

Graham & Veroff

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

January 3, 2022

To the Select Board
Town of Williamstown, Vermont

We have audited the financial statements of the Town of Williamstown, VT (the "Town") for the year ended June 30, 2021, and have issued our report thereon dated January 3, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 30, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful remaining life of depreciable assets is based on generally accepted useful lives assigned to various categories of property and equipment and on historical in-service periods for similar assets placed in service in prior years. We evaluated the key factors and assumptions used to develop the estimate of depreciation on property and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The Disclosure of the Town's proportionate share of the Vermont Municipal Employees Retirement System pension plan's net pension liability in Note 7 was calculated by the Plan's actuaries and based on estimates of the life expectancies and future earnings of plan participants, as well as estimates of future returns on plan assets. Actual returns on plan investments and actual plan participant earnings and life expectancies may be materially higher or lower than actuarial estimates, which could result in material increases or decreases in the Town's proportionate share of the future net pension liability of the plan.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 3, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restrictions on Use

This information is intended solely for the use of the Select Board and management of the Town of Williamstown, VT and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Graham & Veroff

Graham & Veroff, P.C.

Springfield, Vermont

January 3, 2022

VT Registration #92-0000282

TOWN OF WILLIAMSTOWN, VERMONT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

**TOWN OF WILLIAMSTOWN, VERMONT
ANNUAL FINANCIAL REPORT
JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen and Town Manager of
Town of Williamstown, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, Vermont (the "Town"), as of and for the year ended June 30, 2021, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Town of Williamstown, Vermont as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 following be presented to supplement the basic financial statements:

- Management's discussion and analysis
- Schedule of the Town's Proportionate Share of the Net Pension Liability
- Schedule of the Town's Contributions – Pensions

Such information, although not 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's basic financial statements. The combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual non-major fund financial statements 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 3, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Graham & Veroff

Graham & Veroff, PC
Springfield, Vermont
January 3, 2022

VT Registration #92-0000282

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Within this section of the Town of Williamstown, Vermont's (the "Town") annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the year ended June 30, 2021. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes the management's discussion and analysis.

Financial Highlights

- **Government-Wide Highlights**

Net Position – The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows on June 30, 2021 by \$6,419,539 (net position). Of this amount, \$1,524,911 (unrestricted net position) may be used by the various funds of the Town to meet the Town's ongoing obligations to citizens and creditors, and \$4,379,839 was invested in capital assets, net of related long-term debt. The remainder, \$514,789, is restricted for special purpose revenue funds and capital project reserves.

Changes in Net Position - The Town's total net position decreased by \$9,684. Of this amount, net position attributable to governmental activities increased by \$258,611. Net position attributable to business-type activities decreased by \$248,927.

- **Fund Highlights**

Government Funds – Governmental funds include general, special revenue, and capital projects. As of June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$1,552,071, an increase of \$341,056.

Water Fund – The Town's Water Fund reported a total net position of \$949,358 as of June 30, 2021, an increase of \$27,426. \$369,807 represents the *unrestricted balance* available for future expenses, and \$477,992 is the amount invested in capital assets, net of related debt.

Sewer Fund – The Town's Sewer Fund reported a total net position of \$966,912 as of June 30, 2021, a decrease of \$276,353. \$246,509 represents the *unrestricted deficit balance*. \$820,922 is the amount invested in capital assets, net of related debt.

Overview of the Town's Financial Statements

Management's discussion and analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-Wide Financial Statements. The Town's annual report includes two government-wide financial statements which provide both long- term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. They are comprised of the *statement of net position* and *statement of activities*.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

The first of these government-wide statements is the Statement of Net Position (Exhibit A). This is a government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the Town is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the state and federal governments, and the condition of the Town's infrastructure.

The second government-wide statement is the Statement of Activities (Exhibit B). This statement reports how the Town's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the Statement of Activities is to show the financial reliance of the Town's activities or functions on revenues provided by the Town's taxpayers.

Both of the above government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, health and social services, and culture and recreation. The business-type activities of the Town include the water and sewer departments.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, propriety funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the Town's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining alike funds and presenting them in total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented in a single column.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Funds Balance Sheet (Exhibit C-1) and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-2) have been reconciled to the Statement of Net Position (Exhibit A) Statement of Activities (Exhibit B) in the Reconciliation of the Governmental Fund

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Balances to the Statement of Net Position – Governmental Activities (Exhibit C-2) and Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit C-4) to assist in understanding the differences between these two perspectives.

Budgetary Comparison Schedules are included in the financial statements for the General Fund (Schedule 1) and highway fund (Schedule 2). These schedules demonstrate regulatory compliance with the Town's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 12 through 15 of this report.

The Town has three major governmental funds. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Town.

Proprietary Funds are used by the Town to report functions of business-type activities in the government-wide statements. The Town maintains two propriety funds that are enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the Town's water and sewer departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

In addition to the statements above, the report also contains the following fund financial statements.

The Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds shows the operating revenue and operating expenses for the fiscal year along with any non-operating revenue and expenses. The results of operations are the change in net position. This added to the prior year net position and is the new net position shown on both this statement and the Statement of Net Position.

The Statement of Cash Flows - Proprietary Funds outlines the cash flow resulting from operations, investments, and the financing activities of the enterprise funds of the Town.

Fiduciary Funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Notes to Financial Statements. The notes provide additional information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements.

The following condensed and reformatted financial information is a condensed version of the government-wide financial statements presented in this report.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Government-wide Financial Analysis
Summary of Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 2,393,724	\$ 57,767	\$ 2,451,491
Non-current assets	4,863,350	2,736,256	7,599,606
Total assets	<u>7,257,074</u>	<u>2,794,023</u>	<u>10,051,097</u>
 Deferred outflows of resources	 <u>213,422</u>	 <u>-</u>	 <u>213,422</u>
 Current liabilities	 317,711	 30	 317,741
Long-term liabilities	2,556,115	877,723	3,433,838
Total liabilities	<u>2,873,826</u>	<u>877,753</u>	<u>3,751,579</u>
 Deferred inflows of resources	 <u>93,401</u>	 <u>-</u>	 <u>93,401</u>
 Net position			
Net investment in capital assets	3,080,922	1,298,917	4,379,839
Restricted	20,734	494,055	514,789
Unrestricted	1,401,613	123,298	1,524,911
Total net position	<u>\$ 4,503,269</u>	<u>\$ 1,916,270</u>	<u>\$ 6,419,539</u>

The largest portion of the Town's net position, \$4,379,839, reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to the Town; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the general fund is not restricted by state law and is available for spending at the Town's discretion.

The following table provides a summary of government-wide revenues, expenses, and net position for the year ended June 30, 2021:

Summary of Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 142,534	\$ 386,305	\$ 528,839
Operating grants and contributions	343,650	-	343,650
Licenses and permits	13,083	-	13,083
Other	25,188	11,604	36,792

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

General Revenues			
Property taxes	2,375,259	-	2,375,259
Interest and penalties—property taxes	26,037	3,935	29,972
Earnings on investments	4,164	-	4,164
Total revenues	2,929,915	401,844	3,331,759
Expenses			
Governmental Activities:			
General government	607,714	-	607,714
Public safety	765,582	-	765,582
Highways and streets	1,029,810	-	1,029,810
Health and welfare	49,466	-	49,466
Culture and recreation	92,332	-	92,332
Interest on long-term debt	32,838	-	32,838
Capital outlay	93,562	-	93,562
Business-Type Activities:			
Water	-	144,040	144,040
Sewer	-	506,731	506,731
Total expenses	2,671,304	650,771	3,322,075
Change in net position	258,611	(248,927)	9,684
Net position, beginning of year	4,244,658	2,165,197	6,409,855
Net position, end of year	\$ 4,503,269	\$ 1,916,270	\$ 6,419,539

Financial Analysis of the Town's Funds

As discussed, the Town's governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental Activities

Program Revenues. In accordance with GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.

Total program revenues from governmental activities were \$499,267 in fiscal year 2021 compared to \$414,625 in the prior year. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues and *operating grants and contributions*, which include operating-specific and discretionary (either operating or capital) grants.

General Revenues. All other revenues not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions and investment earnings. Total general revenues from governmental activities were \$2,430,648 in fiscal year 2021 compared to \$2,230,230 in the prior year. Taxes and related revenue of \$2,401,296 comprised approximately 82% of the Town's general revenues for fiscal year ended June 30, 2021.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Governmental Expenses. Total government activity expenses were \$2,671,304 in fiscal year 2021 compared to \$2,733,709 in fiscal year 2020, an decrease of approximately 3%. The largest expenses were incurred for general government, public safety, and highways and streets.

Business-Type Activities

Net position for business-type activities (Water and Sewer Departments) was \$1,916,270 as of June 30, 2021, a decrease of \$248,927 from the prior year. Total water and sewer revenues for the June 30, 2021 fiscal year were \$386,305, an increase of 8% compared to the prior fiscal year. Total water and sewer operating expenses for the 2021 fiscal year were \$650,771, an increase of 63% compared to the prior year. The largest increases were for sludge removal, general repairs, capital asset acquisition and improvements, and collection system maintenance.

Financial Analysis of Individual Funds

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$1,552,070. The fund balance of the General Fund as of June 30, 2021 was \$127,079, an increase of \$33,647 from the prior year.

In summary, (as indicated in the balance sheet on page 13) the fund balance committed in the governmental funds total \$199,893. The fund balance has been principally earmarked for the following purposes:

Reappraisal fund	\$	139,120
Records restoration fund		60,773
Total	\$	199,893

General Fund Budgetary Highlights

The Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund beginning on page 16 compares the actual results for fiscal year 2021 to the approved budget for the General Fund. Differences between budgeted amounts and actual amounts are briefly summarized below. The most significant variances were as follows:

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 816,843	\$ 711,319	\$ (105,524)
Delinquent taxes	20,000	60,869	40,869
Ambulance	272,480	341,323	68,843
General income	18,150	11,755	(6,395)
Expenses			
Manager’s office	\$ 138,174	\$ 126,635	\$ 11,539
Ambulance	272,480	321,532	(49,052)
Public safety building	195,268	216,765	(21,497)
Fire department	240,869	227,184	13,685

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Capital Assets and Debt Administration

Capital Assets

The Town's government activities investment in capital assets, (net of accumulated depreciation) as of June 30, 2021, was \$5,422,970, which represents a decrease of \$295,911 as compared to the prior year. Investment in capital assets includes land, land improvements, machinery and equipment, buildings, and infrastructure. Infrastructure assets are items that are normally immovable and of value to the Town such as roads, bridges, streets, drainage systems, lighting systems and similar items. During the year ended June 30, 2021, the cost of extensive repairs done to the tower ladder to maintain its useful life were capitalized and a deposit was paid for the purchase of a dump truck received in fiscal year 2022. Depreciation expense for the 2021 fiscal year totaled \$376,178.

The Town's investment in capital assets for the Water and Sewer Departments, (net of accumulated depreciation) as of June 30, 2021, was \$2,176,640 as of June 30, 2021. There were no new additions to water or sewer fund capital assets during FY2021.

Depreciation expense on buildings, vehicles, and equipment in service for the year ended June 30, 2021 amounted to \$27,586 and \$86,285, respectively, for the Water and Sewer Funds.

Long-Term Debt

At the end of the year, the Town's Governmental funds had total debt outstanding of \$2,342,048. The Sewer Fund had total debt outstanding of \$877,723.

These amounts owed are backed by the full faith and credit of the Town with voter approved property taxes and user fees used to pay the obligations. These proceeds are being used to fund the addition and alterations of the capital assets.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year 2021 budget, tax rates, and fees. When adopting the budget for the 2021-2022 year, the Select Board considered operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2021. For the fiscal year ended June 30, 2021, the Town budgeted for a zero increase in fund balance, after allocating \$60,000 from the tax rate stabilization reserve fund during fiscal year 2021.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to:

WILLIAMSTOWN TOWN OFFICES
2470 Vermont Route 14
Williamstown, VT 05679

EXHIBIT A
TOWN OF WILLIAMSTOWN, VT
STATEMENT OF NET POSITION
June 30, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 2,192,491	\$ -	\$ 2,192,491
Accounts receivable, net	41,190	56,693	97,883
Delinquent taxes receivable, net	110,518	-	110,518
Prepaid expenses	49,525	1,070	50,595
Internal balances	(559,620)	559,620	-
Capital assets:			
Not depreciable - land	210,354	32,679	243,033
Depreciable:			
Buildings and improvements	2,765,277	490,998	3,256,275
Equipment and vehicles	4,323,930	-	4,323,930
Infrastructure	2,338,379	-	2,338,379
Water/sewer system and improvements	-	2,915,256	2,915,256
Less accumulated depreciation	<u>(4,214,970)</u>	<u>(1,262,293)</u>	<u>(5,477,263)</u>
Total assets	<u>7,257,074</u>	<u>2,794,023</u>	<u>10,051,097</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>213,422</u>	<u>-</u>	<u>213,422</u>
Total deferred outflows of resources	<u>213,422</u>	<u>-</u>	<u>213,422</u>
LIABILITIES			
Accounts payable	54,239	30	54,269
Accrued salary and benefits	36,359	-	36,359
Bonds and notes payable due within one year	187,114	108,672	295,786
Net pension liability	441,180	-	441,180
Bonds and notes payable due after one year	2,154,934	769,051	2,923,985
Total liabilities	<u>2,873,826</u>	<u>877,753</u>	<u>3,751,579</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	67,514	-	67,514
Unavailable revenue - grant income	20,490	-	20,490
Deferred inflows related to pension	5,397	-	5,397
Total deferred inflows of resources	<u>93,401</u>	<u>-</u>	<u>93,401</u>
NET POSITION			
Net investment in capital assets	3,080,922	1,298,917	4,379,839
Restricted	20,734	494,055	514,789
Unrestricted	1,401,613	123,298	1,524,911
Total net position	<u>\$ 4,503,269</u>	<u>\$ 1,916,270</u>	<u>\$ 6,419,539</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements

EXHIBIT B
TOWN OF WILLIAMSTOWN, VT
STATEMENT OF ACTIVITIES
For the year ending June 30, 2021

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General government	\$ 607,714	\$ 56,864	\$ 175,948	\$ (374,902)	\$ -	\$ (374,902)
Public safety	765,582	85,020	-	(680,562)	-	(680,562)
Highways and streets	1,029,810	-	167,702	(862,108)	-	(862,108)
Health and welfare	49,466	650	-	(48,816)	-	(48,816)
Culture and recreation	92,332	-	-	(92,332)	-	(92,332)
Interest on long-term debt	32,838	-	-	(32,838)	-	(32,838)
Capital outlay	93,562	-	-	(93,562)	-	(93,562)
Total Governmental Activities	2,671,304	142,534	343,650	(2,185,120)	-	(2,185,120)
Business-Type Activities:						
Water	144,040	167,531	-	-	23,491	23,491
Sewer	506,731	218,774	-	-	(287,957)	(287,957)
Total Business-Type Activities	650,771	386,305	-	-	(264,466)	(264,466)
Total	\$ 3,322,075	\$ 528,839	\$ 343,650	(2,185,120)	(264,466)	(2,449,586)
General Revenues:						
Property taxes				2,375,259	-	2,375,259
Interest and penalties				26,037	3,935	29,972
Licenses and permits				13,083	-	13,083
Earnings on investments				4,164	-	4,164
Grants and contributions nonprogram specific				5,663	-	5,663
Other				19,525	11,604	31,129
Total general revenues and transfers				2,443,731	15,539	2,459,270
Change in net position				258,611	(248,927)	9,684
Net position - beginning of year				4,244,658	2,165,197	6,409,855
Net position - end of year				\$ 4,503,269	\$ 1,916,270	\$ 6,419,539

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT C-1
TOWN OF WILLIAMSTOWN, VT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Highway</u> <u>Reserve</u> <u>Fund</u>	<u>Non-major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Government</u> <u>Funds</u>
ASSETS					
Cash	\$ 2,188,321	\$ -	\$ -	\$ 4,170	\$ 2,192,491
Accounts receivable, net	25,150	16,040	-	-	41,190
Delinquent taxes receivable	110,518	-	-	-	110,518
Prepaid expenses	49,525	-	-	-	49,525
Due from other funds	-	358,566	348,678	723,996	1,431,240
Total assets	<u>2,373,514</u>	<u>374,606</u>	<u>348,678</u>	<u>728,166</u>	<u>3,824,964</u>
LIABILITIES					
Accounts payable	54,239	-	-	-	54,239
Accrued salaries and benefits	36,359	-	-	-	36,359
Due to other funds	1,964,401	-	-	26,459	1,990,860
Total liabilities	<u>2,054,999</u>	<u>-</u>	<u>-</u>	<u>26,459</u>	<u>2,081,458</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid property taxes	67,514	-	-	-	67,514
Unavailable revenue - property tax	123,921	-	-	-	123,921
Total deferred inflows of resources	<u>191,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,435</u>
FUND BALANCES					
Nonspendable	49,525	-	-	-	49,525
Restricted	3,770	-	-	131,955	135,725
Committed	-	-	-	199,893	199,893
Assigned	(123,712)	-	348,678	369,859	594,825
Unassigned	197,497	374,606	-	-	572,103
Total fund balances	<u>127,080</u>	<u>374,606</u>	<u>348,678</u>	<u>701,707</u>	<u>1,552,071</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,373,514</u>	<u>\$ 374,606</u>	<u>\$ 348,678</u>	<u>\$ 728,166</u>	<u>\$ 3,824,964</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT C-2
TOWN OF WILLIAMSTOWN, VT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2021

Total fund balances of governmental funds (Exhibit C-1) \$ 1,552,071

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not considered financial resources for fund perspective reporting and, therefore, are not reported as assets in governmental funds.

Cost	9,637,940	
Less accumulated depreciation	<u>(4,214,970)</u>	5,422,970

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

Deferred outflows of resources related to pensions	213,422
Deferred inflows of resources related to pensions	(5,397)

Revenues that will be collected after year-end and are not available to pay for the current period's expenditures are reported as deferred inflows of resources in the funds	103,431
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Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Net pension liability	(441,180)	
General obligation bonds and other debt payable	<u>(2,342,048)</u>	<u>(2,783,228)</u>

Net position of governmental activities (Exhibit A) \$ 4,503,269

EXHIBIT C-3
TOWN OF WILLIAMSTOWN, VT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ending June 30, 2021

	General Fund	Highway Fund	Highway Reserve Fund	Non-major Governmental Funds	Total Government Funds
REVENUES					
Property taxes	\$ 1,227,127	\$ 1,044,702	\$ -	\$ -	\$ 2,271,829
Property taxes - interest and penalties	26,037	-	-	-	26,037
Intergovernmental	99,497	167,702	-	76,451	343,650
Charges for services	128,633	-	-	13,901	142,534
Licenses and permits	11,341	1,742	-	-	13,083
Investment income	4,164	-	-	-	4,164
Miscellaneous	8,765	6,240	-	10,183	25,188
Total revenues	<u>1,505,564</u>	<u>1,220,386</u>	<u>-</u>	<u>100,535</u>	<u>2,826,485</u>
EXPENDITURES					
General government	583,772	-	-	4,354	588,126
Public safety	547,345	-	-	46,261	593,606
Highways and streets	-	793,473	-	-	793,473
Health and social services	49,466	-	-	-	49,466
Culture and recreation	86,463	-	-	369	86,832
Capital outlay	57,914	-	55,137	125,630	238,681
Debt service:					
Principal	35,037	-	47,370	20,000	102,407
Interest	28,650	-	1,914	2,274	32,838
Total expenditures	<u>1,388,647</u>	<u>793,473</u>	<u>104,421</u>	<u>198,888</u>	<u>2,485,429</u>
Excess (deficiency) of revenues over (under) expenses	116,917	426,913	(104,421)	(98,353)	341,056
OTHER FINANCING SOURCES (USES)					
Transfers in	110,422	-	195,000	222,424	527,846
Transfers out	<u>(172,846)</u>	<u>(295,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>(527,846)</u>
Total other financing sources (uses)	<u>(62,424)</u>	<u>(295,000)</u>	<u>195,000</u>	<u>162,424</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	54,493	131,913	90,579	64,071	341,056
FUND BALANCES - JULY 1, 2020	<u>72,587</u>	<u>242,693</u>	<u>258,099</u>	<u>637,636</u>	<u>1,211,015</u>
FUND BALANCES - JUNE 30, 2021	<u>\$ 127,080</u>	<u>\$ 374,606</u>	<u>\$ 348,678</u>	<u>\$ 701,707</u>	<u>\$ 1,552,071</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT C-4
TOWN OF WILLIAMSTOWN, VT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ending June 30, 2021

Net change in fund balances of governmental fund (Exhibit C-3)		\$	341,056
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:			
Capital outlay purchases			80,267
Depreciation			(376,178)
			(295,911)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Principal repayment of bonds and notes payable			
Principal repayments of debt			185,464
			185,464
Revenue in the statement of activities that does not provide current financial resources is not reported in the governmental funds			
Unavailable revenue - property taxes			103,431
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 the governmental funds.			
Change in net pension liability			(194,998)
Change in pension related deferred outflows			115,784
Change in pension related deferred inflows			3,785
			(75,429)
Change in net position of governmental activities (Exhibit B)		\$	258,611

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT D-1
TOWN OF WILLIAMSTOWN, VT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the year ending June 30, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 816,843	\$ 711,319	\$ (105,524)
Delinquent taxes	20,000	60,869	40,869
Cemetery	45,963	51,308	5,345
Administration fees	7,600	7,600	-
Listers	400	-	(400)
Town clerk/treasurer	26,500	41,648	15,148
Animal control	4,100	4,138	38
Ambulance	272,480	341,323	68,843
Fire department	240,869	242,031	1,162
Library	93,074	93,573	499
General income	18,150	11,755	(6,395)
Special appropriation revenue	50,422	50,422	-
Total revenues	<u>1,596,401</u>	<u>1,615,986</u>	<u>19,585</u>
Expenditures			
Selectboard	5,381	4,462	919
Planning commission	10,774	7,577	3,197
Cemetery commission	45,963	51,186	(5,223)
Auditors	5,000	3,338	1,662
Listers	23,625	17,989	5,636
Board of civil authority	3,480	611	2,869
Elections	6,430	3,641	2,789
Manager's office	138,174	126,635	11,539
Clerk/Treasurer	118,536	116,883	1,653
General operating budget	250,495	239,285	11,210
Other operating expenditures	33,800	11,077	22,723
Public safety	88,830	59,754	29,076
Animal control	9,000	5,414	3,586
Ambulance	272,480	321,532	(49,052)
Public safety building	195,268	216,765	(21,497)
Fire	240,869	227,184	13,685
Library	93,074	93,187	(113)
Storm Water	4,800	3,051	1,749
Special articles	50,422	51,922	(1,500)
Stabilization of tax rate	-	-	-
Total expenditures	<u>1,596,401</u>	<u>1,561,493</u>	<u>34,908</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>-</u>	<u>54,493</u>	<u>54,493</u>
 NET CHANGE IN FUND BALANCE	 \$ <u>-</u>	 54,493	 \$ <u>54,493</u>
FUND BALANCE - JULY 1, 2020		<u>72,587</u>	
FUND BALANCE - JUNE 30, 2021		\$ <u>127,080</u>	

EXHIBIT D-2
TOWN OF WILLIAMSTOWN, VT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HIGHWAY FUND
For the year ending June 30, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,044,702	\$ 1,044,702	\$ -
State/Federal aid	155,000	167,702	12,702
Other	-	7,982	7,982
Total revenues	1,199,702	1,220,386	20,684
Expenditures			
Highway operations	277,500	210,004	67,496
Highway equipment	155,953	191,761	(35,808)
Highway reserve accounts	295,000	295,000	-
Highway employee benefits	457,149	368,370	88,779
Garage expenditures	14,100	23,338	(9,238)
Total expenditures	1,199,702	1,088,473	111,229
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	-	131,913	131,913
NET CHANGE IN FUND BALANCE	\$ -	131,913	\$ 131,913
FUND BALANCE - JULY 1, 2020		242,693	
FUND BALANCE - JUNE 30, 2021		\$ 374,606	

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	WATER	SEWER	TOTAL
ASSETS			
Current Assets			
Accounts receivable, net	\$ 24,384	\$ 32,309	\$ 56,693
Prepaid expenses	1,070	-	1,070
Due from other funds	445,909	113,711	559,620
Non-depreciable:			
Land	32,500	179	32,679
Buildings and improvements	-	490,998	490,998
Water/sewer system and improvements	862,636	2,052,620	2,915,256
Accumulated depreciation	(417,141)	(845,152)	(1,262,293)
TOTAL ASSETS	949,358	1,844,665	2,794,023
LIABILITIES			
Current Liabilities			
Accounts payable	-	30	30
Bonds payable due within one year	-	108,672	108,672
Bonds payable due after one year	-	769,051	769,051
TOTAL LIABILITIES	-	877,753	877,753
NET POSITION			
Invested in capital assets, net of related debt	477,995	820,922	1,298,917
Restricted	101,556	392,499	494,055
Unrestricted	369,807	(246,509)	123,298
TOTAL NET POSITION	\$ 949,358	\$ 966,912	\$ 1,916,270

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the year ending June 30, 2021

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
OPERATING REVENUE			
Charges for services	\$ 167,531	\$ 218,774	\$ 386,305
Delinquent interest and penalties	3,935	-	3,935
Other	-	11,604	11,604
Total operating revenue	<u>171,466</u>	<u>230,378</u>	<u>401,844</u>
OPERATING EXPENSES			
Administration	3,800	3,800	7,600
Supplies	7,416	21,446	28,862
Outside services	52,710	69,481	122,191
Insurance	994	3,176	4,170
Maintenance and repairs	20,161	279,889	300,050
Equipment and tools	-	4,742	4,742
Building and grounds	31,373	22,717	54,090
Depreciation expense	27,586	86,285	113,871
Total operating expenses	<u>144,040</u>	<u>491,536</u>	<u>635,576</u>
Income (loss) from operations	<u>27,426</u>	<u>(261,158)</u>	<u>(233,732)</u>
NON-OPERATING REVENUE (EXPENSE)			
Interest expense	<u>-</u>	<u>(15,195)</u>	<u>(15,195)</u>
Total non-operating revenues (expense)	<u>-</u>	<u>(15,195)</u>	<u>(15,195)</u>
Change in net position	27,426	(276,353)	(248,927)
Net position, beginning of year	<u>921,932</u>	<u>1,243,265</u>	<u>2,165,197</u>
Net position, end of year	<u><u>\$ 949,358</u></u>	<u><u>\$ 966,912</u></u>	<u><u>\$ 1,916,270</u></u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ending June 30, 2021

	WATER	SEWER	TOTAL
CASH FLOWS FROM (TO) OPERATING ACTIVITIES			
Cash received from customers	\$ 166,342	\$ 221,313	\$ 387,655
Cash payments to suppliers for goods and services	(116,451)	(403,135)	(519,586)
Net cash provided by (used in) operating activities	49,891	(181,822)	(131,931)
CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES			
Interfund repayments from/(advances to)	(49,891)	135,489	85,598
Net cash provided by (used in) non-capital financing activities	(49,891)	135,489	85,598
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on notes and bonds, net of rebate	-	(15,195)	(15,195)
Proceeds from issuance of new debt	-	85,000	85,000
Principal payments on notes and bonds	-	(23,472)	(23,472)
Net cash provided by (used in) capital and financing activities	-	46,333	46,333
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH BALANCE, BEGINNING OF YEAR	-	-	-
CASH BALANCE, END OF YEAR	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 27,426	\$ (261,158)	\$ (233,732)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation expense	27,586	86,285	113,871
(Increase) decrease in accounts receivable	(5,121)	(9,065)	(14,186)
(Increase) decrease in prepaid expenses	-	2,116	2,116
<i>Net cash provided (used) by operating activities</i>	\$ 49,891	\$ (181,822)	\$ (131,931)

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT F
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	<u>Cemetery</u>	<u>Playground</u>	<u>Jr. High</u>	<u>Overseer</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,952	\$ 574	\$ 826	\$ 1,307	\$ 11,659
Investments	<u>374,899</u>	<u>27,113</u>	<u>3,274</u>	<u>44,833</u>	<u>450,119</u>
Total assets	<u>383,851</u>	<u>27,687</u>	<u>4,100</u>	<u>46,140</u>	<u>461,778</u>
LIABILITIES					
Intergovernmental payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted	<u>\$ 383,851</u>	<u>\$ 27,687</u>	<u>\$ 4,100</u>	<u>\$ 46,140</u>	<u>\$ 461,778</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT G
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the year ending June 30, 2021

	<u>Cemetery</u>	<u>Playground</u>	<u>Jr. High</u>	<u>Overseer</u>	<u>Total</u>
ADDITIONS					
New funds	\$ 1,625	\$ -	\$ -	\$ -	\$ 1,625
Investment income	2,410	652	591	4,934	8,587
Net increase (decrease) in fair value of investments	<u>47,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,019</u>
Total revenue	<u>51,054</u>	<u>652</u>	<u>591</u>	<u>4,934</u>	<u>57,231</u>
DEDUCTIONS					
Trust distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	51,054	652	591	4,934	57,231
NET POSITION, beginning of year	<u>332,797</u>	<u>27,035</u>	<u>3,509</u>	<u>41,206</u>	<u>57,231</u>
NET POSITION, end of year	<u>\$ 383,851</u>	<u>\$ 27,687</u>	<u>\$ 4,100</u>	<u>\$ 46,140</u>	<u>\$ 114,462</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies

Town of Williamstown, Vermont, (the "Town") was granted a charter under the provisions of the State of Vermont and operates under a trustee-treasurer form of government and provides services to Town residents as authorized by the charter.

The Town has adopted the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board ("GASB"), the accepted standard setting body for establishing accounting and financial reporting principals for government units, except for the omission from its financial statements of the financial position and results of operations of the Electric Light Department.

The Board of Trustees of the Town adopted the following policies which are consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

Reporting Entity

This report includes all of the funds of the Town. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, the Williamstown Electric Department should be combined with the financial statements of the Town but has been omitted from these financial statements. The Electric Light Department operates separately, reporting on a calendar year basis, and is audited separately. A copy of that audit is available upon request.

Basis of Presentation

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

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

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the Town. These statements report financial information of the Town's non-fiduciary activities as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, state aid, grants, and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

- (1) Net investment in capital assets – total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources;
- (2) Restricted – for amounts when constraints placed on the net position are either externally imposed or are imposed by constitutional provisions or enabling legislation.
- (3) Unrestricted – the total net position which do not fit the two preceding categories. When both restricted and unrestricted resources are available for use, generally it is the Town's policy to use restricted assets first with unrestricted resources utilized as needed.

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

The Town reports on the following major governmental funds:

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

Highway Fund – This is the Town's fund that accounts for all financial resources relating to maintenance, repair and replacement of the Town's highway and street infrastructure.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Highway Reserve Fund – This is the Town’s fund that accounts for capital project funds reserved for use in maintaining and replacing the Town’s highway and street infrastructure assets and related equipment.

All other funds are non-major governmental funds and are combined in a single column in each of the respective fund financial statements.

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expense. The generally accepted accounting principles applicable to these funds are similar to those applied to businesses in the private sector. The Town reports on the following major enterprise funds:

Sewer Fund – This fund is used to account for the operations of the Sewer Department.

Water Fund – This fund is used to account for the operations of the Water Department.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Measurement Focus

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

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

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Receivables

Receivables in the government-wide financial statements represent amounts due to the Town at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and related interest and penalties and are reported net of allowance for uncollectible accounts. Receivables reported in the governmental funds financial statements consist primarily of accrued taxes and related interest and penalties. Other receivables include primarily fees, fines, and expenditure reimbursements due to various Town programs and activities. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes and related interest and penalties that will be collected by the Town within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues (deferred inflows of resources).

Internal Balances

Activity between funds that is representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "Advances to/from Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Cash balances deposited and invested by the Treasurer in a combined cash account are reported as "Due to/from Other Funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund reserve account (non-spendable fund balance) in the applicable funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

The Town's property, plant, equipment, vehicles, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets. The Town has elected under the requirements of GASB Statement No. 34 not to capitalize infrastructure costs prior to January 1, 2004. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated.

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

The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	10 - 50
Equipment and Vehicles	5 - 20
Utility systems	8 - 50
Infrastructure	8 - 20

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

In addition to assets, the statement of financial position will sometimes 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/expenditures) until then. The Town has no items which arise under the accrual basis of accounting that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of transaction which arises under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The governmental funds balance sheet reports unavailable revenues from one source; unavailable property taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

Accrued Compensated Absences

Employees may carry forward five days of vacation from one calendar year to the next. Upon termination, employees will be paid for these carryforward days plus days earned up to the date of termination. Sick time cannot be carried forward and will not be paid upon termination. Certain employees with ten years of service at the time that the policy was last modified to its current state, were allowed to carry forward additional sick time credits. These employees will be compensated for these credits upon retirement. Accrued compensated absences are not reported in the governmental fund financial statements. Compensated absences in these funds are recorded as expenditures in the year they are paid. As of June 30, 2021, there were no accrued compensated absences.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s), and so will not be recognized as an outflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Long-Term Liabilities

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

Budgetary Accounting: General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary system in accordance with various legal requirements which govern the Town's operations. The Town's department heads and Town manager submit an annual budget to the Town's Trustees for review. A public hearing is held prior to the Town meeting to review the budget. The Town approves the budget at the annual Town meeting and the tax rate is determined by the Trustees based on the budget and grand list. Formal budgetary accounting is employed as a management control device in the General Fund.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form -prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column. GASB 34 and 37 set forth minimum criteria for the determination of major funds. The General Fund is shown as the major governmental fund. All other governmental funds are non-major and are combined in a single column in each of the respective fund financial statements.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board, which is the Town's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes voter approved reservations and contractual obligations to the extent that the existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

TOWN OF WILLIAMSTOWN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Assigned fund balance: This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances on other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted funds first, then unrestricted funds. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Note 2. Deposits

Custodial Credit Risk – Deposits. The Treasurer works with the Board to limit custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it.

The table below reflects the custodial credit risk of the Town's Deposits.

Insured by FDIC	\$	500,000
Insured by SPIC		-
Uninsured - collateralized		<u>1,763,330</u>
Total bank balances	\$	<u>2,263,330</u>

Note 3. Due to/From Other Funds

The Town has combined some of the cash resources of its governmental and proprietary funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an inter-fund balance. Inter-fund balances at June 30, 2021 were as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
Governmental Funds		
General Fund	\$ 1,964,401	\$ -
Highway fund	-	358,566
Highway reserve fund	-	348,678
Non-major Funds	26,459	723,996
Proprietary Funds		
Water Fund	-	445,909
Sewer Fund	-	113,711
Totals	<u>\$ 1,990,860</u>	<u>\$ 1,990,860</u>

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4. Capital Assets Activity

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 210,354	\$ -	\$ -	\$ 210,354
Total capital assets not being depreciated	<u>210,354</u>	<u>-</u>	<u>-</u>	<u>210,354</u>
Capital Assets being depreciated:				
Buildings and improvements	2,765,277	-	-	2,765,277
Equipment and vehicles	4,243,663	80,267	-	4,323,930
Infrastructure	2,338,379	-	-	2,338,379
Total capital assets being depreciated	<u>9,347,319</u>	<u>80,267</u>	<u>-</u>	<u>9,427,586</u>
Accumulated depreciation				
Buildings and improvements	(505,537)	(69,913)	-	(575,450)
Equipment and vehicles	(2,463,068)	(235,421)	-	(2,698,489)
Infrastructure	(870,187)	(70,844)	-	(941,031)
Total accumulated depreciation	<u>(3,838,792)</u>	<u>(376,178)</u>	<u>-</u>	<u>(4,214,970)</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,718,881</u>	<u>\$ (295,911)</u>	<u>\$ -</u>	<u>\$ 5,422,970</u>

Governmental Activities capital asset activity for the year ended June 30, 2021 was as follows:

Depreciation expense was charged to governmental functions as follows:

General government	\$ 24,452
Public safety	153,819
Highways and streets	<u>197,907</u>
	<u>\$ 376,178</u>

Proprietary funds capital asset activity for the year ended June 30, 2021 was as follows

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 32,679	\$ -	\$ -	\$ 32,679
Capital assets being depreciated:				
Buildings and improvements	490,998	-	-	490,998
Water/sewer system and improvements	2,915,256	-	-	2,915,256
Totals	<u>3,406,254</u>	<u>-</u>	<u>-</u>	<u>3,406,254</u>
Accumulated depreciation:				
Buildings and improvements	(480,248)	(1,000)	-	(481,248)
Water/sewer system and improvements	(668,174)	(112,871)	-	(781,045)
Total accumulated depreciation	<u>(1,148,422)</u>	<u>(113,871)</u>	<u>-</u>	<u>(1,262,293)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,290,511</u>	<u>\$ (113,871)</u>	<u>\$ -</u>	<u>\$ 2,176,640</u>

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5. Long-Term Liabilities

	Total June 30, 2020	Additions	Reductions	Total June 30, 2021	Due Within One Year
Governmental Activities:					
Bonds and notes payable	\$ 2,527,512	\$ -	\$ (185,464)	\$ 2,342,048	\$ 227,113
Net pension liability	246,182	194,998	-	441,180	-
Total governmental activities long-term liabilities	<u>\$ 2,773,694</u>	<u>\$ 194,998</u>	<u>\$ (185,464)</u>	<u>\$ 2,783,228</u>	<u>\$ 227,113</u>

Long-term notes and bonds payable consist of the following at June 30, 2021:

	Balance June 30, 2020	Additions	Payments	Balance June 30, 2021	Amount Due Within One Year
Governmental Activities:					
Bond payable (public safety building), Vermont Municipal Bond Bank, annual payments of \$20,322, plus interest at a rate of minus 3 percent (-3%). Bond matures February 1, 2039.	\$ 386,109	\$ -	\$ (20,322)	\$ 365,787	\$ 20,322
Note payable (fire truck), People's United Bank, with interest at 2.25% and annual payments of \$20,000 due through September 30, 2023. Loan was refinanced on September 15, 2020.	80,000	-	(20,000)	60,000	20,000
Capital lease payable, Kansas State Bank, annual payments of \$22,263, with interest at 3.36%. Lease matures September 2021.	42,379	-	(20,839)	21,540	21,540
Bond payable (fire station), Vermont Municipal Bond Bank, annual principal payments of \$76,966, with interest at 3.88%. Bond matures November 2044.	1,923,335	-	(76,933)	1,846,402	76,933
Note payable, Caterpillar Financial Services, annual principal and interest payments of \$49,284, with interest at 2%. Note matures 2022.	95,689	-	(47,370)	48,319	48,319
Total governmental activities	<u>\$ 2,527,512</u>	<u>\$ -</u>	<u>\$ (185,464)</u>	<u>\$ 2,432,048</u>	<u>\$ 187,114</u>

Business-Type Activities:

Sewer Fund:

Rural development loan (sewer improvement), USDA, annual payments of \$22,195, plus interest at a rate of 1.88%. Note matures March 1, 2047.	\$ 816,195	\$ 85,000	\$ (23,472)	\$ 877,723	\$ 108,672
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TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5. Long-Term Liabilities (continued)

Scheduled maturities of notes and bonds payable are as follows as of June 30, 2021:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 187,114	\$ 75,600	\$ 262,714
2023	117,255	69,908	187,163
2024	117,255	66,868	184,123
2025	97,255	63,829	161,084
2026	97,255	60,790	158,045
Thereafter	1,725,914	57,750	1,783,664
	<u>\$ 2,342,048</u>	<u>\$ 394,745</u>	<u>\$ 2,736,793</u>

Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2022	108,672	14,996	123,668
2023	24,119	14,549	38,668
2024	24,575	14,093	38,668
2025	25,040	13,628	38,668
2026	25,499	13,169	38,668
Thereafter	669,818	149,359	819,177
	<u>\$ 877,723</u>	<u>\$ 219,794</u>	<u>\$ 1,097,517</u>

Note 6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are as follows:

	Entity-Wide Basis	Governmental Funds
	Government Activities	General
Governmental Activities:		
Deferred amounts related to pension	\$ 213,422	\$ -
Total deferred outflows of resources	<u>\$ 213,422</u>	<u>\$ -</u>

Deferred inflows of resources are as follows:

	Entity-Wide Basis	Governmental Funds
	Government Activities	General
Governmental Activities:		
Prepaid property taxes	\$ 67,514	67,514
Unavailable revenue – property taxes	-	103,431
Unavailable revenue – grant income	20,490	20,490
Deferred amounts related to pension	5,397	-
Total deferred outflows of resources	<u>\$ 93,401</u>	<u>\$ 191,435</u>

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

7. Pension Plan

Summary of Significant Accounting Policies

Pensions

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), and additions to/deductions from VMERSs' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

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

During the plan year ended June 30, 2019, the retirement system consisted of 402 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

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

Summary of System Provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service

TOWN OF WILLIAMSTOWN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 7. Pension Plan (continued)

Average Final Compensation (AFC)	<p>Group A – average annual compensation during the highest 5 consecutive years.</p> <p>Group B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance Eligibility	<p>Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Groups C and D – age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC.</p> <p>Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.</p> <p>Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC</p> <p>Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above includes the portion of the allowance provided by member contributions.</p>
Early Retirement Allowance Eligibility	<p>Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.</p>
Amount	<p>Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement proceeds Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.</p>
Vested Retirement Allowance Eligibility	<p>5 years of service.</p>
Amount	<p>Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments” described below.</p>
Disability Retirement Allowance Eligibility	<p>5 years of service and disability as determined by Retirement Board.</p>
Amount	<p>Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.</p>
Death Benefit Eligibility	<p>Death after 5 years of service.</p>
Amount	<p>For Groups A, B, C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefits under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.</p>

TOWN OF WILLIAMSTOWN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 7. Pension Plan (continued)

Optional Benefit and Death after Retirement	For Groups A, B, C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
Member Contributions	Group A – 2.725% effective July 1, 2019 Group B – 5.125% effective July 1, 2019 Group C – 10.250% effective July 1, 2019 Group D – 11.850% effective July 1, 2019
Employer Contributions	Group A – 4.250% effective July 1, 2019 Group B – 5.750% effective July 1, 2019 Group C – 7.500% effective July 1, 2019 Group D – 10.100% effective July 1, 2019
Retirement Stipend	\$25 per month payable at the option of the Board of Retirees.

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

At June 30, 2021, the Town reported a liability of \$441,180 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and was determined based upon the results of the actuarial valuation as of June 30, 2019, adjusted forward using standard actuarial techniques. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.17%, which was a decrease of .03% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$107,936.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7. Pension Plan (continued)

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,733	\$ 1,308
Net difference between projected and actual investment earnings on pension plan investments	42,195	-
Change in assumptions	59,148	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	39,839	4,089
Town's employer contributions made subsequent to the measurement date	32,507	-
Total	\$ 213,422	\$ 5,397

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$32,507 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:

Year Ended June 30:	
2022	\$ 50,061
2023	45,286
2024	33,608

Significant Actuarial Assumptions and Methods

Interest Rate: A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year:

- Year 1: 6.50%
- Year 2: 5.75%
- Year 3: 5.25%
- Year 4: 5.00%
- Year 5: 4.75%
- Year 6: 4.75%
- Year 7: 4.75%
- Year 8: 4.75%
- Year 9: 4.75%
- Year 10+: 4.50%

Salary Increases: 4.5% per year.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7. Pension Plan (continued)

Deaths:

Active Participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – the 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

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

Cost-of-living Adjustments to Benefits Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

Actuarial Cost Method: Entry Age Normal – Level Percentage of Pay.

Asset Valuation Method: Invested assets are reported at fair value.

Note – for funding purposes – a smoothing method is used, 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. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 2.30% per year.

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer-term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7. Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
Large Cap US Equities	4.00%	4.00%
Small/Mid Cap US Equities	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Market Debt	4.00%	3.00%
Private and Alternative Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	5.75%
Core Fixed Income	19.00%	0.00%
Core Real Estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's combined proportionate share of the net pension liability	\$ 674,033	\$ 441,180	\$ 249,591

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available as a 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

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8. Risk Management

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

Note 9. Contingent Liabilities

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

Note 10. Property Taxes

Property taxes attach as an enforceable lien on property as of April 1, annually. Property taxes are due in a single installment on November 16th. All late payments are subject to an 8% penalty and interest is calculated at 1% per month. Property taxes are recognized as revenue in the period for which they are levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty (60) days after year-end. The remaining receivables are reported as unearned revenue, a deferred inflow of resources.

The Town tax rate for fiscal year 2021 were as follows:

		Residential		Non-Residential
General fund	\$	0.1823	\$	0.1823
Highway fund		0.2790		0.2790
Fire department		0.0644		0.0644
Ambulance		0.0461		0.0461
Cemetery		0.0117		0.0117
Library		0.0248		0.0248
Special articles		0.0141		0.0141
Local agreement		0.0050		0.0050
State education tax		1.3842		1.5695
	\$	2.0116	\$	2.1969

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 11. Net Position

Governmental and business-type activities net position reported on the government-wide Statement of Net Position at June 30, 2021 includes the following:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Net capital assets	\$ 5,422,970	\$ 2,176,640	\$ 7,599,610
General obligation bonds/notes payable	2,342,048	877,723	3,219,771
Total net investment in capital assets	<u>3,080,922</u>	<u>1,298,917</u>	<u>4,379,839</u>
Restricted:			
Veteran's park	3,770	-	3,770
Parade fund	200	-	200
Cemetery burial fund	5,476	-	5,476
Cemetery donation fund	5,425	-	5,425
Henry Baker fund	4,170	-	4,170
Other funds	1,693	-	1,693
Water reserve funds	-	101,556	101,556
Sewer reserve funds	-	392,499	392,499
Total restricted	<u>20,734</u>	<u>494,055</u>	<u>514,789</u>
Unrestricted:			
Total unrestricted	<u>1,401,613</u>	<u>123,298</u>	<u>1,524,911</u>
Total net position	<u>\$ 4,503,269</u>	<u>\$ 1,916,270</u>	<u>\$ 6,419,539</u>

Note 12. Governmental Fund Balances

	General Fund	Other Governmental Funds	Total
Non-spendable:			
Prepaid items	\$ 49,525	\$ -	\$ 49,525
Total non-spendable	<u>49,525</u>	<u>-</u>	<u>49,525</u>
Restricted:			
Veteran's park	3,770	5,401	3,770
Parade fund	-	200	200
Cemetery burial fund	-	5,476	5,476
Cemetery donation fund	-	5,425	5,425
Henry Baker fund	-	4,170	4,170
Tax rate stabilization reserve fund	-	103,379	103,379
Other funds	-	7,904	7,904
Total restricted	<u>3,770</u>	<u>131,955</u>	<u>135,725</u>
Committed:			
Reappraisal fund	-	139,120	139,120
Records restoration fund	-	60,773	60,773
Total committed	<u>-</u>	<u>199,893</u>	<u>199,893</u>

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12. Governmental Fund Balances (continued)

	General Fund	Governmental Funds	Total
Assigned:			
Energy grant reserve fund	-	987	987
Cemetery project reserve fund	-	12,261	12,261
Special appropriations	(123,712)	-	(123,712)
Cemetery fund	-	(4,201)	(4,201)
Highway reserve fund	-	348,678	348,678
Ambulance fund	-	113,916	113,916
Fire truck fund	-	77,398	77,398
Road rehab fund	-	143,403	143,403
Public safety fund	-	31,303	31,303
Public safety building fund	-	1,000	1,000
Town hall renovation fund	-	7,040	7,040
Total assigned	(123,712)	718,537	594,825
Unassigned:			
General fund	197,497	374,606	572,103
Total governmental fund balances	\$ 127,080	\$ 1,424,991	\$ 1,552,071

Note 13. Subsequent Events

Management has evaluated subsequent events through January 3, 2022, the date that the financial statements were available to be issued.

EXHIBIT H
TOWN OF WILLIAMSTOWN, VERMONT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM COST SHARING
MULTIPLE EMPLOYER DEFINED BENEFIT PLAN
For the year ending June 30, 2021

	June 30,						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town's proportion of the net pension liability	0.16%	0.17%	0.16%	0.14%	0.13%	0.13%	0.17%
Town's proportionate share of the net pension liability	\$ 14,676	\$ 129,380	\$ 200,305	\$ 171,039	\$ 188,311	\$ 246,182	\$ 441,180
Town's covered payroll	\$ 436,433	\$ 430,092	\$ 419,176	\$ 426,304	\$ 515,692	\$ 598,270	\$ 794,202
Town's proportionate share of the net pension liability as a percentage of its covered payroll	3.36%	30.08%	47.79%	40.12%	36.52%	41.15%	55.55%
Plan fiduciary net position as a percentage of the total pension liability	98.32%	87.42%	80.95%	83.64%	82.60%	80.35%	82.64%

See Disclaimer in Accompanying Independent Auditor's Report

EXHIBIT I
TOWN OF WILLIAMSTOWN, VERMONT
SCHEDULE OF TOWN CONTRIBUTIONS - PENSIONS
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM COST SHARING
MULTIPLE EMPLOYER DEFINED BENEFIT PLAN
For the year ending June 30, 2021

	June 30,						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 23,458	\$ 23,655	\$ 23,055	\$ 23,447	\$ 29,130	\$ 27,264	\$ 36,145
Contribution in relation to the contractually required contributions	<u>23,458</u>	<u>23,655</u>	<u>23,055</u>	<u>23,447</u>	<u>29,130</u>	<u>27,264</u>	<u>36,145</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 436,433	\$ 430,092	\$ 419,176	\$ 426,304	\$ 515,692	\$ 598,270	\$ 794,202
Contributions as a percentage of covered payroll	98.32%	87.42%	80.95%	83.64%	82.60%	80.35%	80.35%

See Disclaimer in Accompanying Independent Auditor's Report

**SCHEDULE 1
TOWN OF WILLIAMSTOWN, VERMONT
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue Funds									Capital Projects Funds							Total
	Reappraisal Fund	Records Restoration Fund	Parade Fund	Tax Rate Stabilization Fund	Veterans Memorial Fund	Cemetery Burial Fund	Cemetery Donation Fund	Henry Baker Fund	Other Funds	Ambulance Fund	Cemetery Project Fund	Fire Truck Fund	Road Rehab Fund	Public Safety Fund	Public Safety Building Fund	Town Hall Renovation Fund	
ASSETS																	
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,170	
Due from other funds	139,120	60,773	200	103,379	5,401	5,476	5,425	-	7,904	113,916	-	77,398	143,403	53,561	1,000	7,040	723,996
Total assets	<u>139,120</u>	<u>60,773</u>	<u>200</u>	<u>103,379</u>	<u>5,401</u>	<u>5,476</u>	<u>5,425</u>	<u>4,170</u>	<u>7,904</u>	<u>113,916</u>	<u>-</u>	<u>77,398</u>	<u>143,403</u>	<u>53,561</u>	<u>1,000</u>	<u>7,040</u>	<u>728,166</u>
LIABILITIES																	
Due to other funds	-	-	-	-	-	-	-	-	-	-	4,201	-	-	22,258	-	-	26,459
Total liabilities	-	-	-	-	-	-	-	-	-	-	4,201	-	-	22,258	-	-	26,459
FUND BALANCES																	
Restricted	-	-	200	103,379	5,401	5,476	5,425	4,170	7,904	-	-	-	-	-	-	-	131,955
Committed	139,120	60,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	199,893
Assigned	-	-	-	-	-	-	-	-	-	113,916	(4,201)	77,398	143,403	31,303	1,000	7,040	369,859
Total fund balances	<u>139,120</u>	<u>60,773</u>	<u>200</u>	<u>103,379</u>	<u>5,401</u>	<u>5,476</u>	<u>5,425</u>	<u>4,170</u>	<u>7,904</u>	<u>113,916</u>	<u>(4,201)</u>	<u>77,398</u>	<u>143,403</u>	<u>31,303</u>	<u>1,000</u>	<u>7,040</u>	<u>701,707</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 139,120</u>	<u>\$ 60,773</u>	<u>\$ 200</u>	<u>\$ 103,379</u>	<u>\$ 5,401</u>	<u>\$ 5,476</u>	<u>\$ 5,425</u>	<u>\$ 4,170</u>	<u>\$ 7,904</u>	<u>\$ 113,916</u>	<u>\$ -</u>	<u>\$ 77,398</u>	<u>\$ 143,403</u>	<u>\$ 53,561</u>	<u>\$ 1,000</u>	<u>\$ 7,040</u>	<u>\$ 728,166</u>

**SCHEDULE 2
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue Funds								Capital Projects Funds							Total
	Reappraisal Fund	Records Restoration Fund	Parade Fund	Tax Rate Stabilization Fund	Veterans Memorial Fund	Cemetery Burial Fund	Cemetery Donation Fund	Henry Baker Fund	Other Funds	Ambulance Fund	Cemetery Project Fund	Fire Truck Fund	Road Rehab Fund	Public Safety Fund	Public Safety Building Fund	
REVENUES																
Intergovernmental	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,587	\$ -	\$ -	\$ -	\$ 76,451
Charges for services	-	13,901	-	-	-	-	-	-	-	-	-	-	-	-	-	13,901
Miscellaneous	-	-	-	-	2,000	-	-	-	-	7,133	-	-	-	1,050	-	10,183
Total revenues	<u>13,864</u>	<u>13,901</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,133</u>	<u>-</u>	<u>62,587</u>	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>100,535</u>
EXPENDITURES																
General government	4,354	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,354
Public safety	-	-	-	-	-	-	-	-	-	35,026	-	-	-	11,235	-	46,261
Highway and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	369	-	-	-	-	-	-	-	-	-	-	369
Capital outlay	-	-	-	-	-	-	-	-	-	-	60,783	58,608	-	-	6,239	125,630
Debt service:																
Principal	-	-	-	-	-	-	-	-	-	-	20,000	-	-	-	-	20,000
Interest	-	-	-	-	-	-	-	-	-	-	2,274	-	-	-	-	2,274
Total expenditures	<u>4,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,026</u>	<u>83,057</u>	<u>58,608</u>	<u>11,235</u>	<u>-</u>	<u>6,239</u>	<u>198,888</u>
Excess of revenues over expenditures	9,510	13,901	-	-	1,631	-	-	-	-	(27,893)	-	(83,057)	3,979	(10,185)	(6,239)	(98,353)
OTHER FINANCING SOURCES (USES)																
Transfers in	-	-	-	-	-	-	-	5,224	27,000	-	60,000	100,000	30,200	-	-	222,424
Transfers out	-	-	-	(60,000)	-	-	-	-	-	-	-	-	-	-	-	(60,000)
Proceeds from loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,224</u>	<u>27,000</u>	<u>-</u>	<u>60,000</u>	<u>100,000</u>	<u>30,200</u>	<u>-</u>	<u>-</u>	<u>162,424</u>
Net change in fund balances	9,510	13,901	-	(60,000)	1,631	-	-	5,224	(893)	-	(23,057)	103,979	20,015	-	(6,239)	64,071
Fund Balance, beginning of year	129,610	46,872	200	163,379	3,770	5,476	5,425	4,170	2,680	114,809	(4,201)	100,455	39,424	11,288	13,279	637,636
Fund Balance, end of year	<u>\$ 139,120</u>	<u>\$ 60,773</u>	<u>\$ 200</u>	<u>\$ 103,379</u>	<u>\$ 5,401</u>	<u>\$ 5,476</u>	<u>\$ 5,425</u>	<u>\$ 4,170</u>	<u>\$ 7,904</u>	<u>\$ 113,916</u>	<u>\$ (4,201)</u>	<u>\$ 77,398</u>	<u>\$ 143,403</u>	<u>\$ 31,303</u>	<u>\$ 1,000</u>	<u>\$ 701,707</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLAINE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Selectmen
Town of Williamstown, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Williamstown, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Williamstown, Vermont's, basic financial statements, and have issued our report thereon dated January 3, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Williamstown, 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."

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Graham & Veroff

Graham & Veroff, PC

Springfield, Vermont

January 3, 2022

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