ <u>1,045,945</u>
ARPA Grant Fund Restricted Fund Balance:	
Royalton Fire District potable water project	\$ <u>229,782</u>
Special Revenue Fund Restricted Fund Balance:	
Reappraisal Reserve Fund	\$ 162,529
Revolving Loan Fund	251,909
Coogan Carpenter	596
Parcel Maps	1,986
Lister Education	862
Gravel Pit Closure	17,576
Restoration	30,663
Royalton Common	<u>48,446</u>
	\$ <u>514,567</u>
Special Revenue Fund Committed Fund Balance:	
Community Betterment Fund	\$ 99,750
Misc. Grants Fund	5,555
Police Vehicle Reserve	<u>37,233</u>
	\$ <u>142,538</u>
Special Revenue Fund Unassigned Fund Balance (Deficit):	
Academy Operations Fund	\$ <u>(18,956)</u>
Capital Project Fund Committed Fund Balance:	
Academy Building Capital Improvements	\$ 1,567
Capital Projects	225,593
Highway Equipment Reserve Fund	228,097
Library Renovation Fund	1,133
Underpass Art Project	<u>5,500</u>
	\$ <u>461,890</u>
Capital Project Fund Unassigned Fund Balance (Deficit):	
Chelsea Street Sidewalk	\$ <u>(1,470)</u>

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

9. Fund balances (continued):

Permanent Fund Restricted Fund Balance:	
Riverview Cemetery	\$ 320,570
Village Cemetery	393,238
Pleasant Hill Cemetery	161,818
Branchview Cemetery	319,519
Haven Cemetery	27,515
Alexander Trust Fund	56,607
Lovejoy Trust	17,889
Town Cemetery Trust	7,821
Academy Trust	393
Conservation Fund	<u>13,459</u>
	<u>\$ 1,318,829</u>

10. Deficit fund balances:

As of June 30, 2022 the Academy Operations Fund, an other governmental fund, has a deficit fund balance of \$18,956. Management intends to recover this deficit through a transfer of funds from the General Fund pending voter approval.

As of June 30, 2022 the Chelsea Street Sidewalk Fund, an other governmental fund, has a deficit fund balance of \$1,470. Management intends to recover this deficit through a transfer of funds from the Capital Projects Fund, an Other Governmental Fund.

11. 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 3.25% (Group A), 5.625% (Group B), 10.75% (Group C) or 12.1% (Group D) of their annual covered salary, and the Town is required to contribute 4.75% (Group A), 6.25% (Group B), 8.0% (Group C) or 10.6% (Group D) of the employees'

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

11. Pension plan (continued):

Vermont Municipal Employees' Retirement System (continued) -

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, 2022, 2021, and 2020, were \$20,738, \$16,466, and \$16,040, 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 information in the table on the following page to all employers participating in VMERS, which is based on its calculation of the Town's 0.0741% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 109,007
Deferred outflow of resources - Deferred pension expense	\$ 96,964
Deferred inflow of resources - Deferred pension credits	\$ 68,878

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.

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.

12. Transfer station:

The Town is a participating member in the White River 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.

On June 27, 2022 the Town entered into an asset purchase agreement with the Town of Bethel, Vermont to purchase the Town of Bethel's title and interest in the assets and assume the liabilities of the Bethel-Royalton Transfer Station as of the close of business on June 30, 2022. The Town is obligated to pay a purchase price of \$272,797 payable in four annual installments of \$54,559 with the first annual installment due at closing which took place on August 8, 2022.

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

13. Subsequent Events:

The Town has evaluated subsequent events through May 11, 2023, 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
VMERS
JUNE 30, 2022**

Schedule 1

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019 *</u>
Town's proportion of the net pension liability	0.0741%	0.0774%	0.0579%	
Town's proportionate share of the net pension liability	\$ 109,007	\$ 195,785	\$ 100,407	\$ -
Town's covered payroll	\$ 436,584	\$ 365,919	\$ 377,410	\$ - *
Town's proportionate share of the net pension liability as a percentage of its covered payroll	24.968%	53.505%	26.604%	0.000%
VMERS net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	0.00%

**SCHEDULE OF TOWN'S CONTRIBUTIONS
VMERS
JUNE 30, 2022**

Schedule 2

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019 *</u>
Contractually required contribution	\$ 20,738	\$ 16,466	\$ 16,040	\$ 11,120 *
Contributions in relation to the contractually required contribution	<u>20,738</u>	<u>16,466</u>	<u>16,040</u>	<u>11,120</u> *
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's covered payroll	\$ 436,584	\$ 365,919	\$ 377,410	\$ 269,563 *
Contributions as a percentage of covered payroll	4.750%	4.500%	4.250%	4.125%

*note that the Town joined VMERS in Fiscal Year 2019 and actuarial data was 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 11, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

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

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
May 11, 2023

Melgett Bennett ⁹
Shosh-Nisa, P.L.