

TOWN OF WATERBURY, VERMONT

AUDIT REPORT

DECEMBER 31, 2023

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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, 2023, 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, 2023, 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, effective December 31, 2023, the Town implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements".

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 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 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 September 16, 2024 on our consideration of the Town of Waterbury, Vermont’s internal control over financial reporting and 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.

September 16, 2024
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF WATERBURY, VERMONT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,113,154
Investments	1,554,120
Receivables	582,906
Loans Receivable	147,064
Due from Fiduciary Funds	135,922
Prepaid Expenses	64,864
Capital Assets:	
Land	40,000
Construction in Progress	754,692
Other Capital Assets, (Net of Accumulated Depreciation)	41,057,230
Total Assets	46,449,952
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to the Town's Participation in VMERS	336,316
Total Deferred Outflows of Resources	336,316
<u>LIABILITIES</u>	
Accounts Payable	241,404
Accrued Payroll and Benefits Payable	37,023
Unearned Revenue	762,221
Accrued Interest Payable	24,372
Noncurrent Liabilities:	
Due within One Year	477,539
Due in More than One Year	4,538,246
Total Liabilities	6,080,805
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	1,034
Deferred Inflows of Resources Related to the Town's Participation in VMERS	14,102
Total Deferred Inflows of Resources	15,136
<u>NET POSITION</u>	
Net Investment in Capital Assets	37,732,108
Restricted:	
Non-Expendable:	
Cemetery	418,000
Tax Stabilization	644,000
Expendable:	
Culture and Recreation	645,240
Community Development	154,625
Cemetery	98,627
Tax Stabilization	368,052
Other Purposes	49,864
Unrestricted	579,811
Total Net Position	\$ 40,690,327

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

TOWN OF WATERBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ 1,674,117	\$ 241,224	\$ 71,021	\$ 0	\$ (1,361,872)
Public Safety	1,049,744	118,477	0	0	(931,267)
Highways and Streets	2,308,862	1,180	331,036	258,982	(1,717,664)
Culture and Recreation	1,031,160	310,107	16,973	0	(704,080)
Community Development	119,890	0	0	0	(119,890)
Solid Waste	38,140	0	0	0	(38,140)
Cemetery	96,012	24,325	0	0	(71,687)
Interest on Long-term Debt	151,278	0	0	0	(151,278)
Total Primary Government	\$ 6,469,203	\$ 695,313	\$ 419,030	\$ 258,982	(5,095,878)
General Revenues:					
Property Taxes					4,289,824
Penalties and Interest on Delinquent Taxes					72,560
Payments in Lieu of Taxes					400,163
General State Grants					211,158
ARPA Funds					639,140
Unrestricted Investment Earnings					262,082
Insurance Proceeds					2,982
Gain on Sale of Vehicles					9,200
Other Revenues					4,050
Total General Revenues					5,891,159
Change in Net Position					795,281
Net Position - January 1, 2023					39,895,046
Net Position - December 31, 2023					\$ 40,690,327

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

TOWN OF WATERBURY, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2023

	General Fund	Highway Capital Fund	Fire Department Capital Fund	Tax Stabilization Fund	Cemetery Fund	Library Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$ 1,980,279	\$ 0	\$ 0	\$ 17	\$ 74	\$ 132,784	\$ 0	\$ 2,113,154
Investments	0	0	0	601,956	437,528	514,636	0	1,554,120
Receivables	454,586	128,320	0	0	0	0	0	582,906
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	0	147,064	147,064
Advances to Other Funds	0	14,400	0	301,300	0	0	0	315,700
Due from Other Funds	0	0	333,078	108,779	94,598	0	455,465	991,920
Prepaid Items	64,864	0	0	0	0	0	0	64,864
Total Assets	\$ 2,499,729	\$ 142,720	\$ 333,078	\$ 1,012,052	\$ 532,200	\$ 647,420	\$ 602,529	\$ 5,769,728
LIABILITIES								
Accounts Payable	\$ 197,796	\$ 42,435	\$ 0	\$ 0	\$ 1,173	\$ 0	\$ 0	\$ 241,404
Accrued Payroll and Benefits Payable	37,023	0	0	0	0	0	0	37,023
Advances from Other Funds	301,300	0	0	0	14,400	0	0	315,700
Due to Other Funds	511,204	342,614	0	0	0	2,180	0	855,998
Unearned Revenue	762,221	0	0	0	0	0	0	762,221
Total Liabilities	1,809,544	385,049	0	0	15,573	2,180	0	2,212,346
DEFERRED INFLOWS OF RESOURCES								
Prepaid Property Taxes	1,034	0	0	0	0	0	0	1,034
Unavailable Property Taxes, Penalties and Interest	145,000	0	0	0	0	0	0	145,000
Unavailable Grants	174,062	26,010	0	0	0	0	0	200,072
Unavailable Loan Receivable	0	0	0	0	0	0	147,064	147,064
Total Deferred Inflows of Resources	320,096	26,010	0	0	0	0	147,064	493,170
FUND BALANCES/(DEFICIT)								
Nonspendable	64,864	0	0	644,000	418,000	0	0	1,126,864
Restricted	0	0	0	368,052	98,627	645,240	57,425	1,169,344
Committed	3,202	0	333,078	0	0	0	248,132	584,412
Assigned	100,000	0	0	0	0	0	149,908	249,908
Unassigned/(Deficit)	202,023	(268,339)	0	0	0	0	0	(66,316)
Total Fund Balances/(Deficit)	370,089	(268,339)	333,078	1,012,052	516,627	645,240	455,465	3,064,212
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,499,729	\$ 142,720	\$ 333,078	\$ 1,012,052	\$ 532,200	\$ 647,420	\$ 602,529	

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.	41,851,922
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	492,136
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.	(5,040,157)
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.	322,214
Net Position of Governmental Activities	\$ 40,690,327

TOWN OF WATERBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ 4,264,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,264,824
Penalties and Interest on Delinquent Taxes	72,560	0	0	0	0	0	0	72,560
Payments in Lieu of Taxes	400,163	0	0	0	0	0	0	400,163
Intergovernmental	1,037,239	102,310	0	0	0	0	21,945	1,161,494
Charges for Services	566,079	0	0	0	24,325	0	0	590,404
Permits, Licenses and Fees	89,208	0	0	0	0	0	15,701	104,909
Investment Income	55,379	0	0	52,447	54,150	100,106	0	262,082
Donations	28,590	0	0	0	0	7,492	0	36,082
Other	4,050	0	0	0	0	0	0	4,050
Total Revenues	6,518,092	102,310	0	52,447	78,475	107,598	37,646	6,896,568
Expenditures:								
General Government	1,464,968	0	0	2,060	0	0	23,963	1,490,991
Public Safety	863,475	0	705	0	0	0	0	864,180
Highways and Streets	1,272,161	40,384	0	0	0	0	0	1,312,545
Culture and Recreation	952,527	0	0	0	0	0	13,144	965,671
Community Development	119,890	0	0	0	0	0	0	119,890
Solid Waste	38,140	0	0	0	0	0	0	38,140
Cemetery	0	0	0	0	94,769	0	0	94,769
Capital Outlay:								
Public Safety	36,375	0	79,863	0	0	0	0	116,238
Highways and Streets	4,678	827,964	0	0	0	0	0	832,642
Cemetery	0	0	0	0	37,895	0	0	37,895
Debt Service:								
Principal	475,420	0	0	0	0	0	0	475,420
Interest	153,362	0	0	0	0	0	0	153,362
Total Expenditures	5,380,996	868,348	80,568	2,060	132,664	0	37,107	6,501,743
Excess/(Deficiency) of Revenues Over Expenditures	1,137,096	(766,038)	(80,568)	50,387	(54,189)	107,598	539	394,825
Other Financing Sources/(Uses):								
Insurance Proceeds	2,982	0	0	0	0	0	0	2,982
Proceeds from Sale of Vehicles	0	17,200	0	0	0	0	0	17,200
Transfers In	71,033	1,072,400	0	0	15,000	0	74,500	1,232,933
Transfers Out	(1,144,500)	0	0	(50,000)	(17,400)	(21,033)	0	(1,232,933)
Total Other Financing Sources/(Uses)	(1,070,485)	1,089,600	0	(50,000)	(2,400)	(21,033)	74,500	20,182
Net Change in Fund Balances	66,611	323,562	(80,568)	387	(56,589)	86,565	75,039	415,007
Fund Balances/(Deficit) - January 1, 2023	303,478	(591,901)	413,646	1,011,665	573,216	558,675	380,426	2,649,205
Fund Balances/(Deficit) - December 31, 2023	\$ 370,089	\$ (268,339)	\$ 333,078	\$ 1,012,052	\$ 516,627	\$ 645,240	\$ 455,465	\$ 3,064,212

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, 2023

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)	\$	415,007
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$986,775) is allocated over their estimated useful lives and reported as depreciation expense (\$1,322,833). This is the amount by which depreciation exceeded capital outlays in the current period.		(336,058)
The effect of a capital grant for the construction of a Town bridge by the State of Vermont is to increase net position.		202,662
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position		(8,000)
The issuance of long-term debt (\$-0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$475,420) 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.		475,420
Governmental funds report employer pension contributions as expenditures (\$80,624). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$136,473) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(55,849)
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.		153,072
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>(50,973)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>795,281</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, 2023

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Investments	\$ 153,112	\$ 0
Due from School District	0	127,817
Total Assets	\$ 153,112	\$ 127,817
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ 8,105	\$ 127,817
Total Liabilities	8,105	127,817
Net Position:		
Restricted:		
Held in Trust for Other Purposes	145,007	0
Total Net Position	145,007	0
Total Liabilities and Net Position	\$ 153,112	\$ 127,817

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, 2023

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 20,408	\$ 0
Education Taxes Collected for Other Governments	0	13,191,437
Total Additions	20,408	13,191,437
Deductions:		
Education Taxes Distributed to Other Governments	0	13,191,437
Miscellaneous	919	0
Total Deductions	919	13,191,437
Change in Net Position	19,489	0
Net Position - January 1, 2023	125,518	0
Net Position - December 31, 2023	\$ 145,007	\$ 0

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

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 Pronouncement – Subscription-Based Information Technology Arrangements

Effective December 31, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, “Leases”, as amended. The Town currently has no subscription-based information technology arrangements applicable to this Statement that are material to the financial statements.

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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. Due from/to Other Funds

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. 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.

6. 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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7. 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.

8. 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.

TOWN OF WATERBURY, VERMONT
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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:

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.

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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 Conservation Fund, the Municipal Building Operating Fund and the ARPA 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 \$173,150 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.

TOWN OF WATERBURY, VERMONT
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IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town’s cash and investments as of December 31, 2023 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$1,980,279
Deposits with Investment Companies	<u>132,875</u>
Total Cash	<u>2,113,154</u>
Investments:	
Certificates of Deposit	264,528
Corporate Bonds	15,564
Mutual Funds – Mixed Holdings	<u>1,427,140</u>
Total Investments	<u>1,707,232</u>
Total Cash and Investments	<u>\$3,820,386</u>

The Town has seventeen (17) certificates of deposit at various banks ranging from \$934 to \$100,056 with interest rates ranging from 0.9% to 5.5%. 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.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$ 654,902	\$ 654,902
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>1,722,780</u>	<u>1,842,614</u>
Total	<u>\$2,377,682</u>	<u>\$2,497,516</u>

TOWN OF WATERBURY, VERMONT
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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	\$1,980,279
Cash – Deposits with Investment Companies	132,875
Investments – Certificates of Deposit	<u>264,528</u>
Total	<u>\$2,377,682</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, also exempt from 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.

Investment Type	Remaining Maturity			Total
	Less Than 1 Year	1 to 5 Years	10 to 15 Years	
Corporate Bonds	\$ 4,981	\$ 5,174	\$ 5,409	\$ 15,564

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 exempt from credit risk analysis. The mutual funds are open-ended and are, therefore, also excluded from the credit risk analysis. The credit ratings for the corporate bonds are as follows:

Investment Type	Standard and Poor's Rating as of December 31, 2023			Total
	AA-	A+	BBB+	
Corporate Bonds	\$ 4,981	\$ 5,174	\$ 5,409	\$ 15,564

TOWN OF WATERBURY, VERMONT
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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.

The Town has the following fair value measurements as of December 31, 2023:

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	\$ 15,564	\$ 15,564	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	<u>1,427,140</u>	<u>1,427,140</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,442,704</u>	<u>\$ 1,442,704</u>	<u>\$ 0</u>	<u>\$ 0</u>

TOWN OF WATERBURY, VERMONT
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B. Receivables

Receivables as of December 31, 2023, as reported in the statement of net position, are as follows:

		<u>Governmental Activities</u>
Delinquent Taxes Receivable	\$	189,457
Penalties and Interest Receivable		30,116
Grants Receivable		349,086
Accounts Receivable		<u>14,247</u>
Total	\$	<u><u>582,906</u></u>

C. Loans Receivable

Loans receivable as of December 31, 2023 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		<u>(336,700)</u>
Total		<u><u>\$147,064</u></u>

TOWN OF WATERBURY, VERMONT
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D. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Construction in Progress	470,762	283,930	0	754,692
Total Capital Assets, Not Being Depreciated	<u>510,762</u>	<u>283,930</u>	<u>0</u>	<u>794,692</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,491,878	0	0	9,491,878
Vehicles, Machinery and Equipment	4,875,712	255,738	233,338	4,898,112
Infrastructure	34,169,164	657,769	0	34,826,933
Totals	<u>48,536,754</u>	<u>913,507</u>	<u>233,338</u>	<u>49,216,923</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,328,108	240,319	0	2,568,427
Vehicles, Machinery and Equipment	2,305,030	256,010	217,338	2,343,702
Infrastructure	2,421,060	826,504	0	3,247,564
Totals	<u>7,054,198</u>	<u>1,322,833</u>	<u>217,338</u>	<u>8,159,693</u>
Total Capital Assets, Being Depreciated	<u>41,482,556</u>	<u>(409,326)</u>	<u>16,000</u>	<u>41,057,230</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,993,318</u>	<u>\$ (125,396)</u>	<u>\$ 16,000</u>	<u>\$ 41,851,922</u>

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 151,555
Public Safety	185,564
Highways and Streets	947,335
Culture and Recreation	37,136
Cemetery	<u>1,243</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,322,833</u>

TOWN OF WATERBURY, VERMONT
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E. Interfund Balances and Activity

The composition of interfund balances as of December 31, 2023 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 511,204
Highway Capital Fund	0	342,614
Fire Department Capital Fund	333,078	0
Tax Stabilization Fund	108,779	0
Cemetery Fund	94,598	0
Library Trust Fund	0	2,180
Non-Major Governmental Funds	455,465	0
Private-Purpose Trust Funds	0	8,105
Custodial Fund - Education Tax Fund	<u>0</u>	<u>127,817</u>
	<u>\$ 991,920</u>	<u>\$ 991,920</u>

The composition of advances to/from other funds as of December 31, 2023 are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ 0	\$ 295,300
General Fund (Municipal Building Operating Fund)	0	6,000
Highway Capital Fund	14,400	0
Tax Stabilization Fund	301,300	0
Cemetery Fund	<u>0</u>	<u>14,400</u>
	<u>\$ 315,700</u>	<u>\$ 315,700</u>

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

Advance to the General Fund from the Tax Stabilization Fund
for Highway Infrastructure, Interest at 2.75%, Principal
Payments of \$12,500 Plus Interest Payable Annually \$ 12,500

Advance to the General Fund from the Tax Stabilization Fund
for a Highway Grader, Interest at 2.75%, Principal Payments
of \$28,400 Plus Interest Payable Annually 113,600

Advance to the General Fund from the Tax Stabilization Fund
for a Fire Department Vehicle, Interest at 2.75%, Principal
Payments of \$19,600 Plus Interest Payable Annually 39,200

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 130,000

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Advance to the General Fund (Municipal Building Operating Fund)
from the Tax Stabilization Fund for Building Improvements,
Interest at 2.75%, Principal Payments of \$6,000 Plus Interest
Payable Annually \$ 6,000

Advance to the Cemetery Fund from the Highway Capital Fund
for a Mower, Interest at 2.75%, Principal Payments of 2,880
Plus Interest Payable Annually 14,400

Total Advances to/from Other Funds \$315,700

Interfund transfers during the year ended December 31, 2023 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Conservation Fund	\$ 440	* Transfer Budget Surplus
General Fund	Municipal Building Operating Fund	342,725	* Appropriation
General Fund	Highway Capital Fund	1,055,000	Appropriation
General Fund	Cemetery Fund	15,000	Appropriation
General Fund	Reappraisal Fund	15,000	Appropriation
General Fund	Recreation Capital Fund	59,500	Appropriation
ARPA Fund	General Fund	639,140	* Fund ARPA Expenditures
Tax Stabilization Fund	General Fund	50,000	To Reduce Taxes Raised
Cemetery Fund	Highway Capital Fund	17,400	Fund Equipment Purchases
Library Trust Fund	General Fund	<u>21,033</u>	Fund Library Expenses
Total		<u>\$ 2,215,238</u>	

* The transfers between the General Fund, the Conservation Fund, the Municipal Building Operating Fund and the ARPA Fund are netted within the General Fund as these funds are consolidated within the General Fund in order to comply with GASB Statement No. 54.

F. Due from School District

During the year ended December 31, 2023, the Town paid the School District \$13,319,254 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, 2023. The State's final reconciliation showed \$13,191,437 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, 2023 is \$127,817.

G. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$55,307 from the difference between the expected and actual experience, \$119,561 from the net difference between the projected and actual investment earnings on pension plan investments, \$37,650 from changes in assumptions and \$5,560 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 \$118,238 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$336,316.

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H. Unearned Revenue

Unearned revenue in the governmental activities and General Fund consists of \$28,547 of fire coverage charges, \$14,362 of recreation fees, \$657,188 of grant revenue and \$62,124 of State highway aid received in advance. Total unearned revenue in the governmental activities and General Fund is \$762,221.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$1,034 of prepaid property taxes. It also includes \$14,102 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 \$15,136.

Deferred inflows of resources in the General Fund consists of \$145,000 of delinquent property taxes, penalties and interest on those taxes and \$174,062 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 \$1,034 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$320,096.

Deferred inflows of resources in the Highway Capital Fund consists of \$26,010 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 \$147,064 of a loan receivable.

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 through a local bank.

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.

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Long-term liabilities outstanding as of December 31, 2023 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	\$1,280,000	\$ 0	\$160,000	\$1,120,000
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	1,917,500	0	147,500	1,770,000
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	200,000	0	50,000	150,000
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	1,036,391	0	64,881	971,510
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	<u>161,343</u>	<u>0</u>	<u>53,039</u>	<u>108,304</u>
Total	<u>\$4,595,234</u>	<u>\$ 0</u>	<u>\$475,420</u>	<u>\$4,119,814</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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	\$ 3,397,500	\$ 0	\$ 357,500	\$ 3,040,000	\$ 357,500
Notes Payable	1,197,734	0	117,920	1,079,814	120,039
Compensated Absences Payable	106,473	53,057	0	159,530	0
Net Pension Liability	<u>358,866</u>	<u>377,575</u>	<u>0</u>	<u>736,441</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 5,060,573</u>	<u>\$ 430,632</u>	<u>\$ 475,420</u>	<u>\$ 5,015,785</u>	<u>\$ 477,539</u>

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

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
2024	\$ 477,539	\$ 127,562
2025	479,445	114,818
2026	426,352	101,323
2027	377,729	88,116
2028	379,134	76,047
2029-2033	1,437,740	210,653
2034-2036	<u>541,875</u>	<u>28,478</u>
Total	<u>\$ 4,119,814</u>	<u>\$ 746,997</u>

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.

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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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		\$ 64,864
Tax Stabilization Fund:		
Nonspendable Tax Stabilization Fund Principal		644,000
Cemetery Fund:		
Nonspendable Cemetery Fund Perpetual Care by Lot Sales		<u>418,000</u>
	Total Nonspendable Fund Balances	<u>\$1,126,864</u>

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>368,052</u>
Cemetery Fund:		
Restricted for Cemetery Fund Expenses by Donations and Lot Sales (Source of Revenue is Donations and Lot Sales)		<u>98,627</u>
Library Trust Fund:		
Restricted for Library Trust Expenses by Trust Agreements (Source of Revenue is Donations)		<u>645,240</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Non-Major Funds

Special Revenue Funds:

Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)	\$ 49,864
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	<u>7,561</u>

Total Non-Major Funds	<u>57,425</u>
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Total Restricted Fund Balances	<u>\$1,169,344</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>3,202</u>
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Fire Department Capital Fund:

Committed for Fire Department Capital Expenditures by the Voters	<u>333,078</u>
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Non-Major Funds

Special Revenue Funds:

Committed for Reappraisal Expenses by the Voters	<u>58,835</u>
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Capital Projects Funds:

Committed for Recreation Capital Expenditures by the Voters	70,439
Committed for Building Reserve Expenditures by the Voters	<u>118,858</u>

Total Capital Projects Funds	<u>189,297</u>
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Total Non-Major Funds	<u>248,132</u>
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Total Committed Fund Balances	<u>\$584,412</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2024	\$100,000
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TOWN OF WATERBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2023

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	\$ <u>149,908</u>
Total Assigned Fund Balances	\$ <u>249,908</u>

The unassigned deficit of \$268,339 in the Highway Capital Fund will be funded with future appropriations.

L. Restricted Net Position

The restricted net position of the Town as of December 31, 2023 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	368,052
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	98,627
Restricted for Library Trust Fund Expenses by Trust Agreements	645,240
Restricted for Records Restoration by Statute	49,864
Restricted for Community Development by Grant Agreements	<u>154,625</u>
Total Governmental Activities	\$ <u>2,378,408</u>

The net position held in trust for various purposes in the Town’s Private-Purpose Trust Funds as of December 31, 2023 consisted of the following:

Private-Purpose Trust Funds:	
Restricted for Veteran’s Monument Expenses by Trust Agreement	\$113,603
Restricted for C. C. Fisher Fund Expenses by Trust Agreement	<u>31,404</u>
Total Private-Purpose Trust Funds	\$ <u>145,007</u>

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 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, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. As of December 31, 2023, the Town's proportionate share of this was 0.2428% resulting in a net pension liability of \$736,441. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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 0.2428% was a decrease of 0.0010 from its proportion measured as of the prior year.

TOWN OF WATERBURY, VERMONT
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DECEMBER 31, 2023

For the year ended December 31, 2023, the Town recognized pension expense of \$136,473.

As of December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 55,307	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	119,561	0
Changes in assumptions	37,650	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,560	14,102
Town's required employer contributions made subsequent to the measurement date	118,238	0
	\$ 336,316	\$ 14,102

The required contributions made subsequent to the measurement date consists of contributions made from July 1, 2022 to December 31, 2022 of \$37,614 and contributions made from January 1, 2023 to December 31, 2023 of \$80,624. Total required contributions made subsequent to the measurement is \$118,238.

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$118,238 will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	
2024	\$ 62,316
2025	47,676
2026	19,366
2027	74,618
Total	\$203,976

Summary of System 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 Groups B and C.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The 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.

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 Allowance:

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

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, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – 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 Allowance:

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

Amount – 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.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Death Benefit:

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

Amount – For 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. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, 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 – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

Employer Contribution Rates – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

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

Significant Actuarial Assumptions and Methods

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

Inflation: 2.30% per year.

Salary increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2022 COLA was 2.00% for Group A members and 2.30% for Groups B, C and D members. The January 1, 2023 COLA was 2.00% for Group A members and 3.00% for Groups B, C and D members.

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Mortality:

Pre-Retirement: Groups A, B and C – 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement – Retirees: Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Healthy Post-Retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three 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.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	4.30%
Active Global Equities	5%	4.30%
Large Cap US Equities	4%	3.25%
Small/Mid Cap US Equities	3%	3.75%
Non-US Developed Market Equities	7%	5.00%
Private Equity	10%	6.50%
Emerging Market Debt	4%	3.50%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	6.00%
Core Fixed Income	19%	0.00%
Core Real Estate	3%	3.50%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	4%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022. 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, 2022. 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,103,524	\$736,441	\$434,500

TOWN OF WATERBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Defined Contribution Plan

Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 5.125%. Effective July 1, 2023, the Town contribution increased to 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 \$96,383. Pension expense for the years ended December 31, 2023, 2022 and 2021 were \$5,205, \$9,243 and \$8,920, 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, 2023

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, 2023, property taxes became due and payable on August 11, 2023 and November 3, 2023. 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 2023 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5439	.5439
Local Agreement	.0033	.0033
Education	<u>1.9154</u>	<u>1.8378</u>
Total	<u>2.4626</u>	<u>2.3850</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.

E. Subsequent Events

On August 6, 2024, the Town entered into a 5-year loan with Union Bank for the financing of a public works truck in the amount of \$155,000 with an interest rate of 5.375%.

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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Government:			
Tax Revenues:			
Property Taxes	\$ 1,902,102	\$ 1,905,708	\$ 3,606
Tax Interest	25,500	26,277	777
Tax Penalty	38,000	46,283	8,283
Tax Sale Fees	1,000	1,510	510
.225 of 1% School Taxes	28,725	29,977	1,252
Total Tax Revenues	1,995,327	2,009,755	14,428
Other Governments:			
Village Administration Service Fee	111,610	111,610	0
Traffic Control Income	1,500	582	(918)
PILOT	360,000	400,163	40,163
Mileage Reimbursement	100	0	(100)
Forest & Parks	92,843	92,843	0
Current Use	106,000	115,636	9,636
Railroad Tax	2,600	2,679	79
Planning Grant Income	25,000	17,500	(7,500)
Reservoir Grant Income	3,200	4,030	830
Duxbury Fire Contract	114,190	114,370	180
Moretown Fire Contract	3,525	3,525	0
Total Other Governments	820,568	862,938	42,370
Service Fees:			
Town Clerk Fees	75,000	63,588	(11,412)
Historical Society	27,350	20,046	(7,304)
Swimming Pool Income	50,000	36,514	(13,486)
Recreation Program Income	145,000	161,092	16,092
Mini-Camp Income	77,500	91,694	14,194
Recreation/Pool Snacks	2,000	1,391	(609)
Recreation Buildings Rentals	3,000	4,168	1,168
Red Cross Training Fees	2,000	100	(1,900)
Recreation Donations	2,000	0	(2,000)
Parks & Fields Income	8,500	9,033	533
Planning Fees	25,000	16,393	(8,607)
Total Service Fees	417,350	404,019	(13,331)
Interest & Transfers In:			
Interest on Sweep & CD's	6,000	55,379	49,379
Transfer from Tax Stabilization Fund	50,000	50,000	0
Total Interest & Transfers In	56,000	105,379	49,379

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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Miscellaneous	\$ 500	\$ 2,843	\$ 2,343
Insurance Proceeds	0	2,982	2,982
FEMA Reimbursement	0	46,704	46,704
Total Miscellaneous	<u>500</u>	<u>52,529</u>	<u>52,029</u>
Transfer from ARPA Fund:	<u>526,000</u>	<u>459,515</u>	<u>(66,485)</u>
Total General Government	<u>3,815,745</u>	<u>3,894,135</u>	<u>78,390</u>
Highway:			
Property Taxes	1,845,363	1,845,363	0
VT State Aid	122,649	117,239	(5,410)
Federal Excise Tax	1,200	531	(669)
Highway Labor/Materials	8,000	0	(8,000)
Pool Cross Charges	2,200	0	(2,200)
Overweight Permits & Miscellaneous	1,100	1,180	80
Highway Loan Proceeds	1,100	1,201	101
Transfer from ARPA Fund	465,000	179,625	(285,375)
Miscellaneous	500	6	(494)
Total Highway	<u>2,447,112</u>	<u>2,145,145</u>	<u>(301,967)</u>
Library:			
Property Taxes	513,753	513,753	0
Library Grant Income	1,000	937	(63)
Rent - Buildings and Grounds	25	100	75
Fees and Miscellaneous	1,000	780	(220)
Donations	7,500	8,544	1,044
Non-Resident Fees	4,763	5,175	412
Library Trust	30,000	21,033	(8,967)
Total Library	<u>558,041</u>	<u>550,322</u>	<u>(7,719)</u>
Total Revenues	<u>6,820,898</u>	<u>6,589,602</u>	<u>(231,296)</u>
Expenditures:			
General Government:			
General:			
Regular Pay	322,500	322,851	(351)
Selectboard	6,500	6,500	0
Clerk	61,120	70,763	(9,643)
Listers	1,500	1,500	0
Listers - Regular Pay	53,200	53,246	(46)
Historical Society Clerk	27,350	26,105	1,245

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
General/(Cont'd):			
Health Insurance	\$ 124,383	\$ 100,852	\$ 23,531
Life, Disability, LTC Insurance	3,380	4,302	(922)
Social Security	34,029	38,757	(4,728)
Retirement	27,057	25,944	1,113
Unemployment Insurance	1,250	1,826	(576)
Workers Compensation	2,615	2,532	83
Computer Services	21,500	19,106	2,394
Tax Mapping	2,500	1,500	1,000
Professional Services	10,000	11,635	(1,635)
Payroll Services	3,500	0	3,500
Legal Service	10,000	10,660	(660)
Clerical/Video Meeting	1,600	400	1,200
Voting Machine	5,200	1,287	3,913
Telephone/Internet	6,600	6,492	108
Postage	6,100	5,366	734
Advertising	650	472	178
Website	2,000	1,675	325
Printing - Annual Report	1,800	1,545	255
Office Supplies	12,000	9,863	2,137
Transfer to Municipal Building Operating Fund	62,085	62,085	0
Mileage Reimbursement	0	465	(465)
Training	4,000	2,235	1,765
Manager's Professional Development	3,000	239	2,761
Association Dues	1,200	1,542	(342)
Transfer to Reappraisal Fund	15,000	15,000	0
Travel & Meals	800	1,066	(266)
Commercial Audit	25,000	25,977	(977)
County Taxes	69,505	69,505	0
Property & Liability Insurance	19,250	19,781	(531)
VLCT Dues	8,000	8,132	(132)
Bank Charges	1,000	42	958
Memorial Day/July 4th	17,300	17,676	(376)
Miscellaneous Expenses	0	4,170	(4,170)
Tax Abatements	30	3,769	(3,739)
New Equipment	14,500	0	14,500
Senior Citizens	32,500	32,500	0
Transfer to Cemetery Fund	15,000	15,000	0
Waterbury Historical Society	2,400	2,140	260
Economic Development to Revitalizing Waterbury	56,126	55,989	137
ARPA - Downstreet Housing	100,000	0	100,000
ARPA - EFUD	150,000	150,000	0
ARPA - Reappraisal	200,000	0	200,000
ARPA - Ambulance Service	76,000	0	76,000
ARPA - Senior Center Kitchen	0	10,551	(10,551)
ARPA - Stowe Street Alley	0	20,000	(20,000)
	<u>1,621,030</u>	<u>1,243,043</u>	<u>377,987</u>
Total General	<u>1,621,030</u>	<u>1,243,043</u>	<u>377,987</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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Public Safety:			
Contracted Services	\$ 385,000	\$ 387,560	\$ (2,560)
Waterbury Ambulance Service, Inc.	<u>79,070</u>	<u>79,070</u>	<u>0</u>
Total Public Safety	<u>464,070</u>	<u>466,630</u>	<u>(2,560)</u>
Fire Department:			
Regular Pay	28,704	22,578	6,126
Part-time Pay	50,000	69,040	(19,040)
Life & Disability Insurance	2,950	2,605	345
Social Security	6,021	6,978	(957)
Unemployment Insurance	75	266	(191)
Workers Compensation	7,190	6,962	228
Physicals & Vaccination	1,000	0	1,000
Dispatching	92,860	96,544	(3,684)
Equipment Maintenance	14,700	17,073	(2,373)
Communications	7,500	3,313	4,187
Telephone/TV/Internet	10,500	11,155	(655)
Office Supplies	550	267	283
Canteen	250	0	250
Small Tools	500	18	482
Water	3,300	3,158	142
Building Maintenance	30,580	19,613	10,967
Utilities - Electric/Solar	9,500	10,221	(721)
Heat/Generator	8,750	6,772	1,978
Fuel Equipment & Service	2,000	0	2,000
Vehicle Maintenance	25,700	42,499	(16,799)
Fuel - Gasoline	300	125	175
Fuel - Diesel	6,200	5,081	1,119
Dues	600	0	600
Public Works Director	1,855	1,855	0
Training	4,000	2,077	1,923
Public Relations	350	0	350
Travel	500	0	500
Property & Liability Insurance	21,046	17,304	3,742
Miscellaneous	0	9	(9)
New Equipment	82,500	87,707	(5,207)
Debt Principal	300,165	241,954	58,211
Debt Interest	<u>61,970</u>	<u>66,518</u>	<u>(4,548)</u>
Total Fire Department	<u>782,116</u>	<u>741,692</u>	<u>40,424</u>
Landfill:			
Mad River - Waterbury Solid Waste	37,317	37,317	0
Green Up	<u>800</u>	<u>823</u>	<u>(23)</u>
Total Landfill	<u>38,117</u>	<u>38,140</u>	<u>(23)</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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Health & Social Services:			
Community Service Officer	\$ 15,000	\$ 525	\$ 14,475
Health Officer	0	1,092	(1,092)
Social Security	1,148	124	1,024
Unemployment Insurance	50	0	50
Workers Compensation	150	0	150
Advertising	0	150	(150)
Gasoline & Mileage	1,500	9	1,491
Pound Service	500	0	500
Travel & Training	1,000	32	968
Property & Liability Insurance	300	0	300
Signs & Equipment	1,000	0	1,000
Damage Claims/Enforcement	2,000	0	2,000
Public Health	13,500	13,500	0
Total Health & Social Services	36,148	15,432	20,716
Recreation - Pool:			
Regular Pay	55,000	57,680	(2,680)
Social Security	4,208	4,432	(224)
Unemployment Insurance	695	347	348
Workers Compensation	2,040	1,973	67
Clothing & Safety	650	200	450
Cross Charges	1,500	0	1,500
Equipment Maintenance	2,250	1,187	1,063
Telephone	2,300	2,180	120
Chemical Supplies	5,350	5,423	(73)
Water & Sewer	9,500	9,656	(156)
Electric	4,500	5,764	(1,264)
Training & Red Cross	5,000	2,262	2,738
Public Works Director	2,370	2,370	0
Training	1,000	0	1,000
Property & Liability Insurance	2,000	118	1,882
Miscellaneous	0	1,093	(1,093)
New Equipment	2,500	1,031	1,469
Total Recreation - Pool	100,863	95,716	5,147
Recreation Programs - Summer:			
Salaries - Staff	0	2,154	(2,154)
Program Pay	140,000	174,305	(34,305)
After School Program	22,500	7,715	14,785
Other Programs	1,000	447	553
Programs Coordinator	20,000	23,617	(3,617)
Mini Camp Staff	0	203	(203)
Life & Disability Insurance	540	0	540
Social Security	14,038	14,391	(353)

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Programs - Summer/(Cont'd):			
Unemployment Insurance	\$ 2,000	\$ 752	\$ 1,248
Workers Compensation	8,500	5,810	2,690
Clothing & Safety	2,250	1,782	468
Computer Services	0	1,156	(1,156)
Supplies & Cleaning	800	2,750	(1,950)
Equipment Maintenance	200	334	(134)
Telephone	500	120	380
Training & Red Cross	500	152	348
Field Trips	6,500	10,156	(3,656)
Programs	5,000	8,069	(3,069)
Mini Camps	10,125	2,815	7,310
Property & Liability Insurance	1,825	1,878	(53)
Miscellaneous	0	443	(443)
New Equipment	2,500	705	1,795
	<u>238,778</u>	<u>259,754</u>	<u>(20,976)</u>
Total Recreation Programs - Summer			
Recreation Administration/Building Expense:			
Recreation Director	58,000	47,054	10,946
Health Insurance	1,740	8,865	(7,125)
Life, Disability, LTC Insurance	600	687	(87)
Social Security	4,437	5,432	(995)
Retirement	3,857	4,750	(893)
Unemployment Insurance	700	357	343
Workers Compensation	2,715	2,631	84
Computer Service	5,500	6,465	(965)
Telephone/TV/Internet	750	1,112	(362)
Postage	200	219	(19)
Advertising	1,750	1,034	716
Office Supplies	1,000	166	834
Water & Sewer	1,325	1,330	(5)
Building Maintenance	1,500	825	675
Electricity	1,200	790	410
Fuel-Heat	1,900	814	1,086
Fuel Equipment & Service	500	1,401	(901)
Gasoline & Mileage	1,800	2,516	(716)
Training	500	0	500
Association Dues	190	609	(419)
Public Works Director	2,300	2,300	0
New Equipment	0	91	(91)
Debt Principal	600	944	(344)
Debt Interest	100	185	(85)
Transfer to Recreation Capital Fund	59,500	59,500	0
	<u>152,664</u>	<u>150,077</u>	<u>2,587</u>
Total Recreation Administration/Building Expense			

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks:			
Regular Pay	\$ 30,228	\$ 37,136	\$ (6,908)
Part-time Pay	19,500	3,281	16,219
Health Insurance	12,275	16,902	(4,627)
Life, Disability, LTC Insurance	450	544	(94)
Social Security	3,804	2,522	1,282
Retirement	2,010	0	2,010
Unemployment Insurance	700	331	369
Workers Compensation	565	548	17
Water	3,070	3,643	(573)
Grounds Maintenance	20,000	22,090	(2,090)
Equipment Maintenance	3,000	2,986	14
Electricity	3,500	2,923	577
Fuel - Gas	3,500	1,842	1,658
Public Works Director	2,365	2,365	0
Property & Liability Insurance	1,825	1,878	(53)
New Equipment	1,750	619	1,131
Transfer to Highway Capital Fund	3,300	0	3,300
	<u>111,842</u>	<u>99,610</u>	<u>12,232</u>
Total Parks			
Planning Department:			
Regular Pay	74,680	73,105	1,575
Zoning Administrator	65,250	50,754	14,496
Health Insurance	19,050	4,688	14,362
Life, Disability, LTC Insurance	1,585	930	655
Social Security	10,705	9,748	957
Retirement	9,235	8,853	382
Unemployment Insurance	490	563	(73)
Workers Compensation	695	673	22
Professional Services	3,950	3,601	349
Special Project - Bylaw Rewrite	27,500	35,909	(8,409)
Special Project - Reservoir	3,200	4,030	(830)
Special Project - Green Mountain	500	0	500
Special Project - Recreation Master Plan	18,000	18,982	(982)
Legal Service	10,000	3,879	6,121
Telephone	1,050	970	80
Postage	600	547	53
Advertising	2,000	4,457	(2,457)
Printing	50	0	50
Office Supplies	800	748	52
Beautification	3,000	2,201	799
Training - Tuition	1,000	175	825
Publications	0	323	(323)
Mapping	2,800	1,519	1,281
Dues - Regional Planning	7,090	7,170	(80)
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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Planning Department/(Cont'd):			
Dues - VCDA	\$ 325	\$ 0	\$ 325
Travel	500	714	(214)
Miscellaneous	0	549	(549)
Conservation Commission	700	700	0
Revitalizing Waterbury	32,600	33,350	(750)
Total Planning Department	299,355	271,138	28,217
Flood Recovery:	0	134,226	(134,226)
Debt Management:			
Transfer to Municipal Building Operating Fund	101,405	101,405	0
Total Debt Management	101,405	101,405	0
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	1,250	1,250	0
Downstreet Housing	1,500	1,500	0
Children's Room	4,000	4,000	0
Center For Independent Living	600	600	0
GMTA	2,382	2,382	0
Good Beginnings	500	500	0
Peoples Health & Wellness	1,000	1,000	0
Retired Senior Volunteers	1,000	1,000	0
Sexual Assault Team	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
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
Total Special Articles	39,357	39,357	0
Total General Government	3,985,745	3,656,220	329,525

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Regular Pay	\$ 451,350	\$ 433,878	\$ 17,472
Part Time Pay	5,000	0	5,000
Health Insurance	79,150	55,024	24,126
Life, Disability, LTC Insurance	3,830	3,845	(15)
Social Security	34,911	34,208	703
Retirement	30,015	30,606	(591)
Unemployment Insurance	1,785	1,738	47
Workers Compensation	46,570	36,686	9,884
Highway Clothing & Safety	8,210	7,451	759
Telephone/Internet	3,700	3,934	(234)
Office Supplies	500	451	49
Stormwater Fees	2,875	1,839	1,036
Small Tools	2,500	2,552	(52)
Water Utilities	450	514	(64)
Grounds Maintenance	3,000	567	2,433
Buildings Maintenance	6,350	6,007	343
Rent	825	0	825
Electricity	4,500	2,197	2,303
Street Lights	32,805	31,659	1,146
Fuel - Propane	11,150	7,473	3,677
Fuel - Equipment & Service	750	3,042	(2,292)
Equipment Maintenance	37,500	37,405	95
Vehicle Maintenance	35,000	46,236	(11,236)
Fuel - Gas	8,000	9,694	(1,694)
Fuel - Diesel	80,000	56,577	23,423
Tuition	0	90	(90)
Public Works Director	34,310	34,310	0
Training	1,000	0	1,000
Tree Maintenance	7,000	1,440	5,560
Engineering	5,000	2,437	2,563
Contractors	20,000	14,380	5,620
Summer Maintenance	26,000	26,586	(586)
Bridges, Culverts and Guardrails	8,500	18,938	(10,438)
Chloride	11,500	10,120	1,380
Salt	45,000	50,292	(5,292)
Sand	48,000	50,556	(2,556)
Gravel	40,000	34,790	5,210
Stone	9,500	7,592	1,908
Gravel Resurfacing	20,000	32,301	(12,301)
Traffic Control Materials	34,900	21,240	13,660
Miscellaneous	100	823	(723)
Property & Liability Insurance	23,319	20,943	2,376
New Equipment	2,500	2,192	308
Debt Principal	160,025	85,022	75,003
Debt Interest	4,732	16,224	(11,492)
Transfer to Highway Capital Fund	1,055,000	1,055,000	0
Total Highway	<u>2,447,112</u>	<u>2,298,859</u>	<u>148,253</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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Library:			
Regular Pay	\$ 250,431	\$ 249,299	\$ 1,132
Part-time Pay	5,000	4,781	219
Health Insurance	10,920	26,887	(15,967)
Life, Disability, LTC Insurance	3,120	3,021	99
Social Security	19,541	19,780	(239)
Retirement	13,770	15,640	(1,870)
Unemployment Insurance	1,425	1,264	161
Workers Compensation	2,800	2,460	340
Computer Service	5,500	4,074	1,426
Software Licensing	3,000	2,723	277
Equipment Lease & Maintenance	1,900	2,113	(213)
Telephone/Internet	3,500	3,478	22
Postage	2,000	2,360	(360)
Office Supplies	3,000	1,807	1,193
Transfer to Municipal Building Operating Fund	63,034	63,034	0
Tuition	500	564	(64)
Dues	300	49	251
Programs	3,500	3,020	480
Mileage Reimbursement	500	644	(144)
Program Supplies	1,900	2,708	(808)
Books	30,000	28,622	1,378
Property & Liability Insurance	1,200	1,543	(343)
Miscellaneous	0	2,255	(2,255)
Purchased By Donation	7,500	7,226	274
Grant Expenses	0	461	(461)
New Equipment	4,900	2,238	2,662
Transfer to Municipal Building Operating Fund - Debt	121,950	116,201	5,749
	<u>561,191</u>	<u>568,252</u>	<u>(7,061)</u>
Total Library			
	<u>6,994,048</u>	<u>6,523,331</u>	<u>470,717</u>
Total Expenditures			
Excess/(Deficiency) of Revenues			
Over Expenditures	\$ <u>(173,150)</u>	66,271	\$ <u>239,421</u>

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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, 2023

Adjustments to Reconcile from Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
Conservation Fund Expenses	\$ (35)
Conservation Fund Transfer In	440
Municipal Building Operating Fund Income	2,505
Municipal Building Operating Fund Expenses	(345,295)
Municipal Building Operating Fund Transfer In	342,725
ARPA Fund Income	639,140
ARPA Fund Transfer Out	<u>(639,140)</u>
Net Change in Fund Balance	66,611
Fund Balance - January 1, 2023	<u>303,478</u>
Fund Balance - December 31, 2023	<u><u>\$ 370,089</u></u>

The reconciling items are due to combining three (3) funds, the Conservation Fund, the Municipal Building Operating Fund and the ARPA 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, 2023

	2023	2022	2021	2020	2019*	2018*	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.2428%	0.2438%	0.2390%	0.2623%	0.2592%	0.2592%	0.2520%	0.2521%	0.2652%	0.2664%
Town's Proportionate Share of the Net Pension Liability	\$ 736,441	\$ 358,866	\$ 604,697	\$ 455,005	\$ 364,681	\$ 364,681	\$ 305,289	\$ 324,419	\$ 204,429	\$ 24,316
Town's Covered Employee Payroll	\$ 951,746	\$ 878,049	\$ 841,591	\$ 875,770	\$ 805,449	\$ 805,449	\$ 729,111	\$ 677,617	\$ 664,137	\$ 637,607
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	77.3779%	40.8708%	71.8516%	51.9549%	45.2767%	45.2767%	41.8714%	47.8765%	30.7811%	3.8136%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	86.29%	74.52%	80.35%	82.60%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to ScheduleBenefit Changes: None.Changes in Assumptions and Methods: None.Changes in Plan Provisions: At the November 17, 2020 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.50% each year for a period of four years, beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022.

* 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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$ 80,624	\$ 68,840	\$ 58,201	\$ 47,603	\$ 52,411	\$ 49,243	\$ 42,874	\$ 39,262	\$ 38,021	\$ 35,695
Contributions in Relation to the Actuarially Determined Contributions	<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>	<u>35,695</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>									
Town's Covered Employee Payroll	\$ 1,208,645	\$ 1,057,964	\$ 930,727	\$ 790,279	\$ 901,155	\$ 864,559	\$ 759,640	\$ 694,353	\$ 681,282	\$ 662,214
Contributions as a Percentage of Town's Covered Employee Payroll	6.671%	6.507%	6.253%	6.024%	5.816%	5.696%	5.644%	5.654%	5.581%	5.390%

Notes to Schedule

Valuation Date: June 30, 2022

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Intergovernmental	\$ 21,945	\$ 0	\$ 21,945
Permits, Licenses and Fees	<u>15,641</u>	<u>60</u>	<u>15,701</u>
Total Revenues	<u>37,586</u>	<u>60</u>	<u>37,646</u>
Expenditures:			
General Government	23,963	0	23,963
Culture and Recreation	<u>0</u>	<u>13,144</u>	<u>13,144</u>
Total Expenditures	<u>23,963</u>	<u>13,144</u>	<u>37,107</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>13,623</u>	<u>(13,084)</u>	<u>539</u>
Other Financing Sources:			
Transfers In	<u>15,000</u>	<u>59,500</u>	<u>74,500</u>
Total Other Financing Sources	<u>15,000</u>	<u>59,500</u>	<u>74,500</u>
Net Change in Fund Balances	28,623	46,416	75,039
Fund Balances - January 1, 2023	<u>237,545</u>	<u>142,881</u>	<u>380,426</u>
Fund Balances - December 31, 2023	<u>\$ 266,168</u>	<u>\$ 189,297</u>	<u>\$ 455,465</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2023

	<u>Reappraisal Fund</u>	<u>Records Restoration Fund</u>	<u>Community Development Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Loans Receivable (Net of Allowance for Uncollectibles)	\$ 0	\$ 0	\$ 147,064	\$ 147,064
Due from Other Funds	<u>208,743</u>	<u>49,864</u>	<u>7,561</u>	<u>266,168</u>
Total Assets	<u>\$ 208,743</u>	<u>\$ 49,864</u>	<u>\$ 154,625</u>	<u>\$ 413,232</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	49,864	7,561	57,425
Committed	58,835	0	0	58,835
Assigned	<u>149,908</u>	<u>0</u>	<u>0</u>	<u>149,908</u>
Total Fund Balances	<u>208,743</u>	<u>49,864</u>	<u>7,561</u>	<u>266,168</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 208,743</u>	<u>\$ 49,864</u>	<u>\$ 154,625</u>	<u>\$ 413,232</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, 2023

	Reappraisal Fund	Records Restoration Fund	Community Development Fund	Total
Revenues:				
Intergovernmental	\$ 21,945	\$ 0	\$ 0	\$ 21,945
Permits, Licenses and Fees	0	15,641	0	15,641
Total Revenues	21,945	15,641	0	37,586
Expenditures:				
General Government	6,165	17,798	0	23,963
Total Expenditures	6,165	17,798	0	23,963
Excess/(Deficiency) of Revenues Over Expenditures	15,780	(2,157)	0	13,623
Other Financing Sources:				
Transfers In	15,000	0	0	15,000
Total Other Financing Sources	15,000	0	0	15,000
Net Change in Fund Balances	30,780	(2,157)	0	28,623
Fund Balances - January 1, 2023	177,963	52,021	7,561	237,545
Fund Balances - December 31, 2023	\$ 208,743	\$ 49,864	\$ 7,561	\$ 266,168

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2023

	Recreation Capital Fund	Building Reserve Fund	Total
<u>ASSETS</u>			
Due from Other Funds	\$ <u>70,439</u>	\$ <u>118,858</u>	\$ <u>189,297</u>
Total Assets	\$ <u><u>70,439</u></u>	\$ <u><u>118,858</u></u>	\$ <u><u>189,297</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Committed	<u>70,439</u>	<u>118,858</u>	<u>189,297</u>
Total Fund Balances	<u>70,439</u>	<u>118,858</u>	<u>189,297</u>
Total Liabilities and Fund Balances	\$ <u><u>70,439</u></u>	\$ <u><u>118,858</u></u>	\$ <u><u>189,297</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, 2023

	Recreation Capital Fund	Building Reserve Fund	Total
Revenues:			
Permits, Licenses and Fees	\$ <u>60</u>	\$ <u>0</u>	\$ <u>60</u>
Total Revenues	<u>60</u>	<u>0</u>	<u>60</u>
Expenditures:			
Culture and Recreation	<u>13,144</u>	<u>0</u>	<u>13,144</u>
Total Expenditures	<u>13,144</u>	<u>0</u>	<u>13,144</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(13,084)</u>	<u>0</u>	<u>(13,084)</u>
Other Financing Sources:			
Transfers In	<u>59,500</u>	<u>0</u>	<u>59,500</u>
Total Other Financing Sources	<u>59,500</u>	<u>0</u>	<u>59,500</u>
Net Change in Fund Balances	46,416	0	46,416
Fund Balances - January 1, 2023	<u>24,023</u>	<u>118,858</u>	<u>142,881</u>
Fund Balances - December 31, 2023	<u>\$ <u>70,439</u></u>	<u>\$ <u>118,858</u></u>	<u>\$ <u>189,297</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WATERBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 DECEMBER 31, 2023

	Veteran's Monument Fund	C.C. Fisher Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Investments	\$ <u>116,635</u>	\$ <u>36,477</u>	\$ <u>153,112</u>
Total Assets	\$ <u><u>116,635</u></u>	\$ <u><u>36,477</u></u>	\$ <u><u>153,112</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>113,603</u>	<u>31,404</u>	<u>145,007</u>
Total Net Position	<u>113,603</u>	<u>31,404</u>	<u>145,007</u>
Total Liabilities and Net Position	\$ <u><u>116,635</u></u>	\$ <u><u>36,477</u></u>	\$ <u><u>153,112</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, 2023

	Veteran's Monument Fund	C.C. Fisher Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Investment Income	\$ <u>14,609</u>	\$ <u>5,799</u>	\$ <u>20,408</u>
Total Additions	<u>14,609</u>	<u>5,799</u>	<u>20,408</u>
Deductions:			
Miscellaneous	<u>268</u>	<u>651</u>	<u>919</u>
Total Deductions	<u>268</u>	<u>651</u>	<u>919</u>
Change in Net Position	14,341	5,148	19,489
Net Position - January 1, 2023	<u>99,262</u>	<u>26,256</u>	<u>125,518</u>
Net Position - December 31, 2023	<u><u>\$ 113,603</u></u>	<u><u>\$ 31,404</u></u>	<u><u>\$ 145,007</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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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, 2023, 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 September 16, 2024.

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 Town of Waterbury, Vermont'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, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2023-001, 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 findings 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.

September 16, 2024
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF WATERBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
DECEMBER 31, 2023

Deficiencies in Internal Control:

Material Weaknesses:

2023-001 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, receivables, interfund balances, prepaid expenses, 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
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WATERBURY, VT 05676
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September 13, 2024

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

Dear Jordon:

Please consider this the Town of Waterbury's response to the findings issued in the audit management letter.

Item 1: Reconciliation of balance sheet accounts.

The Town will conduct a detailed series of year-end reviews to help ensure that balance sheet accounts are appropriately reconciled. We believe that effort was complicated as the Town transitioned some of its budgeting and accounting practices for 2024, therefore our efforts were substantially focused on ensuring those changes were implemented correctly. For 2024 and years forward the Town will undertake and document a review at the end of the 3rd quarter, and again at year-end. We hope to minimize adjustments through this process.

Item 2: Payroll Withholding Accounts

The Town views this as a correctable issue and will conduct a detailed review to identify where the error occurred. At year-end we will conduct annual reviews to ensure the withholdings are appropriately tracked, and any discrepancy is either returned to the employee or remitted to the appropriate entity.

Sincerely Yours,

Thomas Leitz
Municipal Manager