

Town of Montgomery, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2021

Town of Montgomery, Vermont
TABLE OF CONTENTS
June 30, 2021

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Statement of Net Position – Proprietary Fund	7
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Fund	8
Statement of Cash Flows – Proprietary Fund	9
Notes to Basic Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	33
Schedule of the Proportionate Share of the Net Pension Liability	39
Schedule of Contributions	40

Town of Montgomery, Vermont
TABLE OF CONTENTS
June 30, 2021

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non-Major Special Revenue Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Special Revenue Funds	43



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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Montgomery, Vermont
Montgomery, Vermont

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 Montgomery, Vermont, as of and for the 18 months 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 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 financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montgomery, Vermont, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the 18 months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 33 – 39, the schedule of the proportionate share of the net pension liability on page 40 and the schedule of contributions page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montgomery, Vermont's basic financial statements. The combining and individual non-major fund financial statements 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.



Town of Montgomery, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

As management of the Town of Montgomery, Vermont, we offer readers this narrative overview and analysis of the financial activities of the Town of Montgomery, Vermont for the eighteen months ended June 30, 2021.

Financial Highlights

The assets of the Town of Montgomery, Vermont exceeded its liabilities at the close of the most recent fiscal year by \$5,424,228 (net position). Of this amount, \$479,730 is unrestricted and may be used the various funds of the Town to meet ongoing obligations.

The Town's total net position decreased by \$9,451 this fiscal year. Of this amount, net position attributable to government activities increased by \$123,927 and net position attributable to business-type activities decreased by \$133,388.

As of June 30, 2021, the Town's governmental funds reported an ending fund balance of \$801,063 as measured on a regulatory basis, an increase of \$103,191 compared to the prior fiscal year. Of this amount, \$45,627 is unassigned and available for spending at the Town's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Town of Montgomery, Vermont. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

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

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus revenues and expenses are reported in this statement for some items that will result in cash flow changes in future fiscal periods, (i.e., uncollected receivables and accrued liabilities).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes (*governmental activities*) from other functions that are intended to recover costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Montgomery, Vermont include public health and safety services, highways and streets maintenance, culture-recreation programs, public improvement projects and general administrative services. The business-type activities of the Town of Montgomery, Vermont include the services of the water department.

Fund Financial Statements:

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Montgomery, 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 of Montgomery, Vermont can be divided into two categories: governmental funds and proprietary funds.

Town of Montgomery, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal period. Such information may be useful in evaluating the Town's near-term financing requirements.

The focus of the governmental funds is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing this, readers may better understand the long-term impact of the Town's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation between the *governmental funds* and *governmental activities*.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Water Fund.

Notes to the basic financial statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Long-Term Debt

As of June 30, 2021, the Town had four outstanding bonds. Three of these bonds are from the USDA for construction and upgrade of the municipal water system. The total outstanding principal balance on these three bonds is \$672,952. The fourth bond is from Vermont Municipal Bond Bank and was used to help finance the construction of the Public Works Building. The remaining principal balance of this obligation is \$225,000.

In addition, the Town has three loans through Community Bank, NA. The first for the purchase of a 2016 International Truck for the Highway Department which had a balance of \$52,000 that was paid this year, so the loan obligation has been fulfilled. A second for the purchase of a 2018 International Truck for the Highway Department. The remaining balance of this obligation is \$80,978. The third for the purchase of a 2020 Fire Tanker/Pumper Truck. The total amount financed was \$185,878 of which \$148,702 remains as a balance.

Economic Factors, Budgets and Rates

The FY22 Municipal Budget is \$1,235,606. Down approximately 30% from 2021 and returning to a 12-month budget. Approximately \$862,735 needed to be raised by taxes, a decrease from the 18-month 2021 Budget of about \$366,094. This brought the projected municipal tax rate to \$0.5310, a decrease of \$0.2304 from 2021.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances to reflect the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact that Town Clerk and Treasurer's Office at 86 Mountain Road, PO Box 356, Montgomery Center VT 05471 or call (802) 326-4719.

Town of Montgomery, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS			
Cash	\$ 849,778	\$ 127,820	\$ 977,598
Receivables	40,929	43,098	84,027
Due from Other Funds	5,293	-	5,293
	<u>896,000</u>	<u>170,918</u>	<u>1,066,918</u>
TOTAL CURRENT ASSETS			
	<u>896,000</u>	<u>170,918</u>	<u>1,066,918</u>
CAPITAL ASSETS, net	<u>1,688,038</u>	<u>3,947,524</u>	<u>5,635,562</u>
DEFERRED OUTFLOWS OF RESOURCES- Pension	<u>51,620</u>	<u>-</u>	<u>51,620</u>
	<u>51,620</u>	<u>-</u>	<u>51,620</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,635,658</u>	<u>\$ 4,118,442</u>	<u>\$ 6,754,100</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accrued Payroll and Benefits Payable	\$ 13,429	\$ -	\$ 13,429
Accounts Payable	48,359	-	48,359
Accrued Expense	-	228	228
Due from Other Funds	-	5,293	5,293
Current Portion Notes and Bonds Payable	102,665	18,547	121,212
	<u>164,453</u>	<u>24,068</u>	<u>188,521</u>
TOTAL CURRENT LIABILITIES			
	<u>164,453</u>	<u>24,068</u>	<u>188,521</u>
LONG-TERM LIABILITIES			
Pension Liability	124,049	-	124,049
Notes and Bonds Payable	352,015	654,405	1,006,420
	<u>476,064</u>	<u>654,405</u>	<u>1,130,469</u>
TOTAL LONG-TERM LIABILITIES			
	<u>476,064</u>	<u>654,405</u>	<u>1,130,469</u>
TOTAL LIABILITIES	<u>640,517</u>	<u>678,473</u>	<u>1,318,990</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows- Pension	<u>10,882</u>	<u>-</u>	<u>10,882</u>
NET POSITION			
Net Investment in Capital Assets	1,233,358	3,274,572	4,507,930
Restricted	436,568	-	436,568
Unrestricted	314,333	165,397	479,730
	<u>1,984,259</u>	<u>3,439,969</u>	<u>5,424,228</u>
NET POSITION			
	<u>1,984,259</u>	<u>3,439,969</u>	<u>5,424,228</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,635,658</u>	<u>\$ 4,118,442</u>	<u>\$ 6,754,100</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Period Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Revenues	Governmental Activities	Business-Type Activities	
Governmental Activities						
General Government	\$ 861,672	\$ -	\$ 209,656	\$ (652,016)	\$ -	\$ (652,016)
Public Safety	123,649	-	-	(123,649)	-	(123,649)
Public Works	834,286	155,704	-	(678,582)	-	(678,582)
Recreation	38,758	-	3,951	(34,807)	-	(34,807)
Other Services	6,321	-	-	(6,321)	-	(6,321)
Voter Appropriations	27,466	-	-	(27,466)	-	(27,466)
Total Governmental Activities	<u>1,892,152</u>	<u>155,704</u>	<u>213,607</u>	<u>(1,522,841)</u>	<u>-</u>	<u>(1,522,841)</u>
Business-type Activities:						
Water	325,325	187,156	-	-	(138,169)	(138,169)
Total Business-Type Activities	<u>\$ 325,325</u>	<u>\$ 187,156</u>	<u>\$ -</u>	<u>-</u>	<u>(138,169)</u>	<u>(138,169)</u>
General Revenues:						
Property Taxes				1,369,716	-	1,369,716
Permits and Licenses				11,076	-	11,076
Fines and Charges				105,847	-	105,847
State Revenues not Restricted to Specific Programs				16,516	-	16,516
Investment Earnings				3,011	44	3,055
Rentals				23,605	-	23,605
Miscellaneous				84,644	-	84,644
Gain on Sale of Equipment				12,500	-	12,500
Transfers				19,863	4,737	24,600
Total General Revenues				<u>1,646,778</u>	<u>4,781</u>	<u>1,651,559</u>
Change in Net Position				123,937	(133,388)	(9,451)
Net position, Beginning of Year				<u>1,860,322</u>	<u>3,573,357</u>	<u>5,433,679</u>
Net position, End of Year				<u>\$ 1,984,259</u>	<u>\$ 3,439,969</u>	<u>\$ 5,424,228</u>

Interest expense has been reported as a direct function expense of governmental activities of \$21,815 and business-type activities of \$42,860.

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 653,881	\$ 195,897	\$ 849,778
Due from Other Funds	-	654,132	654,132
Delinquent Tax Receivable	7,779	-	7,779
Other Receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 661,660</u>	 <u>\$ 850,029</u>	 <u>\$ 1,511,689</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>			
LIABILITIES			
Accrued Payroll and Benefits Payable	\$ 13,430	\$ -	\$ 13,430
Accounts Payable	48,359	-	48,359
Due to Other Funds	645,498	3,339	648,837
	<u>707,287</u>	<u>3,339</u>	<u>710,626</u>
 TOTAL LIABILITIES	 <u>707,287</u>	 <u>3,339</u>	 <u>710,626</u>
 FUND BALANCE			
Restricted	-	436,568	436,568
Committed	-	410,122	410,122
Unassigned	(45,627)	-	(45,627)
	<u>(45,627)</u>	<u>-</u>	<u>(45,627)</u>
 TOTAL FUND BALANCE	 <u>(45,627)</u>	 <u>846,690</u>	 <u>801,063</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 661,660</u>	 <u>\$ 850,029</u>	 <u>\$ 1,511,689</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds	\$ 4,241,032
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets- governmental fund expenditures	1,688,038
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Reserve for non-current tax	33,150
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Long-term and accrued liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Notes payable	(454,681)
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Pension Liability	(124,049)
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Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period and therefore not reported as assets in the funds.

51,620

Deferred inflows of resources represent the acquisition of net assets applicable to a future reporting period and therefore are not reported as liabilities in the funds.

(10,882)

Total net position - governmental activities	<u>\$ 5,424,228</u>
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See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Period Ended June 30, 2021

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,429,771	\$ -	\$ 1,429,771
Permits and Licenses	11,838	-	11,838
Clerk Fees	29,288	-	29,288
Fees	-	34,838	34,838
Sales	-	9,978	9,978
Rent	22,688	-	22,688
Donations	-	59,633	59,633
Miscellaneous	19,157	131,680	150,837
Highway Revenue	155,705	-	155,705
Grant	<u>201,916</u>	<u>26,506</u>	<u>228,422</u>
 TOTAL REVENUES	 <u>1,870,363</u>	 <u>262,635</u>	 <u>2,132,998</u>
EXPENDITURES			
General Government	609,246	48,068	657,314
Emergency Services	45,627	-	45,627
Public Safety	19,584	58,439	78,023
Public Works	92,905	258,108	351,013
Highway	909,405	-	909,405
Voter Appropriations	27,466	-	27,466
Debt Service	176,985	-	176,985
Recreation	-	38,758	38,758
Other Services	<u>-</u>	<u>6,321</u>	<u>6,321</u>
 TOTAL EXPENDITURES	 <u>1,881,218</u>	 <u>409,694</u>	 <u>2,290,912</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,855)	(147,059)	(157,914)
OTHER FINANCING SOURCES (USES) Transfers In (Out)	<u>(113,612)</u>	<u>247,282</u>	<u>133,670</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(124,467)	100,223	(24,244)
FUND BALANCE, Beginning of Year	<u>78,840</u>	<u>746,467</u>	<u>825,307</u>
FUND BALANCE, End of Year	<u>\$ (45,627)</u>	<u>\$ 846,690</u>	<u>\$ 801,063</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Period Ended June 30, 2021

Net change in fund balances - governmental funds	\$ (24,244)
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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.

Depreciation Expense	(186,550)
Capital Outlay	467,134

Revenues in the statement of activities that do not provide current financial
 resources are not reported as revenues in the funds.

Decrease in the reserve for non-current taxes	(64,055)
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Issuance and repayment of long-term debt are revenue and expenditures in the
 governmental funds, but the issuance and repayment increase and decrease
 long-term liabilities in the statement of net assets.

Proceeds from issuance of long-term debt	(185,878)
Repayment of long-term debt	154,665

Some expenses reported in the statement of activities do not require the use of
 current financial resources and therefore are not reported as expenditures in
 governmental funds.

Pension Expense	<u>(37,135)</u>
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Change in net position of governmental activities	<u>\$ 123,937</u>
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See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2021

	<u>Water Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 127,820
Accounts Receivable, net of allowance for doubtful accounts	<u>43,098</u>
TOTAL CURRENT ASSETS	<u>170,918</u>
CAPITAL ASSETS	
Treatment Plant & Reservoir	3,851,399
Infrastructure	1,984,618
Less: Accumulated Depreciation	<u>(1,888,493)</u>
TOTAL CAPITAL ASSETS	<u>3,947,524</u>
TOTAL ASSETS	<u><u>\$ 4,118,442</u></u>
<u>LIABILITIES AND NET POSITION</u>	
CURRENT LIABILITIES	
Current portion of long term debt	\$ 18,547
Accrued expenses	228
Due to other funds	<u>5,293</u>
TOTAL CURRENT LIABILITIES	<u>24,068</u>
LONG-TERM LIABILITIES	
Notes Payable, net of current portion	<u>654,405</u>
TOTAL LIABILITIES	<u>678,473</u>
NET POSITION	
Net Investment in capital assets	3,274,572
Unrestricted	<u>165,397</u>
TOTAL NET POSITION	<u>3,439,969</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,118,442</u></u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Period Ended June 30, 2021

	<u>Water Fund</u>
OPERATING REVENUES	
User Fees	\$ 134,995
Bond Fees	<u>52,161</u>
TOTAL OPERATING REVENUES	<u>187,156</u>
OPERATING EXPENDITURES	
Office Supplies	248
Electricity	11,490
Propane	2,741
Contracted Services	75,805
Dues	235
Testing	1,410
Tech Equipment/Support	167
Equipment	7,443
Building Maintenance	1,700
Treatment Supplies	641
Fees	1,350
Miscellaneous	1,691
Depreciation and Amortization	<u>177,544</u>
TOTAL OPERATING EXPENDITURES	<u>282,465</u>
INCOME/(EXPENSE) FROM OPERATIONS	<u>(95,309)</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	44
Interest Expense	(42,860)
Transfers	<u>4,737</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(38,079)</u>
DECREASE IN NET POSITION	(133,388)
NET POSITION, Beginning of Year	<u>3,573,357</u>
NET POSITION, End of Year	<u><u>\$ 3,439,969</u></u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Period Ended June 30, 2021

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customer and Users	\$ 182,187
Payments to Suppliers	<u>(106,892)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>75,295</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Reduction of Long-Term Debt	(26,443)
Interest Payments on Debt	<u>(42,860)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(69,303)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest and Dividends	44
Transfers	<u>4,737</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,781</u>
NET INCREASE IN CASH	10,773
CASH - BEGINNING OF YEAR	<u>117,047</u>
CASH - END OF YEAR	<u><u>\$ 127,820</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating (loss)	\$ (95,309)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and Amortization	177,544
Change in net assets and liabilities:	
Receivables, net	(4,969)
Accrued expense	229
Due to other funds	<u>(2,200)</u>
Net cash provided by operating activities	<u><u>\$ 75,295</u></u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Town of Montgomery, Vermont's ("Town") is organized as a Town under the applicable laws and regulations of the State of Vermont. It is governed by a Select Board elected by registered voters of the Town to provide public health and safety, highways and streets, public improvements, water, planning and zoning, recreation, and general administration. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The Town financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity: The reporting entity for the Town is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (1) organizations for which the standalone government is financially accountable and (2) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the Town comprise the standalone government.

The Select Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within these financial statements. A component unit is another operation in the Town that has a separately elected Board such as the Town School District.

Basic Financial Statements – Government-wide: The Town's basic financial statements include both Government-wide (reporting Town as a whole) and fund financial statements (reporting Town's major funds). Both the Government-wide and fund financial statements categorized primary activities as either governmental or business type.

The Government-wide Statement of Net Position reports all of the non-fiduciary activities of Town. Both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Government-wide Statement of Activity demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fees paid by recipients or goods or services provided by a function, and grants that are restricted to a particular function. General State Support and other revenues not identified with a function are presented as general revenues.

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

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements: The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town reports major governmental funds as follows:

Governmental Fund Types:

- General Fund – The general fund is the Town's primary operating fund and is always classified as a major fund which accounts for typical general government revenues and a wide variety of activities that benefit the Town's as a whole. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The special revenue fund focus is on revenues that are restricted or committed to expenditures for specific purposes (other than major capital projects or expendable trusts). The Town accounts for resources restricted to, or committed for, specific purposes by the Town or a grantor in the special revenue fund. Most federal, some State financial assistance and voter committed funds are accounted for in the Special Revenue Fund and sometimes unused balances must be returned to the grantor or the voters at the close of specified project periods.

Proprietary Fund Types:

Proprietary Fund –The Proprietary Funds consist of Enterprise Funds. Revenues generally come from fees for services. They use the economic resources measurement focus and full accrual basis of accounting.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both Government-wide and business-type activity statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue s are recorded when earned and expenses are recorded when liabilities are incurred regardless of when related cash flows take place. Grant revenues are recognized when eligibility requirements are satisfied. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recorded when a liability is incurred except for early retirement, and compensated absences, which are recognized to the extent they have matured. When both restricted and unrestricted resources are available for use, restricted resources are used first.

Other Accounting Policies:

Cash and Cash Equivalents:

For purposes of the statement of cash flows for proprietary and similar fund-types, the Town considers highly liquid investments to be cash equivalents if they have a maturity of twelve months or less when purchased.

Inter-fund Receivables and Payables:

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All other outstanding balances between funds are also reported as "due to/from other funds". As a general rule, the effect of inter-fund activity has been eliminated from the government wide financial statements.

Transfers:

Advances between funds that are not expected to be repaid are accounted for as transfers.

Deposits and Investments:

Resources from each fund are pooled for deposit and investment purposes. A separate accounting is maintained for each fund. Deposits and Investments are stated at fair value and are managed in accordance with any legal constraints.

Accounts Receivable:

All receivables are reported net of estimated uncollectible amounts. The accounts receivable balances at year end are from governmental entities, except in the proprietary funds which may have some receivables from individuals, and no allowance for doubtful accounts is considered necessary.

Deferred Inflows of Resources:

The Town recognizes differences between the receipt of funds and the recognition of revenues through the use of unearned revenue accounts. These unearned revenue accounts represent funds that will be recognized as revenues in some future period when the conditions have been met.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets:

Capital assets, which include land, construction in progress, buildings, improvements, furniture, equipment, infrastructure, and vehicles are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year (categories of assets are depreciated over the following lives; land improvements 10-40 years, buildings 25-50 years, building improvements 10-50 years, infrastructure 10-50 years, furniture & equipment 3-20 years, and vehicles 3-15 years). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets, except for land and construction in progress are depreciated using the straight line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal. Land and construction in progress are not depreciated.

Long-term Obligations:

In the Government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The face amount of obligations issued is reported as other financing sources.

Pensions:

VMERS: 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 VMERS's 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.

Budgetary Data:

The Town is required by state law to adopt a budget for the General Fund and Highway Fund. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). Annual appropriations lapse at the end of each fiscal year with the exception of restricted programs indicated as a fund balance restricted or committed. The following procedures are used to establish a budget:

The Select Board with assistance from the Town department heads drafts a budget. The operating budget includes proposed expenditures by line item and the means of financing them.

The budget is adopted by the Select Board for presentation to the voters as a warning or article in the annual report.

The voters vote on some individual expense lines and the total expense balances as a whole at the Town's annual meeting or subsequent special meetings.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and should be recorded as a reservation of fund balance at year end. For budgetary purposes, appropriations lapse at fiscal year-end. The Town has elected to treat its encumbrances as liabilities for budgetary control purposes.

Use of Estimates:

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

Net Position and Fund Balance:

Government-wide Financial Statements:

When the Town incurs an expense for which it may use either restricted or unrestricted net assets, it generally uses restricted net assets first. Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets, net of Related Debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted for Other Purposes – It consists of assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.

Restricted for Capital Projects – The component of net position that reports the amount of revenue from bond proceeds, grants, and special assessments in excess of expenditures. These funds are restricted for the construction or acquisition of capital assets.

Unrestricted – All other net position that do not meet the definition of "Restricted for Other Purposes" or "Net Investment in Capital Assets, net of Related Debt".

Fund Based Financial Statements:

In the fund financial statements, governmental funds report fund balances as unassigned, assigned, restricted, committed, spendable, or non-spendable fund balance.

Unassigned Fund Balance – That portion of the general fund, fund balance that contains all spendable amounts not contained in the other classifications. It is used in other funds only to report a deficit.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance – Includes amounts intended to be used by the government for specific purposes, as determined by the Board, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Restricted Fund Balance – Includes amounts constrained to specific purposes stipulated by constitution, external resource providers (grantors and contributors), or through enabling legislation.

Committed Fund Balance – Includes amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority, generally the voters.

Spendable Fund Balance – The portion of the permanent fund balance that is available to be spent on the designated purpose of the fund.

Non-spendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent, or an asset such as inventory or prepaid that are not expected to be converted to cash.

NOTE 2 CASH, CASH EQUIVALENTS AND REPURCHASE AGREEMENTS

At June 30, 2021, the carrying amount of the Town's cash deposits was \$902,448 and the bank balance was \$928,908. Of the bank balance, \$328,557 was covered by federal depository insurance, \$229,680 was covered by the right to offset and \$370,721 was uncollateralized.

NOTE 3 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

In compliance with GASB the Town does not maintain separate bank accounts for each fund, unless it is required by law or grant agreement. The composition of amounts due to and from other funds as of June 30, 2021 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ (645,498)
Water Fund	-	(5,293)
Fire Department Fund	52,510	-
Recreation Fund	83,446	-
Library Fund	53,487	-
Cemetery Fund	-	(3,319)
Restoration Fund	33,690	-
Reappraisal Fund	88,825	-

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

Infrastructure Replacement Reserve Fund	229,941	-
Capital Improvement Reserve Fund	67,414	-
Machinery Replacement Fund	19,705	-
Police Assistance Grant Fund	-	(20)
Conservation Commission Fund	16,438	-
Community Garden Fund	1,162	-
Flood Emergency Management Fund	5,000	-
Conservation Reserve Fund	1,624	-
Emergency Management Fund	<u>888</u>	<u>-</u>
Total	<u>\$ 654,130</u>	<u>\$ (654,130)</u>

NOTE 4 CAPITAL ASSETS

Capital activity for the Town for the 18 months ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, being depreciation:				
Buildings	\$ 591,840	\$ -	\$ -	\$ 591,840
Building Improvements	54,116	18,230		72,346
Infrastructure	752,335	165,324	-	917,659
Furniture and Equipment	311,017	10,735	-	321,752
Vehicles	<u>753,901</u>	<u>239,878</u>	<u>(67,218)</u>	<u>926,561</u>
Totals	<u>2,463,209</u>	<u>434,167</u>	<u>(67,218)</u>	<u>2,830,158</u>
Less accumulated depreciation for:				
Buildings	(147,960)	(22,194)	-	(170,154)
Building Improvements	(4,534)	(5,011)	-	(9,545)
Infrastructure	(529,521)	(43,542)		(573,063)
Furniture and Equipment	(133,085)	(31,882)	-	(164,967)
Vehicles	<u>(240,655)</u>	<u>(83,921)</u>	<u>67,218</u>	<u>(257,358)</u>
Totals	<u>(1,055,755)</u>	<u>(186,550)</u>	<u>67,218</u>	<u>(1,175,087)</u>
Total capital assets, being depreciated, net	<u>1,407,454</u>	<u>247,617</u>	<u>-</u>	<u>1,655,071</u>
Construction in Progress	<u>-</u>	<u>32,967</u>	<u>-</u>	<u>32,967</u>
Governmental activities - capital Assets, net	<u>\$ 1,407,454</u>	<u>\$ 280,584</u>	<u>\$ -</u>	<u>\$ 1,688,038</u>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 CAPITAL ASSETS (continued)

<u>Business- type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, being depreciation:				
Buildings	\$ 3,851,399	\$ -	\$ -	\$ 3,851,399
Infrastructure	<u>1,984,618</u>	<u>-</u>	<u>-</u>	<u>1,984,618</u>
Totals	<u>5,836,017</u>	<u>-</u>	<u>-</u>	<u>5,836,017</u>
Less accumulated depreciation:				
Buildings	(986,880)	(116,514)	-	(1,103,394)
Infrastructure	<u>(724,069)</u>	<u>(61,031)</u>	<u>-</u>	<u>(785,100)</u>
Totals	<u>(1,710,949)</u>	<u>(177,545)</u>	<u>-</u>	<u>(1,888,494)</u>
Total capital assets, being depreciated, net	<u>4,125,068</u>	<u>(177,545)</u>	<u>-</u>	<u>3,947,524</u>
Business-type Activities - capital Assets, net	<u>\$ 4,125,068</u>	<u>\$ (177,545)</u>	<u>\$ -</u>	<u>\$ 3,947,524</u>

NOTE 5 ACCOUNTS RECEIVABLE

The account receivable at June 30, 2021 consist of:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 36,924	\$ -	\$ 36,924
Penalties and Interest Receivable	4,005	-	4,005
Billed Services	<u>-</u>	<u>43,098</u>	<u>43,098</u>
	<u>\$ 40,929</u>	<u>\$ 43,098</u>	<u>\$ 84,027</u>

NOTE 6 LONG-TERM OBLIGATIONS

The Town issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 5 to 20-year serial bonds with equal amounts of principal maturing each year.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 LONG-TERM OBLIGATIONS (continued)

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond Payable, Vermont Municipal Bond Bank; principal payments of \$25,000 through 2025, then \$20,000 until 2030 payable on December 1, annually, interest rate of 2.96% payable on June 1, December 1, due December, 2030.	\$ 250,000	\$ -	\$ 25,000	\$ 225,000	\$ 25,000
Note Payable, Community Bank, N.A., Truck, interest at 1.77%, paid annually on May 25th, principal of \$26,000 plus interest paid in full May, 2021.	52,000	-	52,000	-	-
Note Payable, Community Bank, N.A., Truck, interest at 3.02%, paid annually on December 23, principal of \$40,489 plus interest, paid in full December, 2022	121,467	-	40,489	80,978	40,489
Note Payable, Community Bank, N.A., Truck, interest at 3.02%, paid annually on December 23, principal of \$40,489 plus interest, paid in full December, 2022	<u>-</u>	<u>185,878</u>	<u>37,176</u>	<u>148,702</u>	<u>37,176</u>
Total Governmental Funds	<u>\$ 423,467</u>	<u>\$ 185,878</u>	<u>\$ 154,665</u>	<u>\$ 454,680</u>	<u>\$ 102,665</u>

The annual requirement to amortize all debts outstanding as of June 30, 2021 is as follows:

	<u>Governmental Activities</u>		
<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 102,665	\$ 13,492	\$ 116,157
2023	102,665	10,461	113,126
2024	62,175	7,429	69,604
2025	62,175	5,620	67,795
2026	25,000	3,812	28,812
2027-2031	<u>100,000</u>	<u>8,565</u>	<u>108,565</u>
TOTAL	<u>\$ 454,680</u>	<u>\$ 49,379</u>	<u>\$ 504,059</u>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 LONG-TERM OBLIGATIONS (continued)

<u>Business-Type Funds</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond Payable, USDA - Rural Development Water Improvements, principal and interest payments of \$10,625 payable on May 13th and November 13th semi-annually, interest at 4.5%, due November, 2041.	\$ 294,563	\$ -	\$ 12,260	\$ 282,303	\$ 8,640
Bond Payable, USDA - Rural Development Water Improvements, principal and interest payments of \$3,758 payable on May 13th and November 13th semi-annually, interest at 3.25%, due November, 2041.	117,335	-	5,644	111,691	3,917
Bond Payable, USDA - Rural Development Water Improvements, principal and interest payments of \$8,718 payable on June 10th and December 10th semi-annually, interest at 4.125%, due December, 2047.	<u>287,497</u>	<u>-</u>	<u>8,539</u>	<u>278,958</u>	<u>5,990</u>
Total Business-Type Funds	<u>\$ 699,395</u>	<u>\$ -</u>	<u>\$ 26,443</u>	<u>\$ 672,952</u>	<u>\$ 18,547</u>

The annual requirement to amortize all debts outstanding as of June 30, 2021 is as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 18,547	\$ 27,665	\$ 46,212
2023	19,289	27,276	46,565
2024	20,122	26,080	46,202
2025	20,960	25,242	46,202
2026	21,832	24,370	46,202
2027-2031	123,602	107,408	231,010
2032-2036	154,674	75,975	230,649
2037-2041	199,445	44,798	244,243
2042-2046	<u>97,481</u>	<u>14,477</u>	<u>111,958</u>
TOTAL	<u>\$ 675,952</u>	<u>\$ 373,291</u>	<u>\$ 1,049,243</u>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 RESTRICTED AND COMMITTED FUND BALANCES (Fund Financial Statements)

Restricted, committed and assigned fund balances represent amounts that must be used for specific purposes within that fund and cannot be spent otherwise without prior approval of funding source. A more detailed explanation is provided in Note 1. Reservations at year end are for the following:

SPECIAL REVENUE FUNDS

Restricted for:

Recreation Fund	\$ 83,446
Police Assistant Grant	(20)
Library Fund	54,088
Cemetery Fund	116,978
Fire Department Reserve Fund	52,510
Reappraisal Fund	88,826
Restoration of Records Fund	33,690
Community Garden Fund	1,162
Flood Management Support Fund	5,000
Management Support Fund	<u>888</u>

Total Restricted Fund Balance	<u>\$ 436,568</u>
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Committed for:

Conservation Commission Fund	\$ 91,438
Infrastructure Replacement Reserve Fund	229,941
Capital Improvement Reserve Fund	67,414
Conservation Reserve	1,624
Machinery Replacement Fund	<u>19,705</u>

Total Committed Fund Balance	<u>\$ 410,122</u>
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NOTE 8 TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The Town transfers funds to cover expenditures made in one fund for which the revenues are in another fund, or at the request of the voters, or from a grant to another program as approved by the grantor. The following transfers were made during the year.

Funds of \$9,000 were transferred from the Water Department to the General Fund as part of its annual stipend.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS (continued)

Funds of \$308,490 were transferred from the General Fund to the following Special Revenue Fund per articles passed by the voters to support the following activities:

	Transfers Out	Transfers In	Net Transfers
Fire Department Reserve	\$ 47,471	\$ -	\$ 47,471
Recreation Fund	30,000	-	30,000
Water Fund	13,737	(9,000)	4,737
Library	31,404	-	31,404
Machinery Replacement Fund	185,878	-	185,878
	<u>\$ 308,490</u>	<u>\$ (9,000)</u>	<u>\$ 299,490</u>

NOTE 9 PROPERTY TAXES

The Town voters vote an amount to be raised in taxes. In July the Select Board sets the tax rate at an amount based on the April 1st grant list certified by the listed. Taxes are due on the 2nd Friday in October. Unpaid taxes go delinquent on the following Saturday. Delinquent taxes become a lien on the property.

NOTE 10 PENSIONS

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide Town of Montgomery, Vermont's proportional share of the overall amounts of the VMERS plan. Town of Montgomery, Vermont's portion has been allocated based on Town of Montgomery, Vermont's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Town of Montgomery, Vermont's reporting date June 30, 2021 and for the Town of Montgomery, Vermont's reporting period (the year ended June 30, 2021). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2021, the State has chosen to use the end of the prior fiscal year (June 30, 2019) as the measurement date, and the year ended June 30, 2019 as the measurement period.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2018, to the measurement date of June 30, 2019.

Schedule A – Employers' Allocation as of June 30, 2019

Fiscal Year Ended June 30, 2019						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Liability 1% Decrease (6.50% Discount Rate)	Liability 1% Increase (8.50% Discount Rate)
\$ 10,211	0.0531%	\$ 92,198	\$ 25,050	\$ 8,808	\$ 151,192	\$ 43,363

Schedule B – Employers' Allocation as of June 30, 2020

Fiscal Year Ended June 30, 2020						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Liability 1% Decrease (6.50% Discount Rate)	Liability 1% Increase (8.50% Discount Rate)
\$ 10,146	0.0490%	\$ 123,841	\$ 41,474	\$ 10,882	\$ 189,205	\$ 70,061

Schedule C – Employers' Allocation of Pension Amounts of June 30, 2019

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions	Total Deferred Outflows
0.05314%	\$ 92,198	\$ 11,945	\$ 3,078	\$ -	\$ 6,280	\$ 3,747	\$25,050

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Difference Between Employer Contributions and Proportionate Share of Total Contributions	Total Deferred Inflows
\$ 797	\$ -	\$ -	\$ -	\$ 8,011	\$ 8,808

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 29,385	\$ (643)	\$ 28,742

Schedule C – Employers' Allocation of Pension Amounts of June 30, 2020

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions	Total Deferred Outflows
0.04895%	\$ 123,841	\$ 11,153	\$ 16,603	\$ -	\$ 11,844	\$ 1,874	\$41,474

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Difference Between Employer Contributions and Proportionate Share of Total Contributions	Total Deferred Inflows
\$ 367	\$ -	\$ -	\$ -	\$ 10,515	\$ 10,882

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 28,712	\$ (1,273)	\$ 27,439

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2019

Fiscal Year					
2020	2021	2022	2023	2024	Thereafter
\$ 8,050	\$ 4,225	\$ 2,855	\$ 1,112	\$ -	\$ -

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2020

Fiscal Year					
2021	2022	2023	2024	2025	Thereafter
\$ 9,724	\$ 8,314	\$ 6,713	\$ 5,843	\$ -	\$ -

Schedule E – Contribution History for Fiscal Years 2017-2019

FY 2019	FY 2018	FY 2017
\$ 10,211	\$ 11,047	\$ 10,358

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Schedule E – Contribution History for Fiscal Years 2018-2020

FY 2020	FY 2019	FY 2018
\$ 10,146	\$ 10,211	\$ 11,047

The full report containing the schedules of all employers in the VMERS plan is available on the State of Vermont Treasurer's website at:

<http://www.vermonttreasurer.gov/content/retirement/vmers/financial-reports>

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report (ACFR). The ACFR can be viewed on the State's Department of Finance & Management website at:

<http://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report>

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 year ended June 30, 2020, the retirement system consisted of 353 participating employers.

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

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

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

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 elect's coverage under Groups A, B, C or D provisions.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	<p>Group A – average annual compensation during highest 5 consecutive years.</p> <p>Groups 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 amounts include the portion of the allowance provided by member contributions.</p>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Early Retirement Allowance
Eligibility

Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

Amount

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

Vested Retirement Allowance
Eligibility

5 years of service.

Amount

Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance
Eligibility

5 years of service and disability as determined by Retirement Board.

Amount

Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility

Death after 5 years of service.

Amount

For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Optional Benefit and Death
after Retirement

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or 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.

Retirement Stipend

\$25 per month payable at the option of the Board of retirees.

Member Contributions

Group	Effective 7/1/20	For Fiscal year ended 6/30/20
Group A	3.00%	2.75%
Group B	5.375%	5.125%
Group C	10.50%	10.25%
Group D	11.85%	11.60%

Employer Contributions

Group	Effective 7/1/20	For Fiscal year ended 6/30/20
Group A	4.50%	4.25%
Group B	6.00%	5.75%
Group C	7.75%	7.375%
Group D	10.35%	10.10%

Significant Actuarial Assumptions and Methods

Interest Rate: 7.00%, net of pension plan investment expenses, including inflation

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

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Mortality:

Death in Active Service:

Groups A, B, and C: 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

Group D: PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

Healthy Post-retirement - Retirees:

Groups A, B, and C: 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

Group D- PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Healthy Post-retirement – Beneficiaries:

Groups A, B, and C: 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019

Group D – Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-retirement:

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

Spouse's Age:

Females three younger than males.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants:

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

Actuarial Cost Method:

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

Assets:

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

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

Inflation: 2.30 per year%

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 PENSIONS (continued)

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 189,205	\$ 123,841	\$ 70,061

NOTE 11 RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and guests; as well as natural disasters. Town uses risk sharing pools and carries commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, Town of Montgomery, Vermont is a member of Vermont League of Cities and Towns (VLCT), and participates in that entity's public entity risk pools. The VLCT has set up two insurance Trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multiline insurance, the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

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

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

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund's expenditures exceeded budgeted amounts by \$402,776. These expenses were offset by excess revenues of \$297,397. The remaining excess expenses will be covered with future budgets.

NOTE 14 RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact and the duration cannot be reasonably estimated at this time. Possible effects may include, but are not limited to, disruption to the Town's customers and revenue, absenteeism in the Town's labor workforce, unavailability of products and supplies used in operations, and decline in value of assets held by the Town, including receivables and property and equipment.

NOTE 15 FISCAL YEAR END

On March 5, 2019 the Town voted to change from a calendar year to a fiscal year from July 1 – June 30, effective for the fiscal year beginning July 1, 2020. The financial statements presented at June 30, 2021 cover an 18-month period.

NOTE 16 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Town has evaluated subsequent events through January 3, 2022, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2021, have been incorporated into these financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Current Taxes	\$ 1,228,829	\$ 1,228,829	\$ 1,129,708	\$ (99,121)
Delinquent Taxes	148,460	148,460	176,450	27,990
Penalties & Interest	20,000	20,000	24,557	4,557
State Land Tax	16,000	16,000	16,736	736
PILOT	1,500	1,500	2,232	732
Land Use & Current Use	60,000	60,000	80,088	20,088
Total Taxes	<u>1,474,789</u>	<u>1,474,789</u>	<u>1,429,771</u>	<u>(45,018)</u>
Permits and Licenses:				
Zoning Permits	3,000	3,000	4,340	1,340
Dog Licenses	3,000	3,000	2,926	(74)
Hunting/Fishing Licenses	2,250	2,250	1,060	(1,190)
Liquor Licenses	1,500	1,500	1,900	400
Marriage Licenses	1,500	1,500	850	(650)
DMV/Fleet Permit Fees	-	-	762	762
Total Permits and Licenses	<u>11,250</u>	<u>11,250</u>	<u>11,838</u>	<u>588</u>
Clerk Fees:				
Recording Fees	13,000	13,000	24,771	11,771
Office Fees	2,250	2,250	3,524	1,274
Copier/Fax	200	200	314	114
Vital Records	750	750	679	(71)
Total Clerk Fees	<u>16,200</u>	<u>16,200</u>	<u>29,288</u>	<u>13,088</u>
Rental Income:				
Town Hall	375	375	20	(355)
Post Office Rents	20,500	20,500	18,743	(1,757)
ATM	1,377	1,377	1,405	28
Leased Land	2,520	2,520	2,520	-
Total Rental Income	<u>24,772</u>	<u>24,772</u>	<u>22,688</u>	<u>(2,084)</u>
Miscellaneous				
Grant	-	-	201,916	201,916
Investment Income	375	375	509	134
Miscellaneous	67,500	67,500	17,679	(49,821)
Lister/Equalization	-	-	969	969
Total Miscellaneous	<u>67,875</u>	<u>67,875</u>	<u>221,073</u>	<u>153,198</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Revenue				
State Aid to Highways	121,000	121,000	147,189	26,189
Plowing	2,000	2,000	2,000	-
Miscellaneous	3,540	3,540	6,516	2,976
Total Highway Revenue	<u>126,540</u>	<u>126,540</u>	<u>155,705</u>	<u>29,165</u>
 TOTAL REVENUES	 <u>1,721,426</u>	 <u>1,721,426</u>	 <u>1,870,363</u>	 <u>148,937</u>
 EXPENDITURES				
Town Office Payroll:				
Town Clerk	46,500	46,500	47,658	(1,158)
Town Treasurer	36,500	36,500	32,257	4,243
Assistant Clerks	26,520	26,520	27,333	(813)
Selectman	5,000	5,000	5,000	-
Selectboard Assistant	3,750	3,750	116	3,634
Dog Officers	500	500	-	500
Board of Civil Authority	525	525	-	525
Health Officer	250	250	188	62
Delinquent Tax Collector	11,000	11,000	15,925	(4,925)
Social Security	10,500	10,500	10,857	(357)
Retirement	2,700	2,700	4,234	(1,534)
Health Insurance	43,275	43,275	34,949	8,326
Vision Admin Fee	-	-	105	(105)
Total Town Office Payroll	<u>187,020</u>	<u>187,020</u>	<u>178,622</u>	<u>8,398</u>
 Town Office Expenses:				
Office Supplies	3,600	3,600	2,160	1,440
Land/Vital Supplies	500	500	915	(415)
Postage	5,000	5,000	4,839	161
DRB Expense	400	400	374	26
Office Equipment	500	500	3,305	(2,805)
Telephone	4,000	4,000	4,171	(171)
Contracted Services	2,000	2,000	12,678	(10,678)
Equipment Rental	3,500	3,500	3,327	173
Education	1,200	1,200	295	905
Miscellaneous	2,500	2,500	1,315	1,185
Total Town Office Expenses	<u>23,200</u>	<u>23,200</u>	<u>33,379</u>	<u>(10,179)</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Lister's:				
Salaries	24,000	24,000	25,225	(1,225)
Social Security	1,800	1,800	1,869	(69)
Supplies	2,600	2,600	1,036	1,564
Postage	250	250	223	27
Mileage Reimbursement	300	300	146	154
Dues and Fees	2,130	2,130	2,704	(574)
Training and Conferences	1,000	1,000	-	1,000
Miscellaneous	2,800	2,800	430	2,370
Total Lister's	34,880	34,880	31,633	3,247
Zoning:				
Administrator	7,500	7,500	6,154	1,346
Social Security	600	600	466	134
Supplies	300	300	31	269
Legal Advertisements	1,500	1,500	-	1,500
Training and Conferences	300	300	-	300
Miscellaneous	375	375	29	346
Total Zoning	10,575	10,575	6,680	3,895
General Government Expenses:				
Delinquent Postage and Supplies	400	400	1,164	(764)
Delinquent Taxes	148,460	148,460	-	148,460
Town Reports and Postage	4,400	4,400	1,772	2,628
Legal Services	7,000	7,000	1,996	5,004
Legal Advertisements	3,600	3,600	3,178	422
Audit Services	11,000	11,000	15,800	(4,800)
Website Costs	7,500	7,500	7,482	18
Server & Tech Support	10,000	10,000	11,540	(1,540)
Insurance and Bonds	34,504	34,504	36,272	(1,768)
Unemployment Compensation	2,075	2,075	3,352	(1,277)
Workers Compensation	17,886	17,886	20,184	(2,298)
Bank Fees	-	-	27	(27)
Miscellaneous	3,000	3,000	253,599	(250,599)
Education	1,000	1,000	21	979
Total General Government Expenses	250,825	250,825	356,387	(105,562)
VT Fish/Wildlife Fees	1,800	1,800	878	922
Dog License Fees	1,500	1,500	967	533
Civil Marriage Fees	1,200	1,200	700	500
Total Licenses & Vital Records	4,500	4,500	2,545	1,955

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Emergency Services:				
Payroll	1,500	1,500	539	961
Payroll Taxes	115	115	41	74
EMS Contracted Service	45,245	45,245	45,047	198
Total Emergency Services	46,860	46,860	45,627	1,233
Debt Services:				
PWB Bond Payment	40,000	40,000	37,097	2,903
2018 Int'l Highway	45,420	45,420	44,190	1,230
2016 Int'l Highway	55,000	55,000	53,349	1,651
2020 Fire Tanker	42,361	42,361	42,349	12
Total Debt Services:	182,781	182,781	176,985	5,796
Highway:				
Road Labor	306,220	306,220	194,982	111,238
Vacation Pay	-	-	4,950	(4,950)
Sick/Personal Leave	-	-	1,635	(1,635)
Holiday Pay	-	-	6,173	(6,173)
Social Security	-	-	14,879	(14,879)
Retirement	-	-	9,659	(9,659)
Health Insurance	-	-	52,724	(52,724)
Uniforms	-	-	14,268	(14,268)
Contracted Services	5,000	5,000	(2,325)	7,325
Equipment Rental	7,500	7,500	5,788	1,712
DEC Fees	3,500	3,500	-	3,500
Miscellaneous	-	-	(1,637)	1,637
Vehicle Maintenance	38,500	38,500	57,548	(19,048)
Salt	20,000	20,000	16,422	3,578
Gravel	40,000	40,000	93,553	(53,553)
Sand	20,000	20,000	22,603	(2,603)
Calcium Chloride	17,000	17,000	26,226	(9,226)
Cold Patch	2,000	2,000	954	1,046
Culverts	5,000	5,000	4,572	428
Miscellaneous	2,000	2,000	3,993	(1,993)
Contracted Services	150,000	150,000	217,679	(67,679)
Equipment Rental	-	-	3,839	(3,839)
Contracted Services	65,000	65,000	70	64,930
Flood Repairs	-	-	124,335	(124,335)
Diesel Fuel	54,000	54,000	36,383	17,617
Gasoline	100	100	132	(32)
Total Highway	735,820	735,820	909,405	(173,585)

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Public Works Building & Grounds:				
Payroll	24,952	24,952	13,284	11,668
Snow Removal	-	-	1,037	(1,037)
Vacation	-	-	504	(504)
Sick & Personal	-	-	43	(43)
Holiday	-	-	508	(508)
Social Security	-	-	1,123	(1,123)
Retirement	-	-	827	(827)
Office Supplies/Equipment	2,250	2,250	58	2,192
Telephone	2,250	2,250	3,039	(789)
Electricity	3,450	3,450	3,984	(534)
Propane	8,250	8,250	8,063	187
Water	450	450	540	(90)
Contracted Services	3,400	3,400	3,156	244
Building Maintenance	7,500	7,500	3,196	4,304
Tools	900	900	394	506
Miscellaneous	300	300	548	(248)
Total Public Works Building & Grounds:	53,702	53,702	40,304	13,398
98 Main and Town Hall:				
Electricity	2,400	2,400	1,984	416
Heating Oil	3,750	3,750	2,595	1,155
Water	530	530	883	(353)
Contracted Services	2,000	2,000	172	1,828
Building Maintenance	1,800	1,800	1,578	222
Grounds Maintenance	100	100	-	100
Miscellaneous	300	300	42	258
Telephone	750	750	1,182	(432)
Electricity	1,000	1,000	829	171
Heat	3,000	3,000	2,018	982
Water	750	750	687	63
Contracted Services	750	750	3,187	(2,437)
Building Maintenance	3,000	3,000	3,336	(336)
Miscellaneous	150	150	76	74
Electricity	21,000	21,000	21,283	(283)
Mowing	9,000	9,000	9,272	(272)
Miscellaneous	1,000	1,000	2,963	(1,963)
Total Public Works	51,280	51,280	52,601	(1,321)

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Public Safety Building:				
Telephone	1,100	1,100	1,143	(43)
Electricity	5,200	5,200	4,043	1,157
Heat	11,250	11,250	9,068	2,182
Water	525	525	540	(15)
Contracted Services	2,500	2,500	490	2,010
Building Maintenance	2,500	2,500	4,104	(1,604)
Miscellaneous	-	-	196	(196)
Total Public Safety Building	<u>23,075</u>	<u>23,075</u>	<u>19,584</u>	<u>3,491</u>
Voter Appropriations:				
NW Solid Waste Management	1,197	1,197	1,200	(3)
VT League of Cities and Towns	2,461	2,461	2,561	(100)
NW Regional Planning Commission	1,369	1,369	1,369	-
County Tax	20,000	20,000	13,643	6,357
Hazens Notch Association	1,000	1,000	1,000	-
Champlain Valley Agency on Aging	2,000	2,000	2,000	-
Hectorville Bridge	-	-	375	(375)
Franklin County Industrial	500	500	500	-
Franklin County Home Health	2,522	2,522	2,522	-
Green Up VT	100	100	100	-
Missisquoi River Basin	600	600	600	-
Green Mountain Transit	596	596	596	-
Montgomery Town Association	1,000	1,000	1,000	-
Total Voter Appropriations	<u>33,345</u>	<u>33,345</u>	<u>27,466</u>	<u>5,879</u>
TOTAL EXPENDITURES	<u>1,637,863</u>	<u>1,637,863</u>	<u>1,881,218</u>	<u>(243,355)</u>
EXCESS OF REVENUES OVER EXPENDITURES	83,563	83,563	(10,855)	392,292
OTHER FINANCING SOURCES (USES):				
Transfers	<u>(114,362)</u>	<u>(114,362)</u>	<u>(113,612)</u>	<u>750</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER USES	<u>(30,799)</u>	<u>(30,799)</u>	<u>(124,467)</u>	<u>393,042</u>
NET CHANGE IN FUND BALANCE	<u>\$ (30,799)</u>	<u>\$ (30,799)</u>	<u>\$ (124,467)</u>	<u>\$ 393,042</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.0490%	0.0531%	0.6307%	0.6343%	0.4871%	0.5336%	0.5313%	0.5190%
Town's proportionate share of the net pension liability (asset)	<u>\$ 124,049</u>	<u>\$ 92,198</u>	<u>\$ 88,725</u>	<u>\$ 76,846</u>	<u>\$ 62,690</u>	<u>\$ 41,135</u>	<u>\$ 4,849</u>	<u>\$ 18,896</u>
Town's covered-employee payroll	<u>\$ 248,686</u>	<u>\$ 197,788</u>	<u>\$ 184,239</u>	<u>\$ 200,028</u>	<u>\$ 188,065</u>	<u>\$ 143,417</u>	<u>\$ 128,893</u>	<u>\$ 130,634</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.88%	46.61%	48.16%	38.42%	33.33%	28.68%	3.76%	14.46%
Plan fiduciary net position as a percentage of the total pension liability	7452.00%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%	92.71%

Significant Actuarial Assumptions and methods are described in Note 11 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2021.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions (Actuarially Determined)	<u>\$ 10,146</u>	<u>\$ 10,211</u>	<u>\$ 11,047</u>	<u>\$ 10,358</u>	<u>\$ 7,403</u>	<u>\$ 7,458</u>	<u>\$ 6,230</u>	<u>\$ 6,230</u>
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 10,146</u>	<u>\$ 10,211</u>	<u>\$ 11,047</u>	<u>\$ 10,358</u>	<u>\$ 7,403</u>	<u>\$ 7,458</u>	<u>\$ 6,230</u>	<u>\$ 6,230</u>
Covered Employee Payroll	<u>\$ 248,686</u>	<u>\$ 197,788</u>	<u>\$ 184,239</u>	<u>\$ 200,028</u>	<u>\$ 188,065</u>	<u>\$ 143,417</u>	<u>\$ 128,893</u>	<u>\$ 130,634</u>
Contributions as a Percentage of Covered Employee Payroll	4.08%	5.16%	6.00%	5.18%	3.94%	5.20%	4.83%	4.77%

Significant Actuarial Assumptions and methods are described in Note 11 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2021

	Fire Department Reserve	Recreation	Library	Cemetery	Infrastructure Replacement Reserve	Capital Improvement Reserve	Machinery Replacement	Conservation Reserve	Subtotals
<u>ASSETS</u>									
ASSETS									
Cash	\$ -	\$ -	\$ 600	\$ 120,297	\$ -	\$ -	\$ -	\$ -	\$ 120,897
Due from other funds	<u>52,510</u>	<u>83,446</u>	<u>53,488</u>	<u>-</u>	<u>229,941</u>	<u>67,414</u>	<u>19,705</u>	<u>1,624</u>	<u>508,128</u>
TOTAL ASSETS	<u>\$ 52,510</u>	<u>\$ 83,446</u>	<u>\$ 54,088</u>	<u>\$ 120,297</u>	<u>\$ 229,941</u>	<u>\$ 67,414</u>	<u>\$ 19,705</u>	<u>\$ 1,624</u>	<u>\$ 629,025</u>
<u>LIABILITIES AND NET POSITION</u>									
LIABILITIES									
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,319</u>
NET POSITION									
Restricted	52,510	83,446	54,088	116,978	-	-	-	-	307,022
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,941</u>	<u>67,414</u>	<u>19,705</u>	<u>1,624</u>	<u>318,684</u>
TOTAL NET POSITION	<u>52,510</u>	<u>83,446</u>	<u>54,088</u>	<u>116,978</u>	<u>229,941</u>	<u>67,414</u>	<u>19,705</u>	<u>1,624</u>	<u>625,706</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 52,510</u>	<u>\$ 83,446</u>	<u>\$ 54,088</u>	<u>\$ 120,297</u>	<u>\$ 229,941</u>	<u>\$ 67,414</u>	<u>\$ 19,705</u>	<u>\$ 1,624</u>	<u>\$ 629,025</u>

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2021

	<u>Reappraisal</u>	<u>Restoration of Records</u>	<u>Police Assistant Grant</u>	<u>Community Garden</u>	<u>Conservation Commission</u>	<u>Management Support</u>	<u>Flood Management Support</u>	<u>Subtotal</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>									
ASSETS									
Cash	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ 120,897	\$ 195,897
Due to other funds	<u>88,826</u>	<u>33,690</u>	<u>-</u>	<u>1,162</u>	<u>16,438</u>	<u>888</u>	<u>5,000</u>	<u>508,128</u>	<u>654,132</u>
TOTAL ASSETS	<u>\$ 88,826</u>	<u>\$ 33,690</u>	<u>\$ -</u>	<u>\$ 1,162</u>	<u>\$ 91,438</u>	<u>\$ 888</u>	<u>\$ 5,000</u>	<u>\$ 629,025</u>	<u>\$ 850,029</u>
<u>LIABILITIES AND FUND BALANCE</u>									
LIABILITIES									
Due to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,319</u>	<u>\$ 3,339</u>
FUND BALANCES									
Restricted	88,826	33,690	(20)	1,162	-	888	5,000	307,022	436,568
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,438</u>	<u>-</u>	<u>-</u>	<u>318,684</u>	<u>410,122</u>
TOTAL FUND BALANCE	<u>88,826</u>	<u>33,690</u>	<u>(20)</u>	<u>1,162</u>	<u>91,438</u>	<u>888</u>	<u>5,000</u>	<u>625,706</u>	<u>846,690</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 88,826</u>	<u>\$ 33,690</u>	<u>\$ -</u>	<u>\$ 1,162</u>	<u>\$ 91,438</u>	<u>\$ 888</u>	<u>\$ 5,000</u>	<u>\$ 629,025</u>	<u>\$ 850,029</u>

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
NON-MAJOR SPECIAL REVENUE FUNDS
For the Period Ended June 30, 2021

	Fire Department Reserve	Recreation	Library	Cemetery	Infrastructure Replacement Reserve	Capital Improvement Reserve	Machinery Replacement	Conservation Reserve	Subtotals
REVENUES									
Fees	\$ 13,295	\$ 6,145	\$ 91	\$ 2,502	\$ -	\$ -	\$ -	\$ -	\$ 22,033
Sales	7,500	1,018	-	1,460	-	-	-	-	9,978
Donations	-	42,501	14,866	-	-	-	-	-	57,367
Miscellaneous	47,471	-	-	-	-	-	10,000	-	57,471
Grants	-	-	7,740	-	-	-	-	-	7,740
TOTAL REVENUES	<u>68,266</u>	<u>49,664</u>	<u>22,697</u>	<u>3,962</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>154,589</u>
EXPENDITURES:									
General Government	-	-	40,762	-	-	-	-	-	40,762
Public Safety	58,439	-	-	-	-	-	-	-	58,439
Public Works	-	-	-	-	-	18,230	239,878	-	258,108
Recreation	-	38,758	-	-	-	-	-	-	38,758
Other services	-	-	-	5,145	-	-	-	-	5,145
TOTAL EXPENDITURES	<u>58,439</u>	<u>38,758</u>	<u>40,762</u>	<u>5,145</u>	<u>-</u>	<u>18,230</u>	<u>239,878</u>	<u>-</u>	<u>401,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,827	10,906	(18,065)	(1,183)	-	(18,230)	(229,878)	-	(246,623)
OTHER FINANCING SOURCES/(USES)									
Transfers	-	30,000	31,404	-	-	-	185,878	-	247,282
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	9,827	40,906	13,339	(1,183)	-	(18,230)	(44,000)	-	659
FUND BALANCE, Beginning of Year	<u>42,683</u>	<u>42,540</u>	<u>40,749</u>	<u>118,161</u>	<u>229,941</u>	<u>85,644</u>	<u>63,705</u>	<u>1,624</u>	<u>625,047</u>
FUND BALANCE - End of Year	<u>\$ 52,510</u>	<u>\$ 83,446</u>	<u>\$ 54,088</u>	<u>\$ 116,978</u>	<u>\$ 229,941</u>	<u>\$ 67,414</u>	<u>\$ 19,705</u>	<u>\$ 1,624</u>	<u>\$ 625,706</u>

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Period Ended June 30, 2021

	Reappraisal	Restoration of Records	Police Assistant Grant	Community Garden	Conservation Commission	Management Support	Flood Management Support	Subtotal	Total Governmental Funds
REVENUES									
Fees	\$ -	12,350	\$ -	\$ -	455	\$ -	\$ -	\$ 22,033	\$ 34,838
Sales	-	-	-	-	-	-	-	9,978	9,978
Donations	-	-	-	938	1,328	-	-	57,367	59,633
Miscellaneous	-	-	-	-	74,209	-	-	57,471	131,680
Grants	16,516	-	-	-	2,250	-	-	7,740	26,506
TOTAL REVENUES	16,516	12,350	-	938	78,242	-	-	154,589	262,635
EXPENDITURES									
General Government	-	5,976	-	-	1,330	-	-	40,762	48,068
Public Safety	-	-	-	-	-	-	-	58,439	58,439
Public Works	-	-	-	-	-	-	-	258,108	258,108
Recreation	-	-	-	-	-	-	-	38,758	38,758
Other services	-	-	-	1,176	-	-	-	5,145	6,321
TOTAL EXPENDITURES	-	5,976	-	1,176	1,330	-	-	401,212	409,694
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,516	6,374	-	(238)	76,912	-	-	(246,623)	(147,059)
OTHER FINANCING SOURCES(USES): Transfers In	-	-	-	-	-	-	-	247,282	247,282
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	16,516	6,374	-	(238)	76,912	-	-	659	100,223
FUND BALANCE, Beginning of Year	72,310	27,316	(20)	1,400	14,526	888	5,000	625,047	746,467
FUND BALANCE, End of Year	\$ 88,826	\$ 33,690	\$ (20)	\$ 1,162	\$ 91,438	\$ 888	\$ 5,000	\$ 625,706	\$ 846,690