

TOWN OF ROYALTON, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2023
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF ROYALTON, VERMONT

JUNE 30, 2023

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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, 2023, 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, 2023, 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* 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 September 28, 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
September 28, 2023

**TOWN OF ROYALTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023, by \$10,750,310 compared to \$10,900,813 at June 30, 2022. This represents a decrease of \$150,503 or 1.4%.

Long-term liabilities

The Town entered into a new loan agreement with the Town of Bethel for the financing of the purchase of the Town of Bethel's ownership in the transfer station, which took effect after the close of business on June 30, 2023, totaling \$272,797. Notes and bonds payable at June 30, 2023, were \$1,705,965, compared to \$1,640,265 at June 30, 2022.

FINANCIAL STATEMENTS

The accompanying financial statements for the year ended June 30, 2023 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, 2023.

FINANCIAL ANALYSIS

Government-wide Financial Analysis

Net Position June 30, 2023 and 2022

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Current assets	\$ 4,220,271	\$ 4,754,060
Noncurrent assets	<u>6,029,848</u>	<u>5,524,590</u>
Total assets	<u>10,250,119</u>	<u>10,278,650</u>
Deferred outflows of resources	<u>140,614</u>	<u>96,964</u>
Current liabilities	490,173	396,206
Long-term liabilities	<u>725,013</u>	<u>666,079</u>
Total liabilities	<u>1,215,186</u>	<u>1,062,285</u>
Deferred inflows of resources	<u>3,453</u>	<u>68,878</u>
Net position:		
Net investment in capital assets	5,496,458	4,867,598
Restricted	3,257,190	3,713,551
Unrestricted	<u>418,446</u>	<u>663,302</u>
Total net position	<u>\$ 9,172,094</u>	<u>\$ 9,244,451</u>

For governmental activities, the Statement of Net Position shows total assets of the Town as of June 30, 2023, are \$10,250,119; total assets as of June 30, 2022, were \$10,278,650. Of these totals, \$4,220,271 and \$4,754,060 represent current assets, respectively. The noncurrent assets of \$6,029,848 and \$5,524,590 at June 30, 2023, and June 30, 2022, respectively, are net capital assets including land, buildings and equipment. The business-type activities reported total assets of \$2,828,607 and \$3,021,632 at June 30, 2023 and June 30, 2022, respectively. Business-type net position decreased \$78,146 during the year ended June 30, 2023, from \$1,656,362 at June 30, 2022, to \$1,578,216 at June 30, 2023. Business-type capital assets, net of depreciation, increased by \$13,551 during the year ended June 30, 2023, from \$2,376,933 at June 30, 2022, to \$2,390,484 at June 30, 2023. The following table details capital assets, net of depreciation, for governmental activities.

Capital Assets as of June 30, 2023 and 2022

(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 771,413	\$ 771,413
Construction in progress	80,360	71,165
Buildings	1,050,197	1,095,031
Building improvements	868,236	865,114
Land improvements	95,341	111,164
Infrastructure	2,510,535	1,766,803
Furniture and equipment	150,077	198,179
Vehicles	<u>503,689</u>	<u>645,721</u>
Net capital assets	<u>\$ 6,029,848</u>	<u>\$ 5,524,590</u>

The liabilities of the Town as of June 30, 2023, are \$2,465,577; liabilities as of June 30, 2022, were \$2,427,556. Of these totals, \$652,139 and \$505,407 represent current liabilities, respectively. The noncurrent liabilities of \$1,813,438 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 2023 and 2022

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues -		
Grants and contributions	\$ 1,047,371	\$ 999,558
Charges for services	89,895	105,091
Other	20,613	87,347
General Revenues -		
Property taxes	1,985,047	2,001,052
Investment income (loss)	102,013	(45,945)
Transfers	(125,000)	-
Total Revenues	<u>3,119,939</u>	<u>3,147,103</u>
Expenses:		
Governmental Activities -		
Highway	1,147,351	1,354,515
General government	1,422,391	942,101
Public safety	353,802	493,662
Cemetery	36,005	43,041
Culture and recreation	205,946	173,565
Other services	330	48,694
Interest	26,471	18,632
Total Expenses	<u>3,192,296</u>	<u>3,074,210</u>
Change in net position	(72,357)	72,893
Net position - Beginning	<u>9,244,451</u>	<u>9,171,558</u>
Net position - Ending	<u>\$ 9,172,094</u>	<u>\$ 9,244,451</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 \$3,119,939 for 2023, and \$3,147,103 for 2022. The 2023 revenues were \$72,357 less than expenses, which decreased net position. The 2022 revenues were \$72,893 more than expenses, which increased net position in 2022. At June 30, 2023, net position totaled \$9,172,094. At June 30, 2022, net position totaled \$9,244,451. Business-type activities had 2023 revenue that was \$78,146 less than expenses causing net position to decrease from \$1,656,362 at June 30, 2022, to \$1,578,216 at June 30, 2023.

Fund Financial Analysis

At June 30, 2023, the Town's governmental funds reported a combined ending fund balance of \$3,794,462, a decrease of \$639,549 from the combined fund balance at the end of the prior year. 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 2021. Of the 2023 combined fund balance, \$129,380 constitutes nonspendable fund balance, \$2,054,076 in restricted fund balance from various outside sources such as grantors, \$1,203,114 in voter committed amounts, \$379,503 in board assigned amounts for the June 30, 2024 General Fund budget and \$28,389 in unassigned amounts. The unassigned amount of \$28,389 is made up of a surplus of \$61,078 in the General Fund, and a negative unassigned \$32,689 in the Other Governmental Funds.

General Fund - At June 30, 2023, assets of the General Fund were \$370,740, liabilities were \$54,794 and deferred inflows of resources were \$21,640; at June 30, 2022, assets of the General Fund were \$501,490, liabilities were \$46,881 and deferred inflows of resources were \$29,759.

General Fund revenues for 2023 were more than budgeted by \$59,204; the total expenditures were more than budgeted by \$25,089. Details of revenues and expenditures compared to the 2023 budget are shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund.

Wastewater Fund - This proprietary fund is primarily supported through user fees. Net position for this fund was \$1,348,988 at June 30, 2022 and decreased \$37,385 during the year ended June 30, 2023, to \$1,311,603. The decrease in net position was primarily due to interest expense that totaled \$21,905 and operating revenues being \$16,321 less than operating expenses for the year ended June 30, 2023.

Transfer Station Fund - This proprietary fund is primarily supported through user fees. Net position for this fund was \$307,374 at June 30, 2022 and decreased \$40,761 during the year ended June 30, 2023, to \$266,613. The decrease in net position was primarily due operating revenues being \$165,768 less than operating expenses for the year ended June 30, 2023. To help with this shortfall the Town transferred \$125,000 from the ARPA Grant Fund to this fund during the year ended June 30, 2023.

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, 2023, the Town has \$1,705,965 in long-term debt outstanding an increase of \$65,700 from the balance of \$1,640,265 at June 30, 2022. This increase is attributable to the transfer station note which totaled \$272,797 and principal payments totaling \$207,097 during the year ended June 30, 2023.

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, 2023
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash	\$ 1,735,098	\$ 85,396	\$ 1,820,494
Cash - restricted	746,186	227,969	974,155
Investments - restricted	1,347,862	-	1,347,862
Taxes, penalties and interest receivable	35,867	-	35,867
Grants receivable	224,641	-	224,641
Other receivables	-	123,040	123,040
Loans receivable - due within one year	1,237	-	1,237
Prepaid expenditures	55,872	1,718	57,590
Inventory	73,508	-	73,508
Total current assets	<u>4,220,271</u>	<u>438,123</u>	<u>4,658,394</u>
Noncurrent assets -			
Capital assets	11,134,084	4,786,605	15,920,689
less - accumulated depreciation	<u>(5,104,236)</u>	<u>(2,396,121)</u>	<u>(7,500,357)</u>
Total noncurrent assets	<u>6,029,848</u>	<u>2,390,484</u>	<u>8,420,332</u>
Total assets	<u>10,250,119</u>	<u>2,828,607</u>	<u>13,078,726</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense	<u>140,614</u>	<u>-</u>	<u>140,614</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	365,837	70,612	436,449
Accrued expenses	37,086	7,204	44,290
Grant advance	9	-	9
Current portion of long-term debt	<u>87,241</u>	<u>84,150</u>	<u>171,391</u>
Total current liabilities	<u>490,173</u>	<u>161,966</u>	<u>652,139</u>
Noncurrent liabilities -			
Accrued compensated absences	20,046	-	20,046
Accrued interest on long-term debt	7,366	-	7,366
Net pension liability	251,452	-	251,452
Long-term debt	<u>446,149</u>	<u>1,088,425</u>	<u>1,534,574</u>
Total noncurrent liabilities	<u>725,013</u>	<u>1,088,425</u>	<u>1,813,438</u>
Total liabilities	<u>1,215,186</u>	<u>1,250,391</u>	<u>2,465,577</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, 2023
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension credits	<u>3,453</u>	<u>-</u>	<u>3,453</u>
NET POSITION:			
Net investment in capital assets	5,496,458	1,217,909	6,714,367
Restricted	3,257,190	227,969	3,485,159
Unrestricted	<u>418,446</u>	<u>132,338</u>	<u>550,784</u>
Total net position	\$ <u>9,172,094</u>	\$ <u>1,578,216</u>	\$ <u>10,750,310</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, 2023**

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	<u>Expenses</u>	<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	\$ 1,422,391	\$ 29,786	\$ 109,331	\$ 6,096	\$ (1,277,178)	\$ -	\$ (1,277,178)
Highway	1,147,351	475	845,577	10,898	(290,401)	-	(290,401)
Public Safety	353,802	7,364	34,088	-	(312,350)	-	(312,350)
Culture and recreation	205,946	6,366	11,494	-	(188,086)	-	(188,086)
Cemetery	36,005	375	-	600	(35,030)	-	(35,030)
Other services	330	45,529	46,881	3,019	95,099	-	95,099
Interest on long-term debt	<u>26,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,471)</u>	<u>-</u>	<u>(26,471)</u>
Total governmental activities	<u>3,192,296</u>	<u>89,895</u>	<u>1,047,371</u>	<u>20,613</u>	<u>(2,034,417)</u>	<u>-</u>	<u>(2,034,417)</u>
Business-type activities -							
Wastewater	259,135	169,887	51,021	-	-	(38,227)	(38,227)
Transfer Station	<u>962,253</u>	<u>789,299</u>	<u>6,276</u>	<u>911</u>	<u>-</u>	<u>(165,767)</u>	<u>(165,767)</u>
Total business-type activities	<u>1,221,388</u>	<u>959,186</u>	<u>57,297</u>	<u>911</u>	<u>-</u>	<u>(203,994)</u>	<u>(203,994)</u>
	<u>\$ 4,413,684</u>	<u>\$ 1,049,081</u>	<u>\$ 1,104,668</u>	<u>\$ 21,524</u>	<u>(2,034,417)</u>	<u>(203,994)</u>	<u>(2,238,411)</u>
GENERAL REVENUES					1,985,047	-	1,985,047
					102,013	848	102,861
					<u>(125,000)</u>	<u>125,000</u>	<u>-</u>
TRANSFERS					<u>1,962,060</u>	<u>125,848</u>	<u>2,087,908</u>
					(72,357)	(78,146)	(150,503)
CHANGE IN NET POSITION					<u>9,244,451</u>	<u>1,656,362</u>	<u>10,900,813</u>
NET POSITION, July 1, 2022					<u>\$ 9,172,094</u>	<u>\$ 1,578,216</u>	<u>\$ 10,750,310</u>
NET POSITION, June 30, 2023							

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

TOWN OF ROYALTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(Page 1 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS						
Cash	\$ 281,670	\$ 230,118	\$ 469,491	\$ -	\$ 753,819	\$ 1,735,098
Cash, restricted	-	-	-	153,322	592,864	746,186
Investments, restricted	-	-	-	-	1,347,862	1,347,862
Taxes, penalties and interest receivable	35,867	-	-	-	-	35,867
Loans receivable	-	-	-	-	1,237	1,237
Grants receivable	-	-	200,000	-	24,641	224,641
Inventory	-	73,508	-	-	-	73,508
Prepaid expenditures	<u>53,203</u>	<u>2,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,872</u>
Total assets	\$ <u>370,740</u>	\$ <u>306,295</u>	\$ <u>669,491</u>	\$ <u>153,322</u>	\$ <u>2,720,423</u>	\$ <u>4,220,271</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	\$ 29,010	\$ 20,097	\$ 275,188	\$ 36,653	\$ 4,889	\$ 365,837
Accrued expenses	25,784	10,543	-	-	759	37,086
Grant advance	-	-	-	-	9	9
Total liabilities	<u>54,794</u>	<u>30,640</u>	<u>275,188</u>	<u>36,653</u>	<u>5,657</u>	<u>402,932</u>

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

TOWN OF ROYALTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable property taxes	21,640	-	-	-	-	21,640
Unavailable loan revenue	-	-	-	-	1,237	1,237
Total deferred inflows of resources	<u>21,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237</u>	<u>22,877</u>
FUND EQUITY:						
Fund balances -						
Nonspendable	53,203	76,177	-	-	-	129,380
Restricted	-	-	-	116,669	1,937,407	2,054,076
Committed	-	-	394,303	-	808,811	1,203,114
Assigned	180,025	199,478	-	-	-	379,503
Unassigned (deficit)	61,078	-	-	-	(32,689)	28,389
Total fund balances	<u>294,306</u>	<u>275,655</u>	<u>394,303</u>	<u>116,669</u>	<u>2,713,529</u>	<u>3,794,462</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>370,740</u>	\$ <u>306,295</u>	\$ <u>669,491</u>	\$ <u>153,322</u>	\$ <u>2,720,423</u>	\$ <u>4,220,271</u>

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

TOWN OF ROYALTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(Page 3 of 3)

**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	\$ 3,794,462
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	11,134,084
Accumulated depreciation	(5,104,236)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Long-term debt	(533,390)
Accrued compensated absences	(20,046)
Accrued interest on long-term debt	(7,366)
Deferred revenues are reported in the governmental funds to offset uncollected receivables which are not available financial resources.	
Unavailable property taxes	21,640
Unavailable loan revenue	1,237
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	140,614
Deferred pension credits	(3,453)
Net pension liability	<u>(251,452)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u><u>9,172,094</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, 2023

(Page 1 of 3)

	General <u>Fund</u>	Highway <u>Fund</u>	Highway Improvement <u>Fund</u>	ARPA Grant <u>Fund</u>	Other Governmental <u>Funds</u>	Totals Governmental <u>Funds</u>
REVENUES:						
Property taxes, net	\$ 1,151,458	\$ 805,000	\$ -	\$ -	\$ -	\$ 1,956,458
Penalties and interest	36,708	-	-	-	-	36,708
Charges for service	6,116	-	-	-	-	6,116
Rental income	1,400	-	-	-	26,735	28,135
Intergovernmental	103,878	158,283	-	-	11,594	273,755
Licenses, permits, fees and fines	36,940	-	475	-	-	37,415
Investment income (loss)	1,564	700	2,058	692	97,003	102,017
Grant income	4,104	-	200,000	429,311	97,397	730,812
Loan repayments and interest	-	-	-	-	16,500	16,500
Donations	-	-	-	-	53,050	53,050
Miscellaneous	<u>5,156</u>	<u>10,899</u>	<u>-</u>	<u>-</u>	<u>12,538</u>	<u>28,593</u>
Total revenues	<u>1,347,324</u>	<u>974,882</u>	<u>202,533</u>	<u>430,003</u>	<u>314,817</u>	<u>3,269,559</u>
EXPENDITURES:						
General government	880,171	-	-	387,653	73,427	1,341,251
Highway	-	705,263	-	-	10,850	716,113
Public Safety	305,445	-	-	-	31,334	336,779
Culture and recreation	98,686	-	-	-	71,471	170,157
Cemetery	12,350	-	-	-	23,222	35,572
Other services	-	-	-	-	330	330
Debt Service -						
Debt service principal	86,343	-	-	-	37,259	123,602
Debt service interest	23,875	-	-	-	2,596	26,471

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, 2023**

(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Improvement Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
EXPENDITURES (CONTINUED):						
Capital outlay	<u>-</u>	<u>-</u>	<u>994,175</u>	<u>30,463</u>	<u>9,195</u>	<u>1,033,833</u>
Total expenditures	<u>1,406,870</u>	<u>705,263</u>	<u>994,175</u>	<u>418,116</u>	<u>259,684</u>	<u>3,784,108</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(59,546)	269,619	(791,642)	11,887	55,133	(514,549)
OTHER FINANCING SOURCES (USES):						
Interfund transfers, net	<u>(70,998)</u>	<u>(310,000)</u>	<u>140,000</u>	<u>(125,000)</u>	<u>240,998</u>	<u>(125,000)</u>
NET CHANGE IN FUND BALANCES	(130,544)	(40,381)	(651,642)	(113,113)	296,131	(639,549)
FUND BALANCES, July 1, 2022	<u>424,850</u>	<u>316,036</u>	<u>1,045,945</u>	<u>229,782</u>	<u>2,417,398</u>	<u>4,434,011</u>
FUND BALANCES, June 30, 2023	\$ <u>294,306</u>	\$ <u>275,655</u>	\$ <u>394,303</u>	\$ <u>116,669</u>	\$ <u>2,713,529</u>	\$ <u>3,794,462</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, 2023
(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	\$ (639,549)
<p>Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -</p> <p>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.</p>	
Additions to capital assets, net of dispositions	1,033,833
Depreciation	(528,575)
<p>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.</p>	
Prior year	(29,759)
Current year	21,640
<p>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.</p>	
Prior year	(17,738)
Current year	1,237
<p>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.</p>	
Principal payments on long-term debt	123,602
(Increase) decrease in accrued interest on long-term debt	1,386
(Increase) decrease in compensated absences	(5,064)
<p>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.</p>	
(Increase) decrease in net pension obligation	<u>(33,370)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u><u>(72,357)</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, 2023

(Page 1 of 8)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
REVENUES:			
Property taxes	\$ 1,133,220	\$ 1,151,458	\$ 18,238
Delinquent tax - interest	20,000	13,461	(6,539)
Delinquent tax - penalties	16,000	23,247	7,247
State of Vermont -			
Land use	80,000	96,776	16,776
Judicial fines	1,500	2,724	1,224
Railroad tax	4,500	7,102	2,602
Clerk fees	23,000	25,777	2,777
Fees	200	-	(200)
Local fines	750	150	(600)
Dog licenses	1,500	2,834	1,334
Interest earned	100	1,564	1,464
Liquor licenses	1,000	965	(35)
Police income	850	4,490	3,640
Recreation	1,500	6,366	4,866
Other income	4,000	10,410	6,410
	<u>1,288,120</u>	<u>1,347,324</u>	<u>59,204</u>
Total revenues			
EXPENDITURES:			
General Government -			
Selectboard -			
Wages	70,600	78,488	7,888
Social Security	4,973	6,004	1,031
Benefits	450	449	(1)
Retirement	3,413	3,497	84
Supplies/tools	300	30	(270)
Education/meetings	500	398	(102)
Total selectboard	<u>80,236</u>	<u>88,866</u>	<u>8,630</u>
Town Clerk -			
Wages	51,200	50,482	(718)
Social Security	3,917	4,027	110
Benefits	7,725	7,840	115

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, 2023

(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	1,958	1,886	(72)
Mileage	200	-	(200)
Supplies/tools	1,500	448	(1,052)
Technology/computer	500	638	138
Education/meetings	500	289	(211)
Licenses paid to state	-	3,192	3,192
Total town clerk	<u>67,500</u>	<u>68,802</u>	<u>1,302</u>
Treasurer -			
Wages	32,750	31,101	(1,649)
Social Security	2,352	2,214	(138)
Benefits	5,164	1,201	(3,963)
Mileage	50	56	6
Supplies/tools	450	2,598	2,148
Technology/computer	500	-	(500)
Education/meetings	250	139	(111)
Total treasurer	<u>41,516</u>	<u>37,309</u>	<u>(4,207)</u>
Lister -			
Wages	26,500	18,957	(7,543)
Social Security	2,000	1,450	(550)
Mileage	300	208	(92)
Supplies/tools	500	246	(254)
Technology/computer	5,000	5,389	389
Subcontractors	1,000	350	(650)
Education/meetings	500	110	(390)
Postage	200	51	(149)
Total lister	<u>36,000</u>	<u>26,761</u>	<u>(9,239)</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, 2023

(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	24,125	8,125
Social Security	1,300	1,846	546
Advertising	500	914	414
Legal Fees	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total delinquent tax collector	<u>21,800</u>	<u>26,885</u>	<u>5,085</u>
Town Report -			
Printing	2,500	2,538	38
Postage	<u>550</u>	<u>461</u>	<u>(89)</u>
Total town report	<u>3,050</u>	<u>2,999</u>	<u>(51)</u>
General Operations -			
Mileage	-	114	114
Supplies/tools	7,500	3,395	(4,105)
Telephone	-	340	340
Miscellaneous	200	195	(5)
Technology/computer	18,500	31,999	13,499
Subcontractors	16,500	18,560	2,060
Old Bank building	300	208	(92)
Advertising	1,100	357	(743)
Audit	13,400	16,500	3,100
Insurance	28,000	33,592	5,592
Postage	2,000	1,740	(260)
County taxes	-	19,139	19,139
Dues/fees/licenses/permits	11,000	571	(10,429)
Legal	7,000	4,252	(2,748)
Emergency management	1,500	363	(1,137)
E911	350	1,148	798
Old Schoolhouse	200	85	(115)
Townhouse	500	1,698	1,198
Solid Waste Alliance	38,500	38,500	-
Repairs/maintenance	1,250	6,627	5,377

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, 2023

(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	1,290	890
GMEDC dues	1,430	-	(1,430)
Green Up Vermont	200	295	95
Rental of equipment	-	2,076	2,076
Stipends	-	2,911	2,911
Total general operations	<u>149,830</u>	<u>185,955</u>	<u>36,125</u>
Appropriations -			
One Planet Program	6,000	6,000	-
Fire Department	106,340	106,340	-
Library - Town	79,622	79,622	-
Rescue squad	158,100	158,100	-
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>394,586</u>	<u>394,586</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, 2023

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	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over <u>(Under)</u>
EXPENDITURES (CONTINUED):			
Town Office Building -			
Salary	-	(29)	(29)
Social Security	-	(2)	(2)
Supplies/tools	500	1,818	1,318
Telephone	1,800	1,703	(97)
Security system	4,800	4,613	(187)
Water assessments	2,000	3,255	1,255
Electricity	12,500	6,334	(6,166)
Heat	5,000	2,414	(2,586)
Repairs/maintenance	16,717	16,134	(583)
Mowing	<u>250</u>	<u>285</u>	<u>35</u>
Total town office building	<u>43,567</u>	<u>36,525</u>	<u>(7,042)</u>
Planning Commission -			
Salary	950	-	(950)
Social Security	73	-	(73)
Mileage	100	-	(100)
Miscellaneous	200	-	(200)
Subcontractors	400	-	(400)
Printing	750	-	(750)
Advertising	500	-	(500)
Education/meetings	500	-	(500)
Two Rivers Ottauquechee Commission	<u>4,345</u>	<u>8,924</u>	<u>4,579</u>
Total town office building	<u>7,818</u>	<u>8,924</u>	<u>1,106</u>
Meetings and Elections -			
Social Security	711	23	(688)
Mileage	50	48	(2)
Supplies/tools	500	1,305	805
Miscellaneous	400	120	(280)
Printing	750	-	(750)
Education/meetings	500	30	(470)
Moderator	300	-	(300)
Ballot clerks	<u>7,800</u>	<u>733</u>	<u>(7,067)</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, 2023

(Page 6 of 8)

	<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	450	300	(150)
Total meetings and elections	<u>11,461</u>	<u>2,559</u>	<u>(8,902)</u>
Total General Government	<u>857,364</u>	<u>880,171</u>	<u>22,807</u>
Public Safety -			
Police Department -			
Salary	188,305	180,339	(7,966)
Social Security	14,413	13,800	(613)
Benefits	16,950	20,090	3,140
Retirement	8,889	8,484	(405)
Mileage	100	-	(100)
Supplies/tools	4,000	7,475	3,475
Telephone	3,360	4,444	1,084
Miscellaneous	-	93	93
Technology/computer	3,000	2,222	(778)
Subcontractors	12,000	9,059	(2,941)
Fuel, oil, grease	7,500	8,547	1,047
Printing	200	-	(200)
Education/meetings	1,500	516	(984)
Insurance	24,000	18,569	(5,431)
Postage	100	92	(8)
Dues/fees/licenses/permits	500	95	(405)
Training	2,500	457	(2,043)
Repairs/maintenance	5,000	15,380	10,380
Uniforms	1,500	3,265	1,765
Equipment	8,500	11,674	3,174
Dog control	750	167	(583)
Rental of equipment	-	677	677
Total police department	<u>303,067</u>	<u>305,445</u>	<u>2,378</u>
Total Public Safety	<u>303,067</u>	<u>305,445</u>	<u>2,378</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, 2023

(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	8,700	8,031	(669)
Social Security	650	975	325
Supplies/tools	500	220	(280)
Advertising	-	144	144
Insurance	2,250	635	(1,615)
Dues/fees/licenses/permits	500	150	(350)
Hope property	-	2,599	2,599
Ice Rink improvements	2,000	586	(1,414)
Water assessments	50	1,372	1,322
Repairs/maintenance	3,500	3,292	(208)
Mowing	1,000	(2,120)	(3,120)
Rental of equipment	1,500	3,115	1,615
Special activities	2,550	1,086	(1,464)
Concerts	3,000	-	(3,000)
Total recreation	<u>26,200</u>	<u>20,085</u>	<u>(6,115)</u>
Sports Program -			
Supplies/tools	100	677	577
Baseball/softball	2,500	13,470	10,970
Soccer	1,000	2,280	1,280
Basketball	1,200	123	(1,077)
Babe Ruth	1,000	205	(795)
Stipends	1,000	-	(1,000)
Total sports program	<u>6,800</u>	<u>16,755</u>	<u>9,955</u>
Parks and Streets -			
Subcontractors	12,000	-	(12,000)
S. Royalton Village Green	500	2,306	1,806
Repairs/maintenance	21,750	8,485	(13,265)
Mowing	25,000	31,290	6,290
Rental of equipment	2,000	2,400	400
Street lights electricity	17,000	17,365	365
Total parks and streets	<u>78,250</u>	<u>61,846</u>	<u>(16,404)</u>
 Total Culture and Recreation	 <u>111,250</u>	 <u>98,686</u>	 <u>(12,564)</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, 2023

(Page 8 of 8)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Cemeteries -			
N. Royalton Cemetery	6,800	7,416	616
Powers Cemetery	3,000	3,309	309
Hickey Cemetery	1,800	675	(1,125)
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>950</u>	<u>(1,050)</u>
Total cemeteries	<u>14,100</u>	<u>12,350</u>	<u>(1,750)</u>
Debt Service -			
Principal	71,000	86,343	15,343
Interest	<u>25,000</u>	<u>23,875</u>	<u>(1,125)</u>
Total debt service	<u>96,000</u>	<u>110,218</u>	<u>14,218</u>
Total expenditures	<u>1,381,781</u>	<u>1,406,870</u>	<u>25,089</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(93,661)</u>	<u>(59,546)</u>	<u>34,115</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (out), net	<u>(64,900)</u>	<u>(70,998)</u>	<u>6,098</u>
NET CHANGE IN FUND BALANCE	\$ <u>(158,561)</u>	\$ <u>(130,544)</u>	\$ <u>28,017</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, 2023

(Page 1 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
REVENUES:			
Property taxes	\$ 805,000	\$ 805,000	\$ -
State highway aid	160,000	158,283	(1,717)
Investment income	-	700	700
Miscellaneous	-	<u>10,899</u>	<u>10,899</u>
Total revenues	<u>965,000</u>	<u>974,882</u>	<u>9,882</u>
EXPENDITURES:			
Highway -			
Wages - staff	218,000	209,917	(8,083)
Wages - staff OT	35,000	36,976	1,976
Wages - vacation	-	10,974	10,974
Sick, personal time	-	4,843	4,843
Social security	19,355	19,678	323
Benefits	45,245	35,842	(9,403)
Retirement	10,900	10,115	(785)
Mileage	500	-	(500)
Supplies/tools	3,100	2,577	(523)
Telephone	600	623	23
Miscellaneous	14,600	8,402	(6,198)
Technology/computer	1,500	1,371	(129)
Subcontractors/consultants	3,000	10,710	7,710
Advertising	350	90	(260)
Meetings/seminars	150	2,132	1,982
Insurance	37,345	36,501	(844)
Dues/fees/licenses/permits	1,400	1,765	365
Electricity	3,500	2,302	(1,198)
Heat	7,000	8,791	1,791
Repairs/maintenance	6,000	17,448	11,448
Uniforms	3,000	2,720	(280)
Rentals/equipment	2,500	3,560	1,060
Paving/sidewalk/guardrail repair	3,000	-	(3,000)
Equipment miscellaneous	2,000	-	(2,000)
Fuel and oil	65,000	103,231	38,231
Salt	50,000	34,739	(15,261)

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, 2023

(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	43,000	-	(43,000)
Crawford pit	8,000	-	(8,000)
Cold patch	1,500	1,361	(139)
Calcium chloride	15,000	15,195	195
Culverts	5,000	25,363	20,363
Other materials	1,000	874	(126)
1 1/4 plant mix	20,000	1,406	(18,594)
7 plant mix	15,000	8,095	(6,905)
Street signs	2,500	948	(1,552)
Chipper	500	-	(500)
Cat 143H grader 05	11,200	11,291	91
2005 John Deere roadside mower	2,500	5,368	2,868
Vacuum leaf collector LCT 65	500	-	(500)
2010 John Deere 310 SSJ backhoe loader	3,000	12,994	9,994
John Deere snowplow/sweeper	3,000	4,708	1,708
2012 Dodge Ram 5500	7,000	326	(6,674)
2014 Freightliner AWD	7,000	12,194	5,194
2015 Freightliner L7500	7,000	3,652	(3,348)
2017 Int'l Truck	8,500	8,661	161
2016 Dodge Ram 5500	7,000	5,807	(1,193)
1997 Ford F450 bucket truck	2,000	112	(1,888)
2018 Komatsu loader	5,000	4,368	(632)
2019 Freightliner 1145D	6,500	14,139	7,639
John Deere Excavator	3,000	3,094	94
Total expenditures	<u>717,745</u>	<u>705,263</u>	<u>(12,482)</u>
 EXCESS OF REVENUES OR (EXPENDITURES)	 <u>247,255</u>	 <u>269,619</u>	 <u>22,364</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>(62,745)</u>	 \$ <u>(40,381)</u>	 \$ <u>22,364</u>

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

TOWN OF ROYALTON, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Wastewater Fund</u>	<u>Transfer Station Fund</u>	<u>Total Proprietary Funds</u>
ASSETS:			
Current assets -			
Cash and cash equivalents (overdraft)	\$ 129,106	\$ (43,710)	\$ 85,396
Cash, restricted	227,969	-	227,969
Accounts receivable - user fees	123,040	-	123,040
Prepaid expenses	<u>-</u>	<u>1,718</u>	<u>1,718</u>
Total current assets	<u>480,115</u>	<u>(41,992)</u>	<u>438,123</u>
Noncurrent assets -			
Capital assets	3,402,912	1,383,693	4,786,605
less - accumulated depreciation	<u>(1,613,419)</u>	<u>(782,702)</u>	<u>(2,396,121)</u>
Total noncurrent assets	<u>1,789,493</u>	<u>600,991</u>	<u>2,390,484</u>
Total assets	<u>2,269,608</u>	<u>558,999</u>	<u>2,828,607</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	1,727	68,885	70,612
Accrued payroll and related	1,941	5,263	7,204
Bond and note payable due within one year	<u>29,591</u>	<u>54,559</u>	<u>84,150</u>
Total current liabilities	<u>33,259</u>	<u>128,707</u>	<u>161,966</u>
Noncurrent liabilities -			
Bond and note payable due after one year	<u>924,746</u>	<u>163,679</u>	<u>1,088,425</u>
Total liabilities	<u>958,005</u>	<u>292,386</u>	<u>1,250,391</u>
NET POSITION:			
Net investment in capital assets	835,156	382,753	1,217,909
Restricted	227,969	-	227,969
Unrestricted surplus (deficit)	<u>248,478</u>	<u>(116,140)</u>	<u>132,338</u>
Total net position	\$ <u>1,311,603</u>	\$ <u>266,613</u>	\$ <u>1,578,216</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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Wastewater Fund	Transfer Station Fund	Total Proprietary Funds
OPERATING REVENUES:			
Charges for service	\$ 217,048	\$ 790,209	\$ 1,007,257
Penalties and interest on delinquent accounts	3,861	-	3,861
Grants	<u>-</u>	<u>6,276</u>	<u>6,276</u>
Total operating revenues	<u>220,909</u>	<u>796,485</u>	<u>1,017,394</u>
OPERATING EXPENSES:			
Operation and maintenance	84,041	295,669	379,710
Contract services	72,835	610,367	683,202
Administration fees	-	424	424
Bad debt expense	4,099	-	4,099
Depreciation	<u>76,255</u>	<u>55,793</u>	<u>132,048</u>
Total operating expenses	<u>237,230</u>	<u>962,253</u>	<u>1,199,483</u>
Operating income (loss)	<u>(16,321)</u>	<u>(165,768)</u>	<u>(182,089)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	841	7	848
Interest expense	<u>(21,905)</u>	<u>-</u>	<u>(21,905)</u>
Net nonoperating revenues (expenses)	<u>(21,064)</u>	<u>7</u>	<u>(21,057)</u>
Income before transfers	(37,385)	(165,761)	(203,146)
Transfers in	<u>-</u>	<u>125,000</u>	<u>125,000</u>
CHANGE IN NET POSITION	(37,385)	(40,761)	(78,146)
NET POSITION, July 1, 2022	<u>1,348,988</u>	<u>307,374</u>	<u>1,656,362</u>
NET POSITION, June 30, 2023	\$ <u>1,311,603</u>	\$ <u>266,613</u>	\$ <u>1,578,216</u>

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

TOWN OF ROYALTON, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(Page 1 of 2)

	<u>Wastewater Fund</u>	<u>Transfer Station Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 237,083	\$ 818,500	\$ 1,055,583
Cash received from grants	-	6,276	6,276
Cash paid to supplier for goods and services	(161,547)	(729,603)	(891,150)
Cash paid to employees for services	<u>(188)</u>	<u>(209,200)</u>	<u>(209,388)</u>
Net cash provided (used) by operating activities	<u>75,348</u>	<u>(114,027)</u>	<u>(38,679)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	<u>-</u>	<u>125,000</u>	<u>125,000</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>125,000</u>	<u>125,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(31,445)	(114,153)	(145,598)
Payment of long-term debt	(28,936)	(54,559)	(83,495)
Interest paid on long-term debt	<u>(21,905)</u>	<u>-</u>	<u>(21,905)</u>
Net cash provided (used) by capital and related financing activities	<u>(82,286)</u>	<u>(168,712)</u>	<u>(250,998)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	<u>841</u>	<u>7</u>	<u>848</u>
Net cash provided (used) by investing activities	<u>841</u>	<u>7</u>	<u>848</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,097)	(157,732)	(163,829)
CASH AND CASH EQUIVALENTS, July 1, 2022	<u>363,172</u>	<u>114,022</u>	<u>477,194</u>
CASH AND CASH EQUIVALENTS, June 30, 2023	\$ <u>357,075</u>	\$ <u>(43,710)</u>	\$ <u>313,365</u>

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

TOWN OF ROYALTON, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(Page 2 of 2)

	<u>Wastewater Fund</u>	<u>Transfer Station Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (16,321)	\$ (165,768)	\$ (182,089)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities -			
Depreciation	76,255	55,793	132,048
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	16,174	10,337	26,511
(Increase) decrease in prepaid expenses	-	(1,718)	(1,718)
(Increase) decrease in due from other funds	-	17,954	17,954
Increase (decrease) in accounts payable	(585)	(29,246)	(29,831)
Increase (decrease) in accrued payroll	<u>(175)</u>	<u>(1,379)</u>	<u>(1,554)</u>
Net cash provided (used) by operating activities	<u>\$ 75,348</u>	<u>\$ (114,027)</u>	<u>\$ (38,679)</u>

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

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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.

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 funds:

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

Transfer Station Fund - The Transfer Station Fund is used to account for the Town's transfer station 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, 2023

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, and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2023, were payable in full on November 4, 2022.

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, 2023**

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 and in the proprietary 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, 2023

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.

2. Deposits and investments:

Fair value and classification - Deposits and investments, which include \$1,347,862 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, 2023, more than 5% of the Town's total investments are held in five mutual funds, which represent 11.09%, 15.2%, 23.6%, 25.03%, and 25.08% of the Town's total investments.

3. Note 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 notes receivable. The note receivable as of June 30, 2023 is detailed below.

Governmental activities -

Note, secured, to First Branch Coffee, assumed by Upper Pass Beer Company, interest at 4.75%, monthly payments of \$1,285, matures February 2023.

\$ 1,237

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. Capital assets:

Capital asset activity for the year ended June 30, 2023, are as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 771,413	\$ -	\$ -	\$ 771,413
Construction in progress	<u>71,165</u>	<u>9,195</u>	<u>-</u>	<u>80,360</u>
Total capital assets, not depreciated	<u>842,578</u>	<u>9,195</u>	<u>-</u>	<u>851,773</u>
Capital assets, depreciated:				
Buildings	1,939,133	-	-	1,939,133
Building improvements	949,751	30,463	-	980,214
Land improvements	192,133	-	-	192,133
Infrastructure	4,071,792	994,175	-	5,065,967
Furniture and equipment	830,269	-	-	830,269
Vehicles	<u>1,274,595</u>	<u>-</u>	<u>-</u>	<u>1,274,595</u>
Total capital assets, depreciated	<u>9,257,673</u>	<u>1,024,638</u>	<u>-</u>	<u>10,282,311</u>
Less accumulated depreciation:				
Buildings	844,102	44,834	-	888,936
Building improvements	84,637	27,341	-	111,978
Land improvements	80,969	15,823	-	96,792
Infrastructure	2,304,989	250,443	-	2,555,432
Furniture and equipment	632,090	48,102	-	680,192
Vehicles	<u>628,874</u>	<u>142,032</u>	<u>-</u>	<u>770,906</u>
Total accumulated depreciation	<u>4,575,661</u>	<u>528,575</u>	<u>-</u>	<u>5,104,236</u>
Total capital assets, depreciated, net	<u>4,682,012</u>	<u>496,063</u>	<u>-</u>	<u>5,178,075</u>
Total capital assets, net	\$ <u>5,524,590</u>	\$ <u>505,258</u>	\$ <u>-</u>	\$ <u>6,029,848</u>
Business-type activities -				
Capital assets, not depreciated:				
Land - wastewater	\$ 21,811	\$ -	\$ -	\$ 21,811
Land - transfer station	1	-	-	1
Easements - wastewater	9,000	-	-	9,000
Construction in progress - transfer station	<u>10,908</u>	<u>-</u>	<u>10,908</u>	<u>-</u>
Total capital assets, not depreciated	<u>41,720</u>	<u>-</u>	<u>10,908</u>	<u>30,812</u>
Capital assets, depreciated:				
Land improvements - transfer station	65,016	-	-	65,016
Plants, lines and improvements - wastewater	3,197,571	-	-	3,197,571
Buildings - wastewater	57,821	-	-	57,821
Buildings - transfer station	658,137	125,062	-	783,199
Furniture and equipment - wastewater	90,666	31,445	5,402	116,709
Equipment - transfer station	535,477	-	-	535,477
Vehicles - wastewater	<u>6,420</u>	<u>-</u>	<u>6,420</u>	<u>-</u>
Total capital assets, depreciated	<u>4,611,108</u>	<u>156,507</u>	<u>11,822</u>	<u>4,755,793</u>

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

4. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-type activities (continued) -				
Less accumulated depreciation:				
Land improvements - transfer station	44,560	3,250	-	47,810
Plants, lines and improvements - wastewater	1,448,905	68,596	-	1,517,501
Buildings - wastewater	8,801	2,531	-	11,332
Buildings - transfer station	380,688	15,632	-	396,320
Furniture and equipment - wastewater	84,860	5,128	5,402	84,586
Equipment - transfer station	301,661	36,911	-	338,572
Vehicles - wastewater	6,420	-	6,420	-
Total accumulated depreciation	<u>2,275,895</u>	<u>132,048</u>	<u>11,822</u>	<u>2,396,121</u>
Total capital assets, depreciated, net	<u>2,335,213</u>	<u>24,459</u>	<u>-</u>	<u>2,359,672</u>
 Total capital assets, net	 \$ <u>2,376,933</u>	 \$ <u>24,459</u>	 \$ <u>10,908</u>	 \$ <u>2,390,484</u>

Depreciation expense of \$528,575 in the governmental activities was allocated to expenses of the General Government (\$44,092), Public Safety (\$17,023), Highway (\$431,238), Cemetery (\$433), and Culture and Recreation (\$35,789) programs based on the capital assets assigned to those functions.

Depreciation expense of \$132,048 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, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ 2	\$ 71,000
Highway Fund	-	310,000
Highway Improvement Fund	140,000	-
ARPA Grant Fund	-	125,000
Other Governmental Funds	<u>241,000</u>	<u>2</u>
	381,002	506,002
Proprietary funds -		
Transfer Station Fund	<u>125,000</u>	<u>-</u>
	\$ <u>506,002</u>	\$ <u>506,002</u>

Transfers made from the General Fund to the Parcel Maps Fund, Capital Projects Fund, and Police Vehicle Fund of \$3,000, \$50,000, \$18,000, respectively, were for the parcel map reserve, capital improvement reserve, and police vehicle reserve, respectively. Transfers from the Highway Fund to the Highway

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

5. Interfund transfers (continued):

Equipment Reserve Fund and Highway Improvement Fund of \$170,000 and \$140,000, respectively, were made based on budgeted transfers. Transfers out of the ARPA Grant Fund to the Transfer Station Fund were done to help fund the Town's purchase of the Town of Bethel's ownership in the transfer station.

6. Long-term obligations:

Long-term obligations activity for the year ended June 30, 2023, was as follows:

	Balance July 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2023</u>	Due Within <u>One Year</u>
Governmental activities -					
Accrued compensated absences	\$ 14,982	\$ 5,064	\$ -	\$ 20,046	\$ -
Net pension liability	109,007	142,445	-	251,452	-
Long-term debt	656,992	-	123,602	533,390	87,241
Accrued interest on long-term debt	<u>8,752</u>	<u>-</u>	<u>1,386</u>	<u>7,366</u>	<u>7,366</u>
	\$ <u>789,733</u>	\$ <u>147,509</u>	\$ <u>124,988</u>	\$ <u>812,254</u>	\$ <u>94,607</u>
Business-type activities -					
Long-term debt	\$ <u>983,273</u>	\$ <u>272,797</u>	\$ <u>83,495</u>	\$ <u>1,172,575</u>	\$ <u>84,150</u>

7. Debt:

Long-term - Outstanding long-term debt as of June 30, 2023, 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.

\$ 278,071

Notes from direct borrowings:

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.

206,556

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.

15,336

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.

33,427
255,319
\$ 533,390

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. Debt (continued):

Long-term (continued) -

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. \$ 954,337

Notes from direct borrowings:

Note payable, Town of Bethel, Vermont, 0% interest, payable in annual principal payments of \$54,559 through August 2027. 218,238
\$ 1,172,575

Long-term debt activity for the year ended June 30, 2023, was as follows:

	Balance July 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2023</u>	Due Within <u>One Year</u>
Governmental Activities -					
General obligation bonds:					
USDA Bond - Office Building	\$ 298,071	\$ -	\$ 20,000	\$ 278,071	\$ 20,000
Notes from direct borrowings:					
VMBB Note	25,000	-	25,000	-	-
Mascoma Note	247,899	-	41,343	206,556	28,811
BHBT note	20,220	-	4,884	15,336	5,003
Deere credit	65,802	-	32,375	33,427	33,427
	<u>358,921</u>	<u>-</u>	<u>103,602</u>	<u>255,319</u>	<u>67,241</u>
Total governmental activities	\$ <u>656,992</u>	\$ <u>-</u>	\$ <u>123,602</u>	\$ <u>533,390</u>	\$ <u>87,241</u>
Business-type Activities -					
General obligation bonds:					
USDA Bond - Wastewater	\$ 983,273	\$ -	\$ 28,936	\$ 954,337	\$ 29,591
Notes from direct borrowings:					
Transfer Station buyout	-	272,797	54,559	218,238	54,559
Total business-type activities	\$ <u>983,273</u>	\$ <u>272,797</u>	\$ <u>83,495</u>	\$ <u>1,172,575</u>	\$ <u>84,150</u>

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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>
2024	\$ 20,000	\$ 8,690	\$ 67,241	\$ 8,403
2025	20,000	8,065	34,943	6,190
2026	20,000	7,440	36,101	5,049
2027	20,000	6,815	31,972	3,817
2028	20,000	6,190	32,884	3,364
2029-2033	100,000	21,574	52,178	2,298
2034-2038	<u>78,071</u>	<u>6,009</u>	<u>-</u>	<u>-</u>
	<u>\$ 278,071</u>	<u>\$ 64,783</u>	<u>\$ 255,319</u>	<u>\$ 29,121</u>

Year ending June 30,	<u>Business-Type 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>
2024	\$ 29,591	\$ 21,309	\$ 54,559	\$ -
2025	30,260	20,640	54,559	-
2026	30,945	19,955	54,560	-
2027	31,645	19,255	54,560	-
2028	32,361	18,539	-	-
2029-2033	173,126	81,374	-	-
2034-2038	193,619	60,881	-	-
2039-2043	216,538	37,962	-	-
2044-2048	<u>216,252</u>	<u>12,335</u>	<u>-</u>	<u>-</u>
	<u>\$ 954,337</u>	<u>\$ 292,250</u>	<u>\$ 218,238</u>	<u>\$ -</u>

8. Operating lease - lessor:

The Town has entered into a lease agreement to rent the Royalton Academy Building through June 30, 2023. Rental income to the Town for the year ended June 30, 2023, was \$18,070.

**TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

9. Fund balances:

As of June 30, 2023, fund balances consist of the following:

General Fund Nonspendable Fund Balance:	
Prepaid expenditures for next fiscal year	\$ <u>53,203</u>
General Fund Assigned Fund Balance:	
Year ending June 30, 2024 General Fund budgeted spending	\$ <u>180,025</u>
Highway Fund Nonspendable Fund Balance:	
Items in inventory at June 30, 2023 and prepaid expenditures	\$ <u>76,177</u>
Highway Fund Assigned Fund Balance:	
Highway equipment and improvements	\$ <u>199,478</u>
Highway Improvement Fund Committed Fund Balance:	
Highway Infrastructure	\$ <u>394,303</u>
ARPA Grant Fund Restricted Fund Balance:	
Royalton Fire District potable water project	\$ <u>116,669</u>
Special Revenue Fund Restricted Fund Balance:	
Reappraisal Reserve Fund	\$ 172,338
Revolving Loan Fund	269,427
Coogan Carpenter	609
Parcel Maps	516
Lister Education	864
Gravel Pit Closure	17,614
Restoration	31,318
Royalton Common	<u>52,538</u>
	\$ <u>545,224</u>
Special Revenue Fund Committed Fund Balance:	
Community Betterment Fund	\$ 104,605
Misc. Grants Fund	4,688
Police Vehicle Reserve	<u>49,990</u>
	\$ <u>159,283</u>
Special Revenue Fund Unassigned Fund Balance (Deficit):	
Academy Operations Fund	\$ <u>(31,219)</u>
Capital Project Fund Committed Fund Balance:	
Academy Building Capital Improvements	\$ 1,571
Capital Projects	270,523
Highway Equipment Reserve Fund	364,253
Library Renovation Fund	1,131
Fiscal Year 2021	<u>12,050</u>
	\$ <u>649,528</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, 2023**

9. Fund balances (continued):

Permanent Fund Restricted Fund Balance:	
Riverview Cemetery	\$ 334,296
Village Cemetery	416,035
Pleasant Hill Cemetery	169,991
Branchview Cemetery	337,018
Haven Cemetery	29,484
Alexander Trust Fund	59,052
Lovejoy Trust	19,391
Town Cemetery Trust	8,338
Academy Trust	394
Conservation Fund	18,184
	<u>\$ 1,392,183</u>

10. Deficit fund balances:

As of June 30, 2023 the Academy Operations Fund, an other governmental fund, has a deficit fund balance of \$31,219. Management intends to recover this deficit through a transfer of funds from the General Fund pending voter approval.

As of June 30, 2023 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, and 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 3.50% (Group A), 5.875% (Group B), 11% (Group C) or 12.35% (Group D) of their annual covered salary, and the Town is required to contribute 5% (Group A), 6.50% (Group B), 8.25% (Group C) or 10.85% (Group D) of the employees'

TOWN OF ROYALTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, 2022, and 2021, were \$33,143, \$20,738, and \$16,466, 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 0.0829% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 251,452
Deferred outflow of resources - Deferred pension expense	\$ 140,614
Deferred inflow of resources - Deferred pension credits	\$ 3,453

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 owns the Transfer Station (formerly known as the Bethel-Royalton Transfer Station). This ownership has been reported in a separate Proprietary Fund in the Town's financial statements.

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 Transfer Station as of the close of business on June 30, 2022. The Town paid a purchase price of \$272,797 payable in five 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, 2023**

13. Subsequent Events:

The Town has evaluated subsequent events through September 28, 2023, the date on which the financial statements were available to be issued.

In July 2023 the Town endured harsh weather and significant flooding. As of the date of this report, the Town anticipates expenditures related to damages incurred to be estimated from \$4 to \$5 million. As of the date of this report, these expenditures are eligible for financial assistance from the Federal Emergency Management Agency (FEMA) and State of Vermont.

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

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

Schedule 1

**VMERS
JUNE 30, 2023**

	<u>June 30, 2023</u>	<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	0.0829%	0.0741%	0.0774%	0.0579%	
Town's proportionate share of the net pension liability	\$ 251,452	\$ 109,007	\$ 195,785	\$ 100,407	\$ -
Town's covered payroll	\$ 662,853	\$ 436,584	\$ 365,919	\$ 377,410	\$ - *
Town's proportionate share of the net pension liability as a percentage of its covered payroll	37.935%	24.968%	53.505%	26.604%	0.000%
VMERS net position as a percentage of the total pension liability	73.60%	86.29%	74.52%	80.35%	0.00%

SCHEDULE OF TOWN'S CONTRIBUTIONS

Schedule 2

**VMERS
JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019 *</u>
Contractually required contribution	\$ 33,143	\$ 20,738	\$ 16,466	\$ 16,040	\$ 11,120 *
Contributions in relation to the contractually required contribution	<u>33,143</u>	<u>20,738</u>	<u>16,466</u>	<u>16,040</u>	<u>11,120 *</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 662,853	\$ 436,584	\$ 365,919	\$ 377,410	\$ 269,563 *
Contributions as a percentage of covered payroll	5.000%	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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 28, 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
September 28, 2023

Melgett Bennett ⁹
Shosh-Nisa, P.L.