

Audited Financial Statements
and Other Financial Information

Town of Brandon, Vermont

June 30, 2022



Proven Expertise & Integrity

TOWN OF BRANDON, VERMONT

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Brandon
Brandon, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022 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.

In our opinion, the accompanying 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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Brandon, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Brandon, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brandon, Vermont's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Brandon, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 5 through 12 and 60 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2023 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 solely 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 effectiveness of the Town of Brandon, Vermont's 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
January 5, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Brandon, Vermont'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, Vermont 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 five 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, revolving loan 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 decreased by \$327,847 from \$41,836,182 to \$41,508,335. For business-type activities, the Town's total net position increased by \$107,033 from \$4,166,989 to \$4,274,022.

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 \$1,115,873 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,

	Governmental Activities		Business-type Activities	
	2022	2021 (Restated)	2022	2021
Assets:				
Current Assets	\$ 3,973,512	\$ 3,620,599	\$ 1,235,723	\$ 1,227,190
Noncurrent Assets - Capital Assets	40,072,536	41,242,184	4,751,798	4,493,088
Total Assets	44,046,048	44,862,783	5,987,521	5,720,278
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	294,254	400,844	-	-
Total Deferred Outflows of Resources	294,254	400,844	-	-
Liabilities:				
Current Liabilities	427,497	602,962	92,507	102,212
Noncurrent Liabilities	2,066,262	2,813,549	1,620,992	1,451,077
Total Liabilities	2,493,759	3,416,511	1,713,499	1,553,289
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	338,208	10,934	-	-
Total Deferred Inflows of Resources	338,208	10,934	-	-
Net Position:				
Net Investment in Capital Assets	38,313,714	39,217,535	3,073,510	2,987,753
Restricted	2,078,748	1,620,999	1,200,512	1,179,236
Unrestricted	1,115,873	997,648	-	-
Total Net Position	\$ 41,508,335	\$ 41,836,182	\$ 4,274,022	\$ 4,166,989

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

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 221,774	\$ 221,995	\$ 708,101	\$ 626,302
Operating grants and contributions	195,898	203,125	107,878	25,720
<i>General Revenues:</i>				
Taxes	7,340,801	7,083,247	-	-
Grants and contributions not restricted to specific programs	870,450	2,441,058	-	-
Miscellaneous	291,254	516,943	34,359	2,219
Total Revenues	8,920,177	10,466,368	850,338	654,241
Expenses				
General government	1,012,159	1,186,122	-	-
Public safety	819,971	676,703	-	-
Public works	2,352,801	1,716,497	-	-
Recreation	193,496	132,082	-	-
Education	4,296,071	4,122,814	-	-
County tax	23,807	28,268	-	-
Appropriations	296,024	271,024	-	-
Interest on long-term debt	12,740	12,740	31,723	20,280
Wastewater fund	-	-	546,943	508,380
Depreciation	-	-	164,639	146,355
Unclassified	240,955	81,524	-	-
Total Expenses	9,248,024	8,227,774	743,305	675,015
Change in Net Position	(327,847)	2,238,594	107,033	(20,774)
Net Position - July 1, Restated	41,836,182	39,597,588	4,166,989	4,187,763
Net Position - June 30	\$ 41,508,335	\$ 41,836,182	\$ 4,274,022	\$ 4,166,989

Revenues and Expenses

Revenues for the Town of Brandon's governmental activities decreased by 14.77%, while total expenses increased by 12.40%. The decrease in revenues was primarily due to grants and contributions not restricted to specific programs and the increases in expenses was primarily due to public works.

Revenues for the business-type activities increased by 29.97% while total expenses increased by 10.12%.

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>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 4,350	\$ 6,500	\$ (2,150)
Restricted	217,667	149,611	68,056
Assigned	32,162	30,433	1,729
Unassigned	784,157	689,145	95,012
Total General Fund	<u>\$ 1,038,336</u>	<u>\$ 875,689</u>	<u>\$ 162,647</u>
Transportation Grant Funds:			
Restricted	\$ -	\$ 4,005	\$ (4,005)
Unassigned (Deficit)	(7,211)	-	(7,211)
Total Transportation Grant Funds	<u>\$ (7,211)</u>	<u>\$ 4,005</u>	<u>\$ (11,216)</u>
Revolving Loan Funds			
Restricted	\$ 79,042	\$ 26,767	\$ 52,275
Total Revolving Loan Funds	<u>\$ 79,042</u>	<u>\$ 26,767</u>	<u>\$ 52,275</u>
Trustees of Public Funds:			
Restricted	\$ 773,789	\$ 942,422	\$ (168,633)
Total Trustees of Public Funds	<u>\$ 773,789</u>	<u>\$ 942,422</u>	<u>\$ (168,633)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,003,900	\$ 498,194	\$ 505,706
Capital Projects Funds:			
Unassigned (Deficit)	(51,311)	(94,838)	43,527
Total Nonmajor Funds	<u>\$ 952,589</u>	<u>\$ 403,356</u>	<u>\$ 549,233</u>

The changes in total fund balances for the general fund, transportation grant fund, revolving loan funds, 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 an operating loss of \$718 for the fiscal year versus an operating loss of \$28,433 last year.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$216,377. All revenue categories were receipted above budgeted amounts.

The general fund actual expenditures exceeded budgeted amounts by \$53,730. All expenditure categories were within or under budgeted amounts with the exception of public works, recreation, debt service - interest and unclassified

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town decreased by \$910,938 from the prior year. The decrease is the result of capital additions of \$479,646, less net disposals of \$19,684 and current year depreciation of \$1,370,900.

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

	2022	2021
Land	\$ 1,240,993	\$ 1,084,475
Construction in progress	599,829	811,909
Buildings, building improvements and land improvements	2,739,531	2,753,696
Machinery, equipment and vehicles	1,606,802	1,644,098
Infrastructure	38,637,179	39,441,094
Total	\$ 44,824,334	\$ 45,735,272

Debt

At June 30, 2022, the Town had \$3,437,110 in bonds payable and notes from direct borrowings versus \$3,529,984 last year, a decrease of 2.63%. Refer to Note 8 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

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.

TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,231,093	\$ -	\$ 2,231,093
Investments	1,531,245	-	1,531,245
Accounts receivable (net of allowance for uncollectibles):			
Taxes	345,250	-	345,250
Other	59,449	365,018	424,467
Loans receivable (net of allowance for uncollectibles)	672,830	-	672,830
Prepaid items	4,350	-	4,350
Internal balances	(870,705)	870,705	-
Total current assets	<u>3,973,512</u>	<u>1,235,723</u>	<u>5,209,235</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,301,693	539,129	1,840,822
Depreciable assets, net of accumulated depreciation	38,770,843	4,212,669	42,983,512
Total noncurrent assets	<u>40,072,536</u>	<u>4,751,798</u>	<u>44,824,334</u>
TOTAL ASSETS	<u>44,046,048</u>	<u>5,987,521</u>	<u>50,033,569</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	294,254	-	294,254
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>294,254</u>	<u>-</u>	<u>294,254</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 44,340,302</u>	<u>\$ 5,987,521</u>	<u>\$ 50,327,823</u>

STATEMENT A (CONTINUED)
TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 54,834	\$ 25,561	\$ 80,395
Accrued expenses	17,898	4,290	22,188
Due to other governments	72,770	-	72,770
Accrued interest payable	11,834	2,663	14,497
Current portion of long-term obligations	270,161	59,993	330,154
Total current liabilities	<u>427,497</u>	<u>92,507</u>	<u>520,004</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,363,900	778,585	2,142,485
Notes from direct borrowings	127,412	839,845	967,257
Accrued compensated absences	50,377	2,562	52,939
Net pension liability	524,573	-	524,573
Total noncurrent liabilities	<u>2,066,262</u>	<u>1,620,992</u>	<u>3,687,254</u>
TOTAL LIABILITIES	<u>2,493,759</u>	<u>1,713,499</u>	<u>4,207,258</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	338,208	-	338,208
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>338,208</u>	<u>-</u>	<u>338,208</u>
NET POSITION			
Net investment in capital assets	38,313,714	3,073,510	41,387,224
Restricted	2,078,748	1,200,512	3,279,260
Unrestricted	1,115,873	-	1,115,873
TOTAL NET POSITION	<u>41,508,335</u>	<u>4,274,022</u>	<u>45,782,357</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 44,340,302</u>	<u>\$ 5,987,521</u>	<u>\$ 50,327,823</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 1,012,159	\$ 221,774	\$ -	\$ -	\$ (790,385)	\$ -	\$ (790,385)
Public safety	819,971	-	-	-	(819,971)	-	(819,971)
Public works	2,352,801	-	195,898	-	(2,156,903)	-	(2,156,903)
Recreation	193,496	-	-	-	(193,496)	-	(193,496)
Education	4,296,071	-	-	-	(4,296,071)	-	(4,296,071)
County tax	23,807	-	-	-	(23,807)	-	(23,807)
Appropriations	296,024	-	-	-	(296,024)	-	(296,024)
Interest on long-term debt	12,740	-	-	-	(12,740)	-	(12,740)
Unclassified	240,955	-	-	-	(240,955)	-	(240,955)
Total governmental activities	<u>9,248,024</u>	<u>221,774</u>	<u>195,898</u>	<u>-</u>	<u>(8,830,352)</u>	<u>-</u>	<u>(8,830,352)</u>
Business-type activities:							
Wastewater fund	<u>743,305</u>	<u>708,101</u>	<u>-</u>	<u>107,878</u>	<u>-</u>	<u>72,674</u>	<u>72,674</u>
Total business-type activities	<u>743,305</u>	<u>708,101</u>	<u>-</u>	<u>107,878</u>	<u>-</u>	<u>72,674</u>	<u>72,674</u>
Total government	<u>\$ 9,991,329</u>	<u>\$ 929,875</u>	<u>\$ 195,898</u>	<u>\$ 107,878</u>	<u>(8,830,352)</u>	<u>72,674</u>	<u>(8,757,678)</u>

STATEMENT B (CONTINUED)
TOWN OF BRANDON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(8,830,352)	72,674	(8,757,678)
General revenues:			
Taxes, levied for general purposes	7,340,801	-	7,340,801
Grants and contributions not restricted to specific programs	870,450	-	870,450
Miscellaneous	291,254	34,359	325,613
Total general revenues and transfers	8,502,505	34,359	8,536,864
Change in net position	(327,847)	107,033	(220,814)
NET POSITION - JULY 1, RESTATED	41,836,182	4,166,989	46,003,171
NET POSITION - JUNE 30	<u>\$ 41,508,335</u>	<u>\$ 4,274,022</u>	<u>\$ 45,782,357</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Transportation Grant Funds	Revolving Loan Funds	Trustees of Public Funds	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,160,507	\$ -	\$ -	\$ 70,586	\$ -	\$ 2,231,093
Investments	-	-	-	703,203	828,042	1,531,245
Accounts receivable (net of allowance for uncollectibles):						
Taxes	345,250	-	-	-	-	345,250
Other	312	58,007	-	-	1,130	59,449
Loans receivable (net of allowance for uncollectibles)	-	-	672,830	-	-	672,830
Prepaid items	4,350	-	-	-	-	4,350
Due from other funds	473,976	-	79,042	-	538,674	1,091,692
TOTAL ASSETS	\$ 2,984,395	\$ 58,007	\$ 751,872	\$ 773,789	\$ 1,367,846	\$ 5,935,909
LIABILITIES						
Accounts payable	\$ 48,335	\$ 6,499	\$ -	\$ -	\$ -	\$ 54,834
Accrued expenses	17,898	-	-	-	-	17,898
Due to other governments	72,770	-	-	-	-	72,770
Due to other funds	1,488,421	58,719	-	-	415,257	1,962,397
TOTAL LIABILITIES	1,627,424	65,218	-	-	415,257	2,107,899
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	318,635	-	672,830	-	-	991,465
TOTAL DEFERRED INFLOWS OF RESOURCES	318,635	-	672,830	-	-	991,465
FUND BALANCES (DEFICITS)						
Nonspendable	4,350	-	-	-	-	4,350
Restricted	217,667	-	79,042	773,789	1,003,900	2,074,398
Committed	-	-	-	-	-	-
Assigned	32,162	-	-	-	-	32,162
Unassigned	784,157	(7,211)	-	-	(51,311)	725,635
TOTAL FUND BALANCES (DEFICITS)	1,038,336	(7,211)	79,042	773,789	952,589	2,836,545
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 2,984,395	\$ 58,007	\$ 751,872	\$ 773,789	\$ 1,367,846	\$ 5,935,909

See accompanying independent auditor's 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, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,836,545
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	40,072,536
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	318,635
Loans receivable	672,830
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	294,254
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,560,410)
Notes from direct borrowings	(198,412)
Accrued compensated absences	(53,028)
Net pension liability	(524,573)
Accrued interest payable	(11,834)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(338,208)</u>
Net position of governmental activities	<u><u>\$ 41,508,335</u></u>

See accompanying independent auditor's 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, 2022

	General Fund	Transportation Grant Funds	Revolving Loan Funds	Trustees of Public Funds	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 7,352,615	\$ -	\$ -	\$ -	\$ -	\$ 7,352,615
Intergovernmental	248,386	64,481	-	-	753,481	1,066,348
Charges for services	221,664	-	110	-	-	221,774
Investment income, net of realized/unrealized gains/(losses)	-	-	8,061	(125,331)	2,583	(114,687)
Miscellaneous revenues	105,927	-	54,184	-	290,012	450,123
TOTAL REVENUES	7,928,592	64,481	62,355	(125,331)	1,046,076	8,976,173
EXPENDITURES						
Current:						
General government	994,235	-	-	-	-	994,235
Public safety	785,444	-	-	-	-	785,444
Public works	971,895	75,697	-	-	-	1,047,592
Recreation	190,000	-	-	-	-	190,000
Education	4,296,071	-	-	-	-	4,296,071
County tax	23,807	-	-	-	-	23,807
Appropriations	296,024	-	-	-	-	296,024
Unclassified	46,329	-	10,080	43,302	141,244	240,955
Debt service:						
Principal	241,300	-	-	-	-	241,300
Interest	12,740	-	-	-	-	12,740
Capital outlay	-	-	-	-	263,699	263,699
TOTAL EXPENDITURES	7,857,845	75,697	10,080	43,302	404,943	8,391,867
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,747	(11,216)	52,275	(168,633)	641,133	584,306
OTHER FINANCING SOURCES (USES)						
Transfers in	123,900	-	-	-	145,754	269,654
Transfers (out)	(32,000)	-	-	-	(237,654)	(269,654)
TOTAL OTHER FINANCING SOURCES (USES)	91,900	-	-	-	(91,900)	-
NET CHANGE IN FUND BALANCES (DEFICITS)	162,647	(11,216)	52,275	(168,633)	549,233	584,306
FUND BALANCES (DEFICITS) - JULY 1	875,689	4,005	26,767	942,422	403,356	2,252,239
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,038,336	\$ (7,211)	\$ 79,042	\$ 773,789	\$ 952,589	\$ 2,836,545

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 584,306</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	56,297
Capital asset disposals	(19,684)
Depreciation expense	<u>(1,206,261)</u>
	<u>(1,169,648)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	(11,814)
Loans receivable	<u>(44,182)</u>
	<u>(55,996)</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>(106,590)</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>265,827</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>(327,274)</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	59,489
Net pension liability	<u>422,039</u>
	<u>481,528</u>
Change in net position of governmental activities (Statement B)	<u>\$ (327,847)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Enterprise Funds</u> <u>Wastewater</u> <u>Fund</u>
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles)	\$ 365,018
Due from other funds	<u>870,705</u>
Total current assets	<u>1,235,723</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	539,129
Buildings and improvements	2,121,498
Equipment	1,608,366
Sewer lines	2,834,600
Less: accumulated depreciation	<u>(2,351,795)</u>
Total noncurrent assets	<u>4,751,798</u>
TOTAL ASSETS	<u><u>\$ 5,987,521</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	25,561
Accrued expenses	4,290
Accrued interest payable	2,663
Current portion of long-term obligations	<u>59,993</u>
Total current liabilities	<u>92,507</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	778,585
Notes from direct borrowings	839,845
Accrued compensated absences	<u>2,562</u>
Total noncurrent liabilities	<u>1,620,992</u>
TOTAL LIABILITIES	<u>1,713,499</u>
NET POSITION	
Net investment in capital assets	3,073,510
Restricted	<u>1,200,512</u>
TOTAL NET POSITION	<u>4,274,022</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,987,521</u></u>

See accompanying independent auditor's 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, 2022

	<u>Enterprise Funds</u> Wastewater Fund
OPERATING REVENUES	
Charges for services	\$ 708,101
Other	2,763
TOTAL OPERATING REVENUES	<u>710,864</u>
OPERATING EXPENSES	
Wages and benefits	184,698
Professional services	45,754
Supplies	2,746
Equipment	4,780
Maintenance and repairs	88,969
Chemicals	64,350
Operations	104,771
Administration	30,000
Insurance	20,875
Depreciation	164,639
TOTAL OPERATING EXPENSES	<u>711,582</u>
OPERATING INCOME (LOSS)	<u>(718)</u>
NONOPERATING REVENUES (EXPENSES)	
Capital contributions	107,878
Interest income	31,596
Interest expense	(31,723)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>107,751</u>
CHANGE IN NET POSITION	107,033
NET POSITION - JULY 1	<u>4,166,989</u>
NET POSITION - JUNE 30	<u>\$ 4,274,022</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Enterprise Funds</u> <u>Wastewater</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 806,118
Other receipts	2,763
Internal activity - receipts (payments) from/to other funds	(106,550)
Payments to employees	(186,298)
Payments to suppliers	(373,388)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>142,645</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on long-term debt	(31,723)
Debt proceeds	231,293
Capital contributions	107,878
Capital asset additions	(423,349)
Principal payments on long-term debt	(58,340)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(174,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>31,596</u>
Net cash provided (used) by investing activities	<u>31,596</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)	\$ (718)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	164,639
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	98,017
(Increase) decrease in due from other funds	(106,550)
Increase (decrease) in accounts payable	(9,496)
Increase (decrease) in accrued liabilities	1,201
Increase (decrease) in accrued interest	(2,848)
Increase (decrease) in accrued compensated absences	(1,600)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 142,645</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 31,723</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020.” The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

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.

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Revolving Loan Funds are used to account for financial resources used in community development programs. Revenue sources are interest and principal payments from community borrowers.
- d. 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.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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, loans receivable 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 is estimated to be \$0 as of June 30, 2022. Accounts receivable and loans receivable netted with allowances for uncollectible accounts were \$1,097,297 for the year ended June 30, 2022.

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 government-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.

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given 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, 2022

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, 2021 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, 2022

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, 2022, the Town's cash and cash equivalents balance of \$2,231,093 was comprised of bank deposits and cash equivalents amounting to \$2,155,551. 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, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 125,995
ICS accounts	1,975,770
Money market accounts	46,797
Cash equivalents	6,989
	\$ 2,155,551

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 \$828,042 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, 2022, the Town's investments of \$1,531,245 were comprised of certificates of deposit, exchange-traded funds, closed end funds and open-end mutual funds. Of this amount, \$250,000 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 \$781,245 were uncollateralized and uninsured.

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Exchange-traded and closed-end funds	\$ 139,246	\$ 139,246	\$ -	\$ -
Mutual funds - equities	267,182	267,182	-	-
Mutual funds - bonds	296,775	296,775	-	-
	\$ 703,203	\$ 703,203	\$ -	\$ -

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

	June 30, 2022 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	\$ 139,246	\$ 139,246	\$ -	\$ -
Mutual funds - equities	267,182	267,182	-	-
Mutual funds - bonds	296,775	296,775	-	-
Total equity securities	<u>703,203</u>	<u>703,203</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>703,203</u>	<u>\$ 703,203</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>6,989</u>			
Total cash equivalents measured at the NAV	<u>6,989</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 710,192</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, 2022 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 \$828,042 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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 11.15%, AA 1.28%, A 3.89%, BBB 9.15%, BB 2.09% and below BB/all others 10.44%.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 473,976	\$ 1,488,421
Transportation Grant Funds	-	58,719
Revolving Loans Fund	79,042	-
Nonmajor Capital Projects Funds	-	52,441
Nonmajor Special Revenue Funds	538,674	362,816
Wastewater Fund	870,705	-
	<u>\$ 1,962,397</u>	<u>\$ 1,962,397</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, 2022 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 32,000	\$ 123,900
Nonmajor Special Revenue Funds	237,654	5,000
Nonmajor Capital Projects Funds	-	140,754
	<u>\$ 269,654</u>	<u>\$ 269,654</u>

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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 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, 2022:

Borrower	Principal	Interest Rate	Terms
Delilah's Hair Studio	\$ 9,353	1.25%	\$172 received monthly through February of 2027.
Swan & Stone, LLC	11,605	1.25%	\$355 received monthly through June of 2019 with a balloon payment of \$17,846 due in July
Olivia's Crouton, LLC	51,627	1.75%	\$442 received monthly through January of 2027 with a balloon payment of \$25,843 in February of 2027.
Park Village Partners, LLC	11,477	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	34,505	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	21,273	2.75%	\$170 received monthly through September of 2025 with a balloon payment of \$14,775
Junction Store, LLC	24,979	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, 2022

NOTE 5 - LOANS RECEIVABLE (CONTINUED)

Borrower	Principal	Interest Rate	Terms
Isaiah 6:8. LLC	29,748	3.50%	\$357 paid monthly through May of 2023 with a balloon payment of \$39,471 due June 1, 2023.
Ripton Mountain Distillery, Inc.	23,253	3.00%	\$311 received monthly through October of 2022 with a balloon payment of \$15,979 due November of 2022.
Safer Society Foundation	22,297	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
Foley's Taco & Bean LLC	24,760	3.00%	\$396 received monthly through January of 2024 with a balloon payment of \$14,027 due February of 2024.
Mae's Place	16,953	3.00%	\$264 received monthly through February of 2025 with a balloon payment of \$6,413 due March of 2025.
Total	<u>\$ 672,830</u>		

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Disposals	Balance, 6/30/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,084,475	\$ 164,978	\$ (8,460)	\$ 1,240,993
Construction in progress	680,146	60,700	(680,146)	60,700
	<u>1,764,621</u>	<u>225,678</u>	<u>(688,606)</u>	<u>1,301,693</u>
Depreciated assets:				
Land improvements	15,000	67,049	-	82,049
Buildings and building improvements	2,436,306	19,426	-	2,455,732
Vehicles	1,144,904	-	(74,850)	1,070,054
Machinery and equipment	861,920	139,250	(13,438)	987,732
Infrastructure	40,206,521	285,040	-	40,491,561
	<u>44,664,651</u>	<u>510,765</u>	<u>(88,288)</u>	<u>45,087,128</u>
Less: accumulated depreciation	<u>(5,187,088)</u>	<u>(1,206,261)</u>	<u>77,064</u>	<u>(6,316,285)</u>
	<u>39,477,563</u>	<u>(695,496)</u>	<u>(11,224)</u>	<u>38,770,843</u>
Net governmental capital assets	<u>41,242,184</u>	<u>\$ (469,818)</u>	<u>\$ (699,830)</u>	<u>\$ 40,072,536</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 131,763	\$ 407,366	\$ -	\$ 539,129
	<u>131,763</u>	<u>407,366</u>	<u>-</u>	<u>539,129</u>
Depreciated assets:				
Buildings and improvements	\$ 2,121,498	\$ -	\$ -	\$ 2,121,498
Equipment	1,592,383	15,983	-	1,608,366
Sewer lines	2,834,600	-	-	2,834,600
	<u>6,548,481</u>	<u>15,983</u>	<u>-</u>	<u>6,564,464</u>
Less: accumulated depreciation	<u>(2,187,156)</u>	<u>(164,639)</u>	<u>-</u>	<u>(2,351,795)</u>
	<u>4,361,325</u>	<u>(148,656)</u>	<u>-</u>	<u>4,212,669</u>
Net business-type capital assets	<u>\$ 4,493,088</u>	<u>\$ 258,710</u>	<u>\$ -</u>	<u>\$ 4,751,798</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 45,904
Public safety				34,527
Public works				1,122,334
Recreation				3,496
Total governmental activities depreciation expense				<u>\$ 1,206,261</u>
<u>Business-type activities</u>				
Wastewater fund				\$ 164,639
Total business-type activities depreciation expense				<u>\$ 164,639</u>

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - SHORT-TERM DEBT

The following is a description of short-term debt for the year ended June 30, 2022:

On May 9, 2022, the Town of Brandon issued a Bond Anticipation Note through Bar Harbor Bank & Trust, to meet obligations for wastewater facility improvements. The note allowed principal draws up to \$1,000,000 at 3.15% interest per annum with a maturity date of June 30, 2023.

Short-term debt activity for the year ended June 30, 2022 was as follows:

	Balance, 7/1/21	Additions	Repayments	Balance, 6/30/22
Bond anticipation note	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
				N

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Deletions	Balance, 6/30/22	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,756,920	\$ -	\$ (196,510)	\$ 1,560,410	\$ 196,510
Notes from direct borrowings payable	267,729	-	(69,317)	198,412	71,000
Totals	\$ 2,024,649	\$ -	\$ (265,827)	\$ 1,758,822	\$ 267,510
<u>Business-type activities:</u>					
Bonds payable	\$ 848,651	\$ -	\$ (34,491)	\$ 814,160	\$ 35,575
Notes from direct borrowings payable	656,684	231,293	(23,849)	864,128	24,283
Totals	\$ 1,505,335	\$ 231,293	\$ (58,340)	\$ 1,678,288	\$ 59,858

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 fixed rate of 3.148% per annum.	\$ 217,250
\$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 fixed rate of 4.674% per annum.	675,000
\$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 fixed rate of 3.30% per annum.	<u>668,160</u>
Total governmental activities bonds payable	<u><u>\$ 1,560,410</u></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.	\$ 66,189
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.	91,878
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.	39,835
The Town leases printers with National Business Services under a non-cancelable lease agreement dated October 12, 2017. The term of the lease is for a five year period expiring October of 2022. Monthly principal and interests payments are \$102.	<u>510</u>
Total governmental activities notes from direct borrowings	<u><u>\$ 198,412</u></u>

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.	\$ 449,980
\$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.	346,943
\$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.	<u>17,237</u>
Total business-type activities bonds payable	<u><u>\$ 814,160</u></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.	\$ 362,563
\$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%.	4,317
\$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.	<u>497,248</u>
Total business type activities notes from direct borrowings	<u><u>\$ 864,128</u></u>

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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	
2023	\$ 196,510	\$ 50,134	\$ 71,000	\$ 6,997	\$ 324,641
2024	196,510	53,379	72,974	4,513	327,376
2025	196,510	34,736	54,438	1,999	287,683
2026	196,510	24,311	-	-	220,821
2027	196,510	21,050	-	-	217,560
2028-2032	307,550	73,988	-	-	381,538
2033-2037	228,550	27,023	-	-	255,573
2038-2042	41,760	773	-	-	42,533
	<u>\$ 1,560,410</u>	<u>\$ 285,394</u>	<u>\$ 198,412</u>	<u>\$ 13,509</u>	<u>\$ 2,057,725</u>

	Business-type Activities				
	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2023	\$ 35,575	\$ 22,931	\$ 24,283	\$ 10,107	\$ 92,896
2024	36,694	21,797	24,726	9,664	92,881
2025	37,850	56,600	23,019	9,213	126,682
2026	39,044	34,667	23,479	8,753	105,943
2027	35,569	22,931	378,414	8,283	445,197
2028-2032	195,113	133,950	127,123	34,037	490,223
2033-2037	211,906	37,569	140,354	20,805	410,634
2038-2042	94,484	28,424	122,730	6,197	251,835
2043-2047	105,668	18,198	-	-	123,866
2048-2052	22,257	6,761	-	-	29,018
	<u>\$ 814,160</u>	<u>\$ 383,828</u>	<u>\$ 864,128</u>	<u>\$ 107,059</u>	<u>\$ 2,169,175</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, 2022 was \$31,723.

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, 2022

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 112,517	\$ -	\$ (59,489)	\$ 53,028	\$ 2,651
Net pension liability	946,612	113,787	(535,826)	524,573	-
	<u>\$ 1,059,129</u>	<u>\$ 113,787</u>	<u>\$ (595,315)</u>	<u>\$ 577,601</u>	<u>\$ 2,651</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 4,297	\$ -	\$ (1,600)	\$ 2,697	\$ 135

Please see Notes 16 and 19 for detailed information on the other long-term obligations.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 46,388,821	\$ 7,103,593
Accumulated depreciation	(6,316,285)	(2,351,795)
Outstanding capital related debt	(1,758,822)	(1,678,288)
	<u>\$ 38,313,714</u>	<u>\$ 3,073,510</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 4,350</u>

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted fund balances:

General fund:	
Record preservation	\$ 32,832
Recreation	24,735
Buildings and grounds fuel	8,000
Highway	152,100
Revolving loan funds	79,042
Trustee of public funds	773,789
Nonmajor special revenue funds (Schedule E)	<u>1,003,900</u>
	<u>\$ 2,074,398</u>

NOTE 13 - RESTRICTED NET POSITION

At June 30, 2022, the Town had the following restricted net position balances:

General fund:	
Record preservation	\$ 32,832
Recreation	24,735
Buildings and grounds fuel	8,000
Highway	152,100
Prepaid items	4,350
Revolving loan funds	79,042
Trustee of public funds	773,789
Special revenue funds:	
Reappraisal reserve	128,834
ARPA funds	448,219
Town farm fund	17,007
Public safety fund	211
Other grant programs	202
Local option tax fund	409,427
Wastewater fund	<u>1,200,512</u>
	<u>\$ 3,279,260</u>

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

General fund:	
Police department position	<u>\$ 32,162</u>

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFICIT FUND BALANCE

At June 30, 2022, the Town had the following deficit fund balance:

Transportation grant funds	\$ 7,211
Nonmajor capital projects funds (Schedule G)	
Equipment and infrastructure fund	<u>51,311</u>
	<u>\$ 58,522</u>

NOTE 16 - 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, 2022, the Town's liability for compensated absences is \$55,725.

NOTE 17 - 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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - RISK MANAGEMENT (CONTINUED)

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 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 18 - CONTINGENCIES

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

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

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2020 (the most recent data available), the retirement system consisted of 23,436 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 \(vermont.gov\)](#).

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B 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:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

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

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2021 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% 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, 2022 totaled \$130,761. The Town contributed \$101,962 for the year ended June 30, 2022. The Town's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$1,348,686.

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

At June 30, 2022, the Town reported a liability of \$524,573 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town's proportion was 0.35641% for VMERS, which was a decrease of 0.01779% from its proportion measured as of June 30, 2020 for VMERS.

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

For the year ended June 30, 2022, the Town recognized pension expense of \$11,825 for the VMERS plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,771	\$ -
Changes of assumptions	82,917	-
Net difference between projected and actual earnings on pension plan investments	-	309,303
Changes in proportion and differences between contributions and proportionate share of contributions	11,604	28,905
Contributions subsequent to the measurement date	101,962	-
Total	\$ 294,254	\$ 338,208

\$101,962 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, 2023.

TOWN OF BRANDON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:		
2022	\$	(6,211)
2023		(14,940)
2024		(35,066)
2025		(89,699)
2026		-
Thereafter		-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2021 measurement date was determined by rolling forward the total pension liability as of June 30, 2020 to June 30, 2021. The total pension liability was calculated using the following actuarial assumptions:

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 on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement:

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

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement:

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

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 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, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2021 are summarized in the following table:

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

TOWN OF BRANDON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 19 - 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	 \$ 1,036,849	 \$ 524,573	 \$ 103,333

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://Annual%20Comprehensive%20Financial%20Report%20|%20Department%20of%20Finance%20and%20Management%20(vermont.gov).).

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 - EXPENDITURES OVER APPROPRIATIONS

The Town was noncompliant with the legally adopted budget, overspending the entire allowed appropriation of \$7,836,115 by \$53,730 at June 30, 2022.

NOTE 21 - 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.

NOTE 22 - RESTATEMENT

The Town determined that certain transactions were omitted in the prior year. Therefore, a restatement to the governmental activities net position and notes from direct borrowings payable were required. The notes from direct borrowings payable balance were increased by \$1,734. The net position for governmental activities was decreased by \$1,734 from \$41,837,916 to \$41,836,182.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 875,689	\$ 875,689	\$ 875,689	\$ -
Resources (Inflows):				
Property taxes	7,336,230	7,336,230	7,352,615	16,385
Intergovernmental	212,500	212,500	248,386	35,886
Charges for services	217,485	217,485	221,664	4,179
Miscellaneous revenues	69,900	69,900	105,927	36,027
Transfers from other funds	-	-	123,900	123,900
Amounts Available for Appropriation	<u>8,711,804</u>	<u>8,711,804</u>	<u>8,928,181</u>	<u>216,377</u>
Charges to Appropriations (Outflows):				
General government	1,038,325	1,038,325	994,235	44,090
Public safety	819,965	819,965	785,444	34,521
Public works	866,245	866,245	971,895	(105,650)
Recreation	145,460	145,460	190,000	(44,540)
Education	4,296,071	4,296,071	4,296,071	-
County tax	30,000	30,000	23,807	6,193
Appropriations	296,024	296,024	296,024	-
Debt service:				
Principal	261,000	261,000	241,300	19,700
Interest	5,000	5,000	12,740	(7,740)
Unclassified	46,025	46,025	46,329	(304)
Transfers to other funds	32,000	32,000	32,000	-
Total Charges to Appropriations	<u>7,836,115</u>	<u>7,836,115</u>	<u>7,889,845</u>	<u>(53,730)</u>
Budgetary Fund Balance, June 30	<u>\$ 875,689</u>	<u>\$ 875,689</u>	<u>\$ 1,038,336</u>	<u>\$ 162,647</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Proportion of the net pension liability	0.36%	0.37%	0.36%	0.36%	0.38%	0.36%	0.34%	0.00%
Proportionate share of the net pension liability	\$ 524,573	\$ 946,612	\$ 624,321	\$ 509,726	\$ 465,228	\$ 459,489	\$ 263,484	\$ 33,210
Covered payroll	\$ 1,176,816	\$ 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	44.58%	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	86.29%	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 auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Contractually required contribution	\$ 101,962	\$ 79,241	\$ 77,553	\$ 69,141	\$ 63,467	\$ 62,709	\$ 54,264	\$ 47,773
Contributions in relation to the contractually required contribution	<u>(101,962)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 1,348,686	\$ 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	7.56%	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 auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions

VMERS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

See accompanying independent auditor's 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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 7,336,230	\$ 7,336,230	\$ 7,352,615	\$ 16,385
Intergovernmental revenues:				
State aid - highways	158,000	158,000	195,898	37,898
PILOT	54,500	54,500	52,488	(2,012)
Charges for services:				
Fees and fines	-	-	675	675
Licenses and permits	18,335	18,335	15,015	(3,320)
Clerk revenue	88,100	88,100	95,266	7,166
Zoning revenue	-	-	50	50
Police revenue	62,500	62,500	26,199	(36,301)
Recreation revenue	37,000	37,000	69,755	32,755
Solid waste revenue	10,000	10,000	10,685	685
Public works	1,550	1,550	4,019	2,469
Other income:				
Interest and penalties	55,000	55,000	77,245	22,245
Interest income	1,500	1,500	2,822	1,322
Other income	13,400	13,400	25,860	12,460
Transfers from other funds	-	-	123,900	123,900
TOTAL REVENUES	<u>\$ 7,836,115</u>	<u>\$ 7,836,115</u>	<u>\$ 8,052,492</u>	<u>\$ 216,377</u>

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE B

TOWN OF BRANDON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 395,990	\$ -	\$ 395,990	\$ 383,067	\$ 12,923
Assessor	19,250	-	19,250	17,318	1,932
Code enforcement	38,185	-	38,185	30,624	7,561
Town clerk	193,030	-	193,030	189,448	3,582
Insurance	138,650	-	138,650	129,379	9,271
Economic development	43,530	-	43,530	39,314	4,216
Town buildings and maintenance	209,690	-	209,690	205,085	4,605
	<u>1,038,325</u>	<u>-</u>	<u>1,038,325</u>	<u>994,235</u>	<u>44,090</u>
Public safety:					
Public safety	819,965	-	819,965	785,444	34,521
	<u>819,965</u>	<u>-</u>	<u>819,965</u>	<u>785,444</u>	<u>34,521</u>
Public works:					
Administration	382,545	-	382,545	330,406	52,139
Professional services	5,000	-	5,000	1,137	3,863
Supplies and equipment	11,500	-	11,500	11,660	(160)
Winter roads	110,000	-	110,000	89,317	20,683
Summer roads	197,000	-	197,000	362,164	(165,164)
Vehicle repairs and maintenance	82,200	-	82,200	99,725	(17,525)
Leased equipment	78,000	-	78,000	77,486	514
	<u>866,245</u>	<u>-</u>	<u>866,245</u>	<u>971,895</u>	<u>(105,650)</u>
Recreation	145,460	-	145,460	190,000	(44,540)
Education	4,296,071	-	4,296,071	4,296,071	-
County tax	30,000	-	30,000	23,807	6,193

SCHEDULE B (CONTINUED)
TOWN OF BRANDON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	261,000	-	261,000	241,300	19,700
Interest	5,000	-	5,000	12,740	(7,740)
	<u>266,000</u>	<u>-</u>	<u>266,000</u>	<u>254,040</u>	<u>11,960</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	-
American Legion Post #55	25,000	-	25,000	25,000	-
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>296,024</u>	<u>-</u>	<u>296,024</u>	<u>296,024</u>	<u>-</u>
Unclassified:					
Rutland Regional Commission	975	-	975	975	-
Green-up Day	300	-	300	863	(563)
Public transit	3,500	-	3,500	3,500	-
REDC	500	-	500	500	-
Rut Nat Resources Conservation	250	-	250	-	250
Mosquito control	40,500	-	40,500	40,491	9
	<u>46,025</u>	<u>-</u>	<u>46,025</u>	<u>46,329</u>	<u>(304)</u>
Transfers to other funds	<u>32,000</u>	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Total Departmental Operations	<u>\$ 7,836,115</u>	<u>\$ -</u>	<u>\$ 7,836,115</u>	<u>\$ 7,889,845</u>	<u>\$ (53,730)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF BRANDON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments	\$ 828,042	\$ -	\$ 828,042
Accounts receivable (net of allowance for uncollectibles)	-	1,130	1,130
Due from other funds	538,674	-	538,674
TOTAL ASSETS	<u>\$ 1,366,716</u>	<u>\$ 1,130</u>	<u>\$ 1,367,846</u>
LIABILITIES			
Due to other funds	\$ 362,816	\$ 52,441	\$ 415,257
TOTAL LIABILITIES	<u>362,816</u>	<u>52,441</u>	<u>415,257</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	1,003,900	-	1,003,900
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(51,311)	(51,311)
TOTAL FUND BALANCES (DEFICITS)	<u>1,003,900</u>	<u>(51,311)</u>	<u>952,589</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,366,716</u>	<u>\$ 1,130</u>	<u>\$ 1,367,846</u>

See accompanying independent auditor's 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, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 558,244	\$ 195,237	\$ 753,481
Investment income, net of realized/unrealized gains/(losses)	2,583	-	2,583
Other	289,448	564	290,012
TOTAL REVENUES	<u>850,275</u>	<u>195,801</u>	<u>1,046,076</u>
EXPENDITURES			
Capital outlay	-	263,699	263,699
Program expenses	111,915	29,329	141,244
TOTAL EXPENDITURES	<u>111,915</u>	<u>293,028</u>	<u>404,943</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>738,360</u>	<u>(97,227)</u>	<u>641,133</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	140,754	145,754
Transfers (out)	(237,654)	-	(237,654)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(232,654)</u>	<u>140,754</u>	<u>(91,900)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	505,706	43,527	549,233
FUND BALANCES (DEFICITS) - JULY 1	<u>498,194</u>	<u>(94,838)</u>	<u>403,356</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,003,900</u>	<u>\$ (51,311)</u>	<u>\$ 952,589</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

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

TOWN OF BRANDON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Reappraisal Reserve	ARPA Funds	Town Farm Fund	Public Safety Funds	Other Grant Programs	Local Option Tax Fund	Total
ASSETS							
Investments	\$ -	\$ 560,133	\$ 267,909	\$ -	\$ -	\$ -	\$ 828,042
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	128,834	-	-	211	202	409,427	538,674
TOTAL ASSETS	<u>\$ 128,834</u>	<u>\$ 560,133</u>	<u>\$ 267,909</u>	<u>\$ 211</u>	<u>\$ 202</u>	<u>\$ 409,427</u>	<u>\$ 1,366,716</u>
LIABILITIES							
Due to other funds	\$ -	\$ 111,914	\$ 250,902	\$ -	\$ -	\$ -	\$ 362,816
TOTAL LIABILITIES	<u>-</u>	<u>111,914</u>	<u>250,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,816</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	128,834	448,219	17,007	211	202	409,427	1,003,900
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>128,834</u>	<u>448,219</u>	<u>17,007</u>	<u>211</u>	<u>202</u>	<u>409,427</u>	<u>1,003,900</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 128,834</u>	<u>\$ 560,133</u>	<u>\$ 267,909</u>	<u>\$ 211</u>	<u>\$ 202</u>	<u>\$ 409,427</u>	<u>\$ 1,366,716</u>

See accompanying independent auditor's 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, 2022

	Reappraisal Reserve	ARPA Funds	Town Farm Fund	Public Safety Funds	Other Grant Programs	Local Option Tax Fund	Total
REVENUES							
Intergovernmental	\$ -	\$ 558,244	\$ -	\$ -	\$ -	\$ -	\$ 558,244
Interest income	-	1,889	85	-	-	609	2,583
Charges for services	-	-	-	-	-	-	-
Other income	17,122	-	-	-	-	272,326	289,448
TOTAL REVENUES	17,122	560,133	85	-	-	272,935	850,275
EXPENDITURES							
Other	1	111,914	-	-	-	-	111,915
TOTAL EXPENDITURES	1	111,914	-	-	-	-	111,915
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,121	448,219	85	-	-	272,935	738,360
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	-	-	-	-	-	5,000
Transfers (out)	-	-	-	-	-	(237,654)	(237,654)
TOTAL OTHER FINANCING SOURCES (USES)	5,000	-	-	-	-	(237,654)	(232,654)
NET CHANGE IN FUND BALANCES	22,121	448,219	85	-	-	35,281	505,706
FUND BALANCES - JULY 1	106,713	-	16,922	211	202	374,146	498,194
FUND BALANCES - JUNE 30	\$ 128,834	\$ 448,219	\$ 17,007	\$ 211	\$ 202	\$ 409,427	\$ 1,003,900

See accompanying independent auditor's 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, 2022

	Equipment and Infrastructure Fund	Total
	<u>Fund</u>	<u>Total</u>
ASSETS		
Accounts receivable (net of allowance for uncollectibles)	\$ 1,130	\$ 1,130
TOTAL ASSETS	<u>\$ 1,130</u>	<u>\$ 1,130</u>
LIABILITIES		
Due to other funds	\$ 52,441	\$ 52,441
TOTAL LIABILITIES	<u>52,441</u>	<u>52,441</u>
FUND BALANCES (DEFICITS)		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(51,311)	(51,311)
TOTAL FUND BALANCES (DEFICITS)	<u>(51,311)</u>	<u>(51,311)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,130</u>	<u>\$ 1,130</u>

See accompanying independent auditor's 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, 2022

	Equipment and Infrastructure Fund	Total
	<u>Fund</u>	<u>Total</u>
REVENUES		
Intergovernmental	\$ 195,237	\$ 195,237
Other income	564	564
TOTAL REVENUES	<u>195,801</u>	<u>195,801</u>
EXPENDITURES		
Capital outlay	263,699	263,699
Program expenses	29,329	29,329
TOTAL EXPENDITURES	<u>293,028</u>	<u>293,028</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(97,227)</u>	<u>(97,227)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	140,754	140,754
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>140,754</u>	<u>140,754</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	43,527	43,527
FUND BALANCES (DEFICITS) - JULY 1	<u>(94,838)</u>	<u>(94,838)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (51,311)</u>	<u>\$ (51,311)</u>

See accompanying independent auditor's 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, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 1,235,320	\$ 1,695,656	\$ 121,483	\$ -	\$ 3,052,459
Public safety	-	588,449	286,197	-	874,646
Public works	63,973	83,957	1,580,082	40,491,561	42,219,573
Recreation	2,400	169,719	70,024	-	242,143
Wastewater fund	539,129	2,121,498	1,608,366	2,834,600	7,103,593
Total General Capital Assets	1,840,822	4,659,279	3,666,152	43,326,161	53,492,414
Less: Accumulated Depreciation	-	(1,919,748)	(2,059,350)	(4,688,982)	(8,668,080)
Net General Capital Assets	<u>\$ 1,840,822</u>	<u>\$ 2,739,531</u>	<u>\$ 1,606,802</u>	<u>\$ 38,637,179</u>	<u>\$ 44,824,334</u>

See accompanying independent auditor's 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, 2022

	General Capital Assets 7/1/21	Additions	Deletions	General Capital Assets 6/30/22
General government	\$ 2,816,104	\$ 258,253	\$ (21,898)	\$ 3,052,459
Public safety	874,646	-	-	874,646
Public works	42,496,379	478,190	(754,996)	42,219,573
Recreation	242,143	-	-	242,143
Wastewater fund	6,680,244	423,349	-	7,103,593
Total General Capital Assets	53,109,516	1,159,792	(776,894)	53,492,414
Less: Accumulated Depreciation	(7,374,244)	(1,370,900)	77,064	(8,668,080)
Net General Capital Assets	<u>\$ 45,735,272</u>	<u>\$ (211,108)</u>	<u>\$ (699,830)</u>	<u>\$ 44,824,334</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

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

Selectboard
Town of 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, 2022 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 January 5, 2023.

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 January 5, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 5, 2023