

TOWN OF CHARLOTTE, VERMONT

AUDIT REPORT

JUNE 30, 2021

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AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Charlotte, Vermont
P.O. Box 119
Charlotte, Vermont 05445

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlotte, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Charlotte, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlotte, Vermont, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2021, the Town implemented GASB Statement No. 84, "Fiduciary Activities".

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, 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, 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.

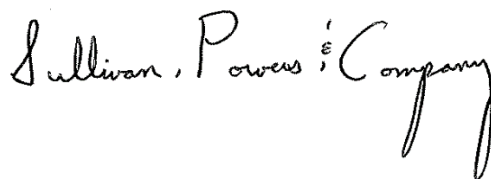
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Charlotte, Vermont's basic financial statements. The combining fund financial statements and the schedule of taxes raised 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 do not express an 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 November 23, 2021 on our consideration of the Town of Charlotte, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Charlotte, Vermont’s internal control over financial reporting and compliance.

November 23, 2021
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail at the end of the word 'Company'.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The Town of Charlotte (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal years ending June 30, 2021 and 2020.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2021 by \$10,270,322 (*net position*). Of this amount, \$552,338 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations.
- The Town's total governmental activities net position decreased by \$20,555.
- Fund Balances of Governmental Funds increased by \$22,636 to a total of \$1,849,148 in fiscal year 2021. The General Fund had a total fund balance of \$427,250 of which \$395,346 was unassigned.

Overview of the Town's Financial Statements:

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Charlotte's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Charlotte's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position.

The *statement of activities* presents information showing how the Town's net position changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balances - governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus in the *statement of activities*, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The major governmental activities of the Town of Charlotte include general government, highways and streets, public safety and culture and recreation. The government-wide financial statements can be found in Exhibits A and B of this report. The business-type activity of the Town is the wastewater operation on Thompson's Point, which is accounted for in the proprietary fund statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town has three types of funds: governmental funds, a proprietary fund and fiduciary funds. The proprietary fund of the Town is an enterprise fund (business activities). This covers our Thompson's Point wastewater department. Fund financial statements can be found in Exhibits C through J.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Notes to the financial statements. The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Other Information. This section of the report includes the budgetary comparison for the General Fund and information related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as required by U.S. GAAP. It also includes the combined information for individual non-major governmental funds.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Current and Other Assets	\$ 2,268,064	\$ 2,452,374	\$ 327,760	\$ 298,954	\$ 2,595,824	\$ 2,751,328
Capital Assets	8,734,552	8,798,787	927,548	932,646	9,662,100	9,731,433
Total Assets	<u>11,002,616</u>	<u>11,251,161</u>	<u>1,255,308</u>	<u>1,231,600</u>	<u>12,257,924</u>	<u>12,482,761</u>
Deferred Outflows of Resources	<u>138,042</u>	<u>82,320</u>	<u>0</u>	<u>0</u>	<u>138,042</u>	<u>82,320</u>
Current Liabilities	322,331	475,875	0	0	322,331	475,875
Long-term Liabilities	<u>1,785,968</u>	<u>1,797,806</u>	<u>0</u>	<u>0</u>	<u>1,785,968</u>	<u>1,797,806</u>
Total Liabilities	<u>2,108,299</u>	<u>2,273,681</u>	<u>0</u>	<u>0</u>	<u>2,108,299</u>	<u>2,273,681</u>
Deferred Inflows of Resources	<u>17,345</u>	<u>24,231</u>	<u>0</u>	<u>0</u>	<u>17,345</u>	<u>24,231</u>
Net Investment in Capital Assets	8,170,009	8,199,210	927,548	932,646	9,097,557	9,131,856
Restricted	620,427	377,027	0	0	620,427	377,027
Unrestricted	<u>224,578</u>	<u>459,332</u>	<u>327,760</u>	<u>298,954</u>	<u>552,338</u>	<u>758,286</u>
Total Net Position	<u>\$ 9,015,014</u>	<u>\$ 9,035,569</u>	<u>\$ 1,255,308</u>	<u>\$ 1,231,600</u>	<u>\$ 10,270,322</u>	<u>\$ 10,267,169</u>

As indicated above, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,270,322 at the end of fiscal year 2021. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,267,169 at the end of fiscal year 2020.

The largest portion of the Town's net position is in its investment in capital assets (88.6% = \$9,097,557). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore these assets are not available for future spending. A portion (6.0% = \$620,427) of the Town's net position is subject to restrictions on how it may be used (e.g. highway maintenance, trails, etc.). The remaining balance is an unrestricted net position (5.4% = \$552,338) that may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in the unrestricted net position have been assigned by management for particular purposes (e.g. capital projects).

Governmental activities. Governmental activities decreased the Town's net position by \$20,555 in FY21.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,220,979	\$ 1,120,435	\$ 147,032	\$ 139,043	\$ 1,368,011	\$ 1,259,478
Operating Grants and Contributions	313,586	237,023	0	0	313,586	237,023
Capital Grants and Contributions	105,369	701,979	0	0	105,369	701,979
General Revenues:						
Property Taxes	1,872,113	1,871,517	0	0	1,872,113	1,871,517
Penalties and Interest on Delinquent Taxes	26,169	60,938	0	0	26,169	60,938
General State Grants	88,913	88,155	0	0	88,913	88,155
Unrestricted Investment Earnings	5,655	35,236	0	20	5,655	35,256
Proceeds from Sale of Materials	10,000	0	0	0	10,000	0
Proceeds from Sale of Equipment	6,850	0	0	0	6,850	0
Other Revenues	1,660	753	0	0	1,660	753
Total Revenues	3,651,294	4,116,036	147,032	139,063	3,798,326	4,255,099
Expenses:						
General Government	1,226,394	1,034,338	0	0	1,226,394	1,034,338
Public Safety	966,822	685,965	0	0	966,822	685,965
Highways and Streets	911,896	906,221	0	0	911,896	906,221
Culture and Recreation	527,053	523,646	0	0	527,053	523,646
Community Development	1,000	1,733	0	0	1,000	1,733
Interest on Long-term Debt	38,684	41,270	0	0	38,684	41,270
Wastewater	0	0	123,324	144,175	123,324	144,175
Total Expenses	3,671,849	3,193,173	123,324	144,175	3,795,173	3,337,348
Increase/(Decrease) in Net Position	\$ <u>(20,555)</u>	\$ <u>922,863</u>	\$ <u>23,708</u>	\$ <u>(5,112)</u>	\$ <u>3,153</u>	\$ <u>917,751</u>

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund balance increased \$32,424 from \$394,826 at the end of fiscal year 2020 to \$427,250 at the end of fiscal year 2021.

The total revenues budgeted were \$3,334,157. The actual revenues collected were \$3,547,415, which was \$213,258 more than budgeted. A large portion of the excess in revenues was due to recording fee revenues coming in more than expected due to an increase in recording (\$35,001), receiving an unbudgeted highway supplement payment from the State of Vermont (\$52,488) and an unbudgeted COVID LGER grant (\$33,760).

The total expenses budgeted were \$3,508,157. The actual expenses were \$3,514,635, which was \$6,478 more than budgeted. Among the line items that were underspent were: highways (by \$138,240) and the fire and rescue appropriation (\$62,101). The Road Commissioner voluntarily reduced his expenditures in anticipation that revenues might come in under-budget due to the coronavirus pandemic. The Charlotte Volunteer Fire & Rescue Services did not need their June appropriation due to stronger than anticipated patient revenues and receiving an unanticipated COVID-related grant.

TOWN OF CHARLOTTE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

In the highway expense budget a total of \$765,010 was spent, \$138,240 less than the budget of \$903,250. Some line items were underspent and some were overspent. The lines that were underspent the most were retreatment, winter plow/sand/ice, gravel roads maintenance and roadside mowing, which were underspent by \$19,845, \$48,214, \$23,244 and \$23,142, respectively. \$203,247 of Class II Highway State Aid and a highway supplement payment of \$52,488 was received during the year helping to offset maintenance expenses.

The Highway Reserve Fund

The Highway Reserve Fund ended fiscal year 2021 with a fund balance of \$441,492. The prior year fund balance was \$231,504 resulting in a current year increase of \$209,988.

Other Funds

The Town has the following reserve funds at June 30, 2021:

Highway Reserve Fund	\$ 441,492
Conservation Fund	329,479
Fire & Rescue Capital Fund	65,445
Community Library Fund	4,339
Non-Major Government Funds	<u>581,143</u>
 Total Other Funds	 <u>\$1,421,898</u>

Restricted Net Position and Fund Balances

The restricted net position was \$620,427 on June 30, 2021. These funds are reserved for specific future expenses, such as highway maintenance, trails and other purposes determined by trust or grant agreements.

The unassigned fund balance of the Governmental Funds was \$395,346 on June 30, 2021. These funds are available to address planned or unexpected expenses in the General Fund.

Capital Assets

Governmental Capital Assets decreased \$64,235 net of accumulated depreciation to a total of \$8,734,552 as of June 30, 2021. A large portion of additions is related to paving and the renovation and addition to the library building.

Long-term Debt

At the end of the current year, the Town had total long-term debt outstanding of \$1,428,750. This amount represents bonded debt backed by the full faith and credit of the Town.

TOWN OF CHARLOTTE, VERMONT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2021

Table 3
 Outstanding Debt at Year-End

	Governmental Activities	
	FY2021	FY2020
Bonds Payable	\$ <u>1,428,750</u>	\$ <u>1,537,500</u>

The Town's total debt decreased by \$108,750 during the year, reflecting the repayments of principal.

Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information on the Town's long-term debt can be found in Note IV.H. in the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in the development of the budget for FY22:

The Town approved a general fund budget for fiscal year 2022 in the amount of \$3,475,774. This represented an increase of \$24,617 (0.7%) from the approved budget for the prior fiscal year. Including articles voted for fiscal year 2022 with transfers to reserve funds, the budget for fiscal year 2022 increased by \$29,617 (0.8%) from the approved budget with articles for the prior fiscal year.

The following factors will influence the General Fund budget in the next fiscal year:

The Selectboard plans to keep spending relatively level, in order to minimize the tax burden on residents. At the same time, the Selectboard will be considering needs for capital facility maintenance and improvement, including a sand shed for Town roads maintenance and likely other infrastructure improvements. The repayment of bonds issued this past year to finance the new ambulance and the library addition will also affect the budget in the coming fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Charlotte, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Administrator or the Town Treasurer, P.O. Box 119, Charlotte, Vermont 05445.

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,121,796	\$ 251,562	\$ 2,373,358
Restricted Cash	5,457	0	5,457
Deposits with Insurance Company	6,120	0	6,120
Receivables	110,147	58,710	168,857
Loans Receivable	0	17,850	17,850
Internal Balances	362	(362)	0
Prepaid Expenses	23,782	0	23,782
Due from Fiduciary Funds	400	0	400
Capital Assets:			
Land	1,827,100	0	1,827,100
Construction in Progress	131,604	0	131,604
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,775,848</u>	<u>927,548</u>	<u>7,703,396</u>
Total Assets	<u>11,002,616</u>	<u>1,255,308</u>	<u>12,257,924</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>138,042</u>	<u>0</u>	<u>138,042</u>
Total Deferred Outflows of Resources	<u>138,042</u>	<u>0</u>	<u>138,042</u>
<u>LIABILITIES</u>			
Accounts Payable	307,622	0	307,622
Accrued Payroll and Benefits Payable	7,187	0	7,187
Due to Others	1,500	0	1,500
Accrued Interest Payable	6,022	0	6,022
Noncurrent Liabilities:			
Due Within One Year	108,750	0	108,750
Due in More than One Year	<u>1,677,218</u>	<u>0</u>	<u>1,677,218</u>
Total Liabilities	<u>2,108,299</u>	<u>0</u>	<u>2,108,299</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	14,045	0	14,045
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>3,300</u>	<u>0</u>	<u>3,300</u>
Total Deferred Inflows of Resources	<u>17,345</u>	<u>0</u>	<u>17,345</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,170,009	927,548	9,097,557
Restricted For:			
Highways and Streets	569,279	0	569,279
Other Purposes	51,148	0	51,148
Unrestricted	<u>224,578</u>	<u>327,760</u>	<u>552,338</u>
Total Net Position	<u>\$ 9,015,014</u>	<u>\$ 1,255,308</u>	<u>\$ 10,270,322</u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,226,394	\$ 1,091,583	\$ 52,323	\$ 0	\$ (82,488)	\$ 0	\$ (82,488)
Public Safety	966,822	1,129	0	0	(965,693)	0	(965,693)
Highways and Streets	911,896	1,215	254,344	66,999	(589,338)	0	(589,338)
Culture and Recreation	527,053	127,052	5,169	38,370	(356,462)	0	(356,462)
Community Development	1,000	0	1,750	0	750	0	750
Interest on Long-term Debt	38,684	0	0	0	(38,684)	0	(38,684)
Total Governmental Activities	<u>3,671,849</u>	<u>1,220,979</u>	<u>313,586</u>	<u>105,369</u>	<u>(2,031,915)</u>	<u>0</u>	<u>(2,031,915)</u>
Business-type Activities:							
Wastewater	<u>123,324</u>	<u>147,032</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,708</u>	<u>23,708</u>
Total Business-type Activities	<u>123,324</u>	<u>147,032</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,708</u>	<u>23,708</u>
Total Primary Government	<u>\$ 3,795,173</u>	<u>\$ 1,368,011</u>	<u>\$ 313,586</u>	<u>\$ 105,369</u>	<u>(2,031,915)</u>	<u>23,708</u>	<u>(2,008,207)</u>
General Revenues:							
Property Taxes					1,872,113	0	1,872,113
Penalties and Interest on Delinquent Taxes					26,169	0	26,169
General State Grants					88,913	0	88,913
Unrestricted Investment Earnings					5,655	0	5,655
Proceeds from Sale of Materials					10,000	0	10,000
Proceeds from Sale of Equipment					6,850	0	6,850
Other Revenues					<u>1,660</u>	<u>0</u>	<u>1,660</u>
Total General Revenues					<u>2,011,360</u>	<u>0</u>	<u>2,011,360</u>
Change in Net Position					(20,555)	23,708	3,153
Net Position - July 1, 2020					<u>9,035,569</u>	<u>1,231,600</u>	<u>10,267,169</u>
Net Position - June 30, 2021					<u>\$ 9,015,014</u>	<u>\$ 1,255,308</u>	<u>\$ 10,270,322</u>

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

TOWN OF CHARLOTTE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit C

	General Fund	Highway Reserve Fund	Conservation Fund	Fire & Rescue Capital Fund	Community Library Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 2,111,794	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,002	\$ 2,121,796
Restricted Cash	0	0	0	5,457	0	0	5,457
Deposits with Insurance Company	6,120	0	0	0	0	0	6,120
Receivables	110,147	0	0	0	0	0	110,147
Due from Other Funds	0	441,492	329,479	59,988	4,339	571,141	1,406,439
Prepaid Items	23,782	0	0	0	0	0	23,782
Total Assets	\$ 2,251,843	\$ 441,492	\$ 329,479	\$ 65,445	\$ 4,339	\$ 581,143	\$ 3,673,741
LIABILITIES							
Accounts Payable	\$ 307,622	0	0	0	0	0	\$ 307,622
Accrued Payroll and Benefits Payable	7,187	0	0	0	0	0	7,187
Due to Other Funds	1,405,677	0	0	0	0	0	1,405,677
Due to Others	1,500	0	0	0	0	0	1,500
Total Liabilities	1,721,986	0	0	0	0	0	1,721,986
DEFERRED INFLOWS OF RESOURCES							
Prepaid Property Taxes	14,045	0	0	0	0	0	14,045
Unavailable Property Taxes, Penalties and Interest	55,000	0	0	0	0	0	55,000
Unavailable Fees	30,979	0	0	0	0	0	30,979
Unavailable Grants	2,583	0	0	0	0	0	2,583
Total Deferred Inflows of Resources	102,607	0	0	0	0	0	102,607
FUND BALANCES							
Nonspendable	23,782	0	0	0	0	0	23,782
Restricted	0	441,492	0	5,457	4,339	172,013	623,301
Committed	0	0	329,479	59,988	0	379,029	768,496
Assigned	8,122	0	0	0	0	30,101	38,223
Unassigned	395,346	0	0	0	0	0	395,346
Total Fund Balances	427,250	441,492	329,479	65,445	4,339	581,143	1,849,148
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,251,843	\$ 441,492	\$ 329,479	\$ 65,445	\$ 4,339	\$ 581,143	
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.							8,734,552
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.							88,562
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							(1,791,990)
Deferred Outflows of Resources and Deferred Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, therefore, are not Reported in the Funds.							134,742
Net Position of Governmental Activities							\$ 9,015,014

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

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

	General Fund	Highway Reserve Fund	Conservation Fund	Fire & Rescue Capital Fund	Community Library Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 1,886,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,886,113
Penalties and Interest on Delinquent Taxes	26,169	0	0	0	0	0	26,169
Intergovernmental	390,547	0	0	0	0	101,090	491,637
Charges for Services	985,105	0	0	0	0	0	985,105
Permits, Licenses and Fees	237,000	0	0	0	0	0	237,000
Fines and Forfeits	1,129	0	0	0	0	0	1,129
Investment Income	3,942	266	558	128	84	677	5,655
Donations	1,250	0	0	0	34,798	10,256	46,304
Other	1,660	0	0	0	0	0	1,660
Total Revenues	3,532,915	266	558	128	34,882	112,023	3,680,772
Expenditures:							
General Government	1,081,376	0	100,000	0	0	3,054	1,184,430
Public Safety	700,514	0	0	266,308	0	0	966,822
Highways and Streets	541,889	0	0	0	0	2,390	544,279
Culture and Recreation	449,379	0	0	0	1,024	6,006	456,409
Community Development	0	0	0	0	0	1,000	1,000
Capital Outlay:							
Highways and Streets	224,711	0	0	0	0	26,422	251,133
Culture and Recreation	0	0	0	0	60,111	63,002	123,113
Debt Service:							
Principal	30,000	0	0	78,750	0	0	108,750
Interest	14,400	0	0	24,650	0	0	39,050
Total Expenditures	3,042,269	0	100,000	369,708	61,135	101,874	3,674,986
Excess/(Deficiency) of Revenues Over Expenditures	490,646	266	(99,442)	(369,580)	(26,253)	10,149	5,786
Other Financing Sources/(Uses):							
Proceeds from Sale of Materials	0	0	0	0	0	10,000	10,000
Proceeds from Sale of Equipment	0	0	0	6,850	0	0	6,850
Transfers In	15,000	209,722	0	95,000	0	168,500	488,222
Transfers Out	(473,222)	0	0	0	0	(15,000)	(488,222)
Total Other Financing Sources/(Uses)	(458,222)	209,722	0	101,850	0	163,500	16,850
Net Change in Fund Balances	32,424	209,988	(99,442)	(267,730)	(26,253)	173,649	22,636
Fund Balances - July 1, 2020	394,826	231,504	428,921	333,175	30,592	407,494	1,826,512
Fund Balances - June 30, 2021	\$ 427,250	\$ 441,492	\$ 329,479	\$ 65,445	\$ 4,339	\$ 581,143	\$ 1,849,148

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

TOWN OF CHARLOTTE, 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 JUNE 30, 2021

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)	\$	22,636
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$374,246) is allocated over their estimated useful lives and reported as depreciation expense (\$438,481). This is the amount by which depreciation exceeded capital outlays in the current period.		(64,235)
The issuance of long-term debt (\$-0-) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$108,750) 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.		108,750
Governmental funds report employer pension contributions as expenditures (\$31,190). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$76,325) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(45,135)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(46,328)
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.		<u>3,757</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(20,555)</u></u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	<u>Wastewater Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 251,562
Receivables	58,710
Loans Receivable	<u>17,850</u>
Total Current Assets	<u>328,122</u>
Noncurrent Assets:	
Distribution and Collection Systems	1,645,242
Less: Accumulated Depreciation	<u>(717,694)</u>
Total Noncurrent Assets	<u>927,548</u>
Total Assets	<u>\$ 1,255,670</u>
<u>LIABILITIES</u>	
Liabilities:	
Due to Other Funds	\$ <u>362</u>
Total Liabilities	<u>362</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	927,548
Unrestricted	<u>327,760</u>
Total Net Position	<u>1,255,308</u>
Total Liabilities and Net Position	<u>\$ 1,255,670</u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Wastewater Fund</u>
Operating Revenues:	
Charges for Services	\$ <u>134,132</u>
Total Operating Revenues	<u>134,132</u>
Operating Expenses:	
Contract Services	51,784
Utilities	2,965
Repairs and Maintenance	15,860
Materials and Supplies	3,838
Fees and Permits	873
Testing Fees	8,230
Depreciation	<u>39,774</u>
Total Operating Expenses	<u>123,324</u>
Operating Income	<u>10,808</u>
Non-Operating Revenues:	
Connection Fees	<u>12,900</u>
Total Non-Operating Revenues	<u>12,900</u>
Change in Net Position	23,708
Net Position - July 1, 2020	<u>1,231,600</u>
Net Position - June 30, 2021	<u>\$ <u>1,255,308</u></u>

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

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

	Wastewater Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 134,218
Payments for Goods and Services	(83,550)
Net Cash Provided by Operating Activities	50,668
Cash Flows From Noncapital Financing Activities:	
Decrease/(Increase) in Due from Other Funds	61
(Decrease)/Increase in Due to Other Funds	362
Net Cash Provided by Noncapital Financing Activities	423
Cash Flows From Capital and Related Financing Activities:	
Payments Received on Loan Receivable and Connection Fees	3,975
Acquisition and Construction of Capital Assets	(34,676)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(30,701)
Cash Flows From Investing Activities:	0
Net Increase in Cash	20,390
Cash - July 1, 2020	231,172
Cash - June 30, 2021	\$ 251,562
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 10,808
Depreciation	39,774
(Increase)/Decrease in Receivables	86
Net Cash Provided by Operating Activities	\$ 50,668

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 7,175	\$ 0
Investments	713,423	0
Total Assets	\$ 720,598	\$ 0
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ 400	\$ 0
Total Liabilities	400	0
Net Position:		
Restricted:		
Held in Trust for Individuals and Organizations	720,198	0
Total Liabilities and Net Position	\$ 720,598	\$ 0

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 147,816	\$ 0
Education Taxes Collected for Other Governments	0	13,507,415
Total Additions	147,816	13,507,415
Deductions:		
Grandview Cemetery	19,233	0
Miscellaneous	400	0
Education Taxes Distributed to Other Governments	0	13,507,415
Total Deductions	19,633	13,507,415
Change in Net Position	128,183	0
Net Position - July 1, 2020	592,015	0
Net Position - June 30, 2021	\$ 720,198	\$ 0

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

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Charlotte, Vermont (the "Town") 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 Charlotte, 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 CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type 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. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise 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 Reserve Fund – The fund accounts for the highway capital expenditures of the Town.

Conservation Fund – This fund accounts for the resources used for land preservation.

Fire & Rescue Capital Fund – This fund accounts for the fire and rescue capital expenditures of the Town.

Community Library Fund – This fund accounts for community library capital expenditures of the Town.

The Town reports on the following major enterprise fund:

Wastewater Fund – This fund accounts for the operations of the Thompson's Point Wastewater Department.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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. 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, proprietary 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, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when 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.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 capital leases 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 – Fiduciary Activities

Effective June 30, 2021, the Town implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund. As a result, the collection and remittance of education taxes on behalf of other governments are now presented in a Custodial Fund.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

1. Cash

Cash balances of 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 withdrawals are shown as due to other funds.

2. Investments

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

3. Receivables

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances from/to other funds”. All other outstanding balances between funds are reported as “due from/to other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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 these are not in spendable form.

TOWN OF CHARLOTTE, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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 fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund 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	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 20,000	10-75 Years
Vehicles and Equipment	\$ 5,000	3-25 Years
Infrastructure	\$ 20,000	20-75 Years
Distribution and Collection Systems	\$ 20,000	20-75 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 CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 and proprietary fund 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 and 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 and proprietary fund 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 and proprietary fund 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 in 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.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. 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 budget is approved at the annual Town Meeting in March. Budget changes within a department, which do not change the total expenditures, require approval of the Selectboard. Any budget changes which change total expenditures requires voter approval. There were no budget amendments during the year. The budget presented herein is for the Town's "General Fund" only and does not include the HRA Fund and the Park & Wildlife 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 \$174,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2021 expenditures in the General Fund exceeded appropriations by \$6,478. These over-expenditures were funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash, cash equivalents and investments as of June 30, 2021 consisted of the following:

Restricted Cash and Cash Equivalents:

Money Market Mutual Fund – U.S. Government Securities	\$ <u>5,457</u>
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TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Unrestricted Cash and Cash Equivalents:	
Deposits with Financial Institutions	\$2,375,835
Deposits with Investment Company	4,598
Cash on Hand	<u>100</u>
Total Unrestricted Cash and Cash Equivalents	<u>2,380,533</u>
Total Cash and Cash Equivalents	<u>2,385,990</u>
Investments:	
Exchange-Traded Funds	263,765
Mutual Funds – Mixed Holdings	<u>449,658</u>
Total Investments	<u>713,423</u>
Total Cash, Cash Equivalents and Investments	<u>\$3,099,413</u>

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 money market mutual funds, exchange-traded funds 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.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 254,598	\$ 254,598
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Bank’s Name for the Benefit of the Town	<u>2,125,835</u>	<u>2,171,185</u>
Total	<u>\$2,380,433</u>	<u>\$2,425,783</u>

The difference between the book and the 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	\$2,375,835
Cash – Deposits with Investment Company	<u>4,598</u>
Total	<u>\$2,380,433</u>

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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's policy does not limit its exposure to interest rate risk. The Town's exchange-traded funds are exempt from interest rate risk disclosure. The Town's money market mutual funds and mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

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 exchange-traded funds are not subject to credit risk disclosure. The Town's money market mutual funds and mutual funds are open-ended and, therefore, are also excluded from the credit risk analysis.

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).

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.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

The Town has the following fair value measurements as of June 30, 2021:

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)
Exchange-Traded Funds	\$ 263,765	\$ 263,765	\$ 0	\$ 0
Mutual Funds - Mixed Holdings	449,658	449,658	0	0
Total	\$ 713,423	\$ 713,423	\$ 0	\$ 0

B. Receivables

Receivables as of June 30, 2021, as reported in the statement of net position, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 61,952	\$ 0	\$ 61,952
Penalties and Interest Receivable	13,133	0	13,133
Thompson's Point Rent Receivable	32,479	0	32,479
Grants Receivable	2,583	0	2,583
Billed Services	0	1,710	1,710
Unbilled Services	0	57,000	57,000
Total	\$ 110,147	\$ 58,710	\$ 168,857

C. Loans Receivable

The Town has two (2) outstanding wastewater loans totaling \$17,850 to homeowners for hook-on fees to the sewer system on Lane's Lane. Loan terms vary from 10 to 20 years. Interest is at 0%.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,827,100	\$ 0	\$ 0	\$ 1,827,100
Construction in Progress	<u>1,158,191</u>	<u>117,235</u>	<u>1,143,822</u>	<u>131,604</u>
Total Capital Assets, Not Being Depreciated	<u>2,985,291</u>	<u>117,235</u>	<u>1,143,822</u>	<u>1,958,704</u>
Capital Assets, Being Depreciated:				
Land Improvements	16,000	12,090	0	28,090
Buildings and Building Improvements	1,510,012	1,100,312	0	2,610,324
Vehicles and Equipment	113,603	0	0	113,603
Infrastructure	7,046,446	288,431	577,964	6,756,913
Distribution and Collection Systems	<u>146,693</u>	<u>0</u>	<u>0</u>	<u>146,693</u>
Totals	<u>8,832,754</u>	<u>1,400,833</u>	<u>577,964</u>	<u>9,655,623</u>
Less Accumulated Depreciation for:				
Land Improvements	1,600	2,009	0	3,609
Buildings and Building Improvements	530,428	55,091	0	585,519
Vehicles and Equipment	14,499	6,747	0	21,246
Infrastructure	2,419,114	371,259	577,964	2,212,409
Distribution and Collection Systems	<u>53,617</u>	<u>3,375</u>	<u>0</u>	<u>56,992</u>
Totals	<u>3,019,258</u>	<u>438,481</u>	<u>577,964</u>	<u>2,879,775</u>
Total Capital Assets, Being Depreciated	<u>5,813,496</u>	<u>962,352</u>	<u>0</u>	<u>6,775,848</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,798,787</u>	<u>\$ 1,079,587</u>	<u>\$ 1,143,822</u>	<u>\$ 8,734,552</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Being Depreciated:				
Distribution and Collection Systems	\$ 1,610,566	\$ 34,676	\$ 0	\$ 1,645,242
Totals	<u>1,610,566</u>	<u>34,676</u>	<u>0</u>	<u>1,645,242</u>
Less Accumulated Depreciation for:				
Distribution and Collection Systems	<u>677,920</u>	<u>39,774</u>	<u>0</u>	<u>717,694</u>
Totals	<u>677,920</u>	<u>39,774</u>	<u>0</u>	<u>717,694</u>
Total Capital Assets, Being Depreciated	<u>932,646</u>	<u>(5,098)</u>	<u>0</u>	<u>927,548</u>
Business-type Activities Capital Assets, Net	<u>\$ 932,646</u>	<u>\$ (5,098)</u>	<u>\$ 0</u>	<u>\$ 927,548</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 20,970	Wastewater	\$ <u>39,774</u>
Highways and Streets	367,617		
Culture and Recreation	<u>49,894</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 438,481</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 39,774</u>

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2021 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,405,677
Highway Reserve Fund	441,492	0
Conservation Fund	329,479	0
Fire & Rescue Capital Fund	59,988	0
Community Library Fund	4,339	0
Non-Major Governmental Funds	571,141	0
Wastewater Fund	0	362
Fiduciary Fund - Serrel Fund	0	400
Total	<u>\$ 1,406,439</u>	<u>\$ 1,406,439</u>

Interfund transfers during the year ended June 30, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	HRA Fund	\$ 45,000	* Appropriation
General Fund	Highway Reserve Fund	209,722	Transfer Highway Surplus
General Fund	Fire & Rescue Capital Fund	95,000	Appropriation
General Fund	Repairs and Improvements Fund	46,500	Appropriation
General Fund	Trails Reserve Fund	62,000	Appropriation
General Fund	Recreation Capital Fund	30,000	Appropriation
General Fund	Highway Capital Reserve Fund	30,000	Appropriation
Reappraisal Fund	General Fund	<u>15,000</u>	Reappraisal Reimbursement
Total		<u>\$ 533,222</u>	

* The transfer from the General Fund to the HRA Fund is netted within the General Fund as this fund is consolidated within the General Fund to comply with GASB Statement No. 54.

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$29,602 from the difference between the expected and actual experience, \$31,436 from the difference between the projected and actual investment earnings, \$44,067 from changes in assumptions and \$1,747 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 \$31,190 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$138,042.

G. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$974 from the difference between the expected and actual experience and \$2,326 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). It also includes \$14,045 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$17,345.

TOWN OF CHARLOTTE, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Deferred inflows of resources in the General Fund consists of \$55,000 of delinquent property taxes, penalties and interest on those taxes, \$30,979 of Thompson’s Point rent taxes and \$2,583 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 \$14,045 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$102,607.

H. 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 have been issued for governmental activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

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 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.

Long-term debt outstanding as of June 30, 2021 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire and Rescue Pumper, Principal Payments of \$20,000 Payable on November 15 Annually, Average Interest Rate of 4.928% Payable May 15 and November 15, Due December, 2024	\$ 100,000	\$ 0	\$ 20,000	\$ 80,000
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$31,250 Payable on November 1 Annually, Interest Ranging from 1.78% to 3.70% Payable on May 1 and November 1, Due November, 2037	562,500	0	31,250	531,250
Bond Payable, Vermont Municipal Bond Bank, Library Improvements, Principal Payments of \$30,000 Payable on November 1 Annually, Interest Ranging from 1.35% to 3.12% Payable on May 1 and November 1, Due November, 2039	600,000	0	30,000	570,000

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Bond Payable, Vermont Municipal Bond Bank, Ambulance, Principal Payments of \$27,500 Payable on November 1 Annually, Interest Ranging from 1.35% to 2.70% Payable on May 1 and November 1, Due November, 2039	\$ <u>275,000</u>	\$ <u>0</u>	\$ <u>27,500</u>	\$ <u>247,500</u>
Total Governmental Activities	\$ <u>1,537,500</u>	\$ <u>0</u>	\$ <u>108,750</u>	\$ <u>1,428,750</u>

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	\$ 1,537,500	\$ 0	\$ 108,750	\$ 1,428,750	\$ 108,750
Compensated Absences	31,919	0	3,391	28,528	0
Net Pension Liability	<u>228,387</u>	<u>100,303</u>	<u>0</u>	<u>328,690</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	\$ <u>1,797,806</u>	\$ <u>100,303</u>	\$ <u>112,141</u>	\$ <u>1,785,968</u>	\$ <u>108,750</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 June 30	Governmental Activities	
	Principal	Interest
2022	\$ 108,750	\$ 36,608
2023	108,750	34,192
2024	108,750	31,805
2025	108,750	28,073
2026	88,750	23,660
2027-2031	416,250	109,385
2032-2036	306,250	56,585
2037-2040	<u>182,500</u>	<u>9,800</u>
Total	\$ <u>1,428,750</u>	\$ <u>330,108</u>

I. 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.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 must be reflected in the General Fund.

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does have a minimum fund balance policy which is to maintain an unassigned fund balance between 5% and 15% of General Fund operating expenditures. The unassigned fund balance is \$395,346 which is 11% of the 2021 operating expenditures.

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	\$ <u>23,782</u>
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Total Nonspendable Fund Balances	\$ <u>23,782</u>
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The fund balances in the following funds are restricted as follows:

Major Funds

Highway Reserve Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	\$ <u>441,492</u>
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TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Fire & Rescue Capital Fund:		
	Restricted for Ambulance Purchase by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	\$ <u>5,457</u>
Community Library Fund:		
	Restricted for Library Improvements by Donations (Source of Revenue is Donations)	<u>4,339</u>
 <u>Non-Major Funds</u>		
Special Revenue Funds:		
	Restricted for Scenic Preservation Expenses by Donations (Source of Revenue is Donations)	12
	Restricted for Restoration of Records Expenses by Statute (Source of Revenue is Restoration Fees)	13,242
	Restricted for Ski Program Expenses by Agreement (Source of Revenue is Recreation Fees)	15,012
	Restricted for Conservation Commission by Donations (Source of Revenue is Donations)	598
	Restricted for Tree Planting Expenses by Donations (Source of Revenue is Donations)	4,847
	Restricted for Mack Scholarship Expenses by Donations (Source of Revenue is Donations)	<u>6,703</u>
	Total Special Revenue Funds	<u>40,414</u>
Capital Projects Funds:		
	Restricted for Thorp Barn Expenditures by Donations (Source of Revenue is Donations)	6,395
	Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and Grant Revenue) – Designated for Highway Capital Expenditures	<u>125,204</u>
	Total Capital Projects Funds	<u>131,599</u>
	Total Non-Major Funds	<u>172,013</u>
	Total Restricted Fund Balances	<u>\$623,301</u>

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

Major Funds

Conservation Fund:	Committed for Land Preservation by the Voters	\$ <u>329,479</u>
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TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Fire & Rescue Capital Fund:	
Committed for Fire & Rescue Capital by the Voters	\$ <u>59,988</u>

Non-Major Funds

Special Revenue Funds:	
Committed for Restoration of Records by the Voters	7,800
Committed for Cemetery Expenses by the Voters	10,002
Committed for the Conservation Commission by the Voters	1,000
Committed for Affordable Housing by the Voters	<u>131,319</u>

Total Special Revenue Funds	<u>150,121</u>
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Capital Projects Funds:	
Committed for Repairs and Improvements by the Voters	102,393
Committed for Trails by the Voters	80,546
Committed for Recreation Capital by the Voters	<u>45,969</u>

Total Capital Projects Funds	<u>228,908</u>
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Total Non-Major Funds	<u>379,029</u>
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Total Committed Fund Balances	<u>\$768,496</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:	
Assigned for HRA Expenses	\$ <u>8,122</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>30,101</u>

Total Assigned Fund Balances	<u>\$38,223</u>
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TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

J. Net Position

The restricted net position of the Town as of June 30, 2021 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$569,279
Restricted for Community Library Expenses by Donations	4,339
Restricted for Scenic Preservation Expenses by Donations	12
Restricted for Restoration of Records Expenses by Statute	13,242
Restricted for Ski Program Expenses by Agreement	15,012
Restricted for Conservation Commission by Donations	598
Restricted for Tree Planting Expenses by Donations	4,847
Restricted for Mack Scholarship Expenses by Donations	6,703
Restricted for Thorp Barn Expenditures by Donations	<u>6,395</u>

Total Governmental Activities \$620,427

The designated net position of the Town's Proprietary Fund as of June 30, 2021 consisted of the following:

Wastewater Fund:

Designated for Wastewater Capital Projects \$160,784

The governmental activities Net Investment in Capital Assets does not include the long-term debt for the fire and rescue vehicles and building as the Town does not own these assets and debt payments are made on behalf of Charlotte Fire and Rescue Services, Inc.

K. Net Position Held in Trust for Various Purposes

The net position held in Trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2021 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Serrell Fund by Donations	\$ 2,177
Restricted for Grandview Cemetery by Trust Agreement	<u>718,021</u>

Total Private-Purpose Trust Funds \$720,198

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

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, 2020, the measurement date selected by the State of Vermont, the retirement system consisted of 353 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, 2020, the measurement date selected by the State of Vermont, VMERS was funded at 74.52% and had a plan fiduciary net position of \$740,052,895 and a total pension liability of \$993,026,959 resulting in a net position liability of \$252,974,064. As of June 30, 2021, the Town's proportionate share of this was 0.1299% resulting in a net pension liability of \$328,690. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 0.1299% was a decrease of 0.0017 from its proportion measured as of the prior year.

For the year ended June 30, 2021, the Town recognized pension expense of \$76,325.

TOWN OF CHARLOTTE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

As of June 30, 2021, 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	\$ 29,602	\$ 974
Difference between projected and actual investment earnings on pension assets	31,436	0
Changes in assumptions	44,067	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,747	2,326
Town's required employer contributions made subsequent to the measurement date	31,190	0
	\$ 138,042	\$ 3,300

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$31,190 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2022	\$ 29,301
2023	30,738
2024	25,469
2025	<u>18,044</u>
Total	<u>\$103,552</u>

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 Group B.

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.

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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 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.

Death Benefit:

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

TOWN OF CHARLOTTE, VERMONT
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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 annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

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 Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

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.

Member Contributions – Group A – 3.00%. Group B – 5.375%. Group C – 10.50%. Group D – 11.85%.

Employer Contributions – Group A – 4.50%. Group B – 6.00%. Group C – 7.75%. Group D – 10.35%.

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, a decrease from 7.50% in the prior 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.

Mortality:

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

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

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

Spouse’s Age: Females three years younger than males.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

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.

Inflation: 2.30%

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	7.07%
US Equity – Large Cap	4%	6.19%
US Equity – Small/Mid Cap	3%	6.93%
Non-US Equity – Large Cap	5%	7.01%
Non-US Equity – Small Cap	2%	7.66%
Emerging Markets Debt	4%	3.66%
Core Bond	20%	0.39%
Private & Alternate Credit	10%	6.03%
US TIPS	3%	(0.20)%
Core Real Estate	5%	4.06%
Non-Core Real Estate	3%	6.43%
Private Equity	10%	11.27%
Infrastructure/Farmland	2%	5.44%

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Discount Rate – The discount rate used to measure the total pension liability was 7.00%, a decrease from 7.50% in the prior year. 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) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. 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, 2020. 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>
\$502,171	\$328,690	\$185,951

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 ratesetting 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.

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C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education 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 due and payable on November 15 and become delinquent on November 16. The Town assesses an 8% penalty after the November 15 deadline. Interest is assessed at one percent (1%) per month for the first three months and one and a 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 2021 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.5335	1.7008
Local Agreement	0.0005	0.0005
Town	<u>0.2011</u>	<u>0.2011</u>
Total	<u>1.7351</u>	<u>1.9024</u>

D. Contingent Liabilities

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.

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 1,874,349	\$ 1,886,113	\$ 11,764
Interest on Delinquent Taxes	10,000	13,689	3,689
Penalty on Delinquent Taxes	18,000	12,480	(5,520)
Education Billing Fee Retained	29,500	30,831	1,331
Current Use	70,304	70,304	0
Land Use Change Tax	0	6,041	6,041
PILOT Payment	11,912	11,956	44
Thompson's Point Rent	844,000	860,627	16,627
Railroad Tax	500	612	112
Vault Time Fees	6,500	9,371	2,871
Recording Fees	60,000	95,001	35,001
Dog Licenses	2,200	1,956	(244)
Hunting & Fishing Licenses	25	17	(8)
Marriage Licenses	200	170	(30)
Green Mountain Passports	100	132	32
Planning and Zoning - Board Adjustments	6,000	6,900	900
Planning and Zoning - Building Permits	19,000	43,540	24,540
Planning and Zoning - Subdivision Applications	11,000	13,200	2,200
Planning and Zoning - Miscellaneous Income	40	49	9
Septic Applications	14,000	15,150	1,150
Certificate of Compliance	4,000	7,740	3,740
Certificate of Occupancy	3,000	3,600	600
Highway Access Permit	600	1,215	615
Senior Center Programs	29,000	38,667	9,667
Building Rental	1,500	0	(1,500)
Beach Fees	18,000	38,959	20,959
Recreation Programs	62,700	49,426	(13,274)
Highway State Aid	196,000	203,247	7,247
Highway Supplement Payment	0	52,488	52,488
Highway Grant Income	0	11,748	11,748
Court Fines	6,000	1,129	(4,871)
Transfer from Reappraisal Fund	15,000	15,000	0
Agricultural Lease	5,227	5,554	327
Interest Income	15,000	3,942	(11,058)
VLCT Equipment Grant Income	0	391	391
Wildlife Park Donations	0	750	750
COVID LGER Grant Income	0	33,760	33,760
Miscellaneous	500	1,660	1,160
Total Revenues	3,334,157	3,547,415	213,258
Expenditures:			
Selectmen:			
Selectmen Salaries	9,000	7,375	1,625
Minute-Taker Salary	3,800	3,307	493
Town Administrator	70,637	71,462	(825)
Legal Expense	45,000	45,193	(193)
Advertising	3,000	5,966	(2,966)
Seminars	250	265	(15)
Mileage	120	159	(39)
Memberships	85	85	0
Miscellaneous	0	9,099	(9,099)
Total Selectmen	131,892	142,911	(11,019)

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GENERAL FUND
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk:			
Clerk Salary	\$ 72,093	\$ 72,935	\$ (842)
Assistant Clerk/Treasurer Salary	42,078	47,253	(5,175)
Assistant Clerk/Treasurer Part-Time	14,040	0	14,040
Mileage	100	0	100
Telephone	2,280	2,260	20
Seminars/Training	200	48	152
Supplies	4,100	4,708	(608)
Memberships	100	55	45
Service Contracts	7,600	7,816	(216)
Total Town Clerk	<u>142,591</u>	<u>135,075</u>	<u>7,516</u>
Treasurer:			
Supplies	800	281	519
Audit Expense	15,000	15,280	(280)
Total Treasurer	<u>15,800</u>	<u>15,561</u>	<u>239</u>
Elections and Town Meeting:			
Elections	4,000	844	3,156
Town Meetings	3,000	596	2,404
Town Report Expenses	5,000	5,037	(37)
Total Elections and Town Meeting	<u>12,000</u>	<u>6,477</u>	<u>5,523</u>
Planning and Zoning:			
Zoning Administrator	42,681	46,911	(4,230)
Planner Salary	51,501	51,772	(271)
Minute-Taker Salary	3,000	2,128	872
Legal	10,000	22,800	(12,800)
Mileage	700	256	444
Telephone	800	732	68
Advertising	2,000	2,267	(267)
Equipment	200	475	(275)
Seminars	200	105	95
Computer Upgrade	300	430	(130)
Supplies	1,000	1,409	(409)
Memberships	455	463	(8)
Engineering	13,000	36,039	(23,039)
Copier	2,800	2,755	45
Planning Consultants	2,000	4,455	(2,455)
Mapping	500	200	300
Miscellaneous	100	0	100
Total Planning and Zoning	<u>131,237</u>	<u>173,197</u>	<u>(41,960)</u>
Constable:			
Halloween Lights	825	708	117
Total Constable	<u>825</u>	<u>708</u>	<u>117</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Listers:			
Wages	\$ 29,026	\$ 26,099	\$ 2,927
Contract Appraiser	26,400	29,480	(3,080)
Mileage	50	0	50
Telephone	1,820	2,166	(346)
Advertising	200	0	200
Seminars	400	0	400
Computer Software	225	215	10
Supplies	300	156	144
Memberships	60	0	60
MS Service Contract	550	605	(55)
Mapping Contract	3,000	3,000	0
Total Listers	<u>62,031</u>	<u>61,721</u>	<u>310</u>
Delinquent Taxes:			
Delinquent Tax Collector Salary	<u>6,800</u>	<u>6,800</u>	<u>0</u>
Total Delinquent Taxes	<u>6,800</u>	<u>6,800</u>	<u>0</u>
Employee Benefits:			
Social Security	37,000	38,192	(1,192)
Health Insurance	175,500	175,731	(231)
Retirement	29,320	31,190	(1,870)
Unemployment Compensation	900	752	148
MEDI Expense	8,800	8,932	(132)
Medicare Reimbursement	5,000	5,049	(49)
Eyemed Vision Plan	1,000	1,312	(312)
Delta Dental	9,700	10,225	(525)
Total Employee Benefits	<u>267,220</u>	<u>271,383</u>	<u>(4,163)</u>
Highway:			
Retreatment	235,000	215,155	19,845
Winter Plow/Sand/Ice	225,000	176,786	48,214
Gravel Roads Maintenance	200,250	177,006	23,244
Ditching	50,000	36,093	13,907
Brush/Tree Removal	75,000	83,998	(8,998)
Culvert Replacement/Repair	40,000	24,132	15,868
Roadside Mowing	40,000	16,858	23,142
Sweeping/Shoulders	5,000	6,475	(1,475)
Cold Patch	4,000	4,390	(390)
Bridge/Guardrail Repair	5,000	1,123	3,877
Road Signs	15,000	17,944	(2,944)
Town Garage - Route 7	0	1,695	(1,695)
Covered Bridges	5,000	1,930	3,070
Bike Path Maintenance	3,000	1,125	1,875
Miscellaneous	1,000	300	700
Total Highway	<u>903,250</u>	<u>765,010</u>	<u>138,240</u>
Stormwater Discharge:	<u>1,350</u>	<u>1,590</u>	<u>(240)</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Lands:			
Landfill Monitor	\$ 7,866	\$ 3,494	\$ 4,372
Village Mowing	5,000	4,785	215
Cemetery Maintenance	10,750	5,770	4,980
Park Security	6,000	6,078	(78)
Lake Field/Beach Mowing	6,785	6,151	634
Park Maintenance	15,000	17,497	(2,497)
Berry Farm Field	11,830	10,972	858
Brush-Hogging	4,915	5,480	(565)
Trail Maintenance	2,800	2,620	180
Thompsons Point Trash	550	573	(23)
Ash Tree Removal	20,000	18,500	1,500
Village WW System Maintenance	2,495	903	1,592
Museum Maintenance	915	0	915
	<u>94,906</u>	<u>82,823</u>	<u>12,083</u>
Library:			
Library Director	59,218	59,923	(705)
Library Assistants	48,392	40,737	7,655
Youth Librarian	31,559	32,993	(1,434)
Technical Librarian	32,557	33,595	(1,038)
Custodial Service	7,800	6,075	1,725
Postage/Miscellaneous	700	1,764	(1,064)
Telecommunications	1,500	2,497	(997)
Supplies	2,100	2,247	(147)
Professional Development	1,900	302	1,598
Association Dues	325	350	(25)
Acquisitions	10,000	12,824	(2,824)
Special Programs	2,000	1,807	193
Energy	5,100	6,667	(1,567)
Maintenance	4,500	3,884	616
Computer Support	2,000	2,490	(490)
Computer Equipment	4,000	4,671	(671)
	<u>213,651</u>	<u>212,826</u>	<u>825</u>
Annual Requests:			
Lewis Creek Association	600	600	0
Visiting Nurses Association	9,092	9,092	0
C.V. Agency on Aging	1,700	1,700	0
Steps to End Domestic Violence	900	900	0
Center/Independent Living	200	200	0
COTS	750	750	0
Howard Human Services	1,000	1,000	0
Vermont Association for Blind	250	250	0
American Red Cross	1,000	1,000	0
Vermont Rural Fire Protection	100	100	0
Charlotte News	500	500	0
Vermont Family Network	1,000	1,000	0
Vermont Adult Learning	200	200	0
Winooski NRC District	700	700	0
	<u>17,992</u>	<u>17,992</u>	<u>0</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation:			
Beach Attendant Wages	\$ 11,000	\$ 11,235	\$ (235)
Beach Maintenance	3,000	3,740	(740)
Mileage	200	254	(54)
Telephone	700	853	(153)
Recreation Software	3,495	2,995	500
Beach Supplies	1,300	1,738	(438)
Memberships/Seminars	350	585	(235)
Tennis Courts	2,100	3,625	(1,525)
Beach Garbage Removal	200	182	18
Beach Electricity	300	276	24
Docks In and Out	4,000	2,108	1,892
Skating Rink Maintenance	600	88	512
Skating Rink Electricity	600	465	135
Recreation Program Director	38,782	39,246	(464)
Recreation Program Expense	49,114	42,673	6,441
CCS Facility Usage Fees	7,425	0	7,425
Beach Water Testing	450	415	35
Site Plan - Beach Improvements	0	1,700	(1,700)
Miscellaneous	0	77	(77)
Total Recreation	123,616	112,255	11,361
Conservation:			
Lewis Creek Frogbit	2,700	2,700	0
Charlotte Invasives	1,000	983	17
Membership/Dues	50	50	0
Wildlife Data/Equipment	450	0	450
Green-Up Day	300	126	174
Education & Outreach	0	200	(200)
Total Conservation	4,500	4,059	441
Town Hall:			
Maintenance	7,000	7,810	(810)
Custodian	8,500	8,477	23
Town Postage	5,500	4,938	562
Equipment	1,500	6,007	(4,507)
Supplies	2,500	1,883	617
Trash Removal	1,700	1,614	86
Utilities	4,500	4,832	(332)
Fuel Oil	4,400	2,780	1,620
Computer Service	15,000	15,338	(338)
Total Town Hall	50,600	53,679	(3,079)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Senior Center:			
Maintenance	\$ 16,000	\$ 7,455	\$ 8,545
Snow Plowing	2,000	1,825	175
Custodial Service	9,400	4,500	4,900
Miscellaneous	100	447	(347)
Postage	850	1,045	(195)
Telecommunications	2,200	1,987	213
Supplies	2,100	824	1,276
Trash	1,900	1,366	534
Energy	7,000	5,171	1,829
Director	43,701	44,489	(788)
Part-Time Coordinator	12,449	1,907	10,542
Program Expenses	29,000	40,494	(11,494)
	<u>126,700</u>	<u>111,510</u>	<u>15,190</u>
Total Senior Center			
Miscellaneous:			
Insurance	39,000	39,474	(474)
Flea Market Electricity	350	0	350
Street Lights Electricity	1,600	1,742	(142)
Museum Electricity	400	290	110
Animal Control Officer	3,000	3,000	0
Dogs/Miscellaneous	900	555	345
Trails Committee	1,500	1,516	(16)
Traffic Enforcement	25,000	17,397	7,603
Charlotte Land Trust	5,000	5,000	0
Energy Committee	4,720	4,711	9
Tree Warden	1,500	1,122	378
	<u>82,970</u>	<u>74,807</u>	<u>8,163</u>
Total Miscellaneous			
Intergovernmental Taxes and Dues:			
VLCT Dues	5,753	5,753	0
CCRPC Dues	10,537	10,537	0
Special Investigations	7,131	7,131	0
County Tax	41,687	40,091	1,596
	<u>65,108</u>	<u>63,512</u>	<u>1,596</u>
Total Intergovernmental Taxes and Dues			
Debt Service - Library Bond:	<u>44,400</u>	<u>44,400</u>	<u>0</u>
Transfers:			
Transfer to Highway Reserve Fund	0	209,722	(209,722)
Transfer to Fire & Rescue Capital Fund	95,000	95,000	0
Transfer to Repairs and Improvements Fund	46,500	46,500	0
Transfer to Trails Reserve Fund	62,000	62,000	0
Transfer to Recreation Capital Fund	30,000	30,000	0
Transfer to Highway Capital Reserve Fund	30,000	30,000	0
	<u>263,500</u>	<u>473,222</u>	<u>(209,722)</u>
Total Transfers			
Fire and Rescue Appropriation:	<u>745,218</u>	<u>683,117</u>	<u>62,101</u>
Total Expenditures	<u>3,508,157</u>	<u>3,514,635</u>	<u>(6,478)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (174,000)</u>	32,780	<u>\$ 206,780</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CHARLOTTE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Actual
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
HRA Fund Transfer In	\$ 45,000
HRA Fund Expenses	(45,356)
Park & Wildlife Fund Income	500
Park & Wildlife Fund Expenses	(500)
Net Change in Fund Balance	32,424
Fund Balance - July 1, 2020	394,826
Fund Balance - June 30, 2021	\$ 427,250

The reconciling items are due to combining two (2) funds, the HRA Fund and the Park & Wildlife Fund, with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF CHARLOTTE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.1299%	0.1316%	0.1321%	0.1264%	0.1280%	0.1252%	0.1175%
Town's Proportionate Share of the Net Pension Liability	\$ 328,690	\$ 228,387	\$ 185,839	\$ 153,170	\$ 164,748	\$ 96,554	\$ 10,723
Town's Covered Employee Payroll	\$ 519,841	\$ 468,323	\$ 449,651	\$ 420,709	\$ 388,264	\$ 353,746	\$ 325,703
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	63.2289%	48.7670%	41.3296%	36.4076%	42.4320%	27.2947%	3.2923%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2020 valuation date:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows:
 - Pre-Retirement:
 - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.
 - Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019.
 - Healthy Post-Retirement - Retirees:
 - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
 - Group D - PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
 - Healthy Post-Retirement - Beneficiaries:
 - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
 - Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
 - Disabled Retirees:
 - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
 - Group A: Decreased the rates throughout all ages.
 - Group B: For females, slightly decreased the rates at younger ages and then increased the rates at later ages. For males, slightly decreased the rates at most ages.
 - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
 - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability loan of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were updated as follows:
 - Simplified female rates to one set of slightly reduced rates for all females.

Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CHARLOTTE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 31,190	\$ 26,929	\$ 25,293	\$ 23,139	\$ 21,355	\$ 19,456	\$ 17,507
Contributions in Relation to the Actuarially Determined Contributions	<u>31,190</u>	<u>26,929</u>	<u>25,293</u>	<u>23,139</u>	<u>21,355</u>	<u>19,456</u>	<u>17,507</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 519,841	\$ 468,323	\$ 449,651	\$ 420,709	\$ 388,264	\$ 353,746	\$ 325,703
Contributions as a Percentage of Town's Covered Employee Payroll	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date: June 30, 2020

Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

TOWN OF CHARLOTTE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total
<u>ASSETS</u>			
Cash	\$ 10,002	\$ 0	\$ 10,002
Due from Other Funds	210,634	360,507	571,141
Total Assets	\$ 220,636	\$ 360,507	\$ 581,143
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Fund Balances:			
Restricted	40,414	131,599	172,013
Committed	150,121	228,908	379,029
Assigned	30,101	0	30,101
Total Fund Balances	220,636	360,507	581,143
Total Liabilities and Fund Balances	\$ 220,636	\$ 360,507	\$ 581,143

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 17,157	\$ 83,933	\$ 101,090
Investment Income	300	377	677
Donations	<u>3,222</u>	<u>7,034</u>	<u>10,256</u>
Total Revenues	<u>20,679</u>	<u>91,344</u>	<u>112,023</u>
Expenditures:			
General Government	0	3,054	3,054
Highways and Streets	0	2,390	2,390
Culture and Recreation	160	5,846	6,006
Community Development	1,000	0	1,000
Capital Outlay:			
Highways and Streets	0	26,422	26,422
Culture and Recreation	<u>0</u>	<u>63,002</u>	<u>63,002</u>
Total Expenditures	<u>1,160</u>	<u>100,714</u>	<u>101,874</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>19,519</u>	<u>(9,370)</u>	<u>10,149</u>
Other Financing Sources/(Uses):			
Proceeds from Sale of Materials	0	10,000	10,000
Transfers In	0	168,500	168,500
Transfers Out	<u>(15,000)</u>	<u>0</u>	<u>(15,000)</u>
Total Other Financing Sources/(Uses)	<u>(15,000)</u>	<u>178,500</u>	<u>163,500</u>
Net Change in Fund Balances	4,519	169,130	173,649
Fund Balances - July 1, 2020	<u>216,117</u>	<u>191,377</u>	<u>407,494</u>
Fund Balances - June 30, 2021	<u>\$ 220,636</u>	<u>\$ 360,507</u>	<u>\$ 581,143</u>

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TOWN OF CHARLOTTE, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Scenic Preservation Fund	Reappraisal Fund	Restoration of Records Fund	Cemetery Fund	Ski Program Fund	Conservation Commission Fund	Tree Fund	Mack Scholarship Fund	Affordable Housing Fund	Total
<u>ASSETS</u>										
Cash	\$ 0	\$ 0	\$ 0	\$ 10,002	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,002
Due from Other Funds	<u>12</u>	<u>30,101</u>	<u>21,042</u>	<u>0</u>	<u>15,012</u>	<u>1,598</u>	<u>4,847</u>	<u>6,703</u>	<u>131,319</u>	<u>210,634</u>
Total Assets	<u>\$ 12</u>	<u>\$ 30,101</u>	<u>\$ 21,042</u>	<u>\$ 10,002</u>	<u>\$ 15,012</u>	<u>\$ 1,598</u>	<u>\$ 4,847</u>	<u>\$ 6,703</u>	<u>\$ 131,319</u>	<u>\$ 220,636</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:										
Restricted	12	0	13,242	0	15,012	598	4,847	6,703	0	40,414
Committed	0	0	7,800	10,002	0	1,000	0	0	131,319	150,121
Assigned	<u>0</u>	<u>30,101</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,101</u>
Total Fund Balances	<u>12</u>	<u>30,101</u>	<u>21,042</u>	<u>10,002</u>	<u>15,012</u>	<u>1,598</u>	<u>4,847</u>	<u>6,703</u>	<u>131,319</u>	<u>220,636</u>
Total Liabilities and Fund Balances	<u>\$ 12</u>	<u>\$ 30,101</u>	<u>\$ 21,042</u>	<u>\$ 10,002</u>	<u>\$ 15,012</u>	<u>\$ 1,598</u>	<u>\$ 4,847</u>	<u>\$ 6,703</u>	<u>\$ 131,319</u>	<u>\$ 220,636</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Scenic Preservation Fund	Reappraisal Fund	Restoration of Records Fund	Cemetery Fund	Ski Program Fund	Conservation Commission Fund	Tree Fund	Mack Scholarship Fund	Affordable Housing Fund	Total
Revenues:										
Intergovernmental	\$ 0	\$ 17,157	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,157
Investment Income	0	44	30	1	21	2	6	9	187	300
Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,750</u>	<u>1,472</u>	<u>0</u>	<u>3,222</u>
Total Revenues	<u>0</u>	<u>17,201</u>	<u>30</u>	<u>1</u>	<u>21</u>	<u>2</u>	<u>1,756</u>	<u>1,481</u>	<u>187</u>	<u>20,679</u>
Expenditures:										
Culture and Recreation	0	0	0	0	0	0	0	160	0	160
Community Development	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>160</u>	<u>0</u>	<u>1,160</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>17,201</u>	<u>30</u>	<u>1</u>	<u>21</u>	<u>2</u>	<u>756</u>	<u>1,321</u>	<u>187</u>	<u>19,519</u>
Other Financing Sources/(Uses):										
Transfers Out	<u>0</u>	<u>(15,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,000)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>(15,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,000)</u>
Net Change in Fund Balances	0	2,201	30	1	21	2	756	1,321	187	4,519
Fund Balances - July 1, 2020	<u>12</u>	<u>27,900</u>	<u>21,012</u>	<u>10,001</u>	<u>14,991</u>	<u>1,596</u>	<u>4,091</u>	<u>5,382</u>	<u>131,132</u>	<u>216,117</u>
Fund Balances - June 30, 2021	<u>\$ 12</u>	<u>\$ 30,101</u>	<u>\$ 21,042</u>	<u>\$ 10,002</u>	<u>\$ 15,012</u>	<u>\$ 1,598</u>	<u>\$ 4,847</u>	<u>\$ 6,703</u>	<u>\$ 131,319</u>	<u>\$ 220,636</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2021

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Highway Capital Reserve Fund	Total
<u>ASSETS</u>						
Due from Other Funds	\$ <u>102,393</u>	\$ <u>80,546</u>	\$ <u>45,969</u>	\$ <u>6,395</u>	\$ <u>125,204</u>	\$ <u>360,507</u>
Total Assets	\$ <u><u>102,393</u></u>	\$ <u><u>80,546</u></u>	\$ <u><u>45,969</u></u>	\$ <u><u>6,395</u></u>	\$ <u><u>125,204</u></u>	\$ <u><u>360,507</u></u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:						
Restricted	0	0	0	6,395	125,204	131,599
Committed	<u>102,393</u>	<u>80,546</u>	<u>45,969</u>	<u>0</u>	<u>0</u>	<u>228,908</u>
Total Fund Balances	<u>102,393</u>	<u>80,546</u>	<u>45,969</u>	<u>6,395</u>	<u>125,204</u>	<u>360,507</u>
Total Liabilities and Fund Balances	\$ <u><u>102,393</u></u>	\$ <u><u>80,546</u></u>	\$ <u><u>45,969</u></u>	\$ <u><u>6,395</u></u>	\$ <u><u>125,204</u></u>	\$ <u><u>360,507</u></u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Highway Capital Reserve Fund	Total
Revenues:						
Intergovernmental	\$ 16,934	\$ 0	\$ 0	\$ 0	\$ 66,999	\$ 83,933
Investment Income	110	107	51	9	100	377
Donations	<u>1,015</u>	<u>5,370</u>	<u>649</u>	<u>0</u>	<u>0</u>	<u>7,034</u>
Total Revenues	<u>18,059</u>	<u>5,477</u>	<u>700</u>	<u>9</u>	<u>67,099</u>	<u>91,344</u>
Expenditures:						
General Government	3,054	0	0	0	0	3,054
Highways and Streets	0	0	0	0	2,390	2,390
Culture and Recreation	0	2,003	3,843	0	0	5,846
Capital Outlay:						
Highways and Streets	0	0	0	0	26,422	26,422
Culture and Recreation	<u>0</u>	<u>63,002</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,002</u>
Total Expenditures	<u>3,054</u>	<u>65,005</u>	<u>3,843</u>	<u>0</u>	<u>28,812</u>	<u>100,714</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>15,005</u>	<u>(59,528)</u>	<u>(3,143)</u>	<u>9</u>	<u>38,287</u>	<u>(9,370)</u>
Other Financing Sources:						
Proceeds from Sale of Materials	0	0	0	0	10,000	10,000
Transfers In	<u>46,500</u>	<u>62,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>	<u>168,500</u>
Total Other Financing Sources	<u>46,500</u>	<u>62,000</u>	<u>30,000</u>	<u>0</u>	<u>40,000</u>	<u>178,500</u>
Net Change in Fund Balances	61,505	2,472	26,857	9	78,287	169,130
Fund Balances - July 1, 2020	<u>40,888</u>	<u>78,074</u>	<u>19,112</u>	<u>6,386</u>	<u>46,917</u>	<u>191,377</u>
Fund Balances - June 30, 2021	<u>\$ 102,393</u>	<u>\$ 80,546</u>	<u>\$ 45,969</u>	<u>\$ 6,395</u>	<u>\$ 125,204</u>	<u>\$ 360,507</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2021

	Serrell Fund	Trustee of Public Funds Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,577	\$ 4,598	\$ 7,175
Investments	0	713,423	713,423
Total Assets	\$ 2,577	\$ 718,021	\$ 720,598
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to Other Funds	\$ 400	\$ 0	\$ 400
Total Liabilities	400	0	400
Net Position:			
Restricted:			
Held in Trust for Individuals and Organizations	2,177	718,021	720,198
Total Liabilities and Net Position	\$ 2,577	\$ 718,021	\$ 720,598

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Serrell Fund	Trustee of Public Funds Fund	Total
Additions:			
Investment Income	\$ <u>0</u>	\$ <u>147,816</u>	\$ <u>147,816</u>
Total Additions	<u>0</u>	<u>147,816</u>	<u>147,816</u>
Deductions:			
Grandview Cemetery	0	19,233	19,233
Miscellaneous	<u>400</u>	<u>0</u>	<u>400</u>
Total Deductions	<u>400</u>	<u>19,233</u>	<u>19,633</u>
Change in Net Position	(400)	128,583	128,183
Net Position - July 1, 2020	<u>2,577</u>	<u>589,438</u>	<u>592,015</u>
Net Position - June 30, 2021	\$ <u><u>2,177</u></u>	\$ <u><u>718,021</u></u>	\$ <u><u>720,198</u></u>

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TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF TAXES RAISED
FOR THE YEAR ENDED JUNE 30, 2021

April 2020 Grandlist Used for Fiscal Year 2021 Taxes Billed:	
Homestead Education Grandlist	\$ 6,132,578.00
Non-Residential Grandlist	\$ 3,159,229.41
Municipal Grandlist	\$ 9,326,411.00
Tax Rates:	
Homestead Education Tax Rate	1.5335
Non-Residential Education Tax Rate	1.7008
Municipal Tax Rate	0.2011
Local Agreement Tax Rate	0.0005
Charlotte's Fiscal Year 2021 Education Property Tax Liability:	
Residential Taxes	\$ 9,404,308.64
Nonresidential Taxes	5,370,615.12
Local Agreement Taxes to Cover Education Liability for Exempt Properties	<u>4,663.71</u>
Total Property Tax Liability for State Education Fund	14,779,587.47
Municipal Taxes	<u>1,875,540.73</u>
Total Education and Municipal Taxes Raised	<u>\$ 16,655,128.20</u>
Allocation of State Education Taxes:	
Transfer to Champlain Valley Union High School	\$ 9,668,559.00
.225 of 1% of Residential and Non-Residential Liability Retained by Town	30,461.29
Late Fee Retained by Town	360.00
Income Sensitivity Credits to Charlotte Residents, Education Tax	1,241,129.53
Income Sensitivity Credits to Charlotte Residents, Municipal Tax	8,685.24
Balance to State Education Fund	<u>3,838,856.18</u>
Total Allocation of State Education Taxes	14,788,051.24
Current Taxes Received	1,821,723.07
Delinquent Taxes	<u>45,353.89</u>
Total Fiscal Year 2021 Property Taxes	<u>\$ 16,655,128.20</u>

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CERTIFIED PUBLIC ACCOUNTANTS

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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 Charlotte, Vermont
P.O. Box 119
Charlotte, Vermont 05445

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlotte, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Charlotte, Vermont's basic financial statements and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Charlotte, Vermont's internal control over financial reporting (internal control) to determine the 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 Charlotte, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Charlotte, 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 Charlotte, 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2021-1, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Charlotte, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

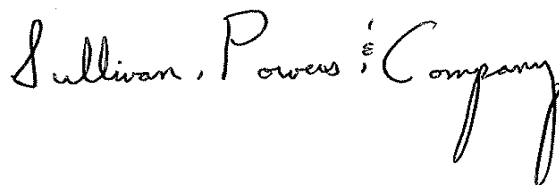
Town of Charlotte, Vermont's Response to Deficiency in Internal Control

The Town of Charlotte, Vermont's response to the deficiency in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Charlotte, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Charlotte, 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 Charlotte, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 23, 2021
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2021

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2021-1 Authorization of General Journal Entries

Criteria:

Internal controls should be in place to ensure that all non-standard adjusting period entries are authorized by appropriate officials.

Condition:

The Town requires authorization of non-standard adjusting entries, however, the authorization was not performed consistently during the year.

Cause:

Unknown.

Effect:

This one deficiency in the internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town adhere to their policy that requires appropriate officials to authorize all non-standard general journal entries so as not to circumvent the original approval process.



Town of Charlotte

ESTABLISHED 1762

November 23, 2021

Rick Brigham
Sullivan, Powers & Company
77 Barre Street
Montpelier, VT 05601

Re: Response to Schedule of Findings and Deficiencies in Internal Control

Dear Rick,

This letter provides a response to the finding of a significant deficiency in the Schedule of Findings and Deficiencies in Internal Control on page 65 of the draft audit report for the fiscal year ending June 30, 2021, which is also in the Schedule of Deficiencies in Internal Control and Other Recommendations attached to the Management Letter associated with the audit report.

2021-1 Authorization of General Journal Entries—the current practice is the Town Treasurer provides a list of general journal entries for the Selectboard's review at the same time that payment warrants are provided, and she provides posting register reports monthly. Going forward, members of the Town's Board of Auditors will review the monthly posting register reports, which include adjusting entries, and they will initial the top of each signifying authorization.

Thank you for your attentiveness and helpfulness during the audit process.

Best regards,

Dean Bloch, Town Administrator

Mary Mead, Town Treasurer