

Audited Financial Statements
and Other Financial Information

Town of Fair Haven, Vermont

June 30, 2021



Proven Expertise & Integrity

TOWN OF FAIR HAVEN, VERMONT

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	24

STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	25
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NOTES TO FINANCIAL STATEMENTS	26 - 55
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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	56
--	----

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	57
--	----

SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - HIGHWAY FUND	58
---	----

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	59
--	----

SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	60
--	----

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61 - 62
---	---------

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	63
---	----

SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	64
--	----

SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	65 - 66
--	---------

SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	67
---	----

SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	68
--	----

SPECIAL REVENUE FUNDS DESCRIPTION	69
-----------------------------------	----

SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	70 - 71
--	---------

SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	72 - 73
---	---------

CAPITAL PROJECTS FUNDS DESCRIPTION	74
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	75 - 76
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	77 - 78
FIDUCIARY FUNDS DESCRIPTION	79
SCHEDULE I - COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS	80
SCHEDULE J - COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS	81
<u>FEDERAL COMPLIANCE</u>	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	82 - 83



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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, 2021 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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 12 and 57 through 62 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 March 4, 2022 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
March 4, 2022

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

(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, 2021. 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, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund, Schedule of Proportionate Share of the Net Pension Liability and 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 decreased by \$49,432 from \$4,655,922 to \$4,606,490. For business-type activities, the Town's total net position increased by \$14,103 from \$3,486,386 to \$3,500,489.

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 \$1,816,912 at the end of the fiscal year. For the business-type activities, unrestricted net position decreased to a deficit balance of \$465,918.

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

	Governmental Activities		Business-type Activities	
	2021	2020 (Restated)	2021	2020 (Restated)
Assets:				
Current Assets	\$ 2,274,671	\$ 2,156,966	\$ 842,444	\$ 785,967
Noncurrent Assets-Capital Assets	2,752,462	2,829,441	5,544,720	5,652,815
Noncurrent Assets-Note Receivable	218,664	218,664	-	-
Total Assets	5,245,797	5,205,071	6,387,164	6,438,782
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	235,096	143,566	86,953	55,832
Total Deferred Outflows of Resources	235,096	143,566	86,953	55,832
Liabilities:				
Current Liabilities	103,933	123,123	154,407	335,192
Noncurrent Liabilities	745,980	542,568	2,813,111	2,666,036
Total Liabilities	849,913	665,691	2,967,518	3,001,228
Deferred Inflows of Resources:				
Prepaid Taxes	12,165	12,143	1,551	1,213
Deferred Inflows Related to Pensions	12,325	14,881	4,559	5,787
Total Deferred Inflows of Resources	24,490	27,024	6,110	7,000
Net Position:				
Net Investment in Capital Assets	2,537,026	2,633,360	3,249,099	3,241,314
Restricted: Special Revenue Funds	252,552	108,050	-	-
Enterprise Funds	-	-	717,308	591,480
Unrestricted (Deficit)	1,816,912	1,914,512	(465,918)	(346,408)
Total Net Position	\$ 4,606,490	\$ 4,655,922	\$ 3,500,489	\$ 3,486,386

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

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 318,592	\$ 294,314	\$ 985,863	\$ 904,910
Operating grants and contributions	114,711	89,792	-	-
<i>General Revenues:</i>				
Taxes	1,954,758	1,866,039	-	-
Grants and contributions not restricted to specific programs	167,087	578,758	-	-
Miscellaneous	280,926	128,950	18,965	15,492
Total Revenues	<u>2,836,074</u>	<u>2,957,853</u>	<u>1,004,828</u>	<u>920,402</u>
Expenses				
General government	494,409	389,599	-	-
Public safety	439,365	457,479	-	-
Highways	652,527	438,243	-	-
Public works	480,508	869,311	730,355	901,017
Culture and recreation	56,554	59,629	-	-
Cemeteries	26,861	12,412	-	-
Health and welfare	1,532	1,590	-	-
County tax	14,276	13,543	-	-
Interest on long-term debt	4,760	4,664	6,437	13,471
Depreciation	-	-	253,933	251,943
Unclassified	714,714	581,453	-	-
Total Expenses	<u>2,885,506</u>	<u>2,827,923</u>	<u>990,725</u>	<u>1,166,431</u>
Change in Net Position	(49,432)	129,930	14,103	(246,029)
Net Position - July 1, Restated	<u>4,655,922</u>	<u>4,525,992</u>	<u>3,486,386</u>	<u>3,732,415</u>
Net Position - June 30	<u>\$ 4,606,490</u>	<u>\$ 4,655,922</u>	<u>\$ 3,500,489</u>	<u>\$ 3,486,386</u>

Revenues and Expenses

Revenues for the Town of Fair Haven's governmental activities decreased by 4.12%, while total expenses increased by 2.04%. The decrease in revenues was primarily due to grants and contributions not restricted to specific programs and the increase in expenses was primarily due to highways.

Revenues for the business-type activities increased by 9.17% while total expenses decreased by 15.06%.

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,

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Committed	\$ 69,000	\$ -	\$ 69,000
Assigned	-	20,500	(20,500)
Unassigned	195,083	172,980	22,103
Total General Fund	<u>\$ 264,083</u>	<u>\$ 193,480</u>	<u>\$ 70,603</u>
Highway Fund			
Restricted	\$ 146,140	\$ 117,991	\$ 28,149
Committed	19,000	-	19,000
Total Highway Fund	<u>\$ 165,140</u>	<u>\$ 117,991</u>	<u>\$ 47,149</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 106,412	\$ 108,050	\$ (1,638)
Committed	594,170	586,645	7,525
Capital Projects Funds:			
Committed	975,615	848,769	126,846
Unassigned	(30,865)	-	-
Total Nonmajor Funds	<u>\$ 1,645,332</u>	<u>\$ 1,543,464</u>	<u>\$ 132,733</u>

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 \$128,031. The sewer fund had an increase in net position this fiscal year of \$16,306. The water and sewer fund reserve had an increase in net position of \$125,828.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$141,333. All revenue categories were in excess of budgeted amounts.

The general fund actual expenditures exceeded budgeted amounts by \$50,230. All expenditure categories were expended within or in excess of budgeted amounts with the exception of public safety, public works, culture and recreation, cemeteries, health and welfare and county tax.

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

The highway fund actual revenues exceeded budgeted amounts by \$37,187. All revenue categories were received within or in excess of budgeted amounts.

The highway fund actual expenditures were below budgeted amounts by \$9,962. All expenditure categories were within or under budgeted amounts with the exception of buildings and equipment.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town decreased by \$171,324 from the prior year. The decrease is the result of capital additions of \$248,336 less net disposals of \$2,784 and current year depreciation of \$416,876.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 35,837	\$ 35,837
Construction in progress	302,641	160,970
Buildings, building improvements and land improvements	2,814,322	2,941,591
Machinery, equipment and vehicles	643,546	681,225
Infrastructure	4,500,836	4,648,883
Total	<u>\$ 8,297,182</u>	<u>\$ 8,468,506</u>

Debt

At June 30, 2021, the Town had \$2,942,447 in bonds and notes from direct borrowings payable versus \$2,824,428 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 receipted 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,005,609	\$ 717,308	\$ 2,722,917
Accounts receivable (net of allowance for uncollectibles):			
Taxes	201,934	-	201,934
Other	53,916	137,438	191,354
Loan receivable	-	910	910
Internal balances	13,212	(13,212)	-
Total current assets	<u>2,274,671</u>	<u>842,444</u>	<u>3,117,115</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	35,085	303,393	338,478
Depreciable assets, net of accumulated depreciation	2,717,377	5,241,327	7,958,704
Total capital assets	<u>2,752,462</u>	<u>5,544,720</u>	<u>8,297,182</u>
Note receivable	218,664		218,664
Total noncurrent assets	<u>2,971,126</u>	<u>5,544,720</u>	<u>8,515,846</u>
TOTAL ASSETS	<u>5,245,797</u>	<u>6,387,164</u>	<u>11,632,961</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	235,096	86,953	322,049
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>235,096</u>	<u>86,953</u>	<u>322,049</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,480,893</u>	<u>\$ 6,474,117</u>	<u>\$ 11,955,010</u>

STATEMENT A (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 33,378	\$ 29,256	\$ 62,634
Accrued expenses	8,046	-	8,046
Due to ther governments	2,089	-	2,089
Current portion of long-term obligations	60,420	125,151	185,571
Total current liabilities	<u>103,933</u>	<u>154,407</u>	<u>258,340</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	-	2,170,470	2,170,470
Notes from direct borrowings payable	156,341	431,390	587,731
Accrued compensated absences	25,177	2,478	27,655
Net pension liability	564,462	208,773	773,235
Total noncurrent liabilities	<u>745,980</u>	<u>2,813,111</u>	<u>3,559,091</u>
TOTAL LIABILITIES	<u>849,913</u>	<u>2,967,518</u>	<u>3,817,431</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes/fees	12,165	1,551	13,716
Deferred inflows related to pensions	12,325	4,559	16,884
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,490</u>	<u>6,110</u>	<u>30,600</u>
NET POSITION			
Net investment in capital assets	2,537,026	3,249,099	5,786,125
Restricted	252,552	717,308	969,860
Unrestricted	1,816,912	(465,918)	1,350,994
TOTAL NET POSITION	<u>4,606,490</u>	<u>3,500,489</u>	<u>8,106,979</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,480,893</u>	<u>\$ 6,474,117</u>	<u>\$ 11,955,010</u>

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 494,409	\$ 47,066	\$ -	\$ -	\$ (447,343)	\$ -	\$ (447,343)
Public safety	439,365	91,887	-	-	(347,478)	-	(347,478)
Highways	652,527	-	114,711	-	(537,816)	-	(537,816)
Public works	480,508	179,639	-	-	(300,869)	-	(300,869)
Culture and recreation	56,554	-	-	-	(56,554)	-	(56,554)
Cemeteries	26,861	-	-	-	(26,861)	-	(26,861)
Health and welfare	1,532	-	-	-	(1,532)	-	(1,532)
County tax	14,276	-	-	-	(14,276)	-	(14,276)
Interest on long-term debt	4,760	-	-	-	(4,760)	-	(4,760)
Unclassified	714,714	-	-	-	(714,714)	-	(714,714)
Total governmental activities	<u>2,885,506</u>	<u>318,592</u>	<u>114,711</u>	<u>-</u>	<u>(2,452,203)</u>	<u>-</u>	<u>(2,452,203)</u>
Business-type activities:							
Water fund	505,495	422,212	-	-	-	(83,283)	(83,283)
Sewer fund	483,838	563,651	-	-	-	79,813	79,813
Water and sewer reserve fund	1,392	-	-	-	-	(1,392)	(1,392)
Total business-type activities	<u>990,725</u>	<u>985,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,862)</u>	<u>(4,862)</u>
Total government	<u>\$ 3,876,231</u>	<u>\$ 1,304,455</u>	<u>\$ 114,711</u>	<u>\$ -</u>	<u>(2,452,203)</u>	<u>(4,862)</u>	<u>(2,457,065)</u>

STATEMENT B (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(2,452,203)</u>	<u>(4,862)</u>	<u>(2,457,065)</u>
General revenues:			
Taxes, levied for general purposes	1,954,758	-	1,954,758
Grants and contributions not restricted to specific programs	167,087	-	167,087
Miscellaneous	280,926	18,965	299,891
Total general revenues	<u>2,402,771</u>	<u>18,965</u>	<u>2,421,736</u>
Change in net position	(49,432)	14,103	(35,329)
NET POSITION - JULY 1, RESTATED	<u>4,655,922</u>	<u>3,486,386</u>	<u>8,142,308</u>
NET POSITION - JUNE 30	<u>\$ 4,606,490</u>	<u>\$ 3,500,489</u>	<u>\$ 8,106,979</u>

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

TOWN OF FAIR HAVEN, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 328,406	\$ -	\$ 1,677,203	\$ 2,005,609
Accounts receivable (net of allowance for uncollectibles):				
Taxes	201,934	-	-	201,934
Other	52,006	-	1,910	53,916
Note receivable	218,664	-	-	218,664
Due from other funds	261,960	174,532	-	436,492
TOTAL ASSETS	\$ 1,062,970	\$ 174,532	\$ 1,679,113	\$ 2,916,615
LIABILITIES				
Accounts payable	\$ 16,767	\$ 9,392	\$ 7,219	\$ 33,378
Accrued expenses	8,046	-	-	8,046
Due to other governments	2,089	-	-	2,089
Due to other funds	396,718	-	26,562	423,280
TOTAL LIABILITIES	423,620	9,392	33,781	466,793
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	12,165	-	-	12,165
Deferred tax revenue	144,438	-	-	144,438
Deferred notes receivable	218,664	-	-	218,664
TOTAL DEFERRED INFLOWS OF RESOURCES	375,267	-	-	375,267
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	146,140	106,412	252,552
Committed	69,000	19,000	1,569,785	1,657,785
Assigned	-	-	-	-
Unassigned	195,083	-	(30,865)	164,218
TOTAL FUND BALANCES	264,083	165,140	1,645,332	2,074,555
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,062,970	\$ 174,532	\$ 1,679,113	\$ 2,916,615

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, 2021

	Total Governmental Funds
Total Fund Balances	\$ 2,074,555
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	2,752,462
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	144,438
Deferred notes receivable	218,664
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	235,096
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Notes from direct borrowings payable	(215,436)
Accrued compensated absences	(26,502)
Net pension liability	(564,462)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(12,325)
Net position of governmental activities	\$ 4,606,490

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, 2021

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,480,891	\$ 557,367	\$ -	\$ 2,038,258
Intergovernmental	24,443	114,711	142,644	281,798
Charges for services	318,592	-	-	318,592
Miscellaneous revenues	132,681	12,976	135,269	280,926
TOTAL REVENUES	1,956,607	685,054	277,913	2,919,574
EXPENDITURES				
Current:				
General government	350,947	-	49,126	400,073
Public safety	423,002	-	-	423,002
Highways	-	633,795	-	633,795
Public works	214,125	-	268,389	482,514
Culture and recreation	48,889	-	11,441	60,330
Cemeteries	26,708	-	-	26,708
Health and welfare	1,532	-	-	1,532
County tax	14,276	-	-	14,276
Unclassified	711,125	-	3,589	714,714
Debt service:				
Principal	19,750	-	-	19,750
Interest	650	4,110	-	4,760
TOTAL EXPENDITURES	1,811,004	637,905	332,545	2,781,454
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	145,603	47,149	(54,632)	138,120
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	81,500	81,500
Transfers in	-	-	75,000	75,000
Transfers (out)	(75,000)	-	-	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	(75,000)	-	156,500	81,500
NET CHANGE IN FUND BALANCES	70,603	47,149	101,868	219,620
FUND BALANCES - JULY 1	193,480	117,991	1,543,464	1,854,935
FUND BALANCES - JUNE 30	\$ 264,083	\$ 165,140	\$ 1,645,332	\$ 2,074,555

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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 219,620</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	85,964
Depreciation expense	<u>(162,943)</u>
	<u>(76,979)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Deferred taxes	<u>(83,500)</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>91,530</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>62,145</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(81,500)</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>2,556</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	(5,937)
Net pension liability	<u>(177,367)</u>
	<u>(183,304)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (49,432)</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, 2021

	Enterprise Funds			Total
	Water Fund	Sewer Fund (Restated)	Water and Sewer Reserve Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 717,308	\$ 717,308
Accounts receivable (net of allowance for uncollectibles)	58,985	78,453	-	137,438
Loans receivable	-	910	-	910
Due from other funds	-	222,186	-	222,186
Total current assets	<u>58,985</u>	<u>301,549</u>	<u>717,308</u>	<u>1,077,842</u>
Noncurrent assets:				
Capital assets:				
Land	751	1	-	752
Construction in progress	-	302,641	-	302,641
Buildings and building improvements	5,257,871	2,960	-	5,260,831
Equipment and vehicles	223,092	224,531	-	447,623
Infrastructure	4,801,550	148,050	-	4,949,600
Less: accumulated depreciation	(5,187,448)	(229,279)	-	(5,416,727)
Total noncurrent assets	<u>5,095,816</u>	<u>448,904</u>	<u>-</u>	<u>5,544,720</u>
TOTAL ASSETS	<u>5,154,801</u>	<u>750,453</u>	<u>717,308</u>	<u>6,622,562</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	38,646	48,307	-	86,953
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>38,646</u>	<u>48,307</u>	<u>-</u>	<u>86,953</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,193,447</u>	<u>\$ 798,760</u>	<u>\$ 717,308</u>	<u>\$ 6,709,515</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 907	\$ 28,349	\$ -	\$ 29,256
Due to other funds	235,398	-	-	235,398
Current portion of long-term obligations	83,765	41,386	-	125,151
Total current liabilities	<u>320,070</u>	<u>69,735</u>	<u>-</u>	<u>389,805</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations				
Bonds payable	2,030,186	140,284	-	2,170,470
Notes from direct borrowings payable	-	431,390	-	431,390
Accrued compensated absences	1,398	1,080	-	2,478
Net pension liability	92,788	115,985	-	208,773
Total noncurrent liabilities	<u>2,124,372</u>	<u>688,739</u>	<u>-</u>	<u>2,813,111</u>
TOTAL LIABILITIES	<u>2,444,442</u>	<u>758,474</u>	<u>-</u>	<u>3,202,916</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid fees	1,551	-	-	1,551
Deferred inflows related to pensions	2,026	2,533	-	4,559
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,577</u>	<u>2,533</u>	<u>-</u>	<u>6,110</u>
NET POSITION				
Net investment in capital assets	2,981,865	267,234	-	3,249,099
Restricted	-	-	717,308	717,308
Unrestricted	(236,437)	(229,481)	-	(465,918)
TOTAL NET POSITION	<u>2,745,428</u>	<u>37,753</u>	<u>717,308</u>	<u>3,500,489</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,193,447</u>	<u>\$ 798,760</u>	<u>\$ 717,308</u>	<u>\$ 6,709,515</u>

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, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
OPERATING REVENUES				
Charges for services	\$ 422,212	\$ 563,651	\$ -	\$ 985,863
Other	12,252	6,493	220	18,965
TOTAL OPERATING REVENUES	434,464	570,144	220	1,004,828
OPERATING EXPENSES				
Payroll	121,849	145,783	-	267,632
Benefits	55,312	54,538	-	109,850
Supplies	22,440	37,349	-	59,789
Equipment	9,287	9,844	-	19,131
Purchased services	19,129	140,980	-	160,109
Repairs and maintenance	14,370	5,609	1,392	21,371
Utilities	18,481	56,795	-	75,276
Study expenses	-	664	-	664
Miscellaneous	3,644	1,825	-	5,469
Insurance	5,532	5,532	-	11,064
Depreciation	232,688	21,245	-	253,933
TOTAL OPERATING EXPENSES	502,732	480,164	1,392	984,288
OPERATING INCOME (LOSS)	(68,268)	89,980	(1,172)	20,540
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(2,763)	(3,674)	-	(6,437)
Transfers in	-	-	127,000	127,000
Transfers (out)	(57,000)	(70,000)	-	(127,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	(59,763)	(73,674)	127,000	(6,437)
CHANGE IN NET POSITION (DEFICITS)	(128,031)	16,306	125,828	14,103
NET POSITION (DEFICITS) - JULY 1, RESTATED	2,873,459	21,447	591,480	3,486,386
NET POSITION (DEFICITS) - JUNE 30	\$ 2,745,428	\$ 37,753	\$ 717,308	\$ 3,500,489

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, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 410,502	\$ 596,638	\$ -	\$ 1,007,140
Other receipts	12,252	6,493	220	18,965
Internal activity - receipts (payments) from/to other funds	(2,003)	50,415	29,936	78,348
Payments to employees	(164,981)	(187,170)	-	(352,151)
Payments to suppliers	(94,596)	(433,189)	(1,392)	(529,177)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	161,174	33,187	28,764	223,125
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	127,000	127,000
Transfers (out)	(57,000)	(70,000)	-	(127,000)
NET CASH PROVIDED (USED) FROM NONCAPITAL FINANCING ACTIVITIES	(57,000)	(70,000)	127,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on long-term debt	(2,763)	(3,674)	-	(6,437)
Capital asset additions	(17,917)	(141,671)	-	(159,588)
Proceeds from notes from direct borrowings payable	-	214,544	-	214,544
Principal payments on long-term debt	(83,494)	(32,386)	-	(115,880)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(104,174)	36,813	-	(67,361)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	155,764	155,764
CASH AND CASH EQUIVALENTS - JULY 1	-	-	561,544	561,544
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ 717,308	\$ 717,308
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (68,268)	\$ 89,980	\$ (1,172)	\$ 20,540
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	232,688	21,245	-	253,933
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(12,120)	(10,805)	-	(22,925)
(Increase) decrease in loans receivable	-	43,864	-	43,864
(Increase) decrease in due from other funds	-	50,415	29,936	80,351
(Increase) decrease in deferred outflows of resources	(14,718)	(16,403)	-	(31,121)
Increase (decrease) in accounts payable	(1,713)	(174,591)	-	(176,304)
Increase (decrease) due to other funds	(2,003)	-	-	(2,003)
Increase (decrease) prepaid fees	410	(72)	-	338
Increase (decrease) in accrued compensated absences	(920)	364	-	(556)
Increase (decrease) in net pension liability	28,272	29,964	-	58,236
Increase (decrease) deferred inflows of resources	(454)	(774)	-	(1,228)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 161,174	\$ 33,187	\$ 28,764	\$ 223,125
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	\$ 2,763	\$ 3,674	\$ -	\$ 6,437

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

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Total Private-Purpose Trust Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 2,020
Investments	162,064
TOTAL ASSETS	<u><u>\$ 164,084</u></u>
LIABILITIES	
Due to other funds	<u>\$ -</u>
TOTAL LIABILITIES	<u> -</u>
NET POSITION	
Restricted	<u>\$ 164,084</u>
TOTAL NET POSITION	<u> 164,084</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 164,084</u></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, 2021

	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS	
Investment earnings	<u>\$ 2,275</u>
Total additions	<u>2,275</u>
DEDUCTIONS	
Other	<u>194</u>
Total deductions	<u>194</u>
CHANGE IN NET POSITION	2,081
NET POSITION - JULY 1	<u>162,003</u>
NET POSITION - JUNE 30	<u>\$ 164,084</u>

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. The state of emergency expired on June 15, 2021.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

Impact on Finances

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

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.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

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

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.).

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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:

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

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

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

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

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

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

Receivables

Receivables include amounts due 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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$191,354 for the year ended June 30, 2021. The allowance for uncollectible accounts for loans and notes receivable is estimated to be \$0 as of June 30, 2021. Loans and notes receivable netted with allowances for uncollectible accounts were \$219,574 for the year ended June 30, 2021.

Interfund Receivables and Payables

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town.

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

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

Fund Balance

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

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

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Pensions

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

Deferred Outflows and Inflows of Resources

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred 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. 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.

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

At June 30, 2021, the Town’s cash balance of \$2,724,937 was comprised of deposits amounting to \$2,688,184. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash balance. Of these deposits, \$226,493 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,461,691 was collateralized by the financial institution in the Town’s name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 226,493
Repurchase agreements	2,461,691
	\$ 2,688,184

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

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

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$162,064 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2021, the Town's investments of \$162,064 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, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 261,960	\$ 396,718
Highway Fund	174,532	-
Nonmajor Special Revenue Funds	-	26,562
Water Fund	-	235,398
Sewer Fund	222,186	-
	\$ 658,678	\$ 658,678

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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

NOTE 4 - INTERFUND TRANSFERS

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

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ 75,000	\$ -
Nonmajor Capital Projects Funds	-	75,000
Water Fund	57,000	-
Sewer Fund	70,000	-
Water and Sewer Reserve Fund	-	127,000
	<u>\$ 202,000</u>	<u>\$ 202,000</u>

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
<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	1,561,357	60,487	-	1,621,844
Machinery and equipment	851,801	16,499	-	868,300
Infrastructure	2,769,705	8,978	-	2,778,683
	<u>5,322,044</u>	<u>85,964</u>	<u>-</u>	<u>5,408,008</u>
Less: accumulated depreciation	(2,527,688)	(162,943)	-	(2,690,631)
	<u>2,794,356</u>	<u>(76,979)</u>	<u>-</u>	<u>2,717,377</u>
Net governmental capital assets	<u>\$ 2,829,441</u>	<u>\$ (76,979)</u>	<u>\$ -</u>	<u>\$ 2,752,462</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 752	\$ -	\$ -	\$ 752
Construction in progress	160,970	144,455	(2,784)	302,641
	<u>161,722</u>	<u>144,455</u>	<u>(2,784)</u>	<u>303,393</u>
Depreciated assets:				
Building and building improvements	5,260,831	-	-	5,260,831
Infrastructure	4,949,600	-	-	4,949,600
Machinery and equipment	303,989	17,917	-	321,906
Vehicles	125,717	-	-	125,717
	<u>10,640,137</u>	<u>17,917</u>	<u>-</u>	<u>10,658,054</u>
Less: accumulated depreciation	(5,162,794)	(253,933)	-	(5,416,727)
	<u>5,477,343</u>	<u>(236,016)</u>	<u>-</u>	<u>5,241,327</u>
Net business-type capital assets	<u>\$ 5,639,065</u>	<u>\$ (91,561)</u>	<u>\$ (2,784)</u>	<u>\$ 5,544,720</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 5,118
Public safety				16,363
Public works				133,614
Cemetery				153
Recreation				5,202
Transfer station				2,493
Total governmental activities depreciation expense				<u>\$ 162,943</u>
<u>Business-type activities</u>				
Water				\$ 232,688
Sewer				21,245
Total business-type activities depreciation expense				<u>\$ 253,933</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Bond payable	\$ 15,750	\$ -	\$ (15,750)	\$ -	\$ -
Notes from direct borrowings payable	180,331	81,500	(46,395)	215,436	59,095
Totals	<u>\$ 196,081</u>	<u>\$ 81,500</u>	<u>\$ (62,145)</u>	<u>\$ 215,436</u>	<u>\$ 59,095</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 2,411,501	\$ -	\$ (115,880)	\$ 2,295,621	\$ 116,151
Notes from direct borrowings payable	216,846	214,544	-	431,390	9,000
Totals	<u>\$ 2,628,347</u>	<u>\$ 214,544</u>	<u>\$ (115,880)</u>	<u>\$ 2,727,011</u>	<u>\$ 125,151</u>

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

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% per annum.	\$ 42,600
\$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% per annum.	58,336
\$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% per annum.	35,000
\$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.	16,000
\$63,500, Note payable to Community Bank N.A. in annual principal installments of \$12,700 beginning February 10, 2022. Interest is charged at a fixed rate of 2.5% per annum.	<u>63,500</u>
Total governmental activities notes from direct borrowings payable:	<u>\$ 215,436</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.	\$ 53,639
\$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.	742,848
\$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.	90,669
\$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.	128,031
\$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>1,280,434</u>
Total business-type activities bonds payable	<u><u>\$ 2,295,621</u></u>

Business-type activities notes from direct borrowings payable:

\$368,200, Note payable to Vermont Municipal Bond Bank, paid in annual principal installments of \$24,695 beginning April 2030 and ending April 2039. Anticipated principal forgiveness of \$121,250. No interest is charged.	\$ 368,200
\$19,400, 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.	18,190
\$45,000, Note payable to Community Bank N.A. in annual principal installments of \$9,000 beginning February 10, 2022. Interest is charged at a fixed rate of 2.5% per annum.	<u>45,000</u>
Total business-type activities notes from direct borrowings payable	<u><u>\$ 431,390</u></u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>				Total Principal
	Notes from Direct Borrowings Payable		Bonds Payable		Notes from Direct Borrowings Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 59,095	\$ 4,426	\$ 116,151	\$ 12,476	\$ 9,000	\$ 900	\$ 184,246
2023	59,095	3,151	116,424	12,049	20,640	675	196,159
2024	59,095	1,877	89,880	11,622	10,940	450	159,915
2025	25,450	603	90,158	11,189	10,940	225	126,548
2026	12,701	-	90,440	29,399	10,940	-	114,081
2027-2031	-	-	456,526	66,969	171,370	-	627,896
2032-2036	-	-	464,041	18,832	123,475	-	587,516
2037-2041	-	-	432,910	13,106	74,085	-	506,995
2042-2046	-	-	273,857	7,235	-	-	273,857
2047-2051	-	-	165,234	1,461	-	-	165,234
	<u>\$ 215,436</u>	<u>\$ 10,057</u>	<u>\$ 2,295,621</u>	<u>\$ 184,338</u>	<u>\$ 431,390</u>	<u>\$ 2,250</u>	<u>\$ 2,942,447</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2021 was \$6,437.

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 20,565	\$ 5,937	\$ -	\$ 26,502	\$ 1,325
Net pension liability	387,095	220,114	(42,747)	564,462	-
	<u>\$ 407,660</u>	<u>\$ 226,051</u>	<u>\$ (42,747)</u>	<u>\$ 590,964</u>	<u>\$ 1,325</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 3,034	\$ 364	\$ (920)	\$ 2,478	\$ 124
Net pension liability	150,537	81,413	(23,177)	208,773	-
	<u>\$ 153,571</u>	<u>\$ 81,777</u>	<u>\$ (24,097)</u>	<u>\$ 211,251</u>	<u>\$ 124</u>

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, 2021, the Town's liability for compensated absences is \$28,980.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - RESTRICTED NET POSITION

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

Governmental Activities:	
Highway Fund	\$ 146,140
Nonmajor Special Revenue Funds:	
Airport Park	822
Community Gardens	605
Grants - Planning	98,736
Jaws of Life	988
Police Seizure Fund	5,261
	<u>\$ 252,552</u>
Business-type Activities:	
Water and Sewer Reserve Fund	<u>\$ 717,308</u>

NOTE 10 - RESTRICTED FUND BALANCES

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

Highway Fund	\$ 146,140
Nonmajor Special Revenue Funds (Schedule E)	106,412
	<u>\$ 252,552</u>

NOTE 11 - COMMITTED FUND BALANCES

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

General fund:	
Use of fund balance FY 2022 budget	\$ 69,000
Highway fund:	
Use of fund balance FY 2022 budget	19,000
Nonmajor Special Revenue Funds (Schedule E)	594,170
Nonmajor Capital Projects Funds (Schedule G)	975,615
	<u>\$ 1,657,785</u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - 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 13 - CONTINGENCIES

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

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

NOTE 14 - 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 Town 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 Town 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 Town, then the person is an "employee" if these criteria are met by the combined hours worked for the Town 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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

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

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

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 B and C. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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	3.000% of gross salary	5.375% of gross salary	10.500% of gross salary	11.850% of gross salary
Employer Contributions	4.500% of gross salary	6.000% of gross salary	7.750% of gross salary	10.350% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2021 totaled \$71,829. The Town contributed \$65,924 for the year ended June 30, 2021. The Town's total payroll for the year ended June 30, 2021 for all employees covered under this plan was \$994,345.

Pension Liabilities

At June 30, 2021, the Town reported a liability of \$773,235 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2019. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2020, the Town's proportion was 0.30566% for VMERS, which was a decrease of 0.00423% from its proportion measured as of June 30, 2019 for VMERS.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$83,281 for the VMERS plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,638	\$ 2,292
Changes of assumptions	103,666	-
Net difference between projected and actual earnings on pension plan investments	73,953	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,868	14,592
Contributions subsequent to the measurement date	65,924	-
Total	\$ 322,049	\$ 16,884

\$65,924 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2021	\$ 64,475
2022	69,339
2023	63,033
2024	42,396
2025	-
Thereafter	-

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

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

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

Inflation: 2.30%

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

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

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

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

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

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

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

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

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

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - 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, 2020 are summarized in the following table:

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

Discount Rate

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

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

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 1,181,346	\$ 773,235	\$ 437,446

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://AnnualComprehensiveFinancialReport|DepartmentofFinanceandManagement.vermont.gov).

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2021, the Town had the following overspent appropriations:

General government	\$	35,765
Unclassified		52,380
		\$ 88,145

NOTE 16 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2020 to correct the capital asset balance by \$254,649. The resulting restatement decreased the governmental activities net position from \$4,910,571 to \$4,655,922.

Additionally, the net position of the business-type activities were restated at June 1, 2020 to correct various current liability accounts in the amount of \$160,970 and to correct the capital asset balance by \$13,750. The resulting restatements decreased the business-type net position by \$147,220 from \$3,633,606 to \$3,486,386.

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
- Notes to Required Supplementary Information

TOWN OF FAIR HAVEN, VERMONT

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 193,480	\$ 193,480	\$ 193,480	\$ -
Resources (Inflows):				
Property taxes	1,401,374	1,401,374	1,480,891	79,517
Intergovernmental	13,300	13,300	24,443	11,143
Charges for services	307,300	307,300	318,592	11,292
Miscellaneous revenues	93,300	93,300	132,681	39,381
Amounts Available for Appropriation	2,008,754	2,008,754	2,150,087	141,333
Charges to Appropriations (Outflows):				
General government	315,182	315,182	350,947	(35,765)
Public safety	440,815	440,815	423,002	17,813
Public works	219,032	219,032	214,125	4,907
Culture and recreation	51,400	51,400	48,889	2,511
Cemeteries	38,900	38,900	26,708	12,192
Health and welfare	1,600	1,600	1,532	68
County tax	14,700	14,700	14,276	424
Debt service:				
Principal	19,750	19,750	19,750	-
Interest	650	650	650	-
Unclassified	658,745	658,745	711,125	(52,380)
Transfers to other funds	75,000	75,000	75,000	-
Total Charges to Appropriations	1,835,774	1,835,774	1,886,004	(50,230)
Budgetary Fund Balance, June 30	\$ 172,980	\$ 172,980	\$ 264,083	\$ 91,103
Utilization of Unassigned Fund Balance	\$ 20,500	\$ 20,500	\$ -	\$ (20,500)

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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 117,991	\$ 117,991	\$ 117,991	\$ -
Resources (Inflows):				
Property taxes	557,367	557,367	557,367	-
Intergovernmental	87,500	87,500	114,711	27,211
Miscellaneous revenues	3,000	3,000	12,976	9,976
Amounts Available for Appropriation	<u>765,858</u>	<u>765,858</u>	<u>803,045</u>	<u>37,187</u>
Charges to Appropriations (Outflows):				
Admin	71,850	71,850	71,071	779
Summer work	294,989	294,989	281,826	13,163
Winter work	126,840	126,840	78,549	48,291
Buildings	20,700	20,700	25,323	(4,623)
Equipment	86,400	86,400	134,241	(47,841)
Hydrant replacement	500	500	390	110
Debt service:				
Principal	42,396	42,396	42,395	1
Interest	4,192	4,192	4,110	82
Total Charges to Appropriations	<u>647,867</u>	<u>647,867</u>	<u>637,905</u>	<u>9,962</u>
Budgetary Fund Balance, June 30	<u>\$ 117,991</u>	<u>\$ 117,991</u>	<u>\$ 165,140</u>	<u>\$ 47,149</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*

	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>							
Proportion of the net pension liability	0.31%	0.31%	0.29%	0.36%	0.34%	0.36%	0.36%
Proportionate share of the net pension liability	\$ 773,235	\$ 537,632	\$ 414,904	\$ 433,159	\$ 433,159	\$ 280,594	\$ 33,115
Covered payroll	\$ 998,257	\$ 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	77.46%	55.49%	47.36%	49.33%	50.18%	31.58%	3.72%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

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

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

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VMERS:</u>							
Contractually required contribution	\$ 65,924	\$ 63,349	\$ 59,540	\$ 51,660	\$ 52,451	\$ 51,497	\$ 49,950
Contributions in relation to the contractually required contribution	<u>(65,924)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 994,345	\$ 998,257	\$ 968,876	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405
Contributions as a percentage of covered payroll	6.63%	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.

TOWN OF FAIR HAVEN, VERMONT

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

Changes of Assumptions

VMERS Pension Plan:

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

TOWN OF FAIR HAVEN, VERMONT

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

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

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Statement of Net Position - Fiduciary Funds - Private-Purpose Funds
- Combining Statement 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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 1,401,374	\$ 1,401,374	\$ 1,480,891	\$ 79,517
Intergovernmental revenues:				
PILOT	13,300	13,300	24,443	11,143
Charges for services:				
Fees and fines	850	850	750	(100)
Permits and licenses	2,300	2,300	3,465	1,165
Clerk revenue	22,700	22,700	28,700	6,000
Cemetery revenue	10,600	10,600	14,103	3,503
Police revenue	96,700	96,700	91,807	(4,893)
Animal control	50	50	80	30
Air park revenue	-	-	48	48
Solid waste revenue	174,100	174,100	179,639	5,539
Other income:				
Interest and penalties	45,600	45,600	57,020	11,420
Interest income	10,000	10,000	7,896	(2,104)
Other income	37,700	37,700	67,765	30,065
TOTAL REVENUES	<u>\$ 1,815,274</u>	<u>\$ 1,815,274</u>	<u>\$ 1,956,607</u>	<u>\$ 141,333</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, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Selectboard	\$ 16,350	\$ -	\$ 16,350	\$ 42,183	\$ (25,833)
Town manager	55,035	-	55,035	55,560	(525)
Elections unit	6,000	-	6,000	4,247	1,753
Town treasurer	3,533	-	3,533	3,533	-
Accounting department	53,204	-	53,204	56,534	(3,330)
Auditing	12,850	-	12,850	12,550	300
Listing	31,725	-	31,725	30,538	1,187
Tax collecting	4,500	-	4,500	1,369	3,131
Town clerk	64,933	-	64,933	60,658	4,275
Board of Adjust	700	-	700	73	627
Municipal planning commission	1,700	-	1,700	380	1,320
Municipal zoning	15,327	-	15,327	14,692	635
Town buildings	49,325	-	49,325	68,630	(19,305)
	<u>315,182</u>	<u>-</u>	<u>315,182</u>	<u>350,947</u>	<u>(35,765)</u>
Public safety:					
Police	322,005	-	322,005	324,648	(2,643)
Police training	800	-	800	417	383
Police vehicles and equipment	21,450	-	21,450	16,255	5,195
Constables	4,000	-	4,000	2,543	1,457
Emergency management	1,975	-	1,975	1,670	305
Fire department	14,380	-	14,380	14,672	(292)
Fire department training	2,800	-	2,800	464	2,336
Fire department communications	11,450	-	11,450	9,476	1,974
Fire department equipment	22,455	-	22,455	15,076	7,379
Forest fire warden	200	-	200	233	(33)
Animal control	1,600	-	1,600	1,757	(157)
Street lights	37,700	-	37,700	35,791	1,909
	<u>440,815</u>	<u>-</u>	<u>440,815</u>	<u>423,002</u>	<u>17,813</u>
Public works:					
Air park	1,650	-	1,650	1,508	142
Transfer station	217,382	-	217,382	212,617	4,765
	<u>219,032</u>	<u>-</u>	<u>219,032</u>	<u>214,125</u>	<u>4,907</u>

TOWN OF FAIR HAVEN, VERMONT

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Culture and recreation:					
Recreation	51,400	-	51,400	48,889	2,511
	<u>51,400</u>	<u>-</u>	<u>51,400</u>	<u>48,889</u>	<u>2,511</u>
Health and welfare	1,600	-	1,600	1,532	68
	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>1,532</u>	<u>68</u>
County tax	14,700	-	14,700	14,276	424
	<u>14,700</u>	<u>-</u>	<u>14,700</u>	<u>14,276</u>	<u>424</u>
Unclassified:					
Memberships	6,408	-	6,408	6,453	(45)
Judgements and damages	11,000	-	11,000	87,628	(76,628)
Benefits	388,452	-	388,452	364,159	24,293
Appropriations	252,885	-	252,885	252,885	-
	<u>658,745</u>	<u>-</u>	<u>658,745</u>	<u>711,125</u>	<u>(52,380)</u>
Cemeteries	38,900	-	38,900	26,708	12,192
	<u>38,900</u>	<u>-</u>	<u>38,900</u>	<u>26,708</u>	<u>12,192</u>
Debt service:					
Principal	19,750	-	19,750	19,750	-
Interest	650	-	650	650	-
	<u>20,400</u>	<u>-</u>	<u>20,400</u>	<u>20,400</u>	<u>-</u>
Transfers to other funds:					
PW vehicles and equipment	30,000	-	30,000	30,000	-
Police vehicles and equipment	10,000	-	10,000	10,000	-
Fire vehicles and equipment	28,000	-	28,000	28,000	-
	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total Departmental Operations	<u>\$ 1,835,774</u>	<u>\$ -</u>	<u>\$ 1,835,774</u>	<u>\$ 1,886,004</u>	<u>\$ (50,230)</u>

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

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 700,582	\$ 976,621	\$ 1,677,203
Accounts receivable (net of allowance for uncollectibles)	1,910	-	1,910
TOTAL ASSETS	<u>\$ 702,492</u>	<u>\$ 976,621</u>	<u>\$ 1,679,113</u>
LIABILITIES			
Accounts payable	\$ 6,213	\$ 1,006	\$ 7,219
Due to other funds	26,562	-	26,562
TOTAL LIABILITIES	<u>32,775</u>	<u>1,006</u>	<u>33,781</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	106,412	-	106,412
Committed	594,170	975,615	1,569,785
Assigned	-	-	-
Unassigned	(30,865)	-	(30,865)
TOTAL FUND BALANCES	<u>669,717</u>	<u>975,615</u>	<u>1,645,332</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 702,492</u>	<u>\$ 976,621</u>	<u>\$ 1,679,113</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, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 142,644	\$ -	\$ 142,644
Other	-	135,269	135,269
TOTAL REVENUES	<u>142,644</u>	<u>135,269</u>	<u>277,913</u>
EXPENDITURES			
General government	-	49,126	49,126
Public works	164,033	104,356	268,389
Recreation	-	11,441	11,441
Program expenses	3,589	-	3,589
TOTAL EXPENDITURES	<u>167,622</u>	<u>164,923</u>	<u>332,545</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,978)</u>	<u>(29,654)</u>	<u>(54,632)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	81,500	81,500
Transfers in	-	75,000	75,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>156,500</u>	<u>156,500</u>
NET CHANGE IN FUND BALANCES	(24,978)	126,846	101,868
FUND BALANCES - JULY 1	<u>694,695</u>	<u>848,769</u>	<u>1,543,464</u>
FUND BALANCES - JUNE 30	<u>\$ 669,717</u>	<u>\$ 975,615</u>	<u>\$ 1,645,332</u>

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

Special Revenue Funds

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

TOWN OF FAIR HAVEN, VERMONT

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

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
ASSETS					
Cash and cash equivalents	\$ 822	\$ 605	\$ 358,528	\$ 98,736	\$ 988
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
TOTAL ASSETS	\$ 822	\$ 605	\$ 358,528	\$ 98,736	\$ 988
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	822	605	-	98,736	988
Committed	-	-	358,528	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	822	605	358,528	98,736	988
TOTAL LIABILITIES AND FUND BALANCES	\$ 822	\$ 605	\$ 358,528	\$ 98,736	\$ 988

TOWN OF FAIR HAVEN, VERMONT

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

	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
ASSETS					
Cash and cash equivalents	\$ 5,261	\$ -	\$ 223,592	\$ 12,050	\$ 700,582
Accounts receivable (net of allowance for uncollectibles)	-	1,910	-	-	1,910
TOTAL ASSETS	<u>\$ 5,261</u>	<u>\$ 1,910</u>	<u>\$ 223,592</u>	<u>\$ 12,050</u>	<u>\$ 702,492</u>
LIABILITIES					
Accounts payable	\$ -	\$ 6,213	\$ -	\$ -	\$ 6,213
Due to other funds	-	26,562	-	-	26,562
TOTAL LIABILITIES	<u>-</u>	<u>32,775</u>	<u>-</u>	<u>-</u>	<u>32,775</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	5,261	-	-	-	106,412
Committed	-	-	223,592	12,050	594,170
Assigned	-	-	-	-	-
Unassigned	-	(30,865)	-	-	(30,865)
TOTAL FUND BALANCES	<u>5,261</u>	<u>(30,865)</u>	<u>223,592</u>	<u>12,050</u>	<u>669,717</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,261</u>	<u>\$ 1,910</u>	<u>\$ 223,592</u>	<u>\$ 12,050</u>	<u>\$ 702,492</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, 2021

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Public works	-	-	-	-	-
Program expenses	-	-	-	1,639	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,639</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	(1,639)	-
FUND BALANCES - JULY 1	<u>822</u>	<u>605</u>	<u>358,528</u>	<u>100,375</u>	<u>988</u>
FUND BALANCES - JUNE 30	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 358,528</u>	<u>\$ 98,736</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, 2021

	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
REVENUES					
Intergovernmental	\$ 1	\$ 133,168	\$ 9,475	\$ -	\$ 142,644
TOTAL REVENUES	<u>1</u>	<u>133,168</u>	<u>9,475</u>	<u>-</u>	<u>142,644</u>
EXPENDITURES					
Public works	-	164,033	-	-	164,033
Program expenses	-	-	-	1,950	3,589
TOTAL EXPENDITURES	<u>-</u>	<u>164,033</u>	<u>-</u>	<u>1,950</u>	<u>167,622</u>
NET CHANGE IN FUND BALANCES	1	(30,865)	9,475	(1,950)	(24,978)
FUND BALANCES - JULY 1	<u>5,260</u>	<u>-</u>	<u>214,117</u>	<u>14,000</u>	<u>694,695</u>
FUND BALANCES - JUNE 30	<u>\$ 5,261</u>	<u>\$ (30,865)</u>	<u>\$ 223,592</u>	<u>\$ 12,050</u>	<u>\$ 669,717</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, 2021

	Public Works Equipment Replacement	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Municipal Building	Police Cruiser Replacement
ASSETS						
Cash and cash equivalents	\$ 94,813	\$ 73,802	\$ 230,561	\$ 16,464	\$ 103,925	\$ 36,840
TOTAL ASSETS	\$ 94,813	\$ 73,802	\$ 230,561	\$ 16,464	\$ 103,925	\$ 36,840
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	94,813	73,802	230,561	16,464	103,925	36,840
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	94,813	73,802	230,561	16,464	103,925	36,840
TOTAL LIABILITIES AND FUND BALANCES	\$ 94,813	\$ 73,802	\$ 230,561	\$ 16,464	\$ 103,925	\$ 36,840

TOWN OF FAIR HAVEN, VERMONT

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

	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
ASSETS							
Cash and cash equivalents	\$ 40,599	\$ 85,214	\$ 21,869	\$ 212,929	\$ 47,005	\$ 12,600	\$ 976,621
TOTAL ASSETS	\$ 40,599	\$ 85,214	\$ 21,869	\$ 212,929	\$ 47,005	\$ 12,600	\$ 976,621
LIABILITIES							
Accounts payable	\$ -	\$ 1,006	\$ -	\$ -	\$ -	\$ -	\$ 1,006
TOTAL LIABILITIES	-	1,006	-	-	-	-	1,006
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	40,599	84,208	21,869	212,929	47,005	12,600	975,615
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	40,599	84,208	21,869	212,929	47,005	12,600	975,615
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,599	\$ 85,214	\$ 21,869	\$ 212,929	\$ 47,005	\$ 12,600	\$ 976,621

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, 2021

	Public Works Equipment Replacement	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Municipal Building	Police Cruiser Replacement
REVENUES						
Other income	\$ 8,654	\$ -	\$ -	\$ 1,134	\$ 26,000	\$ -
TOTAL REVENUES	<u>8,654</u>	<u>-</u>	<u>-</u>	<u>1,134</u>	<u>26,000</u>	<u>-</u>
EXPENDITURES						
General government	-	-	1,189	60	47,877	-
Public works	45,948	-	-	-	-	-
Recreation	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>45,948</u>	<u>-</u>	<u>1,189</u>	<u>60</u>	<u>47,877</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(37,294)</u>	<u>-</u>	<u>(1,189)</u>	<u>1,074</u>	<u>(21,877)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	63,500	-	-	-	18,000	-
Transfers in	30,000	-	28,000	-	7,000	10,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>93,500</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>25,000</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	56,206	-	26,811	1,074	3,123	10,000
FUND BALANCES - JULY 1	<u>38,607</u>	<u>73,802</u>	<u>203,750</u>	<u>15,390</u>	<u>100,802</u>	<u>26,840</u>
FUND BALANCES - JUNE 30	<u>\$ 94,813</u>	<u>\$ 73,802</u>	<u>\$ 230,561</u>	<u>\$ 16,464</u>	<u>\$ 103,925</u>	<u>\$ 36,840</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, 2021

	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
REVENUES							
Other income	\$ 7,977	\$ 41,504	\$ -	\$ 50,000	\$ -	\$ -	\$ 135,269
TOTAL REVENUES	<u>7,977</u>	<u>41,504</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>135,269</u>
EXPENDITURES							
General government	-	-	-	-	-	-	49,126
Public works	-	-	-	58,408	-	-	104,356
Recreation	-	11,441	-	-	-	-	11,441
TOTAL EXPENDITURES	<u>-</u>	<u>11,441</u>	<u>-</u>	<u>58,408</u>	<u>-</u>	<u>-</u>	<u>164,923</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,977</u>	<u>30,063</u>	<u>-</u>	<u>(8,408)</u>	<u>-</u>	<u>-</u>	<u>(29,654)</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	-	81,500
Transfers in	-	-	-	-	-	-	75,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,500</u>
NET CHANGE IN FUND BALANCES	7,977	30,063	-	(8,408)	-	-	126,846
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 40,599</u>	<u>\$ 84,208</u>	<u>\$ 21,869</u>	<u>\$ 212,929</u>	<u>\$ 47,005</u>	<u>\$ 12,600</u>	<u>\$ 975,615</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 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE FUNDS
JUNE 30, 2021

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
ASSETS				
Cash and cash equivalents	\$ 2,020	\$ -	\$ -	\$ 2,020
Investments	142,529	16,703	2,832	162,064
TOTAL ASSETS	\$ 144,549	\$ 16,703	\$ 2,832	\$ 164,084
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
NET POSITION				
Restricted	144,549	16,703	2,832	164,084
TOTAL NET POSITION	144,549	16,703	2,832	164,084
TOTAL LIABILITIES AND NET POSITION	\$ 144,549	\$ 16,703	\$ 2,832	\$ 164,084

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, 2021

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
ADDITIONS				
Investment earnings	\$ 2,080	\$ 166	\$ 29	\$ 2,275
Total additions	<u>2,080</u>	<u>166</u>	<u>29</u>	<u>2,275</u>
DEDUCTIONS				
Other	-	166	28	194
Total deductions	<u>-</u>	<u>166</u>	<u>28</u>	<u>194</u>
CHANGE IN NET POSITION	2,080	-	1	2,081
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>\$ 144,549</u>	<u>\$ 16,703</u>	<u>\$ 2,832</u>	<u>\$ 164,084</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, 2021 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 March 4, 2022.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 February 28, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 4, 2022