

# Federal Compliance Audit

## Town of Brandon, Vermont

June 30, 2021



*Proven Expertise & Integrity*

TOWN OF BRANDON, VERMONT

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JUNE 30, 2021

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
Town of Brandon  
Brandon, Vermont

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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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 opinion.

### Unmodified Opinion

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 59 through 63 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 Brandon, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of*

*Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 on our consideration of the Town of Brandon, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Brandon, Vermont's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 9, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Brandon, Vermont's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2021. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Brandon are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, recreation, appropriations, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Brandon include the Wastewater Fund.

### **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 Brandon, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Brandon can be divided into two categories: governmental funds and proprietary funds.

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

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

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Brandon presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, transportation grant funds and the trustees of public funds. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

*Proprietary Funds:* The Town of Brandon maintains one proprietary fund, the Wastewater Fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$2,238,594 from \$39,599,322 to \$41,837,916. For business-type activities, the Town's total net position decreased by \$20,774 from \$4,187,763 to \$4,166,989.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for the governmental activities to a balance of \$997,648 at the end of the fiscal year. The business-type activities do not have an unrestricted net position.

**Table 1**  
**Town of Brandon, Vermont**  
**Net Position**  
**June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Assets:</b>				
Current Assets	\$ 3,620,599	\$ 4,632,399	\$ 1,227,190	\$ 1,151,677
Noncurrent Assets - Capital Assets	41,242,184	39,314,039	4,493,088	4,242,343
Total Assets	<u>44,862,783</u>	<u>43,946,438</u>	<u>5,720,278</u>	<u>5,394,020</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	400,844	228,672	-	-
Total Deferred Outflows of Resources	<u>400,844</u>	<u>228,672</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities	602,962	1,795,033	102,212	65,534
Noncurrent Liabilities	2,811,815	2,763,412	1,451,077	1,140,723
Total Liabilities	<u>3,414,777</u>	<u>4,558,445</u>	<u>1,553,289</u>	<u>1,206,257</u>
<b>Deferred Inflows of Resources:</b>				
Deferred Inflows Related to Pensions	10,934	17,343	-	-
Total Deferred Inflows of Resources	<u>10,934</u>	<u>17,343</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	39,219,269	37,028,492	2,987,753	3,072,295
Restricted: General Fund	116,130	116,130	-	-
Transportation Grant Funds	4,005	-	-	-
Trustees of Public Funds	942,422	775,800	-	-
Special Revenue Funds	524,961	689,243	-	-
Wastewater Fund	-	-	1,179,236	1,115,468
Unrestricted	1,031,129	989,657	-	-
Total Net Position	<u>\$ 41,837,916</u>	<u>\$ 39,599,322</u>	<u>\$ 4,166,989</u>	<u>\$ 4,187,763</u>

**Table 2**  
**Town of Brandon, Vermont**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 221,995	\$ 219,654	\$ 626,302	\$ 695,144
Operating grants and contributions	203,125	381,950	25,720	462,755
<i>General Revenues:</i>				
Taxes	7,092,786	6,715,220	-	-
Grants and contributions not restricted to specific programs	2,441,058	8,620,257	-	-
Miscellaneous	516,943	891,881	2,219	27,974
Total Revenues	<u>10,475,907</u>	<u>16,828,962</u>	<u>654,241</u>	<u>1,185,873</u>
<b>Expenses</b>				
General government	1,186,122	678,825	-	-
Public safety	676,703	699,644	-	-
Public works	1,716,497	2,704,963	-	-
Recreation	132,082	159,503	-	-
Education	4,132,353	3,851,274	-	-
County tax	28,268	25,665	-	-
Appropriations	271,024	218,024	-	-
Interest on long-term debt	12,740	11,773	20,280	30,579
Wastewater fund	-	-	508,380	456,975
Depreciation	-	-	146,355	122,122
Unclassified	81,524	257,221	-	-
Total Expenses	<u>8,237,313</u>	<u>8,606,892</u>	<u>675,015</u>	<u>609,676</u>
Change in Net Position	2,238,594	8,222,070	(20,774)	576,197
Net Position - July 1	<u>39,599,322</u>	<u>31,377,252</u>	<u>4,187,763</u>	<u>3,611,566</u>
Net Position - June 30	<u>\$ 41,837,916</u>	<u>\$ 39,599,322</u>	<u>\$ 4,166,989</u>	<u>\$ 4,187,763</u>

### Revenues and Expenses

Revenues for the Town of Brandon's governmental activities decreased by 37.81%, while total expenses decreased by 4.40%. The decrease in revenues was primarily due to grants and contributions not restricted to specific programs and the decreases in expenses was primarily due to public works.

Revenues for the business-type activities decreased by 44.83% while total expenses increased by 10.72%.

## Financial Analysis of the Town's Fund Statements

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

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

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 6,500	\$ 35,116	\$ (28,616)
Restricted	116,130	116,130	-
Assigned	58,000	58,000	-
Unassigned	695,059	461,340	233,719
Total General Fund	<u>\$ 875,689</u>	<u>\$ 670,586</u>	<u>\$ 205,103</u>
Transportation Grant Funds:			
Restricted	\$ 4,005	\$ -	\$ 4,005
Unassigned	-	(84,464)	(84,464)
Total Transportation Grant Funds	<u>\$ 4,005</u>	<u>\$ (84,464)</u>	<u>\$ (80,459)</u>
Trustees of Public Funds:			
Restricted	\$ 942,422	\$ 775,800	\$ 166,622
Total Trustees of Public Funds	<u>\$ 942,422</u>	<u>\$ 775,800</u>	<u>\$ 166,622</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 524,961	\$ 598,095	\$ (73,134)
Capital Projects Funds:			
Nonspendable	-	-	-
Restricted	-	91,148	(91,148)
Total Nonmajor Funds	<u>\$ 430,123</u>	<u>\$ 689,243</u>	<u>\$ (164,282)</u>

The changes in total fund balances for the general fund, transportation grant fund, trustees of public funds and the nonmajor funds occurred due to the regular activity of operations.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The Wastewater Fund had a decrease in the net position for the fiscal year to \$4,166,989 versus last year net position of \$4,187,763.

### **Budgetary Highlights**

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

The general fund actual revenues were below budgeted amounts by \$17,525. All revenue categories were receipted under budgeted amounts with the exception of intergovernmental and transfers from other funds.

The general fund actual expenditures were below budgeted amounts by \$222,628. All expenditure categories were within or under budgeted amounts with the exception of general government, county tax and unclassified.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$2,178,890 from the prior year. The increase is the result of net capital additions of \$3,488,859, less net disposals of \$3,200 and current year depreciation of \$1,306,769.

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

	<b>2021</b>	<b>2020</b>
Land	\$ 1,084,475	\$ 1,087,675
Construction in progress	811,909	29,364,078
Buildings, building improvements and land improvements	2,753,696	2,738,341
Machinery, equipment and vehicles	1,644,098	1,780,396
Infrastructure	39,441,094	8,585,892
Total	\$ 45,735,272	\$ 43,556,382

## **Debt**

At June 30, 2021, the Town had \$3,528,250 in bonds payable and notes from direct borrowings versus \$3,455,595 last year, an increase of 2.10%. Refer to Note 8 of the Notes to the Financial Statements for detailed information.

### **Currently Known Facts, Decisions or Conditions**

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

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

### **Economic Factors and Next Year's Budgets and Rates**

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for less than a period of three months. However, the Town continues to maintain significant reserves for future operations, capital and program needs.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 49 Center Street, Brandon, Vermont 05733.

## STATEMENT A

## TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,794,154	\$ -	\$ 1,794,154
Investments	893,930	-	893,930
Accounts receivable (net of allowance for uncollectibles):			
Taxes	393,484	-	393,484
Other	579,674	463,035	1,042,709
Loans receivable (net of allowance for uncollectibles)	717,012	-	717,012
Prepaid items	6,500	-	6,500
Internal balances	(764,155)	764,155	-
Total current assets	<u>3,620,599</u>	<u>1,227,190</u>	<u>4,847,789</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,764,621	131,763	1,896,384
Depreciable assets, net of accumulated depreciation	<u>39,477,563</u>	<u>4,361,325</u>	<u>43,838,888</u>
Total noncurrent assets	<u>41,242,184</u>	<u>4,493,088</u>	<u>45,735,272</u>
<b>TOTAL ASSETS</b>	<u>44,862,783</u>	<u>5,720,278</u>	<u>50,583,061</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	400,844	-	400,844
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>400,844</u>	<u>-</u>	<u>400,844</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 45,263,627</u>	<u>\$ 5,720,278</u>	<u>\$ 50,983,905</u>



STATEMENT A (CONTINUED)  
TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 311,010	\$ 35,057	\$ 346,067
Accrued expenses	9,889	3,089	12,978
Accrued interest payable	11,834	5,511	17,345
Current portion of long-term obligations	270,229	58,555	328,784
Total current liabilities	<u>602,962</u>	<u>102,212</u>	<u>705,174</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,560,410	814,160	2,374,570
Notes from direct borrowings	197,902	632,835	830,737
Accrued compensated absences	106,891	4,082	110,973
Net pension liability	946,612	-	946,612
Total noncurrent liabilities	<u>2,811,815</u>	<u>1,451,077</u>	<u>4,262,892</u>
<b>TOTAL LIABILITIES</b>	<u>3,414,777</u>	<u>1,553,289</u>	<u>4,968,066</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	10,934	-	10,934
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,934</u>	<u>-</u>	<u>10,934</u>
<b>NET POSITION</b>			
Net investment in capital assets	39,219,269	2,987,753	42,207,022
Restricted: General fund	116,130	-	116,130
Transportation grant funds	4,005	-	4,005
Trustees of public funds	942,422	-	942,422
Special revenue funds	524,961	-	524,961
Wastewater fund	-	1,179,236	1,179,236
Unrestricted	1,031,129	-	1,031,129
<b>TOTAL NET POSITION</b>	<u>41,837,916</u>	<u>4,166,989</u>	<u>46,004,905</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 45,263,627</u>	<u>\$ 5,720,278</u>	<u>\$ 50,983,905</u>

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

## STATEMENT B

## TOWN OF BRANDON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,186,122	\$ 221,995	\$ -	\$ -	\$ (964,127)	\$ -	\$ (964,127)
Public safety	676,703	-	-	-	(676,703)	-	(676,703)
Public works	1,716,497	-	203,125	-	(1,513,372)	-	(1,513,372)
Recreation	132,082	-	-	-	(132,082)	-	(132,082)
Education	4,132,353	-	-	-	(4,132,353)	-	(4,132,353)
County tax	28,268	-	-	-	(28,268)	-	(28,268)
Appropriations	271,024	-	-	-	(271,024)	-	(271,024)
Interest on long-term debt	12,740	-	-	-	(12,740)	-	(12,740)
Unclassified	81,524	-	-	-	(81,524)	-	(81,524)
Total governmental activities	<u>8,237,313</u>	<u>221,995</u>	<u>203,125</u>	<u>-</u>	<u>(7,812,193)</u>	<u>-</u>	<u>(7,812,193)</u>
Business-type activities:							
Wastewater fund	675,015	626,302	-	25,720	-	(22,993)	(22,993)
Total business-type activities	<u>675,015</u>	<u>626,302</u>	<u>-</u>	<u>25,720</u>	<u>-</u>	<u>(22,993)</u>	<u>(22,993)</u>
Total government	<u>\$ 8,912,328</u>	<u>\$ 848,297</u>	<u>\$ 203,125</u>	<u>\$ 25,720</u>	<u>(7,812,193)</u>	<u>(22,993)</u>	<u>(7,835,186)</u>

STATEMENT B (CONTINUED)  
TOWN OF BRANDON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(7,812,193)	(22,993)	(7,835,186)
General revenues:			
Taxes, levied for general purposes	7,092,786	-	7,092,786
Grants and contributions not restricted to specific programs	2,441,058	-	2,441,058
Miscellaneous	516,943	2,219	519,162
Total general revenues and transfers	10,050,787	2,219	10,053,006
Change in net position	2,238,594	(20,774)	2,217,820
NET POSITION - JULY 1	39,599,322	4,187,763	43,787,085
NET POSITION - JUNE 30	\$ 41,837,916	\$ 4,166,989	\$ 46,004,905

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

## TOWN OF BRANDON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Transportation Grant Funds	Trustees of Public Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,728,740	\$ -	\$ 65,414	\$ -	\$ 1,794,154
Investments	-	-	877,008	16,922	893,930
Accounts receivable (net of allowance for uncollectibles):					
Taxes	393,484	-	-	-	393,484
Other	18,277	197,362	-	364,035	579,674
Loans receivable (net of allowance for uncollectibles)	-	-	-	717,012	717,012
Prepaid items	6,500	-	-	-	6,500
Due from other funds	454,558	-	-	508,039	962,597
<b>TOTAL ASSETS</b>	<b>\$ 2,601,559</b>	<b>\$ 197,362</b>	<b>\$ 942,422</b>	<b>\$ 1,606,008</b>	<b>\$ 5,347,351</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 113,338	\$ 145,131	\$ -	\$ 52,541	\$ 311,010
Accrued expenses	9,889	-	-	-	9,889
Due to other funds	1,272,194	48,226	-	406,332	1,726,752
<b>TOTAL LIABILITIES</b>	<b>1,395,421</b>	<b>193,357</b>	<b>-</b>	<b>458,873</b>	<b>2,047,651</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	330,449	-	-	717,012	1,047,461
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>330,449</b>	<b>-</b>	<b>-</b>	<b>717,012</b>	<b>1,047,461</b>
<b>FUND BALANCES</b>					
Nonspendable	6,500	-	-	-	6,500
Restricted	116,130	4,005	942,422	524,961	1,587,518
Committed	-	-	-	-	-
Assigned	58,000	-	-	-	58,000
Unassigned	695,059	-	-	(94,838)	600,221
<b>TOTAL FUND BALANCES</b>	<b>875,689</b>	<b>4,005</b>	<b>942,422</b>	<b>430,123</b>	<b>2,252,239</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,601,559</b>	<b>\$ 197,362</b>	<b>\$ 942,422</b>	<b>\$ 1,606,008</b>	<b>\$ 5,347,351</b>

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

## TOWN OF BRANDON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

	Total Governmental Funds
Total Fund Balances	\$ 2,252,239
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	41,242,184
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	330,449
Loans receivable	717,012
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	400,844
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,756,920)
Notes from direct borrowings	(265,995)
Accrued compensated absences	(112,517)
Net pension liability	(946,612)
Accrued interest payable	(11,834)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(10,934)
Net position of governmental activities	\$ 41,837,916

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

## TOWN OF BRANDON, VERMONT

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

	General Fund	Transportation Grant Funds	Trustees of Public Funds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 7,100,503	\$ -	\$ -	\$ -	\$ 7,100,503
Intergovernmental	247,956	1,387,388	-	1,008,839	2,644,183
Charges for services	221,995	-	-	-	221,995
Investment income, net of realized/unrealized gains/(losses)	-	-	199,535	3,517	203,052
Miscellaneous revenues	74,644	11,150	-	239,397	325,191
<b>TOTAL REVENUES</b>	<b>7,645,098</b>	<b>1,398,538</b>	<b>199,535</b>	<b>1,251,753</b>	<b>10,494,924</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,100,291	-	-	-	1,100,291
Public safety	642,176	-	-	-	642,176
Public works	782,419	1,623,648	-	-	2,406,067
Recreation	144,603	-	-	-	144,603
Education	4,132,353	-	-	-	4,132,353
County tax	28,268	-	-	-	28,268
Appropriations	271,024	-	-	-	271,024
Unclassified	48,546	-	32,913	65	81,524
Debt service:					
Principal	262,632	-	-	-	262,632
Interest	12,740	-	-	-	12,740
Capital outlay	-	-	-	1,212,172	1,212,172
<b>TOTAL EXPENDITURES</b>	<b>7,425,052</b>	<b>1,623,648</b>	<b>32,913</b>	<b>1,212,237</b>	<b>10,293,850</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>220,046</b>	<b>(225,110)</b>	<b>166,622</b>	<b>39,516</b>	<b>201,074</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	7,057	320,636	-	22,000	349,693
Transfers (out)	(22,000)	(7,057)	-	(320,636)	(349,693)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(14,943)</b>	<b>313,579</b>	<b>-</b>	<b>(298,636)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>205,103</b>	<b>88,469</b>	<b>166,622</b>	<b>(259,120)</b>	<b>201,074</b>
<b>FUND BALANCES - JULY 1</b>	<b>670,586</b>	<b>(84,464)</b>	<b>775,800</b>	<b>689,243</b>	<b>2,051,165</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 875,689</b>	<b>\$ 4,005</b>	<b>\$ 942,422</b>	<b>\$ 430,123</b>	<b>\$ 2,252,239</b>

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

## TOWN OF BRANDON, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 201,074</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	3,091,759
Capital asset disposals	(3,200)
Depreciation expense	<u>(1,160,414)</u>
	<u>1,928,145</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	(7,717)
Loans receivable	<u>(11,300)</u>
	<u>(19,017)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>172,172</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>262,632</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>6,409</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	9,470
Net pension liability	<u>(322,291)</u>
	<u>(312,821)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,238,594</u>

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

## TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2021

	<u>Enterprise Funds</u> <u>Wastewater</u> <u>Fund</u>
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles)	\$ 463,035
Due from other funds	<u>764,155</u>
Total current assets	<u>1,227,190</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	131,763
Buildings and improvements	2,121,498
Equipment	1,592,383
Sewer lines	2,834,600
Less: accumulated depreciation	<u>(2,187,156)</u>
Total noncurrent assets	<u>4,493,088</u>
TOTAL ASSETS	<u>\$ 5,720,278</u>
LIABILITIES	
Current liabilities:	
Accounts payable	35,057
Accrued expenses	3,089
Accrued interest payable	5,511
Current portion of long-term obligations	<u>58,555</u>
Total current liabilities	<u>102,212</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	814,160
Notes from direct borrowings	632,835
Accrued compensated absences	<u>4,082</u>
Total noncurrent liabilities	<u>1,451,077</u>
TOTAL LIABILITIES	<u>1,553,289</u>
NET POSITION	
Net investment in capital assets	2,987,753
Restricted	<u>1,179,236</u>
TOTAL NET POSITION	<u>4,166,989</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,720,278</u>

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



## TOWN OF BRANDON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Funds</u> Wastewater Fund
OPERATING REVENUES	
Charges for services	\$ 626,302
TOTAL OPERATING REVENUES	<u>626,302</u>
OPERATING EXPENSES	
Wages and benefits	176,200
Professional services	45,029
Supplies	2,693
Equipment	3,520
Maintenance and repairs	81,634
Chemicals	50,987
Operations	97,227
Administration	30,000
Insurance	21,090
Depreciation	146,355
TOTAL OPERATING EXPENSES	<u>654,735</u>
OPERATING INCOME (LOSS)	<u>(28,433)</u>
NONOPERATING REVENUES (EXPENSES)	
Capital contributions	25,720
Interest income	2,219
Interest expense	(20,280)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,659</u>
CHANGE IN NET POSITION	(20,774)
NET POSITION - JULY 1	<u>4,187,763</u>
NET POSITION - JUNE 30	<u>\$ 4,166,989</u>

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

## TOWN OF BRANDON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Funds</u>
	Wastewater
	Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 804,149
Internal activity - receipts (payments) from/to other funds	(253,547)
Payments to employees	(178,461)
Payments to suppliers	(317,987)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>54,154</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on long-term debt	(20,280)
Debt proceeds	370,887
Capital contributions	25,720
Capital asset additions	(397,100)
Principal payments on long-term debt	(35,600)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(56,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	2,219
Net cash provided (used) by investing activities	<u>2,219</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (28,433)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	146,355
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	177,847
(Increase) decrease in prepaid items	187
(Increase) decrease in due from other funds	(253,547)
Increase (decrease) in accounts payable	15,791
Increase (decrease) in accrued liabilities	3,026
Increase (decrease) in accrued interest	(4,811)
Increase (decrease) in accrued compensated absences	(2,261)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 54,154</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 20,280</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Brandon was incorporated under the laws of the State of Vermont. The Town operates under the Selectboard-manager form of government and provides the following services: general government, public safety, public works, recreation, appropriations, education and unclassified.

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

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

**COVID-19 Outbreak**

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

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. The state of emergency expired on June 15, 2021.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on Finances*

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Revolving Loan Fund payments were suspended for nine months which affected interest revenues in the Revolving Loan Fund account as well as cash flow. Interest and penalties were suspended during the COVID state of emergency which affects the income of the town.

*Expected Federal/State Support*

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

*Conclusion*

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Wastewater Fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Transportation Grants Fund is used to account for proceeds from the transportation grant intergovernmental revenue related to capital expenditures for infrastructure improvements including Route 7 - Segment 6 and Churchill Bridge.
- c. The Trustees of Public Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Nonmajor funds:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e., interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

**Basis of Accounting**

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

1. Accrual

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



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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

**Budget**

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

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

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

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Receivables**

Receivables include amounts due for Transportation Grant funds and Enterprise funds primarily. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts in the wastewater fund is estimated to be \$5,286 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$1,042,709 for the year ended June 30, 2021.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

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

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town is currently working on completing its fixed asset inventory.

Estimated useful lives are as follows:

Land improvements	10 - 50 years
Buildings and improvements	10 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 25 years
Vehicles	3 - 25 years

**Long-term Obligations**

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term debt consists of bonds payable, notes from direct borrowings, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Net Position**

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

**Fund Balance**

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan and additions to/deductions from the VMERS Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied on July 15, 2020 on the assessed value listed as of April 1, annually, for all real property located in the Town. Taxes were due in four installments on August 15, November 15, February 15 and May 15. Interest accrues at 1% per month until three months following the final payment at which point 1½% per month for each month thereafter. An 8% penalty fee is added to the entire unpaid principal tax balance after May 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

**Program Revenues**

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

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2021, the Town's cash and cash equivalents balance of \$1,794,154 was comprised of bank deposits and cash equivalents amounting to \$1,842,063. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. All of these deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 90,027
ICS accounts	1,692,027
Money market accounts	52,001
Cash equivalents	8,008
	\$ 1,842,063

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$16,922 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2021, the Town's investments of \$893,930 were comprised of certificates of deposit, exchange-traded funds, closed end funds and open-end mutual funds. Of this amount, \$16,922 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$500,000 was insured by the Securities Investor Protection Corporation and consequently not exposed to custodial risk. The remaining investments of \$377,008 were uncollateralized and uninsured.

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Exchange-traded and closed-end funds	\$ 155,308	\$ 155,308	\$ -	\$ -
Mutual funds - equities	302,634	302,634	-	-
Mutual funds - bonds	419,066	419,066	-	-
	\$ 877,008	\$ 877,008	\$ -	\$ -



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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2021:

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Exchange-traded and closed-end funds	\$ 155,308	\$ 155,308	\$ -	\$ -
Mutual funds - equities	302,634	302,634	-	-
Mutual funds - bonds	419,066	419,066	-	-
Total equity securities	<u>877,008</u>	<u>877,008</u>	-	-
Total investments by fair value level	877,008	\$ 877,008	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	8,008			
Total cash equivalents measured at the NAV	<u>8,008</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 885,016</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2021 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$16,922 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit. The investments with credit ratings as a percentage of the total investments (rating %) include AAA 12.89%, AA 1.86%, A 4.28%, BBB 10.31%, BB 3.05% and below BB/all others 2.12%.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 454,558	\$ 1,272,194
Transportation Grant Funds	-	48,226
Nonmajor Capital Projects Funds	-	406,332
Nonmajor Special Revenue Funds	508,039	-
Wastewater Fund	764,155	-
	<u>\$ 1,726,752</u>	<u>\$ 1,726,752</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 22,000	\$ 7,057
Transportation Grant Funds	7,057	320,636
Nonmajor Special Revenue Funds	320,636	5,000
Nonmajor Capital Projects Funds	-	17,000
	<u>\$ 349,693</u>	<u>\$ 349,693</u>

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

NOTE 5 - LOANS RECEIVABLE

The Town, through various federal programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivable in the governmental funds. Until repaid, loans of federal awards are offset by deferred revenue, which is

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 5 - LOANS RECEIVABLE (CONTINUED)

taken into operating revenue as payments are received. Upon receipt, the repayment of these loans is placed in the Town's Grant Fund and is available for future loans.

The following is a description of the loans receivable for the year ended June 30, 2021:

Borrower	Principal	Interest Rate	Terms
11 Center Street Ventures, LLC	\$ 3,917	1.50%	\$562 received monthly through February of 2021.
Swan & Stone, LLC	16,009	1.25%	\$355 received monthly through June of 2019 with a balloon payment of \$17,846 due in July
Olivia's Crouton, LLC	55,991	1.75%	\$442 received monthly through January of 2027 with a balloon payment of \$25,843 in February of 2027.
Park Village Partners, LLC	15,190	1.50%	\$326 received monthly through April of 2023 with a balloon payment of \$8,035 due in May of 2023.
Rutland County Community Land Trust Grant Fund	391,000	1.00%	\$1,278 received monthly beginning July 10, 2030 through July of 2060 and secured by a mortgage.
Red Clover Ale Company, LLC	36,824	2.75%	\$275 received monthly through September of 2025 with a balloon payment of \$23,964 due in October of 2025
Brandon Florist Shoppe, LLC	22,703	2.75%	\$170 received monthly through September of 2025 with a balloon payment of \$14,775
Junction Store, LLC	27,174	3.00%	\$248 received monthly through January of 2026 with a balloon payment of \$14,069 due

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

NOTE 5 - LOANS RECEIVABLE (CONTINUED)

Borrower	Principal	Interest Rate	Terms
Isaiah 6:8. LLC	47,420	3.50%	\$357 paid monthly through May of 2023 with a balloon payment of \$39,471 due June 1, 2023.
Ripton Mountain Distillery, Inc.	24,254	3.00%	\$311 received monthly through October of 2022 with a balloon payment of \$15,979 due November of 2022.
Safer Society Foundation	28,250	3.00%	First six months interest only payments of \$71 received between January 2020 and June 2020, beginning July 2020 monthly payments of \$560 through December of 2024.
Foley's Taco & Bean LLC	28,710	3.00%	\$396 received monthly through January of 2024 with a balloon payment of \$14,027 due February of 2024.
Mae's Place	19,570	3.00%	\$264 received monthly through February of 2025 with a balloon payment of \$6,413 due March of 2025.
Total	<u>\$ 717,012</u>		

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

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,087,675	\$ -	\$ (3,200)	\$ 1,084,475
Construction in progress	27,288,178	520,693	(27,128,725)	680,146
	<u>28,375,853</u>	<u>520,693</u>	<u>(27,131,925)</u>	<u>1,764,621</u>
Depreciated assets:				
Land improvements	15,000	-	-	15,000
Buildings and building improvements	2,324,711	111,595	-	2,436,306
Vehicles	1,144,904	-	-	1,144,904
Machinery and equipment	840,637	56,993	(35,710)	861,920
Infrastructure	10,675,318	29,531,203	-	40,206,521
	<u>15,000,570</u>	<u>29,699,791</u>	<u>(35,710)</u>	<u>44,664,651</u>
Less: accumulated depreciation	<u>(4,062,384)</u>	<u>(1,160,414)</u>	<u>35,710</u>	<u>(5,187,088)</u>
	<u>10,938,186</u>	<u>28,539,377</u>	<u>-</u>	<u>39,477,563</u>
Net governmental capital assets	<u>39,314,039</u>	<u>\$ 29,060,070</u>	<u>\$(27,131,925)</u>	<u>\$ 41,242,184</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 2,075,900	\$ 88,929	\$ (2,033,066)	\$ 131,763
	<u>2,075,900</u>	<u>88,929</u>	<u>(2,033,066)</u>	<u>131,763</u>
Depreciated assets:				
Buildings and improvements	\$ 2,121,498	\$ -	\$ -	\$ 2,121,498
Equipment	1,592,383	-	-	1,592,383
Sewer lines	493,363	2,341,237	-	2,834,600
	<u>4,207,244</u>	<u>2,341,237</u>	<u>-</u>	<u>6,548,481</u>
Less: accumulated depreciation	<u>(2,040,801)</u>	<u>(146,355)</u>	<u>-</u>	<u>(2,187,156)</u>
	<u>2,166,443</u>	<u>2,194,882</u>	<u>-</u>	<u>4,361,325</u>
Net business-type capital assets	<u>\$ 4,242,343</u>	<u>\$ 2,283,811</u>	<u>\$ (2,033,066)</u>	<u>\$ 4,493,088</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 42,795
Public safety				34,527
Public works				1,080,113
Recreation				2,979
Total governmental activities depreciation expense				<u>\$ 1,160,414</u>
<u>Business-type activities</u>				
Wastewater fund				\$ 146,355
Total business-type activities depreciation expense				<u>\$ 146,355</u>

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7 - SHORT-TERM DEBT

The following is a description of short-term debt for the year ended June 30, 2021:

On June 1, 2017, the Town of Brandon issued a Grant Anticipation Note through Community Bank, now known as Bar Harbor Bank & Trust, to meet obligations for highway improvements. The note allowed principal draws up to \$2,000,000 at 1.49% interest per annum with a maturity date of May 31, 2018. On May 29, 2018, this note was modified extending the maturity date to December 31, 2019 and increasing the interest rate to 2.24% on all outstanding balances. On December 23, 2019, this note was modified lowering the principal draws amount down to \$1,000,000 and extending the maturity date to June 1, 2020. On June 8, 2020, the note was modified extending the maturity date to December 1, 2020 and increasing the interest rate to 2.49% on all outstanding balances. The balance was paid in full on November 23, 2020 along with interest of \$18,878.

Short-term debt activity for the year ended June 30, 2021 was as follows:

	Balance, 7/1/20	Additions	Repayments	Balance, 6/30/21
Grant anticipation note	\$ 750,000	\$ -	\$ (750,000)	\$ -

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,953,430	\$ -	\$ (196,510)	\$ 1,756,920	\$ 196,510
Notes from direct borrowings payable	332,117	-	(66,122)	265,995	68,093
Totals	<u>\$ 2,285,547</u>	<u>\$ -</u>	<u>\$ (262,632)</u>	<u>\$ 2,022,915</u>	<u>\$ 264,603</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 882,093	\$ -	\$ (33,442)	\$ 848,651	\$ 34,491
Notes from direct borrowings payable	287,955	370,887	(2,158)	656,684	23,849
Totals	<u>\$ 1,170,048</u>	<u>\$ 370,887</u>	<u>\$ (35,600)</u>	<u>\$ 1,505,335</u>	<u>\$ 58,340</u>

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings:

**Governmental activities bonds payable:**

\$395,000, 2012 Series 4 & 5 Bond for public safety building improvements, due in annual principal payments of \$19,750 through December 1, 2032. Interest due bi-annually at a net rate of 3.148% per annum.	\$ 237,000
\$2,750,000, 2006 Series 1 Bond for paving improvements, refunded \$1,770,000, 2014 Series 4 Bond due in annual principal payments of \$135,000 through November 15, 2026. Interest due bi-annually at a net rate of 4.674% per annum.	810,000
\$835,200, 2017 Series 3 Bond for capital improvements, due in annual principal payments of \$41,760 through November 2037. Interest is due bi-annually at a net rate of 3.30% per annum.	<u>709,920</u>
Total governmental activities bonds payable	<u>\$ 1,756,920</u>

**Governmental activities notes from direct borrowings:**

The Town leases a Sidewalk Plow with Tax-Exempt Leasing Corp. under a non-cancelable lease agreement dated November 21, 2018. The term of the lease is for a six year period expiring November of 2024. Annual principal and interest payments are \$24,028. Interest is at a fixed rate of 3.616% per annum.	\$ 86,423
The Town leases a Caterpillar motor grader with Caterpillar Financial Services Corp. under a non-cancelable lease agreement dated February 26, 2016. The term of the lease is for a nine year period expiring February of 2025. Annual principal and interests payments are \$32,408. Interest is at a fixed rate of 2.75% per annum.	120,899
The Town leases a Ford F-550 with plow with Municipal Leasing Consultants, LLC under a non-cancelable lease agreement dated November 7, 2019. The term of the lease is for a five year period expiring November of 2023. Annual principal and interests payments are \$21,051. Interest is at a fixed rate of 3.77% per annum.	<u>58,673</u>
Total governmental activities notes from direct borrowings	<u>\$ 265,995</u>

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**Business-type activities bonds payable:**

\$499,000, USDA Bond for sewer system improvements, due in annual principal payments of \$11,482 through February 1, 2048. Net interest rate is 2.25% per annum.	\$ 462,608
\$478,343, VMBB 2012 Series 4 & 5 Bond for sewer system improvements, due in varying annual principal payments and semi-annual interest payments through December 2036. Net interest rate is 3.52% per annum.	364,871
\$48,063, VMBB 2012 Series 4 & 5 Bond for sewer system improvements, due in varying annual principal payments and semi-annual interest payments through December 2025. Net interest rate of 3.42% per annum.	21,172
Total business-type activities bonds payable	<u>\$ 848,651</u>

**Business-type activities notes from direct borrowings:**

\$97,000, RF1-223-1.2 Note payable to Vermont Municipal Bond Bank for sewer system improvements, due in annual principal installments of \$10,300 beginning July of 2025 due through July of 2029. Interest is charged at a fixed rate of 0%. \$45,500 of the note has been forgiven.	\$ 131,270
\$11,000, RF1-159 Vermont State Revolving Fund RF1-159 for sewer engineering services, due in annual principal payments of \$2,200 beginning May 1, 2020 through May 1, 2024. Interest is charged at a fixed rate of 0%.	6,475
\$540,000, RF1-214-3.0 Note payable to Vermont Municipal Bond Bank, paid in twenty annual principal installments of \$32,232, which includes a 2% administration fee beginning one year after project completion. Interest is charged at a fixed rate of 0%. \$12,962 of the note will be forgiven.	518,939
Total business type activities notes from direct borrowings	<u>\$ 656,684</u>



TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities				
	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 196,510	\$ 57,330	\$ 68,093	\$ 9,393	\$ 331,326
2023	196,510	49,934	70,489	6,997	323,930
2024	196,510	53,379	72,974	4,513	327,376
2025	196,510	34,736	54,439	1,998	287,683
2026	196,510	24,311	-	-	220,821
2027-2031	442,550	84,293	-	-	526,843
2032-2036	248,300	35,454	-	-	283,754
2037-2041	83,520	3,086	-	-	86,606
	<u>\$ 1,756,920</u>	<u>\$ 342,523</u>	<u>\$ 265,995</u>	<u>\$ 22,901</u>	<u>\$ 2,388,339</u>

  

	Business-type Activities				
	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 34,491	\$ 24,030	\$ 23,849	\$ -	\$ 82,370
2023	35,575	22,931	24,283	-	82,789
2024	36,694	21,797	24,726	-	83,217
2025	37,850	56,600	23,019	-	117,469
2026	39,044	34,667	23,479	-	97,190
2027-2031	189,231	44,468	255,899	-	489,598
2032-2036	220,623	32,205	137,602	-	390,430
2037-2041	107,467	22,426	143,827	-	273,720
2042-2046	103,330	11,490	-	-	114,820
2047-2051	44,346	1,248	-	-	45,594
	<u>\$ 848,651</u>	<u>\$ 271,862</u>	<u>\$ 656,684</u>	<u>\$ -</u>	<u>\$ 1,777,197</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2021 was \$20,280.

All bonds and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town or for business-type activities from user fees.

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

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2021 is as follows:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 121,987	\$ -	\$ (9,470)	\$ 112,517	\$ 5,626
Net pension liability	624,321	401,532	(79,241)	946,612	-
	<u>\$ 746,308</u>	<u>\$ 401,532</u>	<u>\$ (88,711)</u>	<u>\$ 1,059,129</u>	<u>\$ 5,626</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 6,558	\$ -	\$ (2,261)	\$ 4,297	\$ 215

Please see Notes 15 and 18 for detailed information on the other long-term obligations.

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 6,500</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted fund balances:

General fund:	
Record preservation	\$ 27,283
Recreation	28,849
Highway	93,479
Transportation grant funds	4,005
Trustee of public funds	942,422
Nonmajor special revenue funds (Schedule E)	524,961
	<u>\$ 1,620,999</u>

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

NOTE 12 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following restricted net position balances:

General fund:	
Record preservation	\$ 27,283
Recreation	28,849
Highway	93,479
Trustee of public funds	942,422
Special revenue funds:	
Reappraisal reserve	106,713
Revolving loan funds	26,768
Town farm fund	16,922
Public safety fund	211
Other grant programs	201
Local option tax fund	374,146
Wastewater fund	1,179,236
	<u>\$ 2,796,230</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

General fund:	
Police department position	\$ 30,000
Recreation cheerleading	433
	<u>\$ 30,433</u>

NOTE 14 - DEFICIT FUND BALANCE

At June 30, 2021, the Town had the following deficit fund balance:

Nonmajor capital projects funds (Schedule G)	
Equipment and infrastructure fund	<u>\$ 94,838</u>

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation time permits employees to accumulate vacation time. The Town's policies also permit employees to accumulate earned but unused comp time and sick leave, but these are not paid out upon termination. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2021, the Town's liability for compensated absences is \$116,814.

NOTE 16 - 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 natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up two insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Employment Resource Benefits Trust (VERB) for unemployment, life, disability and other ancillary coverage. PACIF and VERB 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 result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance and long-term care insurance. In the event

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 16 - RISK MANAGEMENT (CONTINUED)

that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB is unable to meet its required obligations, the Program will be terminated with each member 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.

NOTE 17 - CONTINGENCIES

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

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

NOTE 18 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same

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

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://annualreport.vermont.gov).

**Benefits Provided**

The pension plan is divided into four membership groups:

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

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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2020 are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	3.000% of gross salary	5.375% of gross salary	10.500% of gross salary	11.850% of gross salary
Employer Contributions	4.500% of gross salary	6.000% of gross salary	7.750% of gross salary	10.350% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2021 totaled \$95,486. The Town contributed \$79,241 for the year ended June 30, 2021. The Town's total payroll for the year ended June 30, 2021 for all employees covered under this plan was \$1,176,816.

**Pension Liabilities**

At June 30, 2021, the Town reported a liability of \$624,321 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2019. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2020, the Town's proportion was 0.37419% for VMERS, which was an increase of 0.01433% from its proportion measured as of June 30, 2019 for VMERS.

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

For the year ended June 30, 2021, the Town recognized pension expense of \$143,710 for the VMERS plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,253	\$ 2,806
Changes of assumptions	126,911	-
Net difference between projected and actual earnings on pension plan investments	90,535	-
Changes in proportion and differences between contributions and proportionate share of contributions	18,904	8,128
Contributions subsequent to the measurement date	79,241	-
<b>Total</b>	<b>\$ 400,844</b>	<b>\$ 10,934</b>

\$79,241 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2021	\$ 87,529
2022	87,652
2023	78,322
2024	57,166
2025	-
Thereafter	-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2020 measurement date was determined by rolling forward the total pension liability as of June 30, 2019 to June 30, 2020. The total pension liability was calculated using the following actuarial assumptions:

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

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Inflation:* 2.30%

*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.

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

Pre-retirement - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Employee and 40% Healthy Employee and Group D with 100% of RP-2006 Blue Collar Employee

Healthy Retiree - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Annuitant and 40% Healthy Annuitant and Group D with a Blue Collar Annuitant Table

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

*Inactive Members:* Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

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

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

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

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

*Cost-of-Living Adjustments:* Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

*Actuarial Cost Method:* The Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

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

The *long-term expected rate of return* on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are 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 Bonds	20.00%	0.39%
Private and Alternative 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%

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

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 1,446,231	\$ 946,612	\$ 535,531

**Pension Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their 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. The Annual Report can be viewed on the State’s Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://AnnualComprehensiveFinancialReport|DepartmentofFinanceandManagement.vermont.gov).

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

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

## Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

## TOWN OF BRANDON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 670,586	\$ 670,586	\$ 670,586	\$ -
Resources (Inflows):				
Property taxes	7,121,730	7,121,730	7,100,503	(21,227)
Intergovernmental	207,000	207,000	247,956	40,956
Charges for services	264,550	264,550	221,995	(42,555)
Miscellaneous revenues	76,400	76,400	74,644	(1,756)
Transfers from other funds	-	-	7,057	7,057
Amounts Available for Appropriation	<u>8,340,266</u>	<u>8,340,266</u>	<u>8,322,741</u>	<u>(17,525)</u>
Charges to Appropriations (Outflows):				
General government	1,075,788	1,075,788	1,100,291	(24,503)
Public safety	830,470	830,470	642,176	188,294
Public works	784,375	784,375	782,419	1,956
Recreation	168,295	168,295	144,603	23,692
Education	4,132,353	4,132,353	4,132,353	-
County tax	28,000	28,000	28,268	(268)
Appropriations	271,024	271,024	271,024	-
Debt service:				
Principal	294,750	294,750	262,632	32,118
Interest	15,000	15,000	12,740	2,260
Unclassified	47,625	47,625	48,546	(921)
Transfers to other funds	22,000	22,000	22,000	-
Total Charges to Appropriations	<u>7,669,680</u>	<u>7,669,680</u>	<u>7,447,052</u>	<u>222,628</u>
Budgetary Fund Balance, June 30	<u>\$ 670,586</u>	<u>\$ 670,586</u>	<u>\$ 875,689</u>	<u>\$ 205,103</u>

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

TOWN OF BRANDON, VERMONT

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

	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>							
Proportion of the net pension liability	0.37%	0.36%	0.36%	0.38%	0.36%	0.34%	0.00%
Proportionate share of the net pension liability	\$ 946,612	\$ 624,321	\$ 509,726	\$ 465,228	\$ 459,489	\$ 263,484	\$ 33,210
Covered payroll	\$ 1,191,211	\$ 1,183,593	\$ 1,118,217	\$ 1,136,033	\$ 986,618	\$ 865,453	\$ 594,130
Proportionate share of the net pension liability as a percentage of its covered payroll	79.47%	52.75%	45.58%	40.95%	46.57%	30.44%	5.59%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

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

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



TOWN OF BRANDON, VERMONT

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VMERS:</u>							
Contractually required contribution	\$ 79,241	\$ 77,553	\$ 69,141	\$ 63,467	\$ 62,709	\$ 54,264	\$ 47,773
Contributions in relation to the contractually required contribution	<u>(79,241)</u>	<u>(77,553)</u>	<u>(69,141)</u>	<u>(63,467)</u>	<u>(62,709)</u>	<u>(54,264)</u>	<u>(47,773)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,176,816	\$ 1,191,211	\$ 1,183,593	\$ 1,118,217	\$ 1,136,033	\$ 986,618	\$ 865,453
Contributions as a percentage of covered payroll	6.73%	6.51%	5.84%	5.68%	5.52%	5.50%	5.52%

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

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

## TOWN OF BRANDON, VERMONT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

#### **Changes of Assumptions**

##### VMERS Pension Plan:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows with generational projection using scale MP-2019:
  - Pre- Retirement - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, Group D - PubG-2010 General Employee above-median
  - Healthy Post Retirement - Retirees - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree
  - Healthy Post-Retirement - Beneficiaries - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor. Group D - Pub-2010 Contingent Survivor.
  - Disabled Retirees - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
  - Group A - Decreased the rates throughout all ages.
  - Group B - For females, slightly decreased the rates at younger ages and then increase the rates at later ages. For males, slightly decreased the rates at most ages.

## TOWN OF BRANDON, VERMONT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- Group C - Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
- Group D - For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were simplified for females to one set of slightly reduced rates for all females.

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

## Other Supplementary Information

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

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

## TOWN OF BRANDON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 7,121,730	\$ 7,121,730	\$ 7,100,503	\$ (21,227)
Intergovernmental revenues:				
State aid - highways	154,500	154,500	203,125	48,625
PILOT	52,500	52,500	44,831	(7,669)
Charges for services:				
Fees and fines	-	-	200	200
Licenses and permits	17,900	17,900	18,082	182
Clerk revenue	88,500	88,500	95,956	7,456
Police revenue	64,600	64,600	24,031	(40,569)
Recreation revenue	82,000	82,000	37,979	(44,021)
Solid waste revenue	10,000	10,000	37,600	27,600
Public works	1,550	1,550	7,997	6,447
Other income:				
Interest and penalties	55,000	55,000	19,695	(35,305)
Interest income	9,000	9,000	1,535	(7,465)
Other income	12,400	12,400	53,414	41,014
Transfers from other funds	-	-	7,057	7,057
TOTAL REVENUES	<u>\$ 7,669,680</u>	<u>\$ 7,669,680</u>	<u>\$ 7,652,155</u>	<u>\$ (17,525)</u>

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

SCHEDULE B

TOWN OF BRANDON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
General government:					
Administration	\$ 399,260	\$ -	\$ 399,260	\$ 377,774	\$ 21,486
Assessor	19,250	-	19,250	19,743	(493)
Code enforcement	43,100	-	43,100	27,983	15,117
Town clerk	195,393	-	195,393	202,402	(7,009)
Insurance	157,600	-	157,600	132,996	24,604
Economic development	43,035	-	43,035	40,487	2,548
Town buildings and maintenance	218,150	-	218,150	298,906	(80,756)
	<u>1,075,788</u>	<u>-</u>	<u>1,075,788</u>	<u>1,100,291</u>	<u>(24,503)</u>
Public safety:					
Public safety	830,470	-	830,470	642,176	188,294
	<u>830,470</u>	<u>-</u>	<u>830,470</u>	<u>642,176</u>	<u>188,294</u>
Public works:					
Administration	351,675	-	351,675	325,535	26,140
Professional services	5,000	-	5,000	276	4,724
Supplies and equipment	2,700	-	2,700	6,001	(3,301)
Winter roads	105,000	-	105,000	90,795	14,205
Summer roads	154,500	-	154,500	181,732	(27,232)
Vehicle repairs and maintenance	87,500	-	87,500	100,594	(13,094)
Leased equipment	78,000	-	78,000	77,486	514
	<u>784,375</u>	<u>-</u>	<u>784,375</u>	<u>782,419</u>	<u>1,956</u>
Recreation	168,295	-	168,295	144,603	23,692
Education	4,132,353	-	4,132,353	4,132,353	-
County tax	28,000	-	28,000	28,268	(268)

SCHEDULE B (CONTINUED)  
TOWN OF BRANDON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	294,750	-	294,750	262,632	32,118
Interest	15,000	-	15,000	12,740	2,260
	<u>309,750</u>	<u>-</u>	<u>309,750</u>	<u>275,372</u>	<u>34,378</u>
Appropriations:					
BIDCC - 4th of July	6,000	-	6,000	6,000	-
Brandon rescue squad	28,000	-	28,000	28,000	-
Chamber of Commerce	1,000	-	1,000	1,000	-
Charter House Coalition	3,000	-	3,000	3,000	-
Open Door Clinic - Middlebury	1,000	-	1,000	1,000	-
RSVP	550	-	550	550	-
SW VT Council on Aging	2,400	-	2,400	2,400	-
RAVNA	10,200	-	10,200	10,200	-
Rutland Mental Health	6,624	-	6,624	6,624	-
ARC of Rutland	3,500	-	3,500	3,500	-
Stephen A. Douglas Inc.	2,500	-	2,500	2,500	-
Brandon Library	92,000	-	92,000	92,000	-
Senior Citizen Center	13,500	-	13,500	13,500	-
Paving projects	100,000	-	100,000	100,000	-
Rutland Co Humane Society	750	-	750	750	-
	<u>271,024</u>	<u>-</u>	<u>271,024</u>	<u>271,024</u>	<u>-</u>
Unclassified:					
Rutland Regional Commission	975	-	975	975	-
Green-up Day	300	-	300	300	-
Public transit	3,500	-	3,500	3,500	-
REDC	500	-	500	500	-
Rut Nat Resources Conservation	250	-	250	1,250	(1,000)
Mosquito control	42,100	-	42,100	42,021	79
	<u>47,625</u>	<u>-</u>	<u>47,625</u>	<u>48,546</u>	<u>(921)</u>
Transfers to other funds	22,000	-	22,000	22,000	-
Total Departmental Operations	<u>\$ 7,669,680</u>	<u>\$ -</u>	<u>\$ 7,669,680</u>	<u>\$ 7,447,052</u>	<u>\$ 222,628</u>

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

## TOWN OF BRANDON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Investments	\$ 16,922	\$ -	\$ 16,922
Accounts receivable (net of allowance for uncollectibles)	-	364,035	364,035
Loans receivable (net of allowance for uncollectibles)	717,012	-	717,012
Due from other funds	508,039	-	508,039
<b>TOTAL ASSETS</b>	<u>\$ 1,241,973</u>	<u>\$ 364,035</u>	<u>\$ 1,606,008</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 52,541	\$ 52,541
Due to other funds	-	406,332	406,332
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>458,873</u>	<u>458,873</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	717,012	-	717,012
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>717,012</u>	<u>-</u>	<u>717,012</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	524,961	-	524,961
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(94,838)	(94,838)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>524,961</u>	<u>(94,838)</u>	<u>430,123</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,241,973</u>	<u>\$ 364,035</u>	<u>\$ 1,606,008</u>

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



## TOWN OF BRANDON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 1,008,839	\$ 1,008,839
Investment income, net of realized/unrealized gains/(losses)	3,517	-	3,517
Other	239,050	347	239,397
TOTAL REVENUES	<u>242,567</u>	<u>1,009,186</u>	<u>1,251,753</u>
EXPENDITURES			
Capital outlay	-	1,212,172	1,212,172
Program expenses	65	-	65
TOTAL EXPENDITURES	<u>65</u>	<u>1,212,172</u>	<u>1,212,237</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>242,502</u>	<u>(202,986)</u>	<u>39,516</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	17,000	22,000
Transfers (out)	(320,636)	-	(320,636)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(315,636)</u>	<u>17,000</u>	<u>(298,636)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(73,134)	(185,986)	(259,120)
FUND BALANCES (DEFICITS) - JULY 1	<u>598,095</u>	<u>91,148</u>	<u>689,243</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 524,961</u>	<u>\$ (94,838)</u>	<u>\$ 430,123</u>

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

## Special Revenue Funds

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

SCHEDULE E

TOWN OF BRANDON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2021

	Reappraisal Reserve	Revolving Loan Funds	Town Farm Fund	Public Safety Funds	Other Grant Programs	Local Option Tax Fund	Total
<b>ASSETS</b>							
Investments	\$ -	\$ -	\$ 16,922	\$ -	\$ -	\$ -	\$ 16,922
Loans receivable (net of allowance for uncollectibles)	-	717,012	-	-	-	-	717,012
Due from other funds	106,713	26,768	-	211	201	374,146	508,039
<b>TOTAL ASSETS</b>	<b>\$ 106,713</b>	<b>\$ 743,780</b>	<b>\$ 16,922</b>	<b>\$ 211</b>	<b>\$ 201</b>	<b>\$ 374,146</b>	<b>\$ 1,241,973</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue	-	717,012	-	-	-	-	717,012
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>717,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>717,012</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	106,713	26,768	16,922	211	201	374,146	524,961
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>106,713</b>	<b>26,768</b>	<b>16,922</b>	<b>211</b>	<b>201</b>	<b>374,146</b>	<b>524,961</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 106,713</b>	<b>\$ 743,780</b>	<b>\$ 16,922</b>	<b>\$ 211</b>	<b>\$ 201</b>	<b>\$ 374,146</b>	<b>\$ 1,241,973</b>

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

SCHEDULE F

TOWN OF BRANDON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Reappraisal Reserve	Revolving Loan Funds	Town Farm Fund	Public Safety Funds	Other Grant Programs	Local Option Tax Fund	Total
REVENUES							
Interest income	\$ -	\$ 2,285	\$ 282	\$ -	\$ -	\$ 950	\$ 3,517
Other income	17,081	11,301	-	1	-	210,667	239,050
TOTAL REVENUES	17,081	13,586	282	1	-	211,617	242,567
EXPENDITURES							
Other	30	35	-	-	-	-	65
TOTAL EXPENDITURES	30	35	-	-	-	-	65
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,051	13,551	282	1	-	211,617	242,502
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	-	-	-	-	-	5,000
Transfers (out)	-	-	-	-	-	(320,636)	(320,636)
TOTAL OTHER FINANCING SOURCES (USES)	5,000	-	-	-	-	(320,636)	(315,636)
NET CHANGE IN FUND BALANCES	22,051	13,551	282	1	-	(109,019)	(73,134)
FUND BALANCES - JULY 1	84,662	13,217	16,640	210	201	483,165	598,095
FUND BALANCES - JUNE 30	\$ 106,713	\$ 26,768	\$ 16,922	\$ 211	\$ 201	\$ 374,146	\$ 524,961

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

## Capital Projects Funds

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

## TOWN OF BRANDON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2021

	Equipment and Infrastructure Fund	Total
	<u>Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Accounts receivable (net of allowance for uncollectibles)	\$ 364,035	\$ 364,035
<b>TOTAL ASSETS</b>	<u>\$ 364,035</u>	<u>\$ 364,035</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 52,541	\$ 52,541
Due to other funds	406,332	406,332
<b>TOTAL LIABILITIES</b>	<u>458,873</u>	<u>458,873</u>
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(94,838)	(94,838)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(94,838)</u>	<u>(94,838)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 364,035</u>	<u>\$ 364,035</u>

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

## TOWN OF BRANDON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Equipment and Infrastructure Fund	Total
	<u>Fund</u>	<u>Total</u>
REVENUES		
Intergovernmental	\$ 1,008,839	\$ 1,008,839
Other income	347	347
TOTAL REVENUES	<u>1,009,186</u>	<u>1,009,186</u>
EXPENDITURES		
Capital outlay	<u>1,212,172</u>	<u>1,212,172</u>
TOTAL EXPENDITURES	<u>1,212,172</u>	<u>1,212,172</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(202,986)</u>	<u>(202,986)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	17,000	17,000
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>17,000</u>	<u>17,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(185,986)	(185,986)
FUND BALANCES (DEFICITS) - JULY 1	<u>91,148</u>	<u>91,148</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (94,838)</u>	<u>\$ (94,838)</u>

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

## General Capital Assets

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



## TOWN OF BRANDON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 1,082,075	\$ 1,612,182	\$ 161,951	\$ -	\$ 2,856,208
Public safety	-	588,449	286,197	-	874,646
Public works	680,146	80,957	1,488,652	40,206,521	42,456,276
Recreation	2,400	169,718	70,024	-	242,142
Wastewater fund	131,763	2,121,498	1,592,383	2,834,600	6,680,244
Total General Capital Assets	1,896,384	4,572,804	3,599,207	43,041,121	53,109,516
Less: Accumulated Depreciation	-	(1,819,108)	(1,955,109)	(3,600,027)	(7,374,244)
Net General Capital Assets	<u>\$ 1,896,384</u>	<u>\$ 2,753,696</u>	<u>\$ 1,644,098</u>	<u>\$ 39,441,094</u>	<u>\$ 45,735,272</u>

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

TOWN OF BRANDON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2021

	General Capital Assets <u>7/1/20</u>	Additions	Deletions	General Capital Assets <u>6/30/21</u>
General government	\$ 2,765,004	\$ 94,404	\$ (3,200)	\$ 2,856,208
Public safety	910,356	-	(35,710)	874,646
Public works	39,474,421	2,981,855	-	42,456,276
Recreation	226,642	15,500	-	242,142
Wastewater fund	<u>6,283,144</u>	<u>397,100</u>	<u>-</u>	<u>6,680,244</u>
 Total General Capital Assets	 49,659,567	 3,488,859	 (38,910)	 53,109,516
 Less: Accumulated Depreciation	 <u>(6,103,185)</u>	 <u>(1,306,769)</u>	 <u>35,710</u>	 <u>(7,374,244)</u>
 Net General Capital Assets	 <u>\$ 43,556,382</u>	 <u>\$ 2,182,090</u>	 <u>\$ (3,200)</u>	 <u>\$ 45,735,272</u>

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

TOWN OF BRANDON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal AL Number	Pass Through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development, passed through State Vermont Department of Housing and Community:				
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	07110-PG-2019	\$ 5,408	\$ 4,261
Total U.S. Department of Housing and Urban Development			<u>5,408</u>	<u>4,261</u>
U.S. Department of Transportation Agency, passed through State of Vermont Agency of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	08126-CA0513	343,376	-
Highway Planning and Construction	20.205	08126-CA0067	1,287,159	26,885
Highway Planning and Construction	20.205	08126-CA0120	11,033	-
Total Highway Planning and Construction Cluster			<u>1,641,568</u>	<u>26,885</u>
Total U.S. Department of Transportation Agency			<u>1,641,568</u>	<u>26,885</u>
U.S. Treasury Department, passed through the State of Vermont Department of Taxes:				
Coronavirus Relief Fund	21.019	0114CRF20CLR016	12,160	-
Total U.S. Treasury Department			<u>12,160</u>	<u>-</u>
U.S. Environmental Protection Agency, passed through State Vermont Environmental Protection Agency:				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water SRF	66.458	06140-RF1-223	21,875	-
Capitalization Grants for Clean Water SRF	66.458	06140-RF1-214	235,366	-
Total Clean Water State Revolving Fund Cluster			<u>257,241</u>	<u>-</u>
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	RF3-372	252,452	252,452
Total Drinking Water State Revolving Fund Cluster			<u>252,452</u>	<u>252,452</u>
Total U.S. Environmental Protection Agency			<u>509,693</u>	<u>252,452</u>
U.S. Election Assistance Commission, passed through State of Vermont Department of Taxes:				
HAVA Election Security Grants	90.404		4,821	-
Total U.S. Election Assistance Commission			<u>4,821</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,173,650</u>	<u>\$ 283,598</u>

TOWN OF BRANDON, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Brandon, Vermont under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Brandon, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Brandon, Vermont.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Brandon, Vermont has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Expenditures to Subrecipients

AL Number	Subrecipient	Total
14.228	Brandon Free Public Library	\$ 4,261
20.205	Brandon Fire District	26,885
66.468	Brandon Fire District	252,452
		<u>\$ 283,598</u>



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

Selectboard  
Town of Brandon  
Brandon, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Brandon, Vermont as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Brandon, Vermont's basic financial statements and have issued our report thereon dated March 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brandon, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brandon, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brandon, Vermont's internal control.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brandon, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Brandon, Vermont in a separate letter dated February 16, 2022.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 9, 2022



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE

Selectboard  
Town of Brandon  
Brandon, Vermont

Report on Compliance for Each Major Federal Program

We have audited the Town of Brandon, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Brandon, Vermont's major federal programs for the year ended June 30, 2021. The Town of Brandon, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Brandon, Vermont's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Brandon, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Brandon, Vermont's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Town of Brandon, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

Management of the Town of Brandon, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Brandon, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brandon, Vermont's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Brandon, Vermont's internal control over compliance.

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

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



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
March 9, 2022

TOWN OF BRANDON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section OMB Compliance Supplement? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None