

Audited Financial Statements and
Other Supplemental Information

Town of Ferrisburgh, Vermont

June 30, 2020



Proven Expertise & Integrity

TOWN OF FERRISBURGH, VERMONT

CONTENTS

JUNE 30, 2020

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19 - 46
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	47
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	48
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	49
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	50

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	51
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	52
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	53 - 54
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	55
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	56
SPECIAL REVENUE FUNDS DESCRIPTION	57
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	58 - 59
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	60 - 61
CAPITAL PROJECTS FUNDS DESCRIPTION	62
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	63
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	64
PERMANENT FUNDS DESCRIPTION	65
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	66
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	67
GENERAL CAPITAL ASSETS DESCRIPTION	68
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	69
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	70

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' 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*

71 - 72



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Ferrisburgh
Ferrisburgh, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' 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 *Governmental 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 of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont as of June 30, 2020 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 48 through 50 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 Ferrisburgh, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of the Town of Ferrisburgh, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 Ferrisburgh, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration # 092.0000697
January 8, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(UNAUDITED)

The following management's discussion and analysis of Town of Ferrisburgh, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Ferrisburgh's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the town's activities. The type of activity presented for the Town of Ferrisburgh is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, highway and education.

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 of Ferrisburgh, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Ferrisburgh are classified as governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in funds balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Ferrisburgh presents one column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions - Pension.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$608,058 from \$4,279,099 to \$4,887,157.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$488,723 at the end of this year.

Table 1
Town of Ferrisburgh, Vermont
Net Position
June 30,

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets	\$ 954,207	\$ 507,215
Noncurrent Assets-Capital Assets	5,349,368	5,059,741
Total Assets	<u>6,303,575</u>	<u>5,566,956</u>
Deferred Outflows of Resources:		
Deferred Outflow Related to Pensions	71,285	78,204
Total Deferred Outflows of Resources	<u>71,285</u>	<u>78,204</u>
Liabilities:		
Current Liabilities	445,091	204,683
Noncurrent Liabilities	1,015,960	1,138,401
Total Liabilities	<u>1,461,051</u>	<u>1,343,084</u>
Deferred Inflows of Resources:		
Prepaid Taxes	18,119	14,735
Deferred Inflows Related to Pensions	8,533	8,242
Total Deferred Inflows of Resources	<u>26,652</u>	<u>22,977</u>
Net Position:		
Net Investment in Capital Assets	4,384,427	3,922,160
Restricted: Permanent funds	14,007	14,007
Unrestricted	488,723	342,932
Total Net Position	<u>\$ 4,887,157</u>	<u>\$ 4,279,099</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 9.79%, while total expenses decreased by 15.03%. The largest decrease in revenues was property taxes. The largest decrease in expenses was education.

Table 2
Town of Ferrisburgh, Vermont
Changes in Net Position
For the Years Ended June 30,

	2020	2019
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 74,475	\$ 70,596
Operating grants and contributions	11,941	16,950
<i>General Revenues:</i>		
Property taxes	7,659,704	8,770,001
Grants and contributions not restricted to specific programs	441,958	354,730
Miscellaneous	179,491	63,764
Total revenues	8,367,569	9,276,041
Expenses		
General government	425,528	525,494
Public safety	232,599	195,030
Highway	643,728	733,805
Employee benefits	135,566	132,961
Education	5,962,176	7,193,812
Tax assessments	92,841	92,682
Town meeting - voted authorizations	32,195	31,778
Contingency	503	1,000
Capital outlay	111,956	99,109
Interest on long-term debt	33,228	37,504
Unallocated depreciation (Note 4)	89,191	89,191
Total expenses	7,759,511	9,132,366
Change in Net Position	608,058	143,675
Net Position - July 1	4,279,099	4,135,424
Net Position - June 30	\$ 4,887,157	\$ 4,279,099

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Ferrisburgh, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Unassigned	\$ 160,147	\$ 53,153	\$ 106,994
Total General Fund	<u>\$ 160,147</u>	<u>\$ 53,153</u>	<u>\$ 106,994</u>
Nonmajor Funds:			
Special revenue funds:			
Assigned	\$ 78,763	\$ 65,703	\$ 13,060
Unassigned	(1,993)	-	(1,993)
Capital projects funds:			
Committed	127,077	67,849	59,228
Assigned	162,798	135,919	26,879
Permanent funds:			
Restricted	14,007	14,007	-
Total Nonmajor Funds	<u>\$ 380,652</u>	<u>\$ 283,478</u>	<u>\$ 97,174</u>

The changes to total fund balances for the general fund and all the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$185,124. This was due to all revenues being receipted in excess of budgeted amounts with the exception of interest income and other revenue.

The general fund actual expenditures were within or over budgeted amounts by \$78,130. All expenditure categories were within or over budgeted amounts with the exception of general government, employee benefits, contingency and debt service - interest.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$289,627 from the prior year. This increase is the result of capital additions of \$582,543 less current year depreciation of \$292,916.

Table 4
Town of Ferrisburgh, Vermont
Capital Assets (Net of Depreciation)
June 30,

	<u>2020</u>	<u>2019</u>
Land	\$ 250,863	\$ 250,863
Buildings and Improvements	2,842,022	2,958,341
Machinery and Equipment	218,663	218,663
Vehicles	1,063,205	994,789
Infrastructure	974,615	637,085
Total	<u>\$ 5,349,368</u>	<u>\$ 5,059,741</u>

Debt

At June 30, 2020, the Town had \$595,000 in a bond outstanding versus \$637,500 last year. The Town also had \$369,941 in notes from direct borrowings payable versus \$500,081 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

The Town has noted a subsequent event as a currently known fact. Refer to Note 16 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen to a level insufficient to sustain government operations for a period of approximately less than one month. However, the Town is working towards building a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at P.O. Box 6, Ferrisburgh, Vermont 05456.

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 787,135
Taxes receivable	165,863
Other receivable	1,209
Total current assets	<u>954,207</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	250,863
Buildings and equipment, net of accumulated depreciation	5,098,505
Total noncurrent assets	<u>5,349,368</u>
TOTAL ASSETS	<u>6,303,575</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	71,285
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>71,285</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,374,860</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 285,115
Accrued expenses	28
Current portion of long-term obligations	159,948
Total current liabilities	<u>445,091</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	552,500
Notes from direct borrowing payable	252,743
Accrued compensated absences	4,751
Net pension liability	205,966
Total noncurrent liabilities	<u>1,015,960</u>
TOTAL LIABILITIES	<u>1,461,051</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	18,119
Deferred inflows related to pensions	8,533
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>26,652</u>
NET POSITION	
Net investment in capital assets	4,384,427
Restricted: Permanent funds	14,007
Unrestricted	488,723
TOTAL NET POSITION	<u>4,887,157</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,374,860</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
General government	\$ 425,528	\$ 63,059	\$ -	\$ -	\$ (362,469)
Public safety	232,599	11,416	-	-	(221,183)
Highway	643,728	-	-	-	(643,728)
Employee benefits	135,566	-	-	-	(135,566)
Education	5,962,176	-	11,941	-	(5,950,235)
Tax assessments	92,841	-	-	-	(92,841)
Town meeting - voted authorizations	32,195	-	-	-	(32,195)
Contingency	503	-	-	-	(503)
Capital outlay	111,956	-	-	-	(111,956)
Interest on long-term debt	33,228	-	-	-	(33,228)
Unallocated depreciation (Note 4)	89,191	-	-	-	(89,191)
Total government	\$ 7,759,511	\$ 74,475	\$ 11,941	\$ -	(7,673,095)

*This amount excludes depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(7,673,095)</u>
General revenues:	
Property taxes, levied for general purposes	7,659,704
Grants and contributions not restricted to specific programs	441,958
Miscellaneous	179,491
Total general revenues	<u>8,281,153</u>
Change in net position	608,058
NET POSITION - JULY 1	<u>4,279,099</u>
NET POSITION - JUNE 30	<u><u>\$ 4,887,157</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 770,146	\$ 16,989	\$ 787,135
Delinquent taxes receivable	165,863	-	165,863
Other receivable	1,209	-	1,209
Due from other funds	11,312	374,975	386,287
TOTAL ASSETS	\$ 948,530	\$ 391,964	\$ 1,340,494
LIABILITIES			
Accounts payable	\$ 285,115	\$ -	\$ 285,115
Accrued expenses	28	-	28
Due to other funds	374,975	11,312	386,287
TOTAL LIABILITIES	660,118	11,312	671,430
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	18,119	-	18,119
Deferred property tax	110,146	-	110,146
TOTAL DEFERRED INFLOWS OF RESOURCES	128,265	-	128,265
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	14,007	14,007
Committed	-	127,077	127,077
Assigned	-	241,561	241,561
Unassigned	160,147	(1,993)	158,154
TOTAL FUND BALANCES	160,147	380,652	540,799
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 948,530	\$ 391,964	\$ 1,340,494

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 540,799
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, net of accumulated depreciation	5,349,368
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	71,285
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	110,146
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(595,000)
Notes from direct borrowing payable	(369,941)
Accrued compensated absences	(5,001)
Net pension liability	(205,966)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(8,533)</u>
Net position of governmental activities	<u><u>\$ 4,887,157</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,678,754	\$ -	\$ 7,678,754
Intergovernmental	453,899	-	453,899
Interest income	36,419	-	36,419
Charges for services	74,475	-	74,475
Miscellaneous	793	142,279	143,072
TOTAL REVENUES	<u>8,244,340</u>	<u>142,279</u>	<u>8,386,619</u>
EXPENDITURES			
Current:			
General government	383,052	3,149	386,201
Public safety	213,432	-	213,432
Highway	1,041,713	-	1,041,713
Employee benefits	135,566	-	135,566
Grant funds	-	-	-
Education	5,962,176	-	5,962,176
Tax assessments	92,841	-	92,841
Town meeting - voted authorizations	32,195	-	32,195
Contingency	503	-	503
Capital outlay	-	111,956	111,956
Debt service:			
Principal	172,640	-	172,640
Interest	33,228	-	33,228
TOTAL EXPENDITURES	<u>8,067,346</u>	<u>115,105</u>	<u>8,182,451</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>176,994</u>	<u>27,174</u>	<u>204,168</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	70,000	70,000
Transfers (out)	(70,000)	-	(70,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	106,994	97,174	204,168
FUND BALANCES - JULY 1	<u>53,153</u>	<u>283,478</u>	<u>336,631</u>
FUND BALANCES - JUNE 30	<u>\$ 160,147</u>	<u>\$ 380,652</u>	<u>\$ 540,799</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, 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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 204,168</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	582,543
Depreciation expense	<u>(292,916)</u>
	<u>289,627</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(19,050)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(6,919)</u>
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>172,640</u>
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:	
Accrued compensated absences	389
Net pension liability	<u>(32,506)</u>
	<u>(32,117)</u>
Deferred inflows of resources are an acquisition of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(291)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 608,058</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Ferrisburgh was incorporated under the laws of the State of Vermont. The Town operates under the selectmen-treasurer form of government and provides the following services: general government, public safety, highway and education.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. As of the date of this report, the state of emergency was extended to January 15, 2021 and may be further extended if circumstances warrant. While step toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 31, 2020 Vermont Secretary of State issued a “Waiver of Mandated Upcoming Municipal Election Dates in 2020”. This allowed mandated date meetings or elections and special meeting petitions to be delayed pursuant to the order. This act was authorized by Act 92, §3 (2020). Additional guidance provided that all current incumbent officers would retain their position until the election may be held. As most Vermont municipalities hold their annual meetings during the first week of March annually, most town meeting days occurred as scheduled.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the “Stay Home, Stay Safe Order”) and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 23, 2020 to the middle of April 2020. The Town did not reduce its staff and chose to rotate office hours to allow the least number of employees working on the premises as possible at any time.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) except fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures / expenses. The various funds are reported by generic classification within the financial statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major fund:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- b. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the first half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Ferrisburgh has no formal investment policy but instead follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$167,072 for the year ended June 30, 2020.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist primarily of a bond and notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions 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 Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given by vote of the taxpayers when the fund is created and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement 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/expenditure) until then. The Town currently has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will at times 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. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 22, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on September 1, 2019, December 1, 2019, March 1, 2020 and June 1, 2020. Payments received after the due dates were charged interest of 1% per month. Payments received after June 2, 2020 were considered delinquent and subject to a penalty of 4%. Any principal that remains unpaid by July 2, 2020 is subject to an additional penalty of 4%.

Property tax revenues are recognized when they become available. Available includes those property tax receivables collected by June 1. The remaining receivables due for the current fiscal year have been recorded as deferred revenues.

Tax liens are placed on real property within twenty-four months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property two months after the filing of the lien if tax liens and associated costs remain unpaid.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. Town funds that may exceed insurance limits are fully collateralized with securities held by the financial institution in the Town's name.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2020, the Town's cash balances of \$787,135 were comprised of bank balances of \$785,102. Of these deposits, \$50,669 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$734,433 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 50,669
Repurchase agreement	734,433
	<u>\$ 785,102</u>

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2020, the Town had no investments.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions, repurchase agreement and money market mutual funds. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 11,312	\$ 374,975
Nonmajor special revenue funds	71,093	11,312
Nonmajor capital project funds	289,875	-
Nonmajor permanent funds	14,007	-
	<u>\$ 386,287</u>	<u>\$ 386,287</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General fund	\$ -	\$ 70,000
Nonmajor capital project funds	<u>70,000</u>	<u>-</u>
	<u>\$ 70,000</u>	<u>\$ 70,000</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
Non-depreciated assets:				
Land	\$ 250,863	\$ -	\$ -	\$ 250,863
	<u>250,863</u>	<u>-</u>	<u>-</u>	<u>250,863</u>
Depreciated assets:				
Buildings and improvements	4,101,956	-	-	4,101,956
Machinery and equipment	487,373	-	-	487,373
Vehicles	1,548,854	226,663	(124,942)	1,650,575
Infrastructure	687,275	355,880	-	1,043,155
	<u>6,825,458</u>	<u>582,543</u>	<u>(124,942)</u>	<u>7,283,059</u>
Less: accumulated depreciation	<u>(2,016,580)</u>	<u>(292,916)</u>	<u>124,942</u>	<u>(2,184,554)</u>
	<u>4,808,878</u>	<u>289,627</u>	<u>-</u>	<u>5,098,505</u>
Net capital assets	<u>\$ 5,059,741</u>	<u>\$ 289,627</u>	<u>\$ -</u>	<u>\$ 5,349,368</u>
<u>Current year depreciation</u>				
Public safety				\$ 19,167
Highway				184,558
Town wide				89,191
Total depreciation				<u>\$ 292,916</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Portion
Bond payable	\$ 637,500	\$ -	\$ (42,500)	\$ 595,000	\$ 42,500
Notes from direct borrowing payable	500,081	-	(130,140)	369,941	117,198
Total	<u>\$ 1,137,581</u>	<u>\$ -</u>	<u>\$ (172,640)</u>	<u>\$ 964,941</u>	<u>\$ 159,698</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bond and notes from direct borrowing payable as of June 30, 2020:

Bond Payable

\$850,000 bond payable to the Community Bank, N.A., principal payments of \$42,500 are due annually. Interest is charged at a fixed rate of 3.12% per annum. Maturity in March of 2034. \$ 595,000

Notes from direct borrowing payable

\$90,239 municipal note payable to the National Bank of Middlebury, due in four annual principal payments of \$22,560. Interest is charged at a fixed rate of 1.68% per annum. Maturity in September of 2020. \$ 22,559

\$190,000 Truck note payable to the Community Bank, N.A., due in five annual principal payments of \$38,000. Interest is charged at a fixed rate of 2.25% per annum. Maturity in July of 2022. 114,000

\$101,208 John Deere loader note payable to the State of Vermont, due in five annual principal payments varying from \$20,646 to \$22,266. Interest is charged at a fixed rate of 2.0% per annum. Maturity in June of 2023. 60,724

\$95,150, 2013 capital lease for John Deere excavator under a non-cancellable lease agreement. The lease is for nine years with annual payments of \$12,267 through June of 2021. Interest is charged at a fixed rate of 4.80% per annum. 11,693

\$252,160, 2018 capital lease for one new fire truck under a non-cancellable lease agreement. The lease is for ten years with annual payments of \$30,000 through January of 2026. Interest is charged at a fixed rate of 3.29% per annum. 160,965

Total notes from direct borrowing payable \$ 369,941

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	BOND PAYABLE			NOTES FROM DIRECT BORROWING PAYABLE		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 42,500	18,564	\$ 61,064	\$ 117,198	\$ 9,956	\$ 127,154
2022	42,500	17,238	59,738	83,758	6,553	90,311
2023	42,500	15,912	58,412	84,598	4,453	89,051
2024	42,500	14,626	57,126	27,224	2,776	30,000
2025	42,500	13,260	55,760	28,119	1,881	30,000
2026-2030	212,500	46,435	258,935	29,044	955	29,999
2031-2035	170,000	13,271	183,271	-	-	-
	<u>\$ 595,000</u>	<u>\$ 139,306</u>	<u>\$ 734,306</u>	<u>\$ 369,941</u>	<u>\$ 26,574</u>	<u>\$ 396,515</u>

All bonds and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for special assessment debt. All bonds and capital leases are payable from taxes levied on all taxable property located within the Town. The General Fund is used to liquidate the liability for the bonds and capital leases.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of the changes in the other long-term obligations for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Portion
Accrued compensated absences	\$ 5,390	\$ -	\$ (389)	\$ 5,001	\$ 250
Net pension liability	173,460	63,410	(30,904)	205,966	-
Total	<u>\$ 178,850</u>	<u>\$ 63,410</u>	<u>\$ (31,293)</u>	<u>\$ 210,967</u>	<u>\$ 250</u>

Please see Notes 8 and 13 for detailed information on each of the other long-term obligations.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$5,001.

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2020, the Town had the following restricted net position and fund balances:

Nonmajor permanent funds (Schedule H)	<u>\$ 14,007</u>
---------------------------------------	------------------

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule F)	<u>\$ 127,077</u>
--	-------------------

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 78,763
Nonmajor capital projects funds (Schedule F)	<u>162,798</u>
	<u>\$ 241,561</u>

NOTE 12 - DEFICIT FUND BALANCE

At June 30, 2020, the Town had the following deficit fund balance:

Nonmajor special revenue funds (Schedule D):	
Planning grant	<u>\$ 1,993</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071, or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance & Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.750% of gross salary	5.125% of gross salary	10.250% of gross salary	11.600% of gross salary
Employer Contributions	4.250% of gross salary	5.750% of gross salary	7.500% of gross salary	10.100% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the years ended June 30, 2020 and 2019 totaled \$21,118 and \$20,276, respectively. The Town contributed \$23,694 and \$22,810, for the years ended June 30, 2020 and 2019, respectively. The Town's total payroll for the year ended June 30, 2020 for all employees covered under this plan was \$412,063.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

At June 30, 2020, the Town reported a liability of \$205,966 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2018. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2019, the Town's proportion was 0.11872% for VMERS, which was a decrease of 0.00458% from its proportion measured as of June 30, 2018 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Town recognized total pension expense of \$39,716. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,685	\$ 1,780
Changes of assumptions	6,877	-
Net difference between projected and actual earnings on pension plan investments	14,029	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	6,753
Contributions subsequent to the measurement date	23,694	-
Total	<u>\$ 71,285</u>	<u>\$ 8,533</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$23,694 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2021	\$ 16,193
2022	7,645
2023	9,258
2024	5,961
2025	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2019 measurement date was determined by rolling forward the total pension liability as of June 30, 2018 to June 30, 2019. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.50%, net of pension plan investment expense, including inflation.

Inflation: 2.50%

Salary Increases: 5.00% per year

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2006 Tables with generational improvement using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B and C blended with a 60% Blue Collar Employee and 40% Healthy Employee and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant and Group D with a Blue Collar Annuitant Table

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

Inactive Members: Valuation liability equals 200% of accumulated contributions.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement. This occurs at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 COLA is 0.80% for all groups.

Actuarial Cost Method: The Entry Age Actuarial Cost Method is used. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial 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.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bonds	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Town's proportionate share of the net pension liability	\$ 337,753	\$ 205,966	\$ 96,870

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the VMERS or their participating employers. VMERS do not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 14 - 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; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - RISK MANAGEMENT (CONTINUED)

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member's assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each member's assessed their proportionate share of the deficit.

NOTE 15 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - SUBSEQUENT EVENT

On July 2, 2020, the Town issued a note payable to the Community Bank, N.A., in the amount of \$152,442 for the purchase of highway equipment. Interest is charged at a fixed rate of 2.30% per annum with a maturity of July 2025.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension

TOWN OF FERRISBURGH, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,153	\$ 53,153	\$ 53,153	\$ -
Resources (Inflows):				
Property taxes	7,635,191	7,635,191	7,678,754	43,563
Intergovernmental revenues	315,000	315,000	453,899	138,899
Charges for services	69,525	69,525	74,475	4,950
Interest income	37,500	37,500	36,419	(1,081)
Other revenue	2,000	2,000	793	(1,207)
Amounts Available for Appropriation	<u>8,112,369</u>	<u>8,112,369</u>	<u>8,297,493</u>	<u>185,124</u>
Charges to Appropriations (Outflows):				
General government	414,533	414,533	383,052	31,481
Public safety	195,419	195,419	213,432	(18,013)
Highway	938,985	938,985	1,041,713	(102,728)
Employee benefits	150,281	150,281	135,566	14,715
Education	5,962,176	5,962,176	5,962,176	-
Tax assessments	91,626	91,626	92,841	(1,215)
Town meeting - voted authorizations	32,195	32,195	32,195	-
Contingency	2,500	2,500	503	1,997
Debt service:				
Principal	164,823	164,823	172,640	(7,817)
Interest	36,678	36,678	33,228	3,450
Transfers to other funds	70,000	70,000	70,000	-
Total Charges to Appropriations	<u>8,059,216</u>	<u>8,059,216</u>	<u>8,137,346</u>	<u>(78,130)</u>
Budgetary Fund Balance, June 30	<u>\$ 53,153</u>	<u>\$ 53,153</u>	<u>\$ 160,147</u>	<u>\$ 106,994</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.11872%	0.12330%	0.12797%	0.13179%	0.14206%
Proportionate share of the net pension liability (asset)	\$ 205,966	\$ 173,460	\$ 155,045	\$ 169,614	\$ 109,521
Covered payroll	\$ 412,063	\$ 392,684	\$ 379,982	\$ 364,199	\$ 369,443
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.98%	44.17%	40.80%	46.57%	30.07%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	82.60%	83.64%	80.95%	87.42%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT
 SCHEDULE OF CONTRIBUTIONS - PENSION
 LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>VMERS:</u>					
Contractually required contribution	\$ 23,694	\$ 22,810	\$ 21,598	\$ 20,899	\$ 20,031
Contributions in relation to the contractually required contribution	<u>(23,694)</u>	<u>(22,810)</u>	<u>(21,598)</u>	<u>(20,899)</u>	<u>(20,031)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 412,063	\$ 405,513	\$ 392,684	\$ 379,982	\$ 364,199
Contributions as a percentage of covered payroll	5.75%	5.62%	5.50%	5.50%	5.50%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF FERRISBURGH, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property Taxes	\$ 7,635,191	\$ 7,635,191	\$ 7,678,754	\$ 43,563
Intergovernmental Revenues:				
Vermont State Mileage Aid	161,000	161,000	165,729	4,729
Railroad Tax/State Land Tax	45,000	45,000	36,072	(8,928)
State School Tax Coll. Reimb.	17,000	17,000	11,941	(5,059)
Current Land Use	92,000	92,000	103,382	11,382
Other	-	-	136,775	136,775
Charges for Services:				
Liquor License Fee	925	925	995	70
Highway Department Sales	500	500	-	(500)
Zoning Fees/Bylaws/Planning	10,090	10,090	11,480	1,390
Land Recording, Filing and Other	27,763	27,763	31,902	4,139
Clerk Fees	16,647	16,647	12,632	(4,015)
Police Fines	7,000	7,000	11,416	4,416
Rent	6,600	6,600	6,050	(550)
Interest Income:				
Tax Interest and Penalties	36,000	36,000	32,838	(3,162)
Interest Income	1,500	1,500	3,581	2,081
Miscellaneous Revenues	2,000	2,000	793	(1,207)
Amounts Available for Appropriation	<u>\$ 8,059,216</u>	<u>\$ 8,059,216</u>	<u>\$ 8,244,340</u>	<u>\$ 185,124</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government:					
Administration	\$ 13,500	\$ -	\$ 13,500	\$ 8,829	\$ 4,671
Union Meeting Hall	1,125	-	1,125	1,790	(665)
Town Clerk's Office	371,931	-	371,931	350,030	21,901
Town Offices/Community Center	23,527	-	23,527	18,666	4,861
Miscellaneous General Government	4,450	-	4,450	3,737	713
	<u>414,533</u>	<u>-</u>	<u>414,533</u>	<u>383,052</u>	<u>31,481</u>
Public Safety:					
Ferrisburgh Volunteer Fire Department	87,145	-	87,145	87,145	-
Vergennes Fire Department - Contract	69,018	-	69,018	86,626	(17,608)
Fire Services - Extra	2,000	-	2,000	2,136	(136)
Addison County Sheriff's Office	15,000	-	15,000	15,325	(325)
Vergennes Area Rescue Squad	22,256	-	22,256	22,200	56
	<u>195,419</u>	<u>-</u>	<u>195,419</u>	<u>213,432</u>	<u>(18,013)</u>
Highway:					
Payroll	291,090	-	291,090	295,588	(4,498)
Maintenance	496,500	-	496,500	593,617	(97,117)
Town Garage/Yard	24,495	-	24,495	26,909	(2,414)
Vehicles/Equipment	126,900	-	126,900	125,599	1,301
	<u>938,985</u>	<u>-</u>	<u>938,985</u>	<u>1,041,713</u>	<u>(102,728)</u>

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Employee Benefits	150,281	-	150,281	135,566	14,715
Education	5,962,176	-	5,962,176	5,962,176	-
Tax Assessments:					
County Tax	21,476	-	21,476	21,360	116
Bristol Gravel Pit	639	-	639	620	19
Vermont Stormwater	576	-	576	1,926	(1,350)
Vermont League of Cities & Towns	4,350	-	4,350	4,350	-
Addison County Regional Planning Comm.	3,535	-	3,535	3,535	-
Bixby Library	61,050	-	61,050	61,050	-
	<u>91,626</u>	<u>-</u>	<u>91,626</u>	<u>92,841</u>	<u>(1,215)</u>
Debt Service:					
Principal	164,823	-	164,823	172,640	(7,817)
Interest	36,678	-	36,678	33,228	3,450
	<u>201,501</u>	<u>-</u>	<u>201,501</u>	<u>205,868</u>	<u>(4,367)</u>
Town Meeting - Voted Authorizations	32,195	-	32,195	32,195	-
Contingency	2,500	-	2,500	503	1,997
Transfers to Other Funds:					
Capital Projects Funds	70,000	-	70,000	70,000	-
	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total Departmental Operations	<u>\$ 8,059,216</u>	<u>\$ -</u>	<u>\$ 8,059,216</u>	<u>\$ 8,137,346</u>	<u>\$ (78,130)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 16,989	\$ -	\$ -	\$ 16,989
Due from other funds	71,093	289,875	14,007	374,975
TOTAL ASSETS	\$ 88,082	\$ 289,875	\$ 14,007	\$ 391,964
LIABILITIES				
Due to other funds	\$ 11,312	\$ -	\$ -	\$ 11,312
TOTAL LIABILITIES	11,312	-	-	11,312
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	14,007	14,007
Committed	-	127,077	-	127,077
Assigned	78,763	162,798	-	241,561
Unassigned	(1,993)	-	-	(1,993)
TOTAL FUND BALANCES	76,770	289,875	14,007	380,652
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,082	\$ 289,875	\$ 14,007	\$ 391,964

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Other income	\$ 14,216	\$ 128,063	\$ -	\$ 142,279
TOTAL REVENUES	<u>14,216</u>	<u>128,063</u>	<u>-</u>	<u>142,279</u>
EXPENDITURES				
Capital outlay	-	111,956	-	111,956
Other	3,149	-	-	3,149
TOTAL EXPENDITURES	<u>3,149</u>	<u>111,956</u>	<u>-</u>	<u>115,105</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,067</u>	<u>16,107</u>	<u>-</u>	<u>27,174</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	70,000	-	70,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
NET CHANGE IN FUND BALANCES	11,067	86,107	-	97,174
FUND BALANCES - JULY 1	<u>65,703</u>	<u>203,768</u>	<u>14,007</u>	<u>283,478</u>
FUND BALANCES - JUNE 30	<u>\$ 76,770</u>	<u>\$ 289,875</u>	<u>\$ 14,007</u>	<u>\$ 380,652</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	Recreation Fund	U. M. Steeple Fund	Planning Grant	Listers Education Fund	Conservation Commission	Energy Committee Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	3,809	2,075	-	2,230	519	171
TOTAL ASSETS	<u>\$ 3,809</u>	<u>\$ 2,075</u>	<u>\$ -</u>	<u>\$ 2,230</u>	<u>\$ 519</u>	<u>\$ 171</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 1,993	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	3,809	2,075	-	2,230	519	171
Unassigned	-	-	(1,993)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>3,809</u>	<u>2,075</u>	<u>(1,993)</u>	<u>2,230</u>	<u>519</u>	<u>171</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,809</u>	<u>\$ 2,075</u>	<u>\$ -</u>	<u>\$ 2,230</u>	<u>\$ 519</u>	<u>\$ 171</u>

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Ice Rink	Total
ASSETS					
Cash and cash equivalents	\$ 16,989	\$ -	\$ -	\$ -	\$ 16,989
Due from other funds	-	31,424	24,239	6,626	71,093
TOTAL ASSETS	<u>\$ 16,989</u>	<u>\$ 31,424</u>	<u>\$ 24,239</u>	<u>\$ 6,626</u>	<u>\$ 88,082</u>
LIABILITIES					
Due to other funds	\$ 9,319	\$ -	\$ -	\$ -	\$ 11,312
TOTAL LIABILITIES	<u>9,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,312</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	7,670	31,424	24,239	6,626	78,763
Unassigned	-	-	-	-	(1,993)
TOTAL FUND BALANCES (DEFICITS)	<u>7,670</u>	<u>31,424</u>	<u>24,239</u>	<u>6,626</u>	<u>76,770</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 16,989</u>	<u>\$ 31,424</u>	<u>\$ 24,239</u>	<u>\$ 6,626</u>	<u>\$ 88,082</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Recreation Fund	U. M. Steeple Fund	Planning Grant	Listers Education Fund	Conservation Commission	Energy Committee Fund
REVENUES						
Other income	\$ -	\$ -	\$ -	\$ -	\$ 550	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550</u>	<u>-</u>
EXPENDITURES						
Other	-	-	1,993	-	285	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,993</u>	<u>-</u>	<u>285</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(1,993)	-	265	-
FUND BALANCES (DEFICITS) - JULY 1	<u>3,809</u>	<u>2,075</u>	<u>-</u>	<u>2,230</u>	<u>254</u>	<u>171</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,809</u>	<u>\$ 2,075</u>	<u>\$ (1,993)</u>	<u>\$ 2,230</u>	<u>\$ 519</u>	<u>\$ 171</u>

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Ice Rink	Total
REVENUES					
Other income	\$ 719	\$ 11,520	\$ 1,262	\$ 165	\$ 14,216
TOTAL REVENUES	<u>719</u>	<u>11,520</u>	<u>1,262</u>	<u>165</u>	<u>14,216</u>
EXPENDITURES					
Other	-	172	-	699	3,149
TOTAL EXPENDITURES	<u>-</u>	<u>172</u>	<u>-</u>	<u>699</u>	<u>3,149</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	719	11,348	1,262	(534)	11,067
FUND BALANCES (DEFICITS) - JULY 1	<u>6,951</u>	<u>20,076</u>	<u>22,977</u>	<u>7,160</u>	<u>65,703</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u><u>\$ 7,670</u></u>	<u><u>\$ 31,424</u></u>	<u><u>\$ 24,239</u></u>	<u><u>\$ 6,626</u></u>	<u><u>\$ 76,770</u></u>

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2020

	Highway Facility	Reappraisal Fund	Highway Reserve	Town Truck	Building Maintenance Reserve	Total
ASSETS						
Due from other funds	\$ 10,857	\$ 98,735	\$ 64,063	\$ 63,051	\$ 53,169	\$ 289,875
TOTAL ASSETS	\$ 10,857	\$ 98,735	\$ 64,063	\$ 63,051	\$ 53,169	\$ 289,875
LIABILITIES						
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	10,857	-	-	63,051	53,169	127,077
Assigned	-	98,735	64,063	-	-	162,798
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	10,857	98,735	64,063	63,051	53,169	289,875
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,857	\$ 98,735	\$ 64,063	\$ 63,051	\$ 53,169	\$ 289,875

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Highway Facility	Reappraisal Fund	Highway Reserve	Town Truck	Building Maintenance Reserve	Total
REVENUES						
Other income	\$ -	\$ 13,505	\$ 52,000	\$ 62,558	\$ -	\$ 128,063
TOTAL REVENUES	<u>-</u>	<u>13,505</u>	<u>52,000</u>	<u>62,558</u>	<u>-</u>	<u>128,063</u>
EXPENDITURES						
Capital outlay	-	-	78,626	-	33,330	111,956
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>78,626</u>	<u>-</u>	<u>33,330</u>	<u>111,956</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>13,505</u>	<u>(26,626)</u>	<u>62,558</u>	<u>(33,330)</u>	<u>16,107</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	40,000	-	30,000	70,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>30,000</u>	<u>70,000</u>
NET CHANGE IN FUND BALANCES	-	13,505	13,374	62,558	(3,330)	86,107
FUND BALANCES - JULY 1	<u>10,857</u>	<u>85,230</u>	<u>50,689</u>	<u>493</u>	<u>56,499</u>	<u>203,768</u>
FUND BALANCES - JUNE 30	<u>\$ 10,857</u>	<u>\$ 98,735</u>	<u>\$ 64,063</u>	<u>\$ 63,051</u>	<u>\$ 53,169</u>	<u>\$ 289,875</u>

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Ferrisburgh, Vermont that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including provision for the maintenance of cemeteries in the Town of Ferrisburgh.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	<u>Cemetery</u>	<u>Total</u>
ASSETS		
Due from other funds	\$ 14,007	\$ 14,007
TOTAL ASSETS	<u>\$ 14,007</u>	<u>\$ 14,007</u>
LIABILITIES		
Due to others funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	14,007	14,007
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>14,007</u>	<u>14,007</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,007</u>	<u>\$ 14,007</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Cemetery</u>	<u>Total</u>
REVENUES		
Interest income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES - JULY 1	<u>14,007</u>	<u>14,007</u>
FUND BALANCES - JUNE 30	<u>\$ 14,007</u>	<u>\$ 14,007</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Equipment and Vehicles	Infrastructure	Total
Public safety	\$ -	\$ 295,000	\$ 413,835	\$ -	\$ 708,835
Highway	-	973,297	1,724,113	355,880	3,053,290
Town wide	250,863	2,833,659	-	687,275	3,771,797
Total General Capital Assets	250,863	4,101,956	2,137,948	1,043,155	7,533,922
Less: Accumulated Depreciation	-	(1,259,934)	(856,080)	(68,540)	(2,184,554)
Net General Capital Assets	<u>\$ 250,863</u>	<u>\$ 2,842,022</u>	<u>\$ 1,281,868</u>	<u>\$ 974,615</u>	<u>\$ 5,349,368</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
Public Safety	\$ 708,835	\$ -	\$ -	\$ 708,835
Highway	2,595,689	582,543	(124,942)	3,053,290
Town Wide	<u>3,771,797</u>	<u>-</u>	<u>-</u>	<u>3,771,797</u>
Total General Capital Assets	7,076,321	582,543	(124,942)	7,533,922
Less: Accumulated Depreciation	<u>(2,016,580)</u>	<u>(292,916)</u>	<u>124,942</u>	<u>(2,184,554)</u>
Net General Capital Assets	<u>\$ 5,059,741</u>	<u>\$ 289,627</u>	<u>\$ -</u>	<u>\$ 5,349,368</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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 Ferrisburgh
Ferrisburgh, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Ferrisburgh, Vermont's basic financial statements and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ferrisburgh, 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*. We noted certain other matters that we reported to management of the Town of Ferrisburgh, Vermont in a separate letter dated January 7, 2021.

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 8, 2021