

TOWN OF WATERBURY, VERMONT

AUDIT REPORT

DECEMBER 31, 2024

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Independent Auditor's Report

Selectboard
Town of Waterbury, Vermont
28 North Main Street, Suite 1
Waterbury, Vermont 05676

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterbury, Vermont, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Waterbury, Vermont's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterbury, Vermont, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waterbury, 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.

Change in Accounting Principles

As described in Note I.F. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, "Accounting Changes and Error Corrections", an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this matter.

As described in Note I.F. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 101, “Compensated Absences”. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waterbury, Vermont’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and “Government Auditing Standards” will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and “Government Auditing Standards”, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waterbury, Vermont’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waterbury, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waterbury, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated August 6, 2025, on our consideration of the Town of Waterbury, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Waterbury, Vermont’s 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 of Waterbury, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

August 6, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF WATERBURY, VERMONT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 2,046,214
Investments	1,867,363
Receivables	1,001,461
Loans Receivable (Net of Allowance for Uncollectibles)	147,064
Due from Fiduciary Funds	93,944
Prepaid Expenses	51,111
Capital Assets:	
Land	40,000
Construction in Progress	722,008
Other Capital Assets, (Net of Accumulated Depreciation)	40,608,724
Total Assets	<u>46,577,889</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	363,042
Total Deferred Outflows of Resources	<u>363,042</u>
<u>LIABILITIES</u>	
Accounts Payable	213,548
Accrued Payroll and Benefits Payable	35,646
Unearned Revenue	238,262
Accrued Interest Payable	21,333
Noncurrent Liabilities:	
Due within One Year	483,157
Due in More than One Year	4,284,063
Total Liabilities	<u>5,276,009</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	2,525
Deferred Inflows of Resources Related to the Town's Participation in VMERS	7,443
Total Deferred Inflows of Resources	<u>9,968</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	37,634,707
Restricted:	
Non-Expendable:	
Cemetery	418,000
Tax Stabilization	644,000
Expendable:	
Culture and Recreation	718,586
Community Development	154,625
Cemetery	23,278
Tax Stabilization	375,113
Other Purposes	49,317
Unrestricted	1,637,328
Total Net Position	<u>\$ 41,654,954</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Program Revenues				Net (Expense) Revenue and Change in Net Position				
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities				
Functions/Programs:										
Primary Government:										
Governmental Activities:										
General Government	\$	1,669,094	\$	267,707	\$	43,072	\$	0	\$	(1,358,315)
Public Safety		1,253,024		128,483		0		0		(1,124,541)
Highways and Streets		2,754,571		1,150		625,220		136,022		(1,992,179)
Culture and Recreation		1,169,719		278,690		78,334		0		(812,695)
Community Development		90,875		0		0		0		(90,875)
Solid Waste		38,255		0		0		0		(38,255)
Cemetery		44,751		27,925		0		0		(16,826)
Interest on Long-term Debt		128,854		0		0		0		(128,854)
Total Primary Government	\$	<u>7,149,143</u>	\$	<u>703,955</u>	\$	<u>746,626</u>	\$	<u>136,022</u>		<u>(5,562,540)</u>
General Revenues:										
Property Taxes										4,431,670
Penalties and Interest on Delinquent Taxes										77,218
Local Option Sales Taxes										468,707
Payments in Lieu of Taxes										383,027
General State Grants										219,766
ARPA Funds										534,807
Unrestricted Investment Earnings										275,383
Gain on Sale of Vehicles										120,000
Other Revenues										16,589
Total General Revenues										<u>6,527,167</u>
Change in Net Position										964,627
Net Position - January 1, 2024										<u>40,690,327</u>
Net Position - December 31, 2024	\$									<u>41,654,954</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>								
Cash	\$ 1,943,165	\$ 0	\$ 0	\$ 2	\$ 173	\$ 102,874	\$ 0	\$ 2,046,214
Investments	0	0	0	810,546	441,105	615,712	0	1,867,363
Receivables	867,821	126,010	0	0	0	0	7,630	1,001,461
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	0	147,064	147,064
Advances to Other Funds	0	11,520	0	97,500	0	0	0	109,020
Due from Other Funds	0	0	483,078	111,065	0	0	446,183	1,040,326
Prepaid Items	51,111	0	0	0	0	0	0	51,111
Total Assets	\$ 2,862,097	\$ 137,530	\$ 483,078	\$ 1,019,113	\$ 441,278	\$ 718,586	\$ 600,877	\$ 6,262,559
<u>LIABILITIES</u>								
Accounts Payable	\$ 213,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 213,548
Accrued Payroll and Benefits Payable	35,646	0	0	0	0	0	0	35,646
Advances from Other Funds	109,020	0	0	0	0	0	0	109,020
Due to Other Funds	755,815	190,567	0	0	0	0	0	946,382
Unearned Revenue	238,262	0	0	0	0	0	0	238,262
Total Liabilities	1,352,291	190,567	0	0	0	0	0	1,542,858
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Prepaid Property Taxes	2,525	0	0	0	0	0	0	2,525
Unavailable Property Taxes, Penalties and Interest	168,000	0	0	0	0	0	0	168,000
Unavailable Grants	490,849	126,010	0	0	0	0	7,630	624,489
Unavailable Loan Receivable	0	0	0	0	0	0	147,064	147,064
Total Deferred Inflows of Resources	661,374	126,010	0	0	0	0	154,694	942,078
<u>FUND BALANCES/(DEFICIT)</u>								
Nonspendable	51,111	0	0	644,000	418,000	0	0	1,113,111
Restricted	0	0	0	375,113	23,278	718,586	56,878	1,173,855
Committed	3,443	0	483,078	0	0	0	217,329	703,850
Assigned	349,674	0	0	0	0	0	171,976	521,650
Unassigned/(Deficit)	444,204	(179,047)	0	0	0	0	0	265,157
Total Fund Balances/(Deficit)	848,432	(179,047)	483,078	1,019,113	441,278	718,586	446,183	3,777,623
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,862,097	\$ 137,530	\$ 483,078	\$ 1,019,113	\$ 441,278	\$ 718,586	\$ 600,877	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:								
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.								41,370,732
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.								939,553
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.								(4,788,553)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.								355,599
Net Position of Governmental Activities								\$ 41,654,954

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:								
Property Taxes	\$ 4,408,670	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,408,670
Penalties and Interest on Delinquent Taxes	77,218	0	0	0	0	0	0	77,218
Local Option Sales Taxes	468,707	0	0	0	0	0	0	468,707
Payments in Lieu of Taxes	383,027	0	0	0	0	0	0	383,027
Intergovernmental	1,073,925	0	0	0	0	0	69,288	1,143,213
Charges for Services	587,425	0	0	0	0	0	14,144	601,569
Permits, Licenses and Fees	102,386	0	0	0	0	0	0	102,386
Investment Income	67,399	0	0	57,061	43,677	107,246	0	275,383
Donations	31,089	0	0	0	0	2,180	300	33,569
Other	16,589	0	0	0	0	0	0	16,589
Total Revenues	7,216,435	0	0	57,061	43,677	109,426	83,732	7,510,331
Expenditures:								
General Government	1,458,631	0	0	0	0	0	20,529	1,479,160
Public Safety	1,054,024	0	0	0	0	0	0	1,054,024
Highways and Streets	1,631,344	90,255	0	0	0	0	0	1,721,599
Culture and Recreation	1,044,640	0	0	0	0	0	64,972	1,109,612
Community Development	90,875	0	0	0	0	0	0	90,875
Solid Waste	38,255	0	0	0	0	0	0	38,255
Cemetery	42,458	0	0	0	0	0	0	42,458
Capital Outlay:								
Public Safety	36,000	0	0	0	0	0	0	36,000
Highways and Streets	0	859,255	0	0	0	0	0	859,255
Debt Service:								
Principal	538,789	0	0	0	0	0	0	538,789
Interest	131,893	0	0	0	0	0	0	131,893
Total Expenditures	6,066,909	949,510	0	0	0	0	85,501	7,101,920
Excess/(Deficiency) of Revenues Over Expenditures	1,149,526	(949,510)	0	57,061	43,677	109,426	(1,769)	408,411
Other Financing Sources/(Uses):								
Issuance of Long-term Debt	0	155,000	0	0	0	0	0	155,000
Proceeds from Sale of Vehicles	0	0	150,000	0	0	0	0	150,000
Transfers In	244,619	883,802	0	0	0	0	32,000	1,160,421
Transfers Out	(915,802)	0	0	(50,000)	(119,026)	(36,080)	(39,513)	(1,160,421)
Total Other Financing Sources/(Uses)	(671,183)	1,038,802	150,000	(50,000)	(119,026)	(36,080)	(7,513)	305,000
Net Change in Fund Balances	478,343	89,292	150,000	7,061	(75,349)	73,346	(9,282)	713,411
Fund Balances/(Deficit) - January 1, 2024	370,089	(268,339)	333,078	1,012,052	516,627	645,240	455,465	3,064,212
Fund Balances/(Deficit) - December 31, 2024	\$ 848,432	\$ (179,047)	\$ 483,078	\$ 1,019,113	\$ 441,278	\$ 718,586	\$ 446,183	\$ 3,777,623

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2024

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$ 713,411
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$895,255) is allocated over their estimated useful lives and reported as depreciation expense (\$1,382,467). This is the amount by which depreciation exceeded capital outlays in the current period.	(487,212)
The effect of a capital grant for the construction of a Town bridge by the State of Vermont is to increase net position.	36,022
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position	(30,000)
The issuance of long-term debt (\$155,000) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$538,789) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	383,789
Governmental funds report employer pension contributions as expenditures (\$92,909). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$188,883) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(95,974)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.	447,417
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net difference in the treatment of these items from the previous year.	<u>(2,826)</u>
Change in net position of governmental activities (Exhibit B)	\$ <u><u>964,627</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Investments	\$ 177,044	\$ 0
Due from School District	<u>0</u>	<u>85,839</u>
Total Assets	\$ <u><u>177,044</u></u>	\$ <u><u>85,839</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ <u>8,105</u>	\$ <u>85,839</u>
Total Liabilities	<u>8,105</u>	<u>85,839</u>
Net Position:		
Restricted:		
Held in Trust for Other Purposes	<u>168,939</u>	<u>0</u>
Total Net Position	<u>168,939</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>177,044</u></u>	\$ <u><u>85,839</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 23,932	\$ 0
Education Taxes Collected for Other Governments	<u>0</u>	<u>15,600,009</u>
Total Additions	<u>23,932</u>	<u>15,600,009</u>
Deductions:		
Education Taxes Distributed to Other Governments	<u>0</u>	<u>15,600,009</u>
Total Deductions	<u>0</u>	<u>15,600,009</u>
Change in Net Position	23,932	0
Net Position - January 1, 2024	<u>145,007</u>	<u>0</u>
Net Position - December 31, 2024	<u>\$ 168,939</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

The Town of Waterbury, Vermont, (herein the "Town") operates under a Selectboard/Manager form of government and provides the following services: public safety, highways and streets, culture and recreation, community/economic development, solid waste, cemetery, health and social services, public improvements, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Waterbury, Vermont conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Waterbury, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Highway Capital Fund – This fund accounts for the capital projects of the Highway Department.

Fire Department Capital Fund – This fund accounts for the capital projects of the Fire Department.

Tax Stabilization Fund – This fund accounts for the monies obtained from the Waterbury Town School District. The earnings on these funds are transferred to the General Fund to reduce the tax levy.

Cemetery Fund – This fund accounts for the resources used for future costs associated with the cemetery.

Library Trust Fund – This fund accounts for the resources held in trust to be used for future costs associated with the library.

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Additionally, the Town reports the following fund types:

Private-Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of individuals and organizations. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under financed purchases and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New Pronouncements

GASB Statement No. 100, “Accounting Changes and Error Corrections”

Effective December 31, 2024, the Town implemented GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. GASB Statement No. 100 identifies accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes various transactions or events included in these changes. This Statement established accounting and financial reporting requirements for each type of accounting change and correction of an error in previously issued financial statements. The implementation of this Standard did not have an impact on the financial statements.

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GASB Statement No. 101, “Compensated Absences”

Effective December 31, 2024, the Town implemented GASB Statement No. 101, “Compensated Absences”. GASB Statement No. 101 is intended to improve consistency and enhance the accounting and financial reporting for compensated absences. It establishes a unified model for recognizing liabilities related to both unused and used-but-unpaid leave, based on updated recognition and measurement guidance. In addition, this statement provides clearer definitions and requirements for when and how compensated absences should be reported. The implementation of this Standard did not have a material impact on the financial statements.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other fund balances.

2. Investments

The Town invests in investments as allowed by State statutes. Investments with readily determinable fair values are reported at the fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangement that are outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” All other outstanding balances between funds are reported as “due from/to other funds.”

5. Prepaid Expenses/Items

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

Reported prepaid items of governmental funds in the fund financial statements are offset by a nonspendable fund balance as they are not in spendable form.

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6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

7. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended December 31, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 5,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles, Machinery and Equipment	\$ 5,000	5-10 Years
Infrastructure	\$ 5,000	40 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

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8. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

Long-term liabilities include bonds payable, notes payable and other obligations such as compensated absences and the Town's net pension liability. Long-term liabilities are reported in the government-wide financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

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Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as an expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

Pension-related differences arise because governmental funds report the current period’s required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources, if made after the measurement date. In addition, the accrual for the Town’s proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The expenditure budget for the General Fund is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The voters are presented estimated revenue projections, however, do not approve them. The Selectboard modifies the revenue projections prior to setting the tax rate if more accurate projections are available. The budget presented herein is for the Town’s “General Fund” only and does not include the Hazard Mitigation Fund, the Conservation Fund, the Housing Trust Fund, the Municipal Building Operating Fund, the Local Development Corporation Fund, the ARPA Fund and the Local Option Tax Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$74,000 in order to utilize a portion of the previous year’s surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

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C. Excess of Expenditures Over Appropriations

For the year ended December 31, 2024, expenditures in the General Fund exceeded appropriations by \$262,280. These over expenditures were funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of December 31, 2024 consisted of the following:

Cash:

Deposits with Financial Institutions	\$1,943,165
Deposits with Investment Companies	<u>103,049</u>
Total Cash	<u>2,046,214</u>

Investments:

Certificates of Deposit	389,750
Corporate Bonds	10,352
Mutual Funds – Mixed Holdings	<u>1,644,305</u>
Total Investments	<u>2,044,407</u>

Total Cash and Investments	<u>\$4,090,621</u>
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The Town has ten (10) certificates of deposit at various banks ranging from \$970 to \$181,306 with interest rates ranging from 0.9% to 5.35%. All of the certificates of deposit mature by fiscal year 2026.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The corporate bonds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

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	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$ 742,799	\$ 742,799
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>1,693,165</u>	<u>1,889,400</u>
Total	<u>\$2,435,964</u>	<u>\$2,632,199</u>

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,943,165
Cash – Deposits with Investment Companies	103,049
Investments – Certificates of Deposit	<u>389,750</u>
Total	<u>\$2,435,964</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town's certificates of deposit are not subject to interest rate risk disclosure. The Town's mutual funds are open-ended and, therefore, are also not subject to interest rate disclosure.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. The corporate bonds are shown at their actual maturity.

	<u>Remaining Maturity</u>		<u>Total</u>
	<u>Less Than 1 Year</u>	<u>10 to 15 Years</u>	
Investment Type			
Corporate Bonds	\$ <u>5,074</u>	\$ <u>5,278</u>	\$ <u>10,352</u>

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Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are not subject to credit risk disclosure. The Town's mutual funds are open-ended and, therefore, are also not subject to credit risk disclosure. The credit ratings for the corporate bonds are as follows:

Investment Type	Standard and Poor's Rating as of December 31, 2024		Total
	A-	BBB+	
Corporate Bonds	\$ 5,074	\$ 5,278	\$ 10,352

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than mutual funds, that represent more than 5% of total investments.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town's certificates of deposit are not subject to fair value disclosures.

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

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The Town has the following fair value measurements as of December 31, 2024:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate Bonds	\$ 10,352	\$ 10,352	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	1,644,305	1,644,305	0	0
Total	\$ 1,654,657	\$ 1,654,657	\$ 0	\$ 0

B. Receivables

Receivables as of December 31, 2024, as reported in the statement of net position, are as follows:

	Governmental Activities
Delinquent Taxes Receivable	\$ 202,560
Penalties and Interest Receivable	31,096
Local Option Sales Taxes Receivable	238,016
Grants Receivable	520,594
Accounts Receivable	9,195
Total	\$ 1,001,461

C. Loans Receivable

Loans receivable as of December 31, 2024 are as follows:

Loan Receivable, Ladd Hall Limited Partnership, Interest at 0% Annual Repayment based on 33.555% of "Surplus Cash", as Defined in the Loan Agreement, up to a maximum of \$6,040 Which Began on May 15, 2018, Balance to be Paid in Full by May 15, 2043, Secured by Real Estate	\$147,064
Loan Receivable, Green Mountain Seminary Limited Partnership, Interest at 0%, Deferred Until July 17, 2031 at Which Time all Principal is Due, Secured by Real Estate	336,700
Less: Allowance Doubtful Loans Receivable	(336,700)
Total	\$147,064

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D. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Construction in Progress	754,692	104,623	137,307	722,008
Total Capital Assets, Not Being Depreciated	<u>794,692</u>	<u>104,623</u>	<u>137,307</u>	<u>762,008</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,506,835	0	0	9,506,835
Vehicles, Machinery and Equipment	4,708,112	189,235	291,814	4,605,533
Infrastructure	35,001,976	774,726	0	35,776,702
Totals	<u>49,216,923</u>	<u>963,961</u>	<u>291,814</u>	<u>49,889,070</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,631,330	240,319	0	2,871,649
Vehicles, Machinery and Equipment	2,256,232	270,390	261,814	2,264,808
Infrastructure	3,272,131	871,758	0	4,143,889
Totals	<u>8,159,693</u>	<u>1,382,467</u>	<u>261,814</u>	<u>9,280,346</u>
Total Capital Assets, Being Depreciated	<u>41,057,230</u>	<u>(418,506)</u>	<u>30,000</u>	<u>40,608,724</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,851,922</u>	<u>\$ (313,883)</u>	<u>\$ 167,307</u>	<u>\$ 41,370,732</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 150,793
Public Safety	199,000
Highways and Streets	993,245
Culture and Recreation	37,136
Cemetery	<u>2,293</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,382,467</u>

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E. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2024 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 755,815
Highway Capital Fund	0	190,567
Fire Department Capital Fund	483,078	0
Tax Stabilization Fund	111,065	0
Non-Major Governmental Funds	446,183	0
Private-Purpose Trust Funds	0	8,105
Custodial Fund - Education Tax Fund	0	85,839
	<u>\$ 1,040,326</u>	<u>\$ 1,040,326</u>

The composition of advances to/from other funds as of December 31, 2024 are as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 0	\$ 109,020
Highway Capital Fund	11,520	0
Tax Stabilization Fund	97,500	0
	<u>\$ 109,020</u>	<u>\$ 109,020</u>

The advances to/from other funds will be repaid as follows:

Advance to the General Fund from the Highway Capital Fund for a Mower, Interest at 2.75%, Principal Payments of \$2,880 Plus Interest Payable Annually	\$ 11,520
Advance to the General Fund from the Tax Stabilization Fund for a Fire Department Tower Truck, Interest at 2.75%, Principal Payments of \$32,500 Plus Interest Payable Annually	<u>97,500</u>
Total Advances to/from Other Funds	<u>\$109,020</u>

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Interfund transfers during the year ended December 31, 2024 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Conservation Fund	\$ 700	* Appropriation
General Fund	Municipal Building Operating Fund	123,603	* Appropriation
General Fund	Highway Capital Fund	565,000	Appropriation
General Fund	Reappraisal Fund	15,000	Appropriation
General Fund	Recreation Capital Fund	17,000	Appropriation
ARPA Fund	General Fund	200,000	* Revenue Replacement
ARPA Fund	Highway Capital Fund	248,802	* Fund Capital Expenditures
Local Option Tax Fund	General Fund	159,183	* Fund Debt Service
Local Option Tax Fund	Housing Trust Fund	100,000	* Fund Community Housing Program
Local Option Tax Fund	Highway Capital Fund	70,000	* Fund Capital Expenditures
Tax Stabilization Fund	General Fund	50,000	To Reduce Taxes Raised
Cemetery Fund	General Fund	119,026	Fund Cemetery Expenses
Library Trust Fund	General Fund	36,080	Fund Library Expenses
Reappraisal Fund	General Fund	<u>39,513</u>	Fund Reappraisal Expenses
Total		\$ <u>1,743,907</u>	

- * The transfers from the General Fund to the Conservation Fund and the Municipal Building Operating Fund and the transfers from the ARPA Fund and the Local Option Tax Fund to the General Fund and the Housing Trust Fund are netted within the General Fund as these funds are consolidated within the General Fund and the transfer from the ARPA Fund and the Local Option Tax Fund to the Highway Capital Fund are included with the General Fund in order to comply with GASB Statement No. 54.

F. Due from School District

During the year ended December 31, 2024, the Town paid the School District \$15,685,848 for education property taxes. Subsequent to year end, the State issued its final education property tax reconciliation for the State's fiscal year ending June 30, 2024. The State's final reconciliation showed \$15,600,009 was required to be paid to the School District. The amount of education taxes owed by the School District to the Town as of December 31, 2024 is \$85,839.

G. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$54,298 from the difference between the expected and actual experience, \$98,502 from the net difference between the projected and actual investment earnings on pension plan investments, \$28,220 from changes in assumptions and \$47,924 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$134,098 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$363,042.

H. Unearned Revenue

Unearned revenue in the governmental activities and General Fund consists of \$31,890 of fire coverage charges, \$4,801 of recreation fees, \$139,381 of grant revenue and \$62,190 of State highway aid received in advance. Total unearned revenue in the governmental activities and General Fund is \$238,262.

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I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$2,525 of prepaid property taxes. It also includes \$7,443 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$9,968.

Deferred inflows of resources in the General Fund consists of \$168,000 of delinquent property taxes, penalties and interest on those taxes and \$490,849 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$2,525 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$661,374.

Deferred inflows of resources in the Highway Capital Fund consists of \$126,010 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$7,630 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities and \$147,064 of a loan receivable. Total deferred inflows of resources in the Non-Major Governmental Funds is \$154,694.

J. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The Town has notes payable to finance capital projects and purchases through local banks.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Long-term liabilities outstanding as of December 31, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Stations, Principal Payments Ranging from \$160,000 to \$165,000 Payable on December 1 Annually, Interest Rates Ranging from 2.275% to 3.426% Payable on June 1 and December 1, Due December, 2030	\$1,120,000	\$ 0	\$160,000	\$ 960,000
Bond Payable, Vermont Municipal Bond Bank, Municipal Complex, Principal Payments of \$147,500 Payable on November 15 Annually, Interest Rates Ranging from 1.283% to 4.283% Payable on May 15 and November 15, Due November, 2035	1,770,000	0	147,500	1,622,500
Bond Payable, Vermont Municipal Bond Bank, Paving, Principal Payments of \$50,000 Payable on November 1 Annually, Interest Rates Ranging from 1.491% to 2.571% Payable on May 1 and November 1, Due November, 2026	150,000	0	50,000	100,000
Note Payable, Community National Bank, Capital Improvements, Principal and Interest Payments of \$85,609 Payable on June 7 Annually, Interest at 2.0%, Due June, 2036	971,510	0	66,178	905,332
Note Payable, Community National Bank, Capital Improvements, Principal and Interest Payments of \$55,540 Payable on December 21 Annually, Interest at 1.55%, Due December, 2025. The Town Paid Off the Remaining Balance During the Year.	108,304	0	108,304	0
Note Payable, Union Bank, Highway Truck, Principal and Interest Payments of \$8,890 Payable Quarterly, Interest at 5.375%, Due August, 2029	<u>0</u>	<u>155,000</u>	<u>6,807</u>	<u>148,193</u>
Total	<u>\$4,119,814</u>	<u>\$155,000</u>	<u>\$538,789</u>	<u>\$3,736,025</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Changes in long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 3,040,000	\$ 0	\$ 357,500	\$ 2,682,500	\$ 357,500
Notes Payable	1,079,814	155,000	181,289	1,053,525	95,657
Compensated Absences Payable	159,530	5,865	0	165,395	30,000
Net Pension Liability	736,441	129,359	0	865,800	0
 Total Governmental Activities Long-term Liabilities	 \$ 5,015,785	 \$ 290,224	 \$ 538,789	 \$ 4,767,220	 \$ 483,157

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The addition/reduction to the compensated absences liability represents the net change in the liability from the previous year.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2025	\$ 453,157	\$ 106,137
2026	456,051	92,935
2027	409,056	79,000
2028	412,179	66,233
2029	406,533	53,345
2030-2034	1,285,345	128,934
2035-2036	313,704	9,178
Total	\$ 3,736,025	\$ 535,762

K. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Prepaid Items	\$ 51,111
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Tax Stabilization Fund:

Nonspendable Tax Stabilization Fund Principal	644,000
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Cemetery Fund:

Nonspendable Cemetery Fund Perpetual Care by Lot Sales	<u>418,000</u>
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Total Nonspendable Fund Balances	<u>\$1,113,111</u>
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The fund balances in the following funds are restricted as follows:

Major Funds

Tax Stabilization Fund:

Restricted for Reduction of Property Taxes by Agreement (Source of Revenue is Donations) – Expendable Portion	\$ <u>375,113</u>
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TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Cemetery Fund:

Restricted for Cemetery Fund Expenses by Donations and Lot Sales (Source of Revenue is Donations and Lot Sales)	\$ <u>23,278</u>
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Library Trust Fund:

Restricted for Library Trust Expenses by Trust Agreements (Source of Revenue is Donations)	<u>718,586</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)	49,317
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Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	<u>7,561</u>
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Total Non-Major Funds	<u>56,878</u>
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Total Restricted Fund Balances	<u>\$1,173,855</u>
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The fund balances in the following funds are committed as follows:

Major Funds

General Fund:

Committed for Conservation Commission Expenses by the Voters	\$ <u>3,443</u>
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Fire Department Capital Fund:

Committed for Fire Department Capital Expenditures by the Voters	<u>483,078</u>
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Non-Major Funds

Special Revenue Funds:

Committed for Reappraisal Expenses by the Voters	<u>27,749</u>
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Capital Projects Funds:

Committed for Recreation Capital Expenditures by the Voters	70,722
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Committed for Building Reserve Expenditures by the Voters	<u>118,858</u>
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Total Capital Projects Funds	<u>189,580</u>
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Total Non-Major Funds	<u>217,329</u>
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Total Committed Fund Balances	<u>\$703,850</u>
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TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2025	\$110,150
Assigned for Housing Trust Fund Expenses	100,000
Assigned for Local Option Tax Fund Expenses	<u>139,524</u>
Total General Fund	<u>349,674</u>

Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>171,976</u>
Total Assigned Fund Balances	<u>\$521,650</u>

The unassigned deficit of \$179,047 in the Highway Capital Fund will be funded with the collection of grant receivables and future appropriations.

L. Restricted Net Position

The restricted net position of the Town as of December 31, 2024 consisted of the following:

Governmental Activities:

Restricted for Reduction of Property Taxes by Agreement – Non-Expendable Portion	\$ 644,000
Restricted for Reduction of Property Taxes by Agreement – Expendable Portion	375,113
Restricted for Cemetery Fund Expenses by Donations and Lot Sales – Non-Expendable Portion	418,000
Restricted for Cemetery Fund Expenses by Donations and Lot Sales – Expendable Portion	23,278
Restricted for Library Trust Fund Expenses by Trust Agreements	718,586
Restricted for Records Restoration by Statute	49,317
Restricted for Community Development by Grant Agreements	<u>154,625</u>
Total Governmental Activities	<u>\$2,382,919</u>

The net position held in trust for various purposes in the Town's Private-Purpose Trust Funds as of December 31, 2024 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Veteran's Monument Expenses by Trust Agreement	\$131,413
Restricted for C. C. Fisher Fund Expenses by Trust Agreement	<u>37,526</u>
Total Private-Purpose Trust Funds	<u>\$168,939</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

V. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2023, the measurement date selected by the State of Vermont, the retirement system consisted of 357 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. The Town's proportionate share of this was 0.2703% resulting in a net pension liability of \$865,800. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.2703% was an increase of 0.0275 from its proportion measured as of the prior year.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

For the year ended December 31, 2024, the Town recognized pension expense of \$188,883.

As of December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 54,298	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	98,502	0
Changes in assumptions	28,220	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,924	7,443
Town's required employer contributions made subsequent to the measurement date	<u>134,098</u>	<u>0</u>
	<u>\$ 363,042</u>	<u>\$ 7,443</u>

The required contributions made subsequent to the measurement date consists of contributions made from July 1, 2023 to December 31, 2023 of \$41,189 and contributions made from January 1, 2024 to December 31, 2024 of \$92,909. Total required contributions made subsequent to the measurement is \$134,098.

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$134,098 will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	
2025	\$ 75,432
2026	43,197
2027	104,911
2028	<u>(2,039)</u>
Total	<u>\$221,501</u>

Summary of Plan Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Group B.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – Earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Normal Retirement Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC. Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Eligibility – Groups A and B – Age 55 with five (5) years of service. Group D – Age 50 with twenty (20) years of service.

Early Retirement Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members; payable without reduction to Group D members.

Vesting – All Groups – Five (5) years of service. Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Eligibility – All Groups – Five (5) years of service and disability as determined by Retirement Board.

Disability Retirement Amount – All Groups – Immediate allowance based on AFC and service to date of disability. Children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit Eligibility – All Groups – Death after five (5) years of service.

Death Benefit Amount – Groups A, B and C – Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefit under disability allowance computed as of date of death. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

Retirement Stipend – \$25 per month payable at the option of the Retirement Board.

Optional Benefit and Death after Retirement – Groups A, B and C – A lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. Group D – A lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contributions – Upon termination, if the member so elects, or if no other benefit is payable, the member's accumulated contributions with interest are refunded.

Member Contribution Rates:

- Group A – 3.75% effective July 1, 2023; 4.00% effective July 1, 2024; 4.25% effective July 1, 2025, and thereafter.
- Group B – 6.125% effective July 1, 2023; 6.375% effective July 1, 2024; 6.625% effective July 1, 2025, and thereafter.
- Group C – 11.25% effective July 1, 2023; 11.50% effective July 1, 2024; 11.75% effective July 1, 2025, and thereafter.
- Group D – 12.60% effective July 1, 2023; 12.85% effective July 1, 2024; 13.10% effective July 1, 2025, and thereafter.

Employer Contribution Rates:

- Group A – 5.25% effective July 1, 2023; 5.50% effective July 1, 2024; 5.75% effective July 1, 2025, and thereafter.
- Group B – 6.75% effective July 1, 2023; 7.00% effective July 1, 2024; 7.25% effective July 1, 2025, and thereafter.
- Group C – 8.50% effective July 1, 2023; 8.75% effective July 1, 2024; 9.00% effective July 1, 2025, and thereafter.
- Group D – 11.10% effective July 1, 2023; 11.35% effective July 1, 2024; 11.60% effective July 1, 2025, and thereafter.

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

Investment Rate of Return – 7.00%, net of pension plan investment expenses, including inflation.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Salary Increases – Ranging from 4.07% to 6.21% based on service.

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2024 COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2023 COLAs were 2.00% for Group A and 3.00% for Groups B, C and D.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

Healthy Post-Retirement – Retirees – Groups A and B – PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) years younger than males.

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44%	5.35%
Private Equity	10%	7.50%
Emerging Market Debt	2%	5.00%
Private and Alternative Credit	10%	5.50%
Non-Core Real Estate	4%	5.50%
Core Fixed Income	19%	1.50%
Core Real Estate	4%	3.25%
US TIPS	2%	1.50%
Infrastructure/Farmland	5%	4.25%

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2023, is 3.65%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,303,163	\$865,800	\$506,305

Defined Contribution Plan

Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 6%.

The Town pays all costs accrued each year for the plan. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total covered payroll for Group DC was \$96,236. Pension expense for the years ended December 31, 2024, 2023 and 2022 were \$5,774, \$5,205 and \$9,243, respectively.

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

B. 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 natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected two (2) times per year. During the tax year ended December 31, 2024, property taxes became due and payable on August 16, 2024 and November 8, 2024. The penalty is eight percent (8%). Interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2024 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5550	.5550
Local Agreements	.0040	.0040
Education	<u>2.1969</u>	<u>2.1053</u>
Total	<u>2.7559</u>	<u>2.6643</u>

D. Commitments and Contingencies

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Tax Revenues:			
Property Taxes	\$ 4,402,429	\$ 4,408,670	\$ 6,241
Tax Interest	28,500	38,981	10,481
Tax Penalty	48,000	38,237	(9,763)
Tax Sale Fees	250	1,173	923
.225 of 1% School Taxes	30,000	35,291	5,291
Total Tax Revenues	4,509,179	4,522,352	13,173
Other Governments:			
Village Administration Service Fee	114,958	114,958	0
Traffic Control Income	1,500	622	(878)
PILOT	420,000	383,027	(36,973)
Mileage Reimbursement	100	905	805
Forest & Parks	92,843	92,843	0
Current Use	115,550	124,244	8,694
Railroad Tax	2,600	2,679	79
Planning Grant Income	0	7,500	7,500
Clerk Grant Income	0	5,030	5,030
VT State Aid	122,649	124,314	1,665
Library Grant Income	800	984	184
MERP Grant Income	0	4,000	4,000
Federal Excise Tax	1,200	0	(1,200)
Duxbury Fire Contract	127,560	124,218	(3,342)
Moretown Fire Contract	3,631	3,643	12
Duxbury Library Fees	3,500	3,500	0
Total Other Governments	1,006,891	992,467	(14,424)
User Fees:			
Rent - Buildings and Grounds	0	35	35
Rent - Library	25	225	200
Total User Fees	25	260	235

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Service Fees:			
Town Clerk Fees	\$ 60,000	\$ 63,230	\$ 3,230
Fees and Miscellaneous	1,000	2,711	1,711
Animal Control Income	0	68	68
Historical Society	27,350	11,069	(16,281)
Highway Labor/Materials	2,000	0	(2,000)
Overweight Permits & Miscellaneous	1,100	1,150	50
Swimming Pool Income	50,000	42,802	(7,198)
Library Donations	10,000	16,519	6,519
Library Non-Resident Fees	1,500	375	(1,125)
Recreation Program Income	174,060	150,913	(23,147)
Mini-Camp Income	104,719	67,163	(37,556)
Recreation/Pool Snacks	2,000	1,261	(739)
Recreation Buildings Rentals	12,500	10,916	(1,584)
Red Cross Training Fees	500	800	300
Recreation Donations	2,000	3,501	1,501
Cemetery Lot Sales	5,500	11,593	6,093
Cemetery Vault Fees	600	1,200	600
Cemetery Grave Openings	11,000	15,132	4,132
Planning Fees	50,000	33,057	(16,943)
Total Service Fees	515,829	433,460	(82,369)
Interest & Transfers In:			
Interest on Sweep & CD's	25,750	67,399	41,649
Transfer from ARPA Fund	0	200,000	200,000
Transfer from Local Option Tax Fund	0	159,183	159,183
Transfer from Tax Stabilization Fund	50,000	50,000	0
Transfer from Cemetery Trust Fund	40,000	119,026	79,026
Transfer from Library Trust Fund	45,000	36,080	(8,920)
Transfer from Reappraisal Fund	0	39,513	39,513
Total Interest & Transfers In	160,750	671,201	510,451
Miscellaneous:			
Miscellaneous	1,500	14,931	13,431
Insurance Proceeds	0	198	198
Highway Loan Proceeds	1,000	1,460	460
FEMA/State Flood Assistance	0	176,619	176,619
Total Miscellaneous	2,500	193,208	190,708
Total Revenues	6,195,174	6,812,948	617,774

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
General:			
Regular Pay	\$ 306,938	\$ 288,361	\$ 18,577
Selectboard	6,500	6,250	250
Clerk	90,731	93,086	(2,355)
Listers	1,500	1,500	0
Listers - Regular Pay	55,507	83,363	(27,856)
Historical Society Clerk	27,350	17,048	10,302
Health Insurance	101,244	105,321	(4,077)
Life, Disability, LTC Insurance	4,200	5,440	(1,240)
Social Security	37,373	37,730	(357)
Childcare Contribution	0	4,203	(4,203)
Retirement	28,453	32,836	(4,383)
Unemployment Insurance	1,780	1,468	312
Workers Compensation	2,900	3,121	(221)
Computer Services	18,000	15,301	2,699
Tax Mapping	5,000	0	5,000
Professional Services	10,000	18,384	(8,384)
Payroll Services	3,500	260	3,240
Flood Consulting	0	7,989	(7,989)
Legal Service	10,000	10,309	(309)
Clerical/Video Meeting	1,850	12	1,838
Voting Machine	5,200	3,177	2,023
Telephone/Internet	6,800	8,825	(2,025)
Postage	7,000	6,074	926
Advertising	700	1,208	(508)
Website	2,000	997	1,003
Printing - Annual Report	1,850	1,822	28
Office Supplies	12,500	12,353	147
Transfer to Municipal Building Operating Fund	59,331	59,331	0
Training	3,500	1,679	1,821
Manager's Professional Development	2,000	1,232	768
Association Dues	1,200	295	905
Transfer to Reappraisal Fund	15,000	15,000	0
Travel & Meals	1,000	2,200	(1,200)
Commercial Audit	25,000	29,350	(4,350)
County Taxes	68,300	68,259	41
Property & Liability Insurance	15,150	17,004	(1,854)
Insurance Deductibles	0	1,976	(1,976)
VLCT Dues	8,225	8,380	(155)
Bank Charges	1,000	1,473	(473)
Memorial Day/July 4th	16,000	19,472	(3,472)
Tax Abatements	50	10,208	(10,158)
New Equipment	6,500	1,661	4,839
Senior Citizens	32,500	32,500	0
Waterbury Historical Society	2,400	2,520	(120)
Economic Development to Revitalizing Waterbury	91,166	90,875	291
Total General	1,097,198	1,129,853	(32,655)

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Public Safety:			
Contracted Services	\$ 415,000	\$ 425,474	\$ (10,474)
Waterbury Ambulance Service, Inc.	128,511	128,511	0
Total Public Safety	543,511	553,985	(10,474)
Fire Department:			
Regular Pay	29,852	21,246	8,606
Part-time Pay	58,000	60,701	(2,701)
Life & Disability Insurance	3,068	2,605	463
Social Security	6,721	6,269	452
Unemployment Insurance	324	334	(10)
Workers Compensation	8,000	8,603	(603)
Physicals & Vaccination	1,000	0	1,000
Dispatching	104,100	111,828	(7,728)
Equipment Maintenance	15,000	10,749	4,251
Communications	8,500	7,082	1,418
Telephone/TV/Internet	10,500	11,456	(956)
Office Supplies	550	495	55
Canteen	250	260	(10)
Small Tools	500	2	498
Water	3,300	3,475	(175)
Building Maintenance	33,580	48,082	(14,502)
Utilities - Electric/Solar	9,500	13,581	(4,081)
Heat/Generator	8,750	7,335	1,415
Fuel Equipment & Service	2,000	0	2,000
Vehicle Maintenance	26,500	30,484	(3,984)
Fuel - Gasoline	300	265	35
Fuel - Diesel	6,200	4,652	1,548
Dues	600	0	600
Public Works Director	1,612	1,855	(243)
Training	4,000	3,641	359
Public Relations	350	334	16
Travel	500	0	500
Property & Liability Insurance	16,500	18,535	(2,035)
New Equipment	87,850	86,170	1,680
Debt Principal	308,510	281,273	27,237
Debt Interest	57,900	58,369	(469)
Total Fire Department	814,317	799,681	14,636
Landfill:			
Mad River - Waterbury Solid Waste	37,317	37,317	0
Green Up	800	852	(52)
Miscellaneous	0	86	(86)
Total Landfill	38,117	38,255	(138)

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Health & Social Services:			
Community Service Officer	\$ 8,000	\$ 0	\$ 8,000
Health Officer	1,200	1,100	100
Social Security	612	84	528
Unemployment Insurance	50	25	25
Workers Compensation	150	87	63
Advertising	0	50	(50)
Gasoline & Mileage	1,500	0	1,500
Pound Service	500	0	500
Travel & Training	1,000	20	980
Property & Liability Insurance	235	658	(423)
Signs & Equipment	1,000	1,327	(327)
Damage Claims/Enforcement	2,000	0	2,000
Public Health	13,500	13,500	0
	<u>29,747</u>	<u>16,851</u>	<u>12,896</u>
Total Health & Social Services			
	<u>29,747</u>	<u>16,851</u>	<u>12,896</u>
Recreation - Pool:			
Regular Pay	60,000	60,259	(259)
Social Security	4,590	4,610	(20)
Unemployment Insurance	232	232	0
Workers Compensation	2,300	2,466	(166)
Clothing & Safety	650	1,709	(1,059)
Equipment Maintenance	2,250	1,615	635
Telephone	2,300	2,388	(88)
Chemical Supplies	5,800	5,108	692
Water & Sewer	9,500	11,019	(1,519)
Electric	4,500	5,030	(530)
Training & Red Cross	2,500	3,264	(764)
Public Works Director	2,370	2,370	0
Property & Liability Insurance	1,600	1,789	(189)
Miscellaneous	1,000	2,709	(1,709)
New Equipment	1,500	861	639
	<u>101,092</u>	<u>105,429</u>	<u>(4,337)</u>
Total Recreation - Pool			
	<u>101,092</u>	<u>105,429</u>	<u>(4,337)</u>

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Camps & Programs:			
Salaries - Staff	\$ 126,500	\$ 125,061	\$ 1,439
Program Pay	160,000	116,596	43,404
After School Program	24,000	12,075	11,925
Other Programs	0	3,284	(3,284)
Mini Camp Staff	0	1,318	(1,318)
Health Insurance	36,350	22,871	13,479
Life & Disability Insurance	1,000	4,060	(3,060)
Social Security	23,753	19,522	4,231
Unemployment Insurance	1,196	1,194	2
Retirement	8,602	6,578	2,024
Workers Compensation	12,500	13,437	(937)
Clothing & Safety	2,250	2,598	(348)
Supplies & Cleaning	2,500	3,023	(523)
Equipment Maintenance	200	0	200
Training	1,000	640	360
Field Trips	3,000	2,077	923
Programs	5,000	7,010	(2,010)
Mini Camps	3,000	1,997	1,003
Property & Liability Insurance	1,600	1,755	(155)
Miscellaneous	1,000	2,355	(1,355)
New Equipment	2,500	2,190	310
Computer Service	4,500	6,714	(2,214)
Telephone/TV/Internet	1,250	2,506	(1,256)
Postage	200	196	4
Advertising	1,250	939	311
Office Supplies	750	755	(5)
Water & Sewer	1,325	1,195	130
Building Maintenance	1,500	2,185	(685)
Electricity	1,200	838	362
Fuel-Heat	1,900	1,821	79
Fuel Equipment & Service	500	0	500
Gasoline & Mileage	2,250	706	1,544
Association Dues	500	260	240
Public Works Director	3,097	2,300	797
Debt Principal	960	1,396	(436)
Debt Interest	170	168	2
Transfer to Recreation Capital Fund	26,000	17,000	9,000
Total Recreation Camps & Programs	463,303	388,620	74,683

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Parks:			
Regular Pay	\$ 31,437	\$ 12,656	\$ 18,781
Part-time Pay	8,500	38,050	(29,550)
Health Insurance	11,000	26,172	(15,172)
Life, Disability, LTC Insurance	450	601	(151)
Social Security	3,055	4,550	(1,495)
Retirement	2,138	759	1,379
Unemployment Insurance	156	154	2
Workers Compensation	650	694	(44)
Water	3,070	3,327	(257)
Grounds Maintenance	20,000	17,489	2,511
Field Maintenance	5,000	1,836	3,164
Tennis Court Maintenance	1,000	1,374	(374)
Playground Maintenance	3,000	377	2,623
Community Garden Maintenance	1,000	904	96
Equipment Maintenance	2,250	5,727	(3,477)
Electricity	3,500	3,885	(385)
Fuel - Gas	2,000	4,098	(2,098)
Public Works Director	2,365	2,365	0
Property & Liability Insurance	1,450	1,267	183
New Equipment	1,750	3,226	(1,476)
Total Parks	103,771	129,511	(25,740)
Planning Department:			
Regular Pay	76,912	83,554	(6,642)
Temporary Pay	0	2,422	(2,422)
Zoning Administrator	61,808	62,281	(473)
Health Insurance	6,000	21,287	(15,287)
Life, Disability, LTC Insurance	1,600	1,635	(35)
Social Security	10,612	11,086	(474)
Retirement	9,433	10,233	(800)
Unemployment Insurance	536	534	2
Workers Compensation	770	829	(59)
Professional Services	10,000	19,150	(9,150)
Special Project - Bylaw Rewrite	0	1,322	(1,322)
Special Project - Green Mountain	0	500	(500)
Legal Service	20,000	8,353	11,647
Telephone	1,050	1,419	(369)
Postage	600	209	391
Advertising	4,000	1,567	2,433
Printing	100	15	85
Office Supplies	1,000	427	573
Beautification	8,000	0	8,000
Training - Tuition	1,500	2,119	(619)
Publications	200	0	200
Mapping	3,000	3,000	0
Dues - Regional Planning	7,091	7,091	0
Central VT Economic Development	2,000	2,000	0

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Planning Department/(Cont'd):			
Dues - VCDA	\$ 325	\$ 75	\$ 250
Travel	1,000	5	995
Software Suite	19,500	14,794	4,706
Miscellaneous	0	2,410	(2,410)
Conservation Commission	700	700	0
Total Planning Department	247,737	259,017	(11,280)
Flood Recovery:	0	339,931	(339,931)
Debt Management:			
Municipal Building Debt	102,144	95,641	6,503
Total Debt Management	102,144	95,641	6,503
Cemetery:			
Regular Pay	5,000	7,300	(2,300)
Part-time Pay	5,000	9,747	(4,747)
Social Security	765	909	(144)
Unemployment Insurance	40	50	(10)
Workers Compensation	350	377	(27)
Water	420	974	(554)
Grounds Maintenance	21,000	441	20,559
Fuel - Gas	600	0	600
Public Works Director	1,545	960	585
Tree Maintenance	3,500	2,230	1,270
Contractors	50,000	18,541	31,459
Property & Liability Insurance	800	897	(97)
New Equipment	1,000	32	968
Total Cemetery	90,020	42,458	47,562
Special Articles:			
Central Vermont Adult Education	2,000	2,000	0
Community Band	800	800	0
Capstone Community Action	1,000	1,000	0
Central Vermont Council on Aging	2,250	2,250	0
Downstreet Housing	1,500	1,500	0
Children's Room	4,000	4,000	0
Center For Independent Living	600	600	0
GMTA	2,383	2,383	0
Good Beginnings	500	500	0
Peoples Health & Wellness	1,000	1,000	0
MOSAIC	200	200	0
CIRCLE	1,375	1,375	0
Vermont Association for Blind	500	500	0
Washington County Youth Service	1,500	1,500	0

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Special Articles/(Cont'd):			
Family Center of Washington County	\$ 1,000	\$ 1,000	\$ 0
LEAP	2,500	2,500	0
Senior Citizens	6,500	6,500	0
American Red Cross	2,000	2,000	0
Our House of Central Vermont	250	250	0
Community Harvest Center of Vermont	500	500	0
Everybody Wins!	500	500	0
Washington County Mental Health	3,000	3,000	0
Maker Space	2,500	2,500	0
Friends of the Waterbury Reservoir	1,000	1,000	0
Waterbury American Legion	4,125	4,125	0
	<hr/>	<hr/>	<hr/>
Total Special Articles	43,483	43,483	0
	<hr/>	<hr/>	<hr/>
Highway:			
Full-time Pay	401,141	402,970	(1,829)
Overtime Pay	36,000	58,603	(22,603)
Health Insurance	82,170	60,286	21,884
Life, Disability, LTC Insurance	3,925	4,249	(324)
Social Security	30,688	35,135	(4,447)
Retirement	29,726	31,789	(2,063)
Unemployment Insurance	1,692	1,675	17
Workers Compensation	51,650	55,586	(3,936)
Highway Clothing & Safety	9,500	6,919	2,581
Telephone/Internet	4,000	4,641	(641)
Advertising	0	271	(271)
Office Supplies	500	1,022	(522)
Stormwater Fees	2,875	4,176	(1,301)
Small Tools	2,800	2,685	115
Water Utilities	450	521	(71)
Grounds Maintenance	3,500	758	2,742
Buildings Maintenance	6,350	8,194	(1,844)
Electricity	4,500	2,577	1,923
Street Lights	32,805	34,188	(1,383)
Fuel - Propane	11,150	9,204	1,946
Fuel - Equipment & Service	750	10,576	(9,826)
Vehicle & Equipment Maintenance	95,000	93,600	1,400
Fuel - Gas	10,000	7,156	2,844
Fuel - Diesel	72,500	62,170	10,330
Public Works Director	41,867	34,325	7,542
Training	1,000	50	950
Tree Maintenance	7,000	8,074	(1,074)
Engineering	2,500	2,043	457
Contractors	20,000	37,946	(17,946)
Summer Maintenance	31,000	28,556	2,444
Bridges, Culverts and Guardrails	8,500	7,365	1,135
Chloride	11,500	15,930	(4,430)
Salt	55,000	46,581	8,419

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TOWN OF WATERBURY, VERMONT
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Highway/(Cont'd):			
Sand	\$ 50,000	\$ 30,880	\$ 19,120
Gravel	40,000	68,993	(28,993)
Stone	10,000	36,560	(26,560)
Gravel Resurfacing	20,000	12,247	7,753
Traffic Control Materials	34,900	28,597	6,303
Miscellaneous	100	104	(4)
Property & Liability Insurance	18,300	26,944	(8,644)
New Equipment	2,500	2,007	493
Debt Principal	129,043	108,643	20,400
Debt Interest	16,834	15,429	1,405
Transfer to Highway Capital Fund	565,000	565,000	0
Total Highway	1,958,716	1,975,225	(16,509)
Library:			
Regular Pay	278,500	280,606	(2,106)
Part-time Pay	5,000	2,607	2,393
Health Insurance	49,188	41,748	7,440
Life, Disability, LTC Insurance	3,120	3,418	(298)
Social Security	21,688	21,371	317
Retirement	12,800	16,486	(3,686)
Unemployment Insurance	1,100	1,093	7
Workers Compensation	3,150	3,379	(229)
Computer Service	5,500	3,239	2,261
Software Licensing	3,350	3,231	119
Equipment Lease & Maintenance	1,900	1,888	12
Telephone/Internet	3,500	4,301	(801)
Postage	2,200	2,852	(652)
Office Supplies	3,000	2,895	105
Transfer to Municipal Building Operating Fund	64,272	64,272	0
Professional Development	750	744	6
Dues	300	0	300
Programs	3,500	2,865	635
Mileage Reimbursement	500	511	(11)
Program Supplies	3,000	2,947	53
Books	31,500	30,218	1,282
Property & Liability Insurance	950	1,065	(115)
Miscellaneous	0	32	(32)
Purchased By Donation	10,000	9,749	251
Grant Expenses	800	1,011	(211)
New Equipment	4,500	1,388	3,112
Municipal Building Debt	121,950	109,598	12,352
Total Library	636,018	613,514	22,504
Total Expenditures	6,269,174	6,531,454	(262,280)
Excess/(Deficiency) of Revenues			
Over Expenditures	\$ (74,000)	281,494	\$ 355,494

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TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

Adjustments to Reconcile from Budgetary Basis of Accounting
to the Modified Accrual Basis of Accounting:

Hazard Mitigation Fund Expenses	\$ (5,260)
Conservation Fund Expenses	(459)
Conservation Fund Transfer In	700
Housing Trust Fund Transfer In	100,000
Municipal Building Operating Fund Income	3,775
Municipal Building Operating Fund Expenses	(153,001)
Municipal Building Operating Fund Transfer In	123,603
Local Development Corporation Fund Expenses	(12,033)
ARPA Fund Income	534,807
ARPA Fund Expenses	(86,005)
ARPA Fund Transfer Out	(448,802)
Local Option Tax Fund Income	468,707
Local Option Tax Fund Transfer Out	<u>(329,183)</u>
Net Change in Fund Balance	478,343
Fund Balance - January 1, 2024	<u>370,089</u>
Fund Balance - December 31, 2024	<u><u>\$ 848,432</u></u>

The reconciling items are due to combining seven (7) funds, the Hazard Mitigation Fund, the Conservation Fund, the Housing Trust Fund, the Municipal Building Operating Fund, the Local Development Corporation Fund, the ARPA Fund and the Local Option Tax Fund, with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
DECEMBER 31, 2024

	2024	2023	2022	2021	2020	2019*	2018*	2017	2016	2015
Total Plan Net Pension Liability	\$ 320,293,753	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.2703%	0.2428%	0.2438%	0.2390%	0.2623%	0.2592%	0.2592%	0.2520%	0.2521%	0.2652%
Town's Proportionate Share of the Net Pension Liability	\$ 865,800	\$ 736,441	\$ 358,866	\$ 604,697	\$ 455,005	\$ 364,681	\$ 364,681	\$ 305,289	\$ 324,419	\$ 204,429
Town's Covered Employee Payroll	\$ 1,166,807	\$ 951,746	\$ 878,049	\$ 841,591	\$ 875,770	\$ 805,449	\$ 805,449	\$ 729,111	\$ 677,617	\$ 664,137
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	74.2025%	77.3779%	40.8708%	71.8516%	51.9549%	45.2767%	45.2767%	41.8714%	47.8765%	30.7811%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: Effective for the June 30, 2023 actuarial valuation, the following assumptions were updated:

- Assumed rates of salary increase were adjusted, generally increased, based on plan experience.
- Mortality assumptions changed as follows:

Pre-Retirement:

Groups A/B - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to 60% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 40% of PubG-2010 General Employee Amount-Weighted (sex-specific) tables.

Group C - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables.

Group D - Changed from PubG-2010 General Employee Amount-Weighted Above Median (sex specific) tables to PubS-2010 Public Safety Employee Amount-Weighted Below Median (sex specific) tables.

Healthy Post-Retirement - Retirees:

Groups A/B - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables with 90% and 87% adjustments for males and females, respectively.

Group C - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables.

Group D - Changed from PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Public Safety Retiree Amount-Weighted Below Median (sex-specific) tables.

Healthy Post-Retirement - Beneficiaries:

Groups A/B/C - Changed from 70% of the Pub-2010 Contingent Survivor Amount-Weighted Below Median (sex-specific) tables and 30% of the Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.

Group D - Changed from Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.

Disabled Retirees:

Group D - Changed from PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Safety Disabled Retiree Amount-Weighted (sex-specific) tables.

Mortality improvement scale was changed from generational projection using scale MP-2019 to generational projection using scale MP-2021 for all assumptions.

- Assumed active retirement rates for all groups were adjusted based on plan experience.
- Assumed termination rates were adjusted based on plan experience. Rates are now split between Groups A and B, and C and D.
- Assumed disability rates were adjusted based on plan experience. Rates are now split between Groups A and B, and C and D.

* The Town utilized the June 30, 2018 measurement date for the years ended December 31, 2018 and December 31, 2019.

TOWN OF WATERBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 92,909	\$ 80,624	\$ 68,840	\$ 58,201	\$ 47,603	\$ 52,411	\$ 49,243	\$ 42,874	\$ 39,262	\$ 38,021
Contributions in Relation to the Actuarially Determined Contributions	<u>92,909</u>	<u>80,624</u>	<u>68,840</u>	<u>58,201</u>	<u>47,603</u>	<u>52,411</u>	<u>49,243</u>	<u>42,874</u>	<u>39,262</u>	<u>38,021</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 1,351,406	\$ 1,208,645	\$ 1,057,964	\$ 930,727	\$ 790,279	\$ 901,155	\$ 864,559	\$ 759,640	\$ 694,353	\$ 681,282
Contributions as a Percentage of Town's Covered Employee Payroll	6.875%	6.671%	6.507%	6.253%	6.024%	5.816%	5.696%	5.644%	5.654%	5.581%

Notes to Schedule

Valuation Date: June 30, 2023

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2024

	Special Revenue Funds	Capital Projects Funds	Total
<u>ASSETS</u>			
Receivables	\$ 0	\$ 7,630	\$ 7,630
Loans Receivable (Net of Allowance for Uncollectibles)	147,064	0	147,064
Due from Other Funds	<u>256,603</u>	<u>189,580</u>	<u>446,183</u>
Total Assets	\$ <u><u>403,667</u></u>	\$ <u><u>197,210</u></u>	\$ <u><u>600,877</u></u>
<u>LIABILITIES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Grants	0	7,630	7,630
Unavailable Loan Receivable	<u>147,064</u>	<u>0</u>	<u>147,064</u>
Total Deferred Inflows of Resources	<u>147,064</u>	<u>7,630</u>	<u>154,694</u>
<u>FUND BALANCES</u>			
Restricted	56,878	0	56,878
Committed	27,749	189,580	217,329
Assigned	<u>171,976</u>	<u>0</u>	<u>171,976</u>
Total Fund Balances	<u>256,603</u>	<u>189,580</u>	<u>446,183</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>403,667</u></u>	\$ <u><u>197,210</u></u>	\$ <u><u>600,877</u></u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Intergovernmental	\$ 22,068	\$ 47,220	\$ 69,288
Permits, Licenses and Fees	13,409	735	14,144
Donations	<u>0</u>	<u>300</u>	<u>300</u>
Total Revenues	<u>35,477</u>	<u>48,255</u>	<u>83,732</u>
Expenditures:			
General Government	20,529	0	20,529
Culture and Recreation	<u>0</u>	<u>64,972</u>	<u>64,972</u>
Total Expenditures	<u>20,529</u>	<u>64,972</u>	<u>85,501</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>14,948</u>	<u>(16,717)</u>	<u>(1,769)</u>
Other Financing Sources/(Uses):			
Transfers In	15,000	17,000	32,000
Transfers Out	<u>(39,513)</u>	<u>0</u>	<u>(39,513)</u>
Total Other Financing Sources/(Uses)	<u>(24,513)</u>	<u>17,000</u>	<u>(7,513)</u>
Net Change in Fund Balances	(9,565)	283	(9,282)
Fund Balances - January 1, 2024	<u>266,168</u>	<u>189,297</u>	<u>455,465</u>
Fund Balances - December 31, 2024	\$ <u><u>256,603</u></u>	\$ <u><u>189,580</u></u>	\$ <u><u>446,183</u></u>

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TOWN OF WATERBURY, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2024

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
<u>ASSETS</u>				
Loans Receivable (Net of Allowance for Uncollectibles)	\$ 0	\$ 0	\$ 147,064	\$ 147,064
Due from Other Funds	<u>199,725</u>	<u>49,317</u>	<u>7,561</u>	<u>256,603</u>
Total Assets	<u>\$ 199,725</u>	<u>\$ 49,317</u>	<u>\$ 154,625</u>	<u>\$ 403,667</u>
<u>LIABILITIES</u>				
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loan Receivable	<u>0</u>	<u>0</u>	<u>147,064</u>	<u>147,064</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>147,064</u>	<u>147,064</u>
<u>FUND BALANCES</u>				
Restricted	0	49,317	7,561	56,878
Committed	27,749	0	0	27,749
Assigned	<u>171,976</u>	<u>0</u>	<u>0</u>	<u>171,976</u>
Total Fund Balances	<u>199,725</u>	<u>49,317</u>	<u>7,561</u>	<u>256,603</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 199,725</u>	<u>\$ 49,317</u>	<u>\$ 154,625</u>	<u>\$ 403,667</u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
Revenues:				
Intergovernmental	\$ 22,068	\$ 0	\$ 0	\$ 22,068
Permits, Licenses and Fees	<u>0</u>	<u>13,409</u>	<u>0</u>	<u>13,409</u>
Total Revenues	<u>22,068</u>	<u>13,409</u>	<u>0</u>	<u>35,477</u>
Expenditures:				
General Government	<u>6,573</u>	<u>13,956</u>	<u>0</u>	<u>20,529</u>
Total Expenditures	<u>6,573</u>	<u>13,956</u>	<u>0</u>	<u>20,529</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>15,495</u>	<u>(547)</u>	<u>0</u>	<u>14,948</u>
Other Financing Sources/(Uses):				
Transfers In	15,000	0	0	15,000
Transfers Out	<u>(39,513)</u>	<u>0</u>	<u>0</u>	<u>(39,513)</u>
Total Other Financing Sources/(Uses)	<u>(24,513)</u>	<u>0</u>	<u>0</u>	<u>(24,513)</u>
Net Change in Fund Balances	(9,018)	(547)	0	(9,565)
Fund Balances - January 1, 2024	<u>208,743</u>	<u>49,864</u>	<u>7,561</u>	<u>266,168</u>
Fund Balances - December 31, 2024	<u>\$ 199,725</u>	<u>\$ 49,317</u>	<u>\$ 7,561</u>	<u>\$ 256,603</u>

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TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2024

	Recreation Capital Fund	Building Reserve Fund	Total
<u>ASSETS</u>			
Receivables	\$ 7,630	\$ 0	\$ 7,630
Due from Other Funds	<u>70,722</u>	<u>118,858</u>	<u>189,580</u>
Total Assets	\$ <u><u>78,352</u></u>	\$ <u><u>118,858</u></u>	\$ <u><u>197,210</u></u>
<u>LIABILITIES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Grants	<u>7,630</u>	<u>0</u>	<u>7,630</u>
Total Deferred Inflows of Resources	<u>7,630</u>	<u>0</u>	<u>7,630</u>
<u>FUND BALANCES</u>			
Committed	<u>70,722</u>	<u>118,858</u>	<u>189,580</u>
Total Fund Balances	<u>70,722</u>	<u>118,858</u>	<u>189,580</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>78,352</u></u>	\$ <u><u>118,858</u></u>	\$ <u><u>197,210</u></u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Recreation Capital Fund	Building Reserve Fund	Total
Revenues:			
Intergovernmental	\$ 47,220	\$ 0	\$ 47,220
Permits, Licenses and Fees	735	0	735
Donations	300	0	300
	<u>48,255</u>	<u>0</u>	<u>48,255</u>
Total Revenues	<u>48,255</u>	<u>0</u>	<u>48,255</u>
Expenditures:			
Culture and Recreation	64,972	0	64,972
	<u>64,972</u>	<u>0</u>	<u>64,972</u>
Total Expenditures	<u>64,972</u>	<u>0</u>	<u>64,972</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(16,717)</u>	<u>0</u>	<u>(16,717)</u>
Other Financing Sources:			
Transfers In	17,000	0	17,000
	<u>17,000</u>	<u>0</u>	<u>17,000</u>
Total Other Financing Sources	<u>17,000</u>	<u>0</u>	<u>17,000</u>
Net Change in Fund Balances	283	0	283
Fund Balances - January 1, 2024	<u>70,439</u>	<u>118,858</u>	<u>189,297</u>
Fund Balances - December 31, 2024	<u><u>\$ 70,722</u></u>	<u><u>\$ 118,858</u></u>	<u><u>\$ 189,580</u></u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 DECEMBER 31, 2024

	Veteran's Monument Fund	C.C. Fisher Fund	Total
<u>ASSETS</u>			
Investments	\$ <u>134,445</u>	\$ <u>42,599</u>	\$ <u>177,044</u>
Total Assets	\$ <u><u>134,445</u></u>	\$ <u><u>42,599</u></u>	\$ <u><u>177,044</u></u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to Other Funds	\$ <u>3,032</u>	\$ <u>5,073</u>	\$ <u>8,105</u>
Total Liabilities	<u>3,032</u>	<u>5,073</u>	<u>8,105</u>
Net Position:			
Restricted:			
Held in Trust for Other Purposes	<u>131,413</u>	<u>37,526</u>	<u>168,939</u>
Total Net Position	<u>131,413</u>	<u>37,526</u>	<u>168,939</u>
Total Liabilities and Net Position	\$ <u><u>134,445</u></u>	\$ <u><u>42,599</u></u>	\$ <u><u>177,044</u></u>

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TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Veteran's Monument Fund	C.C. Fisher Fund	Total
Additions:			
Investment Income	\$ 17,810	\$ 6,122	\$ 23,932
Total Additions	17,810	6,122	23,932
Deductions:	0	0	0
Change in Net Position	17,810	6,122	23,932
Net Position - January 1, 2024	113,603	31,404	145,007
Net Position - December 31, 2024	\$ 131,413	\$ 37,526	\$ 168,939

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

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"

Selectboard
Town of Waterbury, Vermont
28 North Main Street, Suite 1
Waterbury, Vermont 05676

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, each major fund and the aggregate remaining fund information of the Town of Waterbury, Vermont, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Town of Waterbury, Vermont's basic financial statements and have issued our report thereon dated August 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Waterbury, Vermont'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 of Waterbury, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waterbury, Vermont's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Waterbury, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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".

Town of Waterbury, Vermont's Response to Finding

"Government Auditing Standards" requires the auditor to perform limited procedures on the Town of Waterbury, Vermont's response to the finding identified in our audit and included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Waterbury, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Sullivan, Powers & Co.

August 6, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF WATERBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2024

Deficiencies in Internal Control:

Material Weaknesses:

2024-001 Reconciliation of Balance Sheet Accounts

Criteria:

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a regular basis in order to detect and correct errors in account balances.

Condition:

The Town did not have internal controls in place to ensure that all balance sheets accounts were reconciled to supporting documentation at year-end.

Cause:

Unknown.

Effect:

A number of balance sheet accounts such as cash, investments, receivables, interfund balances, capital assets, accumulated depreciation, accounts payable, unearned revenue and deferred inflows of resources were not reconciled prior to the audit to the actual balances at year-end which resulted in various adjustments to revenues and expenditures/expenses.

Recommendation:

We recommend that all balance sheet accounts be reconciled to supporting documentation regularly in order to detect and correct errors.



WATERBURY MUNICIPAL OFFICE
802.244.7033 or 802.244.5858
FAX: 802.244.1014
28 NORTH MAIN ST., SUITE 1
WATERBURY, VT 05676
WATERBURYVT.COM

August 6, 2025

Mr. Jordon Plummer, CPA
Sullivan, Powers & Company
77 Barre Street; PO Box 947
Montpelier, Vermont 05602

Dear Jordon:

Please consider this a response to audit finding 2024-001 Reconciliation of Balance Sheet Accounts for the Town of Waterbury.

As you know, we have a small staff and don't necessarily have the expertise to perform correct balance adjustments. For 2025 and years beyond, until such time as the Town develops this expertise, we will gladly contract with your firm, who can provide us with some assistance in completing these calculations and related adjustments.

Sincerely Yours,

Thomas Leitz
Municipal Manager
Town of Waterbury