

Audited Financial Statements
and Other Financial Information

Town of Fair Haven, Vermont

June 30, 2020

Revised as of 1/14/2021



Proven Expertise & Integrity

TOWN OF FAIR HAVEN, VERMONT

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Fair Haven
Fair Haven, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, Vermont, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Fair Haven, Vermont's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, Vermont as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 12 and 58 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fair Haven, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021 on our consideration of the Town of Fair Haven, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Fair Haven, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 14, 2021

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

(UNAUDITED)

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

Financial Statement Overview

The Town of Fair Haven'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, highway 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 regard 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 Fair Haven 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, highways, public works, culture and recreation, cemeteries, health and welfare 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 Fair Haven include the water fund, sewer fund and water and sewer reserve 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 Fair Haven, 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 Fair Haven can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 Fair Haven presents three 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 and the highway fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Proprietary Funds: The Town of Fair Haven maintains three proprietary funds, the water fund, sewer fund and the water and sewer reserve 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.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

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 Net Position - Fiduciary 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, a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$129,930 from \$4,780,641 to \$4,910,571. For business-type activities, the Town's total net position decreased by \$246,029 from \$3,879,635 to \$3,633,606.

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 - decreased for the governmental activities to a balance of \$1,914,512 at the end of the fiscal year. For the business-type activities, unrestricted net position decreased to a deficit balance of \$185,438.

Table 1
Town of Fair Haven, Vermont
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2020	2019 (Restated)	2020	2019 (Restated)
Assets:				
Current Assets	\$ 2,156,966	\$ 2,082,393	\$ 785,967	\$ 859,288
Noncurrent Assets-Capital Assets	3,084,090	2,950,237	5,639,065	5,688,266
Noncurrent Assets-Note Receivable	218,664	218,664	-	-
Total Assets	5,459,720	5,251,294	6,425,032	6,547,554
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	143,566	140,629	55,832	49,064
Total Deferred Outflows of Resources	143,566	140,629	55,832	49,064
Liabilities:				
Current Liabilities	123,123	105,059	174,222	127,973
Noncurrent Liabilities	542,568	475,707	2,666,036	2,578,203
Total Liabilities	665,691	580,766	2,840,258	2,706,176
Deferred Inflows of Resources:				
Prepaid Taxes	12,143	7,024	1,213	2,611
Deferred Inflows Related to Pensions	14,881	23,492	5,787	8,196
Total Deferred Inflows of Resources	27,024	30,516	7,000	10,807
Net Position:				
Net Investment in Capital Assets	2,888,009	2,750,511	3,227,564	3,105,274
Restricted: Special Revenue Funds	108,050	92,911	-	-
Enterprise funds	-	-	591,480	671,615
Unrestricted (Deficit)	1,914,512	1,937,219	(185,438)	102,746
Total Net Position	\$ 4,910,571	\$ 4,780,641	\$ 3,633,606	\$ 3,879,635

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

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 294,314	\$ 313,706	\$ 904,910	\$ 903,779
Operating grants and contributions	89,792	87,512	-	383,724
<i>General Revenues:</i>				
Taxes	1,866,039	1,741,119	-	-
Grants and contributions not restricted to specific programs	578,758	445,310	-	-
Miscellaneous	128,950	128,151	15,492	7,975
Total Revenues	2,957,853	2,715,798	920,402	1,295,478
Expenses				
General government	389,599	362,571	-	-
Public safety	457,479	465,224	-	-
Highways	438,243	130,015	-	-
Public works	869,311	969,280	901,017	755,813
Culture and recreation	59,629	58,768	-	-
Cemeteries	12,412	18,975	-	-
Health and welfare	1,590	1,500	-	-
County tax	13,543	13,316	-	-
Interest on long-term debt	4,664	2,907	13,471	9,044
Depreciation	-	-	251,943	251,254
Unclassified	581,453	580,845	-	-
Total Expenses	2,827,923	2,603,401	1,166,431	1,016,111
Change in Net Position	129,930	112,397	(246,029)	279,367
Net Position - July 1, Restated	4,780,641	4,668,244	3,879,635	3,600,268
Net Position - June 30	\$ 4,910,571	\$ 4,780,641	\$ 3,633,606	\$ 3,879,635

Revenues and Expenses

Revenues for the Town of Fair Haven's governmental activities increased by 8.91%, while total expenses increased by 8.62%. The increase in revenues was primarily due to grants and contributions not restricted to specific program and the increase in expenses was primarily due to highways.

Revenues for the business-type activities decreased by 28.95% while total expenses increased by 14.79%.

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 Fair Haven, Vermont
Fund Balances - Governmental Funds
June 30,

	2020	2019	Increase/ (Decrease)
General Fund:			
Nonspendable	\$ -	\$ 31,056	\$ (31,056)
Assigned	20,500	16,810	3,690
Unassigned	172,980	97,132	75,848
Total General Fund	\$ 193,480	\$ 144,998	\$ 48,482
Highway Fund			
Assigned	\$ -	\$ 40,000	\$ (40,000)
Unassigned	117,991	145,076	(27,085)
Total Highway Fund	\$ 117,991	\$ 185,076	\$ (67,085)
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 108,050	\$ 92,911	\$ 15,139
Committed	586,645	550,663	35,982
Capital Projects Funds:			
Committed	848,769	835,296	13,473
Total Nonmajor Funds	\$ 1,543,464	\$ 1,478,870	\$ 64,594

The changes to total fund balances for the general fund, highway fund and 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 water fund had a decrease in the net position for the fiscal year of \$184,118. The sewer fund had a decrease in net position this fiscal year of \$142,746. The water and sewer fund reserve had a decrease in net position of \$80,135.

Budgetary Highlights

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

The general fund actual revenues were below budget by \$28,245. All revenue categories were under budgeted amounts with the exception of intergovernmental.

The general fund actual expenditures were under budget by \$93,537. All expenditure categories were within or under budgeted amounts with the exception of public safety, county tax and transfers to other funds.

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

The highway fund actual revenues were above budget by \$13,597. All revenue categories were received within or in excess of budgeted amounts.

The highway fund actual expenditures exceeded budget by \$40,682. All expenditure categories were within or under budgeted amounts with the exception of summer work, winter work, buildings, debt service - principal and debt service - interest.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$84,652 from the prior year. The increase is the result of capital additions of \$487,488, less net disposals of \$4,401 and current year depreciation of \$398,435.

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

	2020	2019
Land	\$ 196,807	\$ 35,837
Construction in progress	160,970	-
Buildings, building improvements and land improvements	2,941,591	3,068,858
Machinery, equipment and vehicles	681,225	655,277
Infrastructure	4,903,532	4,878,531
Total	\$ 8,884,125	\$ 8,638,503

Debt

At June 30, 2020, the Town had \$2,824,428 in bonds and notes from direct borrowings payable versus \$2,782,718 last year. Refer to Note 6 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 a period of approximately two months. However, the Town continues to maintain significant reserves for future operations, capital and program needs. The current period's decrease was due to revenues received less than budgeted along with a budgeted use of fund balance.

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

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

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 5 North Park Place, Fair Haven, Vermont 05743.

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,842,879	\$ 561,544	\$ 2,404,423
Accounts receivable (net of allowance for uncollectibles):			
Taxes	293,633	-	293,633
Other	85,590	114,513	200,103
Loan receivable	-	44,774	44,774
Internal balances	(65,136)	65,136	-
Total current assets	<u>2,156,966</u>	<u>785,967</u>	<u>2,942,933</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	35,085	161,722	196,807
Depreciable assets, net of accumulated depreciation	3,049,005	5,477,343	8,526,348
Total capital assets	<u>3,084,090</u>	<u>5,639,065</u>	<u>8,723,155</u>
Note receivable	218,664		218,664
Total noncurrent assets	<u>3,302,754</u>	<u>5,639,065</u>	<u>8,941,819</u>
TOTAL ASSETS	<u>5,459,720</u>	<u>6,425,032</u>	<u>11,884,752</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	143,566	55,832	199,398
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>143,566</u>	<u>55,832</u>	<u>199,398</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,603,286</u>	<u>\$ 6,480,864</u>	<u>\$ 12,084,150</u>

STATEMENT A (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 51,420	\$ 58,340	\$ 109,760
Accrued expenses	9,228	-	9,228
Due to ther governments	1,302	-	1,302
Current portion of long-term obligations	61,173	115,882	177,055
Total current liabilities	123,123	174,222	297,345
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	-	2,295,619	2,295,619
Notes from direct borrowings payable	135,936	216,846	352,782
Accrued compensated absences	19,537	3,034	22,571
Net pension liability	387,095	150,537	537,632
Total noncurrent liabilities	542,568	2,666,036	3,208,604
TOTAL LIABILITIES	665,691	2,840,258	3,505,949
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes/fees	12,143	1,213	13,356
Deferred inflows related to pensions	14,881	5,787	20,668
TOTAL DEFERRED INFLOWS OF RESOURCES	27,024	7,000	34,024
NET POSITION			
Net investment in capital assets	2,888,009	3,227,564	6,115,573
Restricted	108,050	591,480	699,530
Unrestricted	1,914,512	(185,438)	1,729,074
TOTAL NET POSITION	4,910,571	3,633,606	8,544,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 5,603,286	\$ 6,480,864	\$ 12,084,150

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 389,599	\$ 34,156	\$ -	\$ -	\$ (355,443)	\$ -	\$ (355,443)
Public safety	457,479	85,928	89,792	-	(281,759)	-	(281,759)
Highways	438,243	-	-	-	(438,243)	-	(438,243)
Public works	869,311	174,230	-	-	(695,081)	-	(695,081)
Culture and recreation	59,629	-	-	-	(59,629)	-	(59,629)
Cemeteries	12,412	-	-	-	(12,412)	-	(12,412)
Health and welfare	1,590	-	-	-	(1,590)	-	(1,590)
County tax	13,543	-	-	-	(13,543)	-	(13,543)
Interest on long-term debt	4,664	-	-	-	(4,664)	-	(4,664)
Unclassified	581,453	-	-	-	(581,453)	-	(581,453)
Total governmental activities	<u>2,827,923</u>	<u>294,314</u>	<u>89,792</u>	<u>-</u>	<u>(2,443,817)</u>	<u>-</u>	<u>(2,443,817)</u>
Business-type activities:							
Water fund	514,836	386,494	-	-	-	(128,342)	(128,342)
Sewer fund	480,309	518,416	-	-	-	38,107	38,107
Water and sewer reserve fund	171,286	-	-	-	-	(171,286)	(171,286)
Total business-type activities	<u>1,166,431</u>	<u>904,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(261,521)</u>	<u>(261,521)</u>
Total government	<u>\$ 3,994,354</u>	<u>\$ 1,199,224</u>	<u>\$ 89,792</u>	<u>\$ -</u>	<u>(2,443,817)</u>	<u>(261,521)</u>	<u>(2,705,338)</u>

STATEMENT B (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(2,443,817)</u>	<u>(261,521)</u>	<u>(2,705,338)</u>
General revenues:			
Taxes, levied for general purposes	1,866,039	-	1,866,039
Grants and contributions not restricted to specific programs	578,758	-	578,758
Miscellaneous	128,950	15,492	144,442
Total general revenues	<u>2,573,747</u>	<u>15,492</u>	<u>2,589,239</u>
Change in net position	129,930	(246,029)	(116,099)
NET POSITION - JULY 1, RESTATED	<u>4,780,641</u>	<u>3,879,635</u>	<u>8,660,276</u>
NET POSITION - JUNE 30	<u>\$ 4,910,571</u>	<u>\$ 3,633,606</u>	<u>\$ 8,544,177</u>

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

TOWN OF FAIR HAVEN, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 299,415	\$ -	\$ 1,543,464	\$ 1,842,879
Accounts receivable (net of allowance for uncollectibles):				
Taxes	293,633	-	-	293,633
Other	55,761	930	28,899	85,590
Note receivable	218,664	-	-	218,664
Due from other funds	261,676	121,804	270	383,750
TOTAL ASSETS	\$ 1,129,149	\$ 122,734	\$ 1,572,633	\$ 2,824,516
LIABILITIES				
Accounts payable	\$ 41,783	\$ 4,743	\$ 4,894	\$ 51,420
Accrued expenses	9,228	-	-	9,228
Due to other governments	1,302	-	-	1,302
Due to other funds	424,611	-	24,275	448,886
TOTAL LIABILITIES	476,924	4,743	29,169	510,836
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	12,143	-	-	12,143
Deferred tax revenue	227,938	-	-	227,938
Deferred notes receivable	218,664	-	-	218,664
TOTAL DEFERRED INFLOWS OF RESOURCES	458,745	-	-	458,745
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	108,050	108,050
Committed	-	-	1,435,414	1,435,414
Assigned	20,500	-	-	20,500
Unassigned	172,980	117,991	-	290,971
TOTAL FUND BALANCES	193,480	117,991	1,543,464	1,854,935
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,129,149	\$ 122,734	\$ 1,572,633	\$ 2,824,516

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

TOWN OF FAIR HAVEN, VERMONT

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

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 1,854,935
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	3,084,090
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred tax revenues	227,938
Deferred notes receivable	218,664
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	143,566
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(15,750)
Notes from direct borrowings payable	(180,331)
Accrued compensated absences	(20,565)
Net pension liability	(387,095)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(14,881)
Net position of governmental activities	\$ 4,910,571

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

TOWN OF FAIR HAVEN, VERMONT

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

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,347,916	\$ 501,882	\$ -	\$ 1,849,798
Intergovernmental	22,415	89,792	556,343	668,550
Charges for services	294,314	-	-	294,314
Miscellaneous revenues	73,852	13,805	41,293	128,950
TOTAL REVENUES	1,738,497	605,479	597,636	2,941,612
EXPENDITURES				
Current:				
General government	296,060	-	18,021	314,081
Public safety	441,356	-	11,200	452,556
Highways	-	629,199	-	629,199
Public works	219,692	-	642,157	861,849
Culture and recreation	41,564	-	12,863	54,427
Cemeteries	12,259	-	-	12,259
Health and welfare	1,590	-	-	1,590
County tax	13,543	-	-	13,543
Unclassified	581,453	-	-	581,453
Debt service:				
Principal	15,750	-	-	15,750
Interest	1,299	3,365	-	4,664
TOTAL EXPENDITURES	1,624,566	632,564	684,241	2,941,371
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,931	(27,085)	(86,605)	241
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	45,750	45,750
Transfers in	-	-	105,449	105,449
Transfers (out)	(65,449)	(40,000)	-	(105,449)
TOTAL OTHER FINANCING SOURCES (USES)	(65,449)	(40,000)	151,199	45,750
NET CHANGE IN FUND BALANCES	48,482	(67,085)	64,594	45,991
FUND BALANCES - JULY 1	144,998	185,076	1,478,870	1,808,944
FUND BALANCES - JUNE 30	\$ 193,480	\$ 117,991	\$ 1,543,464	\$ 1,854,935

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

TOWN OF FAIR HAVEN, VERMONT

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 45,991</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	284,746
Capital asset disposals	(4,401)
Depreciation expense	<u>(146,492)</u>
	<u>133,853</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Deferred taxes	<u>16,241</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>2,937</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>49,395</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(45,750)</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>8,611</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	(1,840)
Net pension liability	<u>(79,508)</u>
	<u>(81,348)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 129,930</u></u>

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds			Total
	Water Fund (Restated)	Sewer Fund (Restated)	Water and Sewer Reserve Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 561,544	\$ 561,544
Accounts receivable (net of allowance for uncollectibles)	46,865	67,648	-	114,513
Loans receivable	-	44,774	-	44,774
Due from other funds	-	272,601	29,936	302,537
Total current assets	46,865	385,023	591,480	1,023,368
Noncurrent assets:				
Capital assets:				
Land	751	1	-	752
Construction in progress	-	160,970	-	160,970
Buildings and building improvements	5,257,871	2,960	-	5,260,831
Equipment and vehicles	205,175	224,531	-	429,706
Infrastructure	4,801,550	148,050	-	4,949,600
Less: accumulated depreciation	(4,954,761)	(208,033)	-	(5,162,794)
Total noncurrent assets	5,310,586	328,479	-	5,639,065
TOTAL ASSETS	5,357,451	713,502	591,480	6,662,433
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	23,928	31,904	-	55,832
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,928	31,904	-	55,832
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,381,379	\$ 745,406	\$ 591,480	\$ 6,718,265
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 16,368	\$ 41,972	\$ -	\$ 58,340
Due to other funds	237,401	-	-	237,401
Current portion of long-term obligations	83,496	32,386	-	115,882
Total current liabilities	337,265	74,358	-	411,623
Noncurrent liabilities:				
Noncurrent portion of long-term obligations				
Bonds payable	2,113,950	181,669	-	2,295,619
Notes from direct borrowings payable	-	216,846	-	216,846
Accrued compensated absences	2,318	716	-	3,034
Net pension liability	64,516	86,021	-	150,537
Total noncurrent liabilities	2,180,784	485,252	-	2,666,036
TOTAL LIABILITIES	2,518,049	559,610	-	3,077,659
DEFERRED INFLOWS OF RESOURCES				
Prepaid fees	1,141	72	-	1,213
Deferred inflows related to pensions	2,480	3,307	-	5,787
TOTAL DEFERRED INFLOWS OF RESOURCES	3,621	3,379	-	7,000
NET POSITION				
Net investment in capital assets	3,113,140	114,424	-	3,227,564
Restricted	-	-	591,480	591,480
Unrestricted	(253,431)	67,993	-	(185,438)
TOTAL NET POSITION	2,859,709	182,417	591,480	3,633,606
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 5,381,379	\$ 745,406	\$ 591,480	\$ 6,718,265

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
OPERATING REVENUES				
Charges for services	\$ 386,494	\$ 518,416	\$ -	\$ 904,910
Other	7,224	5,117	3,151	15,492
TOTAL OPERATING REVENUES	<u>393,718</u>	<u>523,533</u>	<u>3,151</u>	<u>920,402</u>
OPERATING EXPENSES				
Payroll	119,025	160,934	-	279,959
Benefits	62,367	86,306	-	148,673
Supplies	20,583	30,164	-	50,747
Equipment	20,572	16,195	-	36,767
Purchased services	11,877	83,845	-	95,722
Repairs and maintenance	8,739	8,766	171,286	188,791
Utilities	19,082	61,766	-	80,848
Miscellaneous	3,953	2,865	-	6,818
Insurance	6,346	6,346	-	12,692
Depreciation	232,648	19,295	-	251,943
TOTAL OPERATING EXPENSES	<u>505,192</u>	<u>476,482</u>	<u>171,286</u>	<u>1,152,960</u>
OPERATING INCOME (LOSS)	<u>(111,474)</u>	<u>47,051</u>	<u>(168,135)</u>	<u>(232,558)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(9,644)	(3,827)	-	(13,471)
Transfers in	-	-	88,000	88,000
Transfers (out)	(63,000)	(25,000)	-	(88,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(72,644)</u>	<u>(28,827)</u>	<u>88,000</u>	<u>(13,471)</u>
CHANGE IN NET POSITION (DEFICITS)	(184,118)	18,224	(80,135)	(246,029)
NET POSITION (DEFICITS) - JULY 1, RESTATED	<u>3,043,827</u>	<u>164,193</u>	<u>671,615</u>	<u>3,879,635</u>
NET POSITION (DEFICITS) - JUNE 30	<u>\$ 2,859,709</u>	<u>\$ 182,417</u>	<u>\$ 591,480</u>	<u>\$ 3,633,606</u>

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 382,081	\$ 474,168	\$ -	\$ 856,249
Other receipts	7,224	5,117	3,151	15,492
Internal activity - receipts (payments) from/to other funds	44,944	(4,495)	(29,936)	10,513
Payments to employees	(167,717)	(227,532)	-	(395,249)
Payments to suppliers	(74,376)	(180,556)	(171,286)	(426,218)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	192,156	66,702	(198,071)	60,787
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Debt proceeds	-	160,970	-	160,970
Transfers in	-	-	88,000	88,000
Transfers (out)	(63,000)	(25,000)	-	(88,000)
NET CASH PROVIDED (USED) FROM NONCAPITAL FINANCING ACTIVITIES	(63,000)	135,970	88,000	160,970
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on long-term debt	(9,644)	(3,827)	-	(13,471)
Capital asset additions	(36,283)	(166,459)	-	(202,742)
Principal payments on long-term debt	(83,229)	(32,386)	-	(115,615)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(129,156)	(202,672)	-	(331,828)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	(110,071)	(110,071)
CASH AND CASH EQUIVALENTS - JULY 1	-	-	671,615	671,615
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ 561,544	\$ 561,544
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (111,474)	\$ 47,051	\$ (168,135)	\$ (232,558)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	232,648	19,295	-	251,943
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(3,709)	(19,191)	-	(22,900)
(Increase) decrease in loans receivable	-	(24,363)	-	(24,363)
(Increase) decrease in due from other funds	-	(4,495)	(29,936)	(34,431)
(Increase) decrease in deferred outflows of resources	(2,121)	(4,647)	-	(6,768)
Increase (decrease) in accounts payable	16,776	29,391	-	46,167
Increase (decrease) due to other funds	44,944	-	-	44,944
Increase (decrease) prepaid fees	(704)	(694)	-	(1,398)
Increase (decrease) in accrued compensated absences	141	(801)	-	(660)
Increase (decrease) in net pension liability	16,818	26,402	-	43,220
Increase (decrease) deferred inflows of resources	(1,163)	(1,246)	-	(2,409)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 192,156	\$ 66,702	\$ (198,071)	\$ 60,787
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	\$ 9,644	\$ 3,827	\$ -	\$ 13,471

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Total Private-Purpose Trust Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 260
Investments	161,904
TOTAL ASSETS	<u>\$ 162,164</u>
LIABILITIES	
Due to other funds	<u>\$ -</u>
TOTAL LIABILITIES	<u> -</u>
NET POSITION	<u>\$ 162,164</u>

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Total Private-Purpose Trust Funds
ADDITIONS	
Investment earnings	\$ 1,909
Total additions	<u>1,909</u>
DEDUCTIONS	
Other	1,748
Total deductions	<u>1,748</u>
CHANGE IN NET POSITION	161
NET POSITION - JULY 1	<u>162,003</u>
NET POSITION - JUNE 30	<u><u>\$ 162,164</u></u>

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Fair Haven 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, highways, public works, culture and recreation, cemeteries, health and welfare and unclassified.

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

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

COVID-19 Outbreak

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

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

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the “Stay Home, Stay Safe Order”) and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 24, 2020 to May 25, 2020.

Extended deadlines

The Town’s deadline for property taxes was extended from May 10, 2020 to May 31, 2020 due to extensions applied for because of approved COVID-related delays.

Tax and excise tax 60-day deferred revenue extended

Town staff continued to process payments for property and excise taxes during the town hall closure. Drop boxes were installed, online payments were accepted, and special arrangements were made for individuals to continue to make payments. The Town determined that revenue recognition for these revenues will extend for this one fiscal year from the normal 60-day period to a 90-day period from the date of the fiscal year end.

Impact on Finances

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expected Federal/State Support

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

Conclusion

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

Implementation of New Accounting Standards

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

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 water, sewer and water and sewer reserve funds are 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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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:

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Highway Fund is used to account for proceeds from highway grant intergovernmental revenue related to highway expenditures. The sources of revenues are from property taxes and intergovernmental revenues.

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 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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

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

Deposits and Investments

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

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$493,736 for the year ended June 30, 2020. The allowance for uncollectible accounts for loans and notes receivable is estimated to be \$0 as of June 30, 2020. Allowances for uncollectible accounts netted with loans and notes receivable were \$263,438 for the year ended June 30, 2020.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 valued at their estimated acquisition 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.

Estimated useful lives are as follows:

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 obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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

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

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 vote of the taxpayers and is expressed by the Selectboard.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 tax 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. Prepaid taxes/fees and deferred notes receivable also qualify for reporting in this category.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These items are reported in both the statements of net position and 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 in July on the assessed value listed as of April 1, annually, for all real and personal property located in the Town. Taxes were due in four installments on August 10, November 10, February 10 and May 10. All delinquent payments on May 11 are subject to an 8% penalty. Interest is calculated at 1% per month for September through November and 1.5%, thereafter, following a 30-day grace period.

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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the Town's cash balance of \$2,383,770 was comprised of deposits amounting to \$2,328,639. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these deposits, \$222,876 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,105,763 was collateralized by the financial institution in the Town's name and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 222,876
Repurchase agreements	2,105,763
	<u>\$ 2,328,639</u>

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

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

financial institutions for \$161,904 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, 2020, the Town's investments of \$161,904 were comprised of certificates of deposit. The entire amount was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Credit risk – Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 261,676	\$ 424,611
Highway Fund	121,804	-
Nonmajor Special Revenue Funds	-	24,275
Nonmajor Capital Projects Funds	270	-
Water Fund	-	237,401
Sewer Fund	272,601	-
Water and Sewer Reserve Fund	29,936	-
	\$ 686,287	\$ 686,287

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From	Transfers To
General Fund	\$ 65,449	\$ -
Highway Fund	40,000	-
Nonmajor Special Revenue Funds	-	18,000
Nonmajor Capital Projects Funds	-	87,449
Water Fund	63,000	-
Sewer Fund	25,000	-
Water and Sewer Reserve Fund	-	88,000
	<u>\$ 193,449</u>	<u>\$ 193,449</u>

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 35,085	\$ -	\$ -	\$ 35,085
	<u>35,085</u>	<u>-</u>	<u>-</u>	<u>35,085</u>
Depreciated assets:				
Land improvements	7,900	-	-	7,900
Buildings and building improvements	131,281	-	-	131,281
Vehicles	1,597,911	54,950	(91,504)	1,561,357
Machinery and equipment	890,159	66,020	(104,378)	851,801
Infrastructure	2,605,929	163,776	-	2,769,705
	<u>5,233,180</u>	<u>284,746</u>	<u>(195,882)</u>	<u>5,322,044</u>
Less: accumulated depreciation	<u>(2,318,028)</u>	<u>(146,492)</u>	<u>191,481</u>	<u>(2,273,039)</u>
	<u>2,915,152</u>	<u>138,254</u>	<u>(4,401)</u>	<u>3,049,005</u>
Net governmental capital assets	<u>\$ 2,950,237</u>	<u>\$ 138,254</u>	<u>\$ (4,401)</u>	<u>\$ 3,084,090</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 752	\$ -	\$ -	\$ 752
Construction in progress	-	160,970	-	160,970
	<u>752</u>	<u>160,970</u>	<u>-</u>	<u>161,722</u>
Depreciated assets:				
Building and building improvements	5,260,831	-	-	5,260,831
Infrastructure	4,949,600	-	-	4,949,600
Machinery and equipment	290,760	13,229	-	303,989
Vehicles	97,174	28,543	-	125,717
	<u>10,598,365</u>	<u>41,772</u>	<u>-</u>	<u>10,640,137</u>
Less: accumulated depreciation	<u>(4,910,851)</u>	<u>(251,943)</u>	<u>-</u>	<u>(5,162,794)</u>
	<u>5,687,514</u>	<u>(210,171)</u>	<u>-</u>	<u>5,477,343</u>
Net business-type capital assets	<u>\$ 5,688,266</u>	<u>\$ (49,201)</u>	<u>\$ -</u>	<u>\$ 5,639,065</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 5,718
Public safety				16,123
Public works				116,235
Cemetery				153
Recreation				5,202
Transfer station				3,061
Total governmental activities depreciation expense				<u>\$ 146,492</u>
<u>Business-type activities</u>				
Water				\$ 232,648
Sewer				19,295
Total business-type activities depreciation expense				<u>\$ 251,943</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Governmental activities:					
Bond payable	\$ 31,500	\$ -	\$ (15,750)	\$ 15,750	\$ 15,750
Notes from direct borrowings payable	168,226	45,750	(33,645)	180,331	44,395
Totals	\$ 199,726	\$ 45,750	\$ (49,395)	\$ 196,081	\$ 60,145
Business-type activities:					
Bonds payable	\$ 2,527,116	\$ -	\$ (115,615)	\$ 2,411,501	\$ 115,882
Notes from direct borrowings payable	55,876	160,970	-	216,846	-
Totals	\$ 2,582,992	\$ 160,970	\$ (115,615)	\$ 2,628,347	\$ 115,882

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

Governmental activities bond payable:

\$157,500, 2001 GO Bond payable to the US Department of Agriculture, due in annual principal payments of \$15,750 through April 2021. Interest charged at a fixed rate of 4.125% per annum.

\$ 15,750

Governmental activities notes from direct borrowings payable:

\$71,000, Note payable to State of Vermont Municipal Equipment Loan Fund in varying annual principal payments beginning June 30, 2020. Interest charged at a fixed rate of 2.000%.

\$ 56,800

\$97,226, Note payable to State of Vermont Municipal Equipment Loan Fund in varying annual principal payments beginning June 30, 2020. Interest charged at a fixed rate of 2.000%.

77,781

\$43,750, Note payable to Community Bank, N.A. in annual principal payments of \$8,750 beginning November 20, 2020. Interest charged at a fixed rate of 3.250%

43,750

\$20,000, Note payable to the State of Vermont Agency of Natural Resources in annual principal payments of \$4,000 beginning January 1, 2021. Zero percent interest.

2,000

Total governmental activities notes from direct borrowings payable:

\$ 180,331

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Business-type activities bonds payable:

\$536,383, RF1-046 2001 GO Bonds payable to VT Municipal Bond Bank, due in annual principal payments of \$26,819 through October 2022. No interest is charged.	\$ 80,457
\$1,946,681, RF3-155 2009 GO Bonds payable to VT Municipal Bond Bank, due in net annual payments of \$39,097 through July 2039. Interest charged at a fixed rate of (3.000%) per annum.	781,945
\$108,000, 2011 GO Bonds payable to US Department of Agriculture, due in semi-annual payments of \$2,328 through December 2051. Interest charged at a fixed rate of 3.000% per annum.	92,562
\$167,000, 2014 GO Bonds payable to US Department of Agriculture, due in semi-annual principal payments of \$5,567 through May 2044. Interest charged at a fixed rate of 2.750% per annum.	133,598
\$1,615,233, RF3-342-3.1 2016 GO Bonds payable to VT Municipal Bond Bank, due in annual net payments of \$49,120 through October 2048. Interest charged at a fixed rate of 0.500% per annum.	<u>1,322,939</u>
Total business-type activities bonds payable	<u><u>\$ 2,411,501</u></u>

Business-type activities notes from direct borrowings payable:

\$198,956, Note payable to Vermont Municipal Bond Bank, paid in annual principal installments of \$3,460 beginning July 2023 and ending July 2027. Anticipated principal forgiveness of \$17,300. No interest is charged.	\$ 198,956
\$17,890, Note payable to Vermont Municipal Bond Bank, paid in annual principal installments of \$1,940 beginning July 2023 and ending July 2027. Anticipated principal forgiveness of \$9,700. No interest is charged.	<u>17,890</u>
Total business-type activities notes from direct borrowings payable	<u><u>\$ 216,846</u></u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - 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				Business-type Activities			
	Bond Payable		Notes from Direct Borrowings Payable		Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 15,750	\$ 650	\$ 44,395	\$ 4,113	\$ 115,882	\$ 12,897	\$ -	\$ -
2022	-	-	42,395	3,156	116,151	12,476	-	-
2023	-	-	42,395	2,199	116,424	12,049	43,369	-
2024	-	-	42,396	1,242	89,880	11,622	43,369	-
2025	-	-	8,750	285	90,158	11,189	43,369	-
2026-2030	-	-	-	-	455,073	49,375	86,739	-
2031-2035	-	-	-	-	462,503	38,114	-	-
2036-2040	-	-	-	-	470,375	26,416	-	-
2041-2045	-	-	-	-	277,687	18,523	-	-
2046-2050	-	-	-	-	217,368	4,574	-	-
	<u>\$ 15,750</u>	<u>\$ 650</u>	<u>\$ 180,331</u>	<u>\$ 10,995</u>	<u>\$ 2,411,501</u>	<u>\$ 197,235</u>	<u>\$ 216,846</u>	<u>\$ -</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, 2020 was \$13,471.

All bonds payable 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.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Governmental activities:					
Accrued compensated absences	\$ 18,725	\$ 1,840	\$ -	\$ 20,565	\$ 1,028
Net pension liability	307,587	125,119	(45,611)	387,095	-
	<u>\$ 326,312</u>	<u>\$ 126,959</u>	<u>\$ (45,611)</u>	<u>\$ 407,660</u>	<u>\$ 1,028</u>
Business-type activities:					
Accrued compensated absences	\$ 3,694	\$ 141	\$ (801)	\$ 3,034	\$ 152
Net pension liability	107,317	60,958	(17,738)	150,537	-
	<u>\$ 111,011</u>	<u>\$ 61,099</u>	<u>\$ (18,539)</u>	<u>\$ 153,571</u>	<u>\$ 152</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Refer to Notes 8 and 15 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$23,599.

NOTE 9 - RESTRICTED NET POSITION

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

Governmental Activities:	
Nonmajor Special Revenue Funds:	
Airport Park	\$ 822
Community Gardens	605
Grants - Planning	100,375
Jaws of Life	988
Police Seizure Fund	5,260
Grant Fund	-
	<u>\$ 108,050</u>
Business-type Activities:	
Water and Sewer Reserve Fund	<u>\$ 591,480</u>

NOTE 10 - RESTRICTED FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 108,050</u>
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TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - COMMITTED FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	\$ 586,645
Nonmajor Capital Projects Funds (Schedule G)	848,769
	<u>\$ 1,435,414</u>

NOTE 12 - ASSIGNED FUND BALANCES

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

General Fund	<u>\$ 20,500</u>
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NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft or 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.

NOTE 14 - 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 FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives-one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and 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 Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance and Management website at:

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - 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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

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

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

Contributions

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

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2020 totaled \$68,827. The Town contributed \$63,349 for the year ended June 30, 2020. The Town's total payroll for the year ended June 30, 2020 for all employees covered under this plan was \$998,257.

Pension Liabilities

At June 30, 2020, the Town reported a liability of \$537,632 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2018. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2019, the Town's proportion was 0.30989% for VMERS, which was a decrease of 0.01499% from its proportion measured as of June 30, 2018 for VMERS.

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

For the year ended June 30, 2020, the Town recognized pension expense of \$67,960 for the VMERS plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,656	\$ 4,647
Changes of assumptions	17,950	-
Net difference between projected and actual earnings on pension plan investments	36,619	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,824	16,021
Contributions subsequent to the measurement date	63,349	-
Total	\$ 199,398	\$ 20,668

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$63,349 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		VMERS Plan
Plan year ended June 30:		
2020	\$	44,741
2021		22,427
2022		27,331
2023		20,882
2024		-
Thereafter		-

Significant Actuarial Assumptions and Methods

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

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

Inflation: 2.50%

Salary Increases: 5.00% per year

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

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Discount Rate

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

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

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Town's proportionate share of the net pension liability	\$ 881,635	\$ 537,632	\$ 252,861

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 Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2020, the Town had the following overspent appropriations:

Public safety	\$ 14,755
County Tax	43
Transfers to other funds	2,449
	<u>\$ 17,247</u>

NOTE 17 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2019 to correct the capital asset balance by \$36,000 and accumulated depreciation by \$14,976. The resulting restatement decreased the net position by \$21,024 from \$4,801,665 to \$4,780,641.

During the year, certain capital assets were reclassified between the Water Fund and the Sewer Fund. The reclassification of capital assets increased the beginning net position of the Water Fund by \$1,386,887 and decreased the net position of the Sewer Fund by \$1,386,887.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - RESTATEMENT (CONTINUED)

The net position of the business-type activities has been restated at July 1, 2019 to increase the capital asset balance by \$4,817 and reduce accrued liabilities by \$12,415. The resulting restatement increased the net position of business-type activities by \$17,232 from \$3,862,403 to \$3,879,635.

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

TOWN OF FAIR HAVEN, VERMONT

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 144,998	\$ 144,998	\$ 144,998	\$ -
Resources (Inflows):				
Property taxes	1,364,372	1,364,372	1,347,916	(16,456)
Intergovernmental	15,000	15,000	22,415	7,415
Charges for services	308,170	308,170	294,314	(13,856)
Miscellaneous revenues	79,200	79,200	73,852	(5,348)
Amounts Available for Appropriation	<u>1,911,740</u>	<u>1,911,740</u>	<u>1,883,495</u>	<u>(28,245)</u>
Charges to Appropriations (Outflows):				
General government	305,337	305,337	296,060	9,277
Public safety	426,601	426,601	441,356	(14,755)
Public works	230,421	230,421	219,692	10,729
Culture and recreation	54,047	54,047	41,564	12,483
Cemeteries	36,413	36,413	12,259	24,154
Health and welfare	1,590	1,590	1,590	-
County tax	13,500	13,500	13,543	(43)
Debt service:				
Principal	15,750	15,750	15,750	-
Interest	1,300	1,300	1,299	1
Unclassified	635,593	635,593	581,453	54,140
Transfers to other funds	63,000	63,000	65,449	(2,449)
Total Charges to Appropriations	<u>1,783,552</u>	<u>1,783,552</u>	<u>1,690,015</u>	<u>93,537</u>
Budgetary Fund Balance, June 30	<u>\$ 128,188</u>	<u>\$ 128,188</u>	<u>\$ 193,480</u>	<u>\$ 65,292</u>
Utilization of Unassigned Fund Balance	<u>\$ 16,810</u>	<u>\$ 16,810</u>	<u>\$ -</u>	<u>\$ (16,810)</u>

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

TOWN OF FAIR HAVEN, VERMONT

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 185,076	\$ 185,076	\$ 185,076	\$ -
Resources (Inflows):				
Property taxes	501,882	501,882	501,882	-
Intergovernmental	87,500	87,500	89,792	2,292
Miscellaneous revenues	2,500	2,500	13,805	11,305
Amounts Available for Appropriation	<u>776,958</u>	<u>776,958</u>	<u>790,555</u>	<u>13,597</u>
Charges to Appropriations (Outflows):				
Admin	71,000	71,000	67,152	3,848
Summer work	271,889	271,889	285,037	(13,148)
Winter work	118,590	118,590	139,675	(21,085)
Buildings	20,375	20,375	26,550	(6,175)
Equipment	86,513	86,513	77,140	9,373
Hydrant replacement	901	901	-	901
Debt service:				
Principal	19,400	19,400	33,645	(14,245)
Interest	3,214	3,214	3,365	(151)
Transfers to other funds	40,000	40,000	40,000	-
Total Charges to Appropriations	<u>631,882</u>	<u>631,882</u>	<u>672,564</u>	<u>(40,682)</u>
Budgetary Fund Balance, June 30	<u>\$ 145,076</u>	<u>\$ 145,076</u>	<u>\$ 117,991</u>	<u>\$ (27,085)</u>
Utilization of Unassigned Fund Balance	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>

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

TOWN OF FAIR HAVEN, VERMONT

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

	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>						
Proportion of the net pension liability	0.31%	0.29%	0.36%	0.34%	0.36%	0.36%
Proportionate share of the net pension liability	\$ 537,632	\$ 414,904	\$ 433,159	\$ 433,159	\$ 280,594	\$ 33,115
Covered payroll	\$ 968,876	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405	\$ 890,188
Proportionate share of the net pension liability as a percentage of its covered payroll	55.49%	47.36%	49.33%	50.18%	31.58%	3.72%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

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

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

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>						
Contractually required contribution	\$ 63,349	\$ 59,540	\$ 51,660	\$ 52,451	\$ 51,497	\$ 49,950
Contributions in relation to the contractually required contribution	<u>(63,349)</u>	<u>(59,540)</u>	<u>(51,660)</u>	<u>(52,451)</u>	<u>(51,497)</u>	<u>(49,950)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 998,257	\$ 968,876	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405
Contributions as a percentage of covered payroll	6.35%	6.15%	5.90%	5.97%	5.97%	5.62%

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

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

Other Supplementary Information

Other supplementary information includes financial statements 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
- Combining Schedule of Net Position - Fiduciary Funds - Private-Purpose Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Private-Purpose Funds

TOWN OF FAIR HAVEN, VERMONT

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 1,364,372	\$ 1,364,372	\$ 1,347,916	\$ (16,456)
Intergovernmental revenues:				
PILOT	15,000	15,000	22,415	7,415
Charges for services:				
Fees and fines	850	850	972	122
Permits and licenses	2,300	2,300	2,355	55
Clerk revenue	27,600	27,600	22,537	(5,063)
Cemetery revenue	10,600	10,600	8,292	(2,308)
Police revenue	95,670	95,670	85,920	(9,750)
Animal control	50	50	8	(42)
Solid waste revenue	171,100	171,100	174,230	3,130
Other income:				
Interest and penalties	43,500	43,500	54,284	10,784
Other income	35,700	35,700	19,568	(16,132)
TOTAL REVENUES	<u>\$ 1,766,742</u>	<u>\$ 1,766,742</u>	<u>\$ 1,738,497</u>	<u>\$ (28,245)</u>

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

TOWN OF FAIR HAVEN, VERMONT

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Selectboard	\$ 15,850	\$ -	\$ 15,850	\$ 13,874	\$ 1,976
Town manager	56,270	-	56,270	53,168	3,102
Elections unit	2,675	-	2,675	2,797	(122)
Town treasurer	3,492	-	3,492	3,455	37
Accounting department	52,282	-	52,282	51,579	703
Auditing	11,800	-	11,800	11,250	550
Listing	29,313	-	29,313	22,290	7,023
Tax collecting	4,200	-	4,200	27,382	(23,182)
Town clerk	63,902	-	63,902	60,679	3,223
Board of Adjust	700	-	700	388	312
Municipal planning commission	1,520	-	1,520	1,470	50
Municipal zoning	15,054	-	15,054	14,046	1,008
Town buildings	48,279	-	48,279	33,682	14,597
	<u>305,337</u>	<u>-</u>	<u>305,337</u>	<u>296,060</u>	<u>9,277</u>
Public safety:					
Police	302,866	-	302,866	324,112	(21,246)
Police training	1,300	-	1,300	1,197	103
Police vehicles and equipment	21,200	-	21,200	20,707	493
Constables	4,680	-	4,680	1,983	2,697
Emergency management	1,975	-	1,975	1,532	443
Fire department	14,355	-	14,355	10,863	3,492
Fire department training	3,600	-	3,600	2,897	703
Fire department communications	10,900	-	10,900	11,686	(786)
Fire department equipment	24,675	-	24,675	27,092	(2,417)
Forest fire warden	200	-	200	200	-
Animal control	2,050	-	2,050	1,221	829
Street lights	38,800	-	38,800	37,866	934
	<u>426,601</u>	<u>-</u>	<u>426,601</u>	<u>441,356</u>	<u>(14,755)</u>
Public works:					
Air park	2,758	-	2,758	659	2,099
Transfer station	227,663	-	227,663	219,033	8,630
	<u>230,421</u>	<u>-</u>	<u>230,421</u>	<u>219,692</u>	<u>10,729</u>

TOWN OF FAIR HAVEN, VERMONT

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Culture and recreation:					
Recreation	54,047	-	54,047	41,564	12,483
	<u>54,047</u>	<u>-</u>	<u>54,047</u>	<u>41,564</u>	<u>12,483</u>
Health and welfare	1,590	-	1,590	1,590	-
County tax	13,500	-	13,500	13,543	(43)
Unclassified:					
Memberships	6,776	-	6,776	5,776	1,000
Judgements and damages	11,000	-	11,000	12,048	(1,048)
Benefits	399,612	-	399,612	345,424	54,188
Appropriations	218,205	-	218,205	218,205	-
	<u>635,593</u>	<u>-</u>	<u>635,593</u>	<u>581,453</u>	<u>54,140</u>
Cemeteries	36,413	-	36,413	12,259	24,154
Debt service:					
Principal	15,750	-	15,750	15,750	-
Interest	1,300	-	1,300	1,299	1
	<u>17,050</u>	<u>-</u>	<u>17,050</u>	<u>17,049</u>	<u>1</u>
Transfers to other funds:					
PW vehicles and equipment	25,000	-	25,000	25,000	-
Police vehicles and equipment	8,000	-	8,000	8,000	-
Fire vehicles and equipment	7,500	-	7,500	7,500	-
Transfer station	2,500	-	2,500	2,500	-
Grant match	18,000	-	18,000	18,000	-
Restoration fund	2,000	-	2,000	4,449	(2,449)
	<u>63,000</u>	<u>-</u>	<u>63,000</u>	<u>65,449</u>	<u>(2,449)</u>
Total Departmental Operations	<u>\$ 1,783,552</u>	<u>\$ -</u>	<u>\$ 1,783,552</u>	<u>\$ 1,690,015</u>	<u>\$ 93,537</u>

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

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 694,695	\$ 848,769	\$ 1,543,464
Accounts receivable (net of allowance for uncollectibles)	28,899	-	28,899
Due from other funds	-	270	270
TOTAL ASSETS	<u>\$ 723,594</u>	<u>\$ 849,039</u>	<u>\$ 1,572,633</u>
LIABILITIES			
Accounts payable	\$ 4,624	\$ 270	\$ 4,894
Due to other funds	24,275	-	24,275
TOTAL LIABILITIES	<u>28,899</u>	<u>270</u>	<u>29,169</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	108,050	-	108,050
Committed	586,645	848,769	1,435,414
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>694,695</u>	<u>848,769</u>	<u>1,543,464</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 723,594</u>	<u>\$ 849,039</u>	<u>\$ 1,572,633</u>

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

TOWN OF FAIR HAVEN, VERMONT

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 556,343	\$ -	\$ 556,343
Other	-	41,293	41,293
TOTAL REVENUES	556,343	41,293	597,636
EXPENDITURES			
General government	-	18,021	18,021
Public safety	-	11,200	11,200
Public works	523,222	118,935	642,157
Recreation	-	12,863	12,863
TOTAL EXPENDITURES	523,222	161,019	684,241
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,121	(119,726)	(86,605)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	45,750	45,750
Transfers in	18,000	87,449	105,449
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	18,000	133,199	151,199
NET CHANGE IN FUND BALANCES	51,121	13,473	64,594
FUND BALANCES - JULY 1	643,574	835,296	1,478,870
FUND BALANCES - JUNE 30	\$ 694,695	\$ 848,769	\$ 1,543,464

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

Special Revenue Funds

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

TOWN OF FAIR HAVEN, VERMONT

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

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
ASSETS					
Cash and cash equivalents	\$ 822	\$ 605	\$ 358,528	\$ 100,375	\$ 988
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
TOTAL ASSETS	\$ 822	\$ 605	\$ 358,528	\$ 100,375	\$ 988
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	822	605	-	100,375	988
Committed	-	-	358,528	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	822	605	358,528	100,375	988
TOTAL LIABILITIES AND FUND BALANCES	\$ 822	\$ 605	\$ 358,528	\$ 100,375	\$ 988

TOWN OF FAIR HAVEN, VERMONT

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

	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
ASSETS					
Cash and cash equivalents	\$ 5,260	\$ -	\$ 214,117	\$ 14,000	\$ 694,695
Accounts receivable (net of allowance for uncollectibles)	-	28,899	-	-	28,899
TOTAL ASSETS	<u>\$ 5,260</u>	<u>\$ 28,899</u>	<u>\$ 214,117</u>	<u>\$ 14,000</u>	<u>\$ 723,594</u>
LIABILITIES					
Accounts payable	\$ -	\$ 4,624	\$ -	\$ -	\$ 4,624
Due to other funds	-	24,275	-	-	24,275
TOTAL LIABILITIES	<u>-</u>	<u>28,899</u>	<u>-</u>	<u>-</u>	<u>28,899</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	5,260	-	-	-	108,050
Committed	-	-	214,117	14,000	586,645
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,260</u>	<u>-</u>	<u>214,117</u>	<u>14,000</u>	<u>694,695</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,260</u>	<u>\$ 28,899</u>	<u>\$ 214,117</u>	<u>\$ 14,000</u>	<u>\$ 723,594</u>

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

TOWN OF FAIR HAVEN, VERMONT

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

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 23,500	\$ 17,965	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>23,500</u>	<u>17,965</u>	<u>-</u>
EXPENDITURES					
Public works	-	-	-	17,829	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,829</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>23,500</u>	<u>136</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	18,000	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	23,500	18,136	-
FUND BALANCES - JULY 1	<u>822</u>	<u>605</u>	<u>335,028</u>	<u>82,239</u>	<u>988</u>
FUND BALANCES - JUNE 30	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 358,528</u>	<u>\$ 100,375</u>	<u>\$ 988</u>

TOWN OF FAIR HAVEN, VERMONT

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

	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
REVENUES					
Intergovernmental	\$ 3	\$ 502,393	\$ 12,482	\$ -	\$ 556,343
TOTAL REVENUES	<u>3</u>	<u>502,393</u>	<u>12,482</u>	<u>-</u>	<u>556,343</u>
EXPENDITURES					
Public works	-	505,393	-	-	523,222
TOTAL EXPENDITURES	<u>-</u>	<u>505,393</u>	<u>-</u>	<u>-</u>	<u>523,222</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3</u>	<u>(3,000)</u>	<u>12,482</u>	<u>-</u>	<u>33,121</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	18,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
NET CHANGE IN FUND BALANCES	3	(3,000)	12,482	-	51,121
FUND BALANCES - JULY 1	<u>5,257</u>	<u>3,000</u>	<u>201,635</u>	<u>14,000</u>	<u>643,574</u>
FUND BALANCES - JUNE 30	<u>\$ 5,260</u>	<u>\$ -</u>	<u>\$ 214,117</u>	<u>\$ 14,000</u>	<u>\$ 694,695</u>

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

Capital Projects Funds

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

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Municipal Building	Police Cruiser Replacement
ASSETS					
Cash and cash equivalents	\$ 73,802	\$ 203,750	\$ 15,390	\$ 100,802	\$ 26,840
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 73,802</u>	<u>\$ 203,750</u>	<u>\$ 15,390</u>	<u>\$ 100,802</u>	<u>\$ 26,840</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	73,802	203,750	15,390	100,802	26,840
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>73,802</u>	<u>203,750</u>	<u>15,390</u>	<u>100,802</u>	<u>26,840</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 73,802</u>	<u>\$ 203,750</u>	<u>\$ 15,390</u>	<u>\$ 100,802</u>	<u>\$ 26,840</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Public Works Equipment Replacement	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
ASSETS								
Cash and cash equivalents	\$ 38,607	\$ 32,622	\$ 54,145	\$ 21,869	\$ 221,337	\$ 47,005	\$ 12,600	\$ 848,769
Due from other funds	-	-	-	-	270	-	-	270
TOTAL ASSETS	<u>\$ 38,607</u>	<u>\$ 32,622</u>	<u>\$ 54,145</u>	<u>\$ 21,869</u>	<u>\$ 221,607</u>	<u>\$ 47,005</u>	<u>\$ 12,600</u>	<u>\$ 849,039</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 270	\$ -	\$ -	\$ 270
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>270</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	38,607	32,622	54,145	21,869	221,337	47,005	12,600	848,769
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>38,607</u>	<u>32,622</u>	<u>54,145</u>	<u>21,869</u>	<u>221,337</u>	<u>47,005</u>	<u>12,600</u>	<u>848,769</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,607</u>	<u>\$ 32,622</u>	<u>\$ 54,145</u>	<u>\$ 21,869</u>	<u>\$ 221,607</u>	<u>\$ 47,005</u>	<u>\$ 12,600</u>	<u>\$ 849,039</u>

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

TOWN OF FAIR HAVEN, VERMONT

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

	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Municipal Building	Police Cruiser Replacement
REVENUES					
Other income	\$ -	\$ 2,709	\$ 1,425	\$ -	\$ 3,662
TOTAL REVENUES	<u>-</u>	<u>2,709</u>	<u>1,425</u>	<u>-</u>	<u>3,662</u>
EXPENDITURES					
General government	-	-	3,605	14,416	-
Public safety	-	-	-	-	11,200
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,605</u>	<u>14,416</u>	<u>11,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>2,709</u>	<u>(2,180)</u>	<u>(14,416)</u>	<u>(7,538)</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	-	2,000	-
Transfers in	-	7,500	-	-	8,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>2,000</u>	<u>8,000</u>
NET CHANGE IN FUND BALANCES	-	10,209	(2,180)	(12,416)	462
FUND BALANCES - JULY 1	<u>73,802</u>	<u>193,541</u>	<u>17,570</u>	<u>113,218</u>	<u>26,378</u>
FUND BALANCES - JUNE 30	<u>\$ 73,802</u>	<u>\$ 203,750</u>	<u>\$ 15,390</u>	<u>\$ 100,802</u>	<u>\$ 26,840</u>

TOWN OF FAIR HAVEN, VERMONT

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

	Public Works Equipment Replacement	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
REVENUES								
Other income	\$ 7,201	\$ 6,295	\$ 20,001	\$ -	\$ -	\$ -	\$ -	\$ 41,293
TOTAL REVENUES	<u>7,201</u>	<u>6,295</u>	<u>20,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,293</u>
EXPENDITURES								
General government	-	-	-	-	-	-	-	18,021
Public safety	-	-	-	-	-	-	-	11,200
Public works	99,548	-	-	-	19,387	-	-	118,935
Recreation	-	-	12,863	-	-	-	-	12,863
TOTAL EXPENDITURES	<u>99,548</u>	<u>-</u>	<u>12,863</u>	<u>-</u>	<u>19,387</u>	<u>-</u>	<u>-</u>	<u>161,019</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(92,347)</u>	<u>6,295</u>	<u>7,138</u>	<u>-</u>	<u>(19,387)</u>	<u>-</u>	<u>-</u>	<u>(119,726)</u>
OTHER FINANCING SOURCES (USES)								
Loan proceeds	43,750	-	-	-	-	-	-	45,750
Transfers in	65,000	4,449	-	-	-	-	2,500	87,449
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>108,750</u>	<u>4,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>133,199</u>
NET CHANGE IN FUND BALANCES	16,403	10,744	7,138	-	(19,387)	-	2,500	13,473
FUND BALANCES - JULY 1	<u>22,204</u>	<u>21,878</u>	<u>47,007</u>	<u>21,869</u>	<u>240,724</u>	<u>47,005</u>	<u>10,100</u>	<u>835,296</u>
FUND BALANCES - JUNE 30	<u>\$ 38,607</u>	<u>\$ 32,622</u>	<u>\$ 54,145</u>	<u>\$ 21,869</u>	<u>\$ 221,337</u>	<u>\$ 47,005</u>	<u>\$ 12,600</u>	<u>\$ 848,769</u>

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town that are legally restricted for purposes that benefit parties outside of the Town.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE FUNDS
JUNE 30, 2020

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
ASSETS				
Cash and cash equivalents	\$ 260	\$ -	\$ -	\$ 260
Investments	142,369	16,703	2,832	161,904
TOTAL ASSETS	<u>\$ 142,629</u>	<u>\$ 16,703</u>	<u>\$ 2,832</u>	<u>\$ 162,164</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ 142,629</u>	<u>\$ 16,703</u>	<u>\$ 2,832</u>	<u>\$ 162,164</u>

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

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Cedar Grove Cemetery</u>	<u>West Street Cemetery</u>	<u>Fair Haven Free Library</u>	<u>Total</u>
ADDITIONS				
Investment earnings	\$ 1,698	\$ 180	\$ 31	\$ 1,909
Total additions	<u>1,698</u>	<u>180</u>	<u>31</u>	<u>1,909</u>
DEDUCTIONS				
Other	1,538	180	30	1,748
Total deductions	<u>1,538</u>	<u>180</u>	<u>30</u>	<u>1,748</u>
CHANGE IN NET POSITION	160	-	1	161
NET POSITION - JULY 1	<u>142,469</u>	<u>16,703</u>	<u>2,831</u>	<u>162,003</u>
NET POSITION - JUNE 30	<u><u>\$ 142,629</u></u>	<u><u>\$ 16,703</u></u>	<u><u>\$ 2,832</u></u>	<u><u>\$ 162,164</u></u>



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

Selectboard
Town of Fair Haven
Fair Haven, 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 Fair Haven, Vermont as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Fair Haven, Vermont's basic financial statements and have issued our report thereon dated January 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Fair Haven, 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 Fair Haven, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fair Haven, 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 Fair Haven, 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 Fair Haven, Vermont in a separate letter dated January 5, 2021.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 14, 2021