

TOWN OF ST. JOHNSBURY, VERMONT

AUDIT REPORT

JUNE 30, 2022

TOWN OF ST. JOHNSBURY, VERMONT
AUDIT REPORT
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Independent Auditor's Report

Board of Selectmen
Town of St. Johnsbury, Vermont
51 Depot Square
St. Johnsbury, Vermont 05819

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of St. Johnsbury, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of St. Johnsbury, Vermont's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of St. Johnsbury, Vermont, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2022, the Town implemented GASB Statement No. 87, "Leases".

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and "Government Auditing Standards", we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 11, the budgetary comparison information for the General Fund, the Highway Fund and the Special Services Fund, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions for the Town's participation in VMERS and the Schedule of Funding Progress, the Schedule of Changes in Net Position Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Investment Returns for the Pension Trust Fund presented in Schedules 1 through 9, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

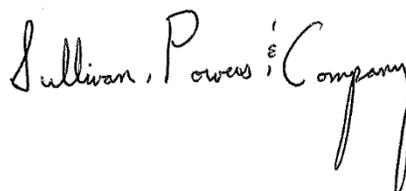
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of St. Johnsbury, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated October 12, 2022 on our consideration of the Town of St. Johnsbury, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of St. Johnsbury, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of St. Johnsbury, Vermont's internal control over financial reporting and compliance.

October 12, 2022
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF ST. JOHNSBURY, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Management of the Town of St. Johnsbury (the Town) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Please note that this section of the Basic Financial Statements is unaudited.

FINANCIAL HIGHLIGHTS

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,544,615 (net position). Of this amount, \$3,557,181 (unrestricted net position) may be used to meet the Town's ongoing obligations. The balance of net position is made up of \$35,473,673 net investment in capital assets and \$513,761 restricted for specific purposes.

The Town's total net position increased by \$2,054,066. Of this amount, net position attributable to governmental activities increased by \$1,266,164 and net position attributable to business-type activities increased by \$787,902.

At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,512,068, an increase of \$1,554,318 over the prior year. Changes in net position were in accordance with spending plans approved by the Selectboard and/or the voters.

At the end of the current fiscal year, unrestricted fund balance (the total of the nonspendable, committed, assigned and unassigned components of fund balance) for the general fund was \$2,812,699.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which are presented in three sections: (1) government-wide financial statements (2) fund financial statements and (3) notes to the financial statements. In addition to the basic financial statements, this report also contains other and required supplementary information such as a general fund budget to actual comparison and combining financial statements.

It is important for the reader to understand that, although governmental accounting resembles private sector accounting, there are significant differences between the two. For readers versed in private sector accounting, the government-wide financial statements will be the most familiar. The readers should know that the financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of books for each major activity. For example the Town operates a wastewater treatment facility and a water treatment plant. These operations are referred to as business-type activities, they are supported by user fees, and are recorded in enterprise funds separately from the general governmental activities, which are accounted for primarily in the general fund and supported in large part by property tax revenues.

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the operations of the Town presenting all data on the full accrual basis, similar to the way a private sector business would present its financial statements. There are two statements presented at the government-wide level; the Statement of Net Position and the Statement of Activities. Within each of these statements, the governmental activities are presented separately from business-type activities. The governmental activities reflect the Town's basic services; including general government, public safety, public works, health and social services, parks and recreation and development and cultural programs. Property taxes finance the majority of these services supplemented by program fees, grant revenues, and other revenues. The business-type activities reflect private-sector-type operations for which user fees recover all or a significant portion of costs. The business-type activities of the Town include the water and sewer operations.

The Statement of Net Position presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities reports how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

The government-wide financial statements include not only the Town itself (referred to as the primary government) but also other legally separate entities for which the Town is financially accountable (referred to as component units). During the period under audit, the Town was not responsible for any entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the Town are segregated into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine the level of financial resources that are available to finance the Town's programs in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship between the two.

The Town maintains seven individual governmental funds, including the General Fund, five Special Revenue Funds, and a Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Highway Fund, the Special Services Fund, the Grant Fund and the ARPA Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits C through E of the report. The Town adopts an annual appropriated budget for its General Fund, its Highway Fund and its Special Services Fund. Budgetary comparison statements are provided in Schedules 1 through 3 for the purpose of demonstrating compliance with the duly appropriated budgets.

Proprietary funds are used to account for a government's business – type activities. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains two enterprise funds; the Water Fund and the Sewer Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. At this time, the Town has no internal service funds.

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

The proprietary fund financial statements of the Town may be found in Exhibits F through H.

Fiduciary funds are used to account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has two fiduciary funds at this time, the Pension Trust Fund and the Education Tax Fund.

Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes serve to explain, clarify and expand upon the financial data presented in the financial statements and provide some additional information as well. The notes can be found immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, certain **Supplementary Information** is provided, including a budgetary comparison statement for the General Fund and the Town's progress in funding its obligation to provide pension benefits to its employees. The supplementary information can be found immediately following the notes to the financial statements in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on the budget and pension.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 4,843,674	\$ 3,683,225	\$ 8,526,899	\$ 3,451,484	\$ 4,290,588	\$ 7,742,072
Capital Assets	28,739,289	24,718,550	53,457,839	29,191,171	22,544,667	51,735,838
Total Assets	33,582,963	28,401,775	61,984,738	32,642,655	26,835,255	59,477,910
Deferred Outflows of Resources	673,548	15,136	688,684	1,063,391	31,129	1,094,520
Current Liabilities	214,445	930,740	1,145,185	214,713	94,967	309,680
Noncurrent Liabilities	7,857,939	12,590,801	20,448,740	9,196,664	12,671,330	21,867,994
Total Liabilities	8,072,384	13,521,541	21,593,925	9,411,377	12,766,297	22,177,674
Deferred Inflows of Resources	1,466,802	68,080	1,534,882	843,508	60,699	904,207
Net Position:						
Net Investment in Capital Assets	23,182,883	12,290,790	35,473,673	23,402,298	10,007,643	33,409,941
Restricted	513,761	0	513,761	1,534,066	0	1,534,066
Unrestricted/(Deficit)	1,020,681	2,536,500	3,557,181	(1,485,203)	4,031,745	2,546,542
Total Net Position	\$ 24,717,325	\$ 14,827,290	\$ 39,544,615	\$ 23,451,161	\$ 14,039,388	\$ 37,490,549

As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,544,615. The Town's total net position is split between governmental activities net position of \$24,717,325 and business-type activities net position of \$14,827,290.

The largest portion of the Town's total net position reflects its investment in capital assets (construction in progress, equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct those assets. The Town uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Town strives on an ongoing basis to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan.

The Town's total net assets also include \$513,761 of restricted net position. These are assets representing resources subject to external restriction as to how they may be used. The remaining balance of unrestricted net position equal to \$3,557,181 may be used to meet the government's ongoing financial obligations. Included in unrestricted net position are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

Summary of the Statement of Activities

	<u>2022</u>			<u>2021</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 677,210	\$ 2,970,833	\$ 3,648,043	\$ 577,386	\$ 2,927,738	\$ 3,505,124
Operating Grants and Contributions	388,099	104,985	493,084	1,379,208	31,200	1,410,408
Capital Grants and Contributions	308,486	1,226,285	1,534,771	52,046	828,527	880,573
General Revenues:						
Property Taxes	6,323,623	0	6,323,623	5,908,220	0	5,908,220
Penalties and Interest in Delinquent Taxes	100,903	0	100,903	123,125	0	123,125
General State Grants	302,953	0	302,953	272,735	0	272,735
ARPA Funds	1,069,707	0	1,069,707	0	0	0
Unrestricted Investment Earnings	16,315	485	16,800	73,713	596	74,309
Insurance Proceeds	24,874	0	24,874	0	0	0
Gain on Sale of Equipment/Vehicles	13,400	21,500	34,900	1,000	0	1,000
Other Revenues	3,712	0	3,712	15,716	0	15,716
Total Revenues	<u>9,229,282</u>	<u>4,324,088</u>	<u>13,553,370</u>	<u>8,403,149</u>	<u>3,788,061</u>	<u>12,191,210</u>
Expenses:						
General Government	1,245,116	0	1,245,116	1,336,429	0	1,336,429
Public Safety	3,310,258	0	3,310,258	3,521,849	0	3,521,849
Public Works	2,875,275	0	2,875,275	2,877,469	0	2,877,469
Culture and Recreation	216,670	0	216,670	216,670	0	216,670
Community Development	210,390	0	210,390	706,788	0	706,788
Cemetery	12,534	0	12,534	31,944	0	31,944
Interest on Long-term Debt	92,875	0	92,875	98,522	0	98,522
Water	0	1,442,699	1,442,699	0	1,376,186	1,376,186
Sewer	0	2,093,487	2,093,487	0	1,827,947	1,827,947
Total Expenses	<u>7,963,118</u>	<u>3,536,186</u>	<u>11,499,304</u>	<u>8,789,671</u>	<u>3,204,133</u>	<u>11,993,804</u>
Change in Net Position	1,266,164	787,902	2,054,066	(386,522)	583,928	197,406
Beginning Net Position	23,451,161	14,039,388	37,490,549	23,837,683	13,455,460	37,293,143
Ending Net Position	<u>\$ 24,717,325</u>	<u>\$ 14,827,290</u>	<u>\$ 39,544,615</u>	<u>\$ 23,451,161</u>	<u>\$ 14,039,388</u>	<u>\$ 37,490,549</u>

Governmental Activities

Governmental activities increased the Town's net position by \$1,266,164 for the year ended June 30, 2022 due to grant revenue. Business type activities increased the Town's net position by \$787,902 due to the capital grants invested in capital assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on current year revenue, expenditures and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,512,068, an increase of \$1,554,318 over the prior year. Of this total amount, \$5,642 is non-spendable (prepaid expenses and cemetery fund principal) and \$508,488 is restricted to indicate that it is not available for discretionary spending because it is otherwise restricted by grant agreements, statutes, or bond covenants. Of the remaining amount, \$658,844 has been assigned by the Town for various purposes, \$1,185,720 is committed for the Highway Fund and \$2,153,374 is unassigned.

The general fund is the chief operating fund of the Town. At the end of the year, total fund balance in the general fund was \$2,828,547, an increase of \$1,373,757 from the previous year. Of this amount, \$481 is non-spendable and \$15,848 is restricted. The remaining amount of \$658,844 has been assigned as detailed in the footnotes and \$2,153,374 is unassigned. Included in the General Fund are two other funds that do not qualify as special revenue funds, the Parking Meter Fund and the Recreation Fund.

At the end of the year, the total fund balance in the Highway Fund was \$1,185,720, an increase of \$127,822 from the balance of the previous year. The entire fund balance in Highway is committed.

The Special Services Fund has an ending fund balance of \$277,732, an increase of \$42,671 from the previous year. The entire fund balance in Special Services is restricted.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Total net position in the water fund is \$8,129,766, an increase of \$321,582 from the previous year. In the sewer fund, total net position is \$6,697,524, an increase of \$466,320 from the previous year.

BUDGETARY HIGHLIGHTS

The Town's budget for the year ended June 30, 2022 passed on the first vote in April of 2021. Notable variances are as follows:

General Fund:

- A new furnace was necessary in the public safety building.
- The Armory project was funded through economic development, armory and unallocated reserves.
- Fire department staffing shortages resulted in salaries being under budget by \$96,112 however this was offset by contracted services overage of \$96,082. Group insurances were under budget by \$63,097.
- Cemetery expenses were under budget by \$16,666 due to DPW mowing the cemeteries instead of contracting out.
- IT under budget by \$27,669 due to expected upgrades not being completed.
- ARPA revenue of \$1,069,707 was received.
- Delinquent tax receivables were reduced to \$77,895.

Highway Fund:

- The Garage was under budget due to partial year without a mechanic.
- The Town did receive \$50,000 in special programs grant income.
- Eastern Pearl sidewalk repairs were \$162,486.
- Bike path local match of \$38,340 not expensed due to project still being on hold.
- New equipment purchase of \$308,493 was offset by loan proceeds of \$304,451.
- Winter maintenance expense was under budget due to a relatively warm winter.

Special Services:

- Special Services had vacant positions during the fiscal year resulting in significant overtime.
- The fund was budgeted with a deficit of expenditures over revenues of \$40,000.
- Fingerprinting revenue exceeded budget by \$11,075.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2022 were \$92,608,746 (before depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, roads and bridges, and water and wastewater distribution and collections systems.

Major capital asset events during the current fiscal year included the following: Water and Wastewater projects and equipment purchases for Department of Public Works. Additional information on the Town's capital assets can be found in Note IV.D of the notes to financial statements.

Long-term debt – At the end of the current year the Town had total long-term debt outstanding of \$18,051,048. Of this amount, \$11,657,580 represents bonded debt backed by the full faith and credit of the Town and \$6,393,468 represents revolving loans issued by the State of Vermont.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information on the Town's long-term debt can be found in note IV.I of the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the Town is currently 3.0 percent, down from 3.6 percent one year ago. This compares with 2.2 percent state-wide, down from 3.1 percent statewide one year ago.

The Town approved a General Fund budget for the 2022-23 fiscal year in the amount of \$3,825,338. This represents an increase of 7.3% over the previous budget excluding special appropriations for the previous year.

Economic Development Update 2022:

2021-22 has been an exciting year for St. Johnsbury as we have witnessed the completion of several large-scale redevelopment projects within our downtown that have catalyzed downtown revitalization. Because of this investment, many new businesses have opened, resulting in the lowest commercial vacancy rate that downtown St. Johnsbury has seen in decades. The creative sector is growing its presence with more events, art walks, gallery showings, and street performances. New restaurants and familiar faces in new locations are defining St. Johnsbury as a dining destination. The acquisition of the Knob by the Town and the addition of mountain biking terrain within the Town Forest have added to our list of outdoor recreation assets. Efforts to bring the LVRT to the downtown continue, and \$1.5M was secured over the last year to complete this effort. An abundant amount of positive energy was on display when St. Johnsbury hosted the annual Downtown & Historic Preservation Conference in June, which brought three hundred participants from around the state to celebrate St. Johnsbury's downtown revitalization.

St. Johnsbury experienced many accomplishments during 2021-22, but the work does not stop there! We are currently working with partners on a master planning project for the Bay Street area and plan to focus new energy on the Summerville neighborhood. We believe these efforts will catalyze investment and strengthen our outdoor recreation sector, create new opportunities to grow our creative economy, support our hospitality sector, and address the critical need for housing.

This work requires much work and sacrifice, and a special *thank you* goes out to our economic development partners, residents, and stakeholders who provide countless hours serving on boards and committees; without your efforts, we would not be witnessing the growth and success we are currently experiencing.

We are very proud of our business's resiliency and innovation on display within our downtown during COVID-19. With so much positive action, we need to acknowledge and assist those experiencing great hardship caused by the pandemic. Over the following several months, Town Officials will publicly discuss how best to utilize the federally distributed ARPA funding. These funds will need to be deployed strategically and deliberately to support all residents and businesses to ensure a healthy, prosperous, and equitable future for St. Johnsbury and the region.

Request for Information:

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Officer, Town Offices, 51 Depot Square, Suite 3, St. Johnsbury, VT 05819.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 6,220,644	\$ 607,387	\$ 6,828,031
Investments	191,507	0	191,507
Receivables	258,403	1,248,477	1,506,880
Internal Balances	(1,827,361)	1,827,361	0
Prepaid Expenses	481	0	481
Capital Assets:			
Land	558,197	185,592	743,789
Construction in Progress	106,571	3,773,470	3,880,041
Other Capital Assets, (Net of Accumulated Depreciation)	<u>28,074,521</u>	<u>20,759,488</u>	<u>48,834,009</u>
Total Assets	<u>33,582,963</u>	<u>28,401,775</u>	<u>61,984,738</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	464,738	0	464,738
Deferred Outflows of Resources Related to the Town's Pension Plan	<u>208,810</u>	<u>15,136</u>	<u>223,946</u>
Total Deferred Outflows of Resources	<u>673,548</u>	<u>15,136</u>	<u>688,684</u>
<u>LIABILITIES</u>			
Accounts Payable	80,892	880,915	961,807
Accrued Payroll and Benefits Payable	64,035	2,762	66,797
Unearned Revenue	0	20,126	20,126
Tax Sale Overpayments	61,638	0	61,638
Accrued Interest Payable	7,880	26,937	34,817
Noncurrent Liabilities:			
Due Within One Year	550,979	569,859	1,120,838
Due in More than One Year	<u>7,306,960</u>	<u>12,020,942</u>	<u>19,327,902</u>
Total Liabilities	<u>8,072,384</u>	<u>13,521,541</u>	<u>21,593,925</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	20,266	0	20,266
Deferred Inflows of Resources Related to the Town's Participation in VMERS	507,358	0	507,358
Deferred Inflows of Resources Related to the Town's Pension Plan	<u>939,178</u>	<u>68,080</u>	<u>1,007,258</u>
Total Deferred Inflows of Resources	<u>1,466,802</u>	<u>68,080</u>	<u>1,534,882</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	23,182,883	12,290,790	35,473,673
Restricted For:			
Public Safety	277,732	0	277,732
Cemetery	216,033	0	216,033
Other	19,996	0	19,996
Unrestricted	<u>1,020,681</u>	<u>2,536,500</u>	<u>3,557,181</u>
Total Net Position	<u>\$ 24,717,325</u>	<u>\$ 14,827,290</u>	<u>\$ 39,544,615</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,245,116	\$ 269,982	\$ 70,685	\$ 220,000	\$ (684,449)	\$ 0	\$ (684,449)
Public Safety	3,310,258	397,751	57,731	0	(2,854,776)	0	(2,854,776)
Public Works	2,875,275	3,277	259,683	88,486	(2,523,829)	0	(2,523,829)
Culture and Recreation	216,670	0	0	0	(216,670)	0	(216,670)
Community Development	210,390	0	0	0	(210,390)	0	(210,390)
Cemetery	12,534	6,200	0	0	(6,334)	0	(6,334)
Interest on Long-term Debt	92,875	0	0	0	(92,875)	0	(92,875)
Total Governmental Activities	7,963,118	677,210	388,099	308,486	(6,589,323)	0	(6,589,323)
Business-type Activities:							
Water	1,442,699	1,319,685	0	444,417	0	321,403	321,403
Sewer	2,093,487	1,651,148	104,985	781,868	0	444,514	444,514
Total Business-type Activities	3,536,186	2,970,833	104,985	1,226,285	0	765,917	765,917
Total Primary Government	\$ 11,499,304	\$ 3,648,043	\$ 493,084	\$ 1,534,771	(6,589,323)	765,917	(5,823,406)
General Revenues:							
Property Taxes					6,323,623	0	6,323,623
Penalties and Interest on Delinquent Taxes					100,903	0	100,903
General State Grants					302,953	0	302,953
ARPA Funds					1,069,707	0	1,069,707
Unrestricted Investment Earnings					16,315	485	16,800
Insurance Proceeds					24,874	0	24,874
Gain on Sale of Vehicles					13,400	21,500	34,900
Other Revenues					3,712	0	3,712
Total General Revenues					7,855,487	21,985	7,877,472
Change in Net Position					1,266,164	787,902	2,054,066
Net Position - July 1, 2021					23,451,161	14,039,388	37,490,549
Net Position - June 30, 2022					\$ 24,717,325	\$ 14,827,290	\$ 39,544,615

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2022

	General Fund	Highway Fund	Special Services Fund	Grant Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 6,196,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,606	\$ 6,220,644
Investments	0	0	0	0	0	191,507	191,507
Receivables (Net of Allowance for Uncollectibles)	117,278	86,949	18,103	36,073	0	0	258,403
Due from Other Funds	0	1,175,449	283,760	0	0	56	1,459,265
Prepaid Items	481	0	0	0	0	0	481
Total Assets	\$ 6,313,797	\$ 1,262,398	\$ 301,863	\$ 36,073	\$ 0	\$ 216,169	\$ 8,130,300
LIABILITIES							
Accounts Payable	\$ 51,446	\$ 22,387	\$ 4,347	\$ 2,712	\$ 0	\$ 0	\$ 80,892
Accrued Payroll and Benefits Payable	21,203	23,048	19,784	0	0	0	64,035
Due to Other Funds	3,257,277	0	0	29,213	0	136	3,286,626
Tax Sale Overpayments	61,638	0	0	0	0	0	61,638
Total Liabilities	3,391,564	45,435	24,131	31,925	0	136	3,493,191
DEFERRED INFLOWS OF RESOURCES							
Prepaid Property Taxes	20,266	0	0	0	0	0	20,266
Unavailable Property Taxes, Penalties and Interest	73,420	0	0	0	0	0	73,420
Unavailable Grants	0	31,243	0	112	0	0	31,355
Total Deferred Inflows of Resources	93,686	31,243	0	112	0	0	125,041
FUND BALANCES							
Nonspendable	481	0	0	0	0	5,161	5,642
Restricted	15,848	0	277,732	4,036	0	210,872	508,488
Committed	0	1,185,720	0	0	0	0	1,185,720
Assigned	658,844	0	0	0	0	0	658,844
Unassigned	2,153,374	0	0	0	0	0	2,153,374
Total Fund Balances	2,828,547	1,185,720	277,732	4,036	0	216,033	4,512,068
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,313,797	\$ 1,262,398	\$ 301,863	\$ 36,073	\$ 0	\$ 216,169	

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.	28,739,289
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	104,775
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.	(7,865,819)
Deferred Outflows and Inflows of Resources Related to the Town's Pension Plan and it's Participation in VMERS are Applicable to Future Periods and, Therefore, are not Reported in the Funds.	(772,988)
Net Position of Governmental Activities	\$ 24,717,325

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Highway Fund	Special Services Fund	Grant Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 2,800,143	\$ 2,377,774	\$ 1,302,368	\$ 0	\$ 0	\$ 0	\$ 6,480,285
Penalties and Interest on Delinquent Taxes	100,903	0	0	0	0	0	100,903
Intergovernmental	257,417	411,752	66,813	93,136	1,069,707	0	1,898,825
Charges for Services	476,706	239,682	41,420	0	0	6,200	764,008
Permits, Licenses and Fees	193,417	1,095	0	0	0	0	194,512
Fines and Forfeits	7,330	0	11,860	0	0	0	19,190
Investment Income/(Loss)	41,817	0	0	0	0	(25,502)	16,315
Donations	15,967	0	4,204	0	0	0	20,171
Other	3,712	0	0	0	0	0	3,712
Total Revenues	<u>3,897,412</u>	<u>3,030,303</u>	<u>1,426,665</u>	<u>93,136</u>	<u>1,069,707</u>	<u>(19,302)</u>	<u>9,497,921</u>
Expenditures:							
General Government	1,243,652	0	0	35,362	0	0	1,279,014
Public Safety	1,861,994	0	1,227,613	8,905	0	0	3,098,512
Public Works	0	2,199,349	0	0	0	0	2,199,349
Culture and Recreation	216,670	0	0	0	0	0	216,670
Community Development	204,522	0	0	5,868	0	0	210,390
Cemetery	11,984	0	0	0	0	550	12,534
Capital Outlay:							
General Government	26,110	0	0	22,000	0	0	48,110
Public Safety	100,885	0	730	0	0	0	101,615
Public Works	0	481,435	0	9,287	0	0	490,722
Debt Service:							
Principal	70,000	466,918	0	0	0	0	536,918
Interest	30,875	61,619	0	0	0	0	92,494
Total Expenditures	<u>3,766,692</u>	<u>3,209,321</u>	<u>1,228,343</u>	<u>81,422</u>	<u>0</u>	<u>550</u>	<u>8,286,328</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>130,720</u>	<u>(179,018)</u>	<u>198,322</u>	<u>11,714</u>	<u>1,069,707</u>	<u>(19,852)</u>	<u>1,211,593</u>
Other Financing Sources/(Uses):							
Insurance Proceeds	24,319	0	555	0	0	0	24,874
Issuance of Long-term Debt	0	304,451	0	0	0	0	304,451
Proceeds from Sale of Vehicles	7,200	6,200	0	0	0	0	13,400
Transfers In	1,245,913	0	20,000	18,206	0	0	1,284,119
Transfers Out	(34,395)	(3,811)	(176,206)	0	(1,069,707)	0	(1,284,119)
Total Other Financing Sources/(Uses)	<u>1,243,037</u>	<u>306,840</u>	<u>(155,651)</u>	<u>18,206</u>	<u>(1,069,707)</u>	<u>0</u>	<u>342,725</u>
Net Change in Fund Balances	1,373,757	127,822	42,671	29,920	0	(19,852)	1,554,318
Fund Balances/(Deficit) - July 1, 2021	<u>1,454,790</u>	<u>1,057,898</u>	<u>235,061</u>	<u>(25,884)</u>	<u>0</u>	<u>235,885</u>	<u>2,957,750</u>
Fund Balances - June 30, 2022	<u>\$ 2,828,547</u>	<u>\$ 1,185,720</u>	<u>\$ 277,732</u>	<u>\$ 4,036</u>	<u>\$ 0</u>	<u>\$ 216,033</u>	<u>\$ 4,512,068</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	1,554,318
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$640,447) is allocated over their estimated useful lives and reported as depreciation expense (\$1,291,156). This is the amount by which depreciation exceeded capital outlays in the current period.		(650,709)
The net effect of various transactions involving capital assets (i.e., sales, losses on disposal of assets) is to reduce net position.		(1,173)
The effect of donated capital assets is to increase net position. The Town was donated a parcel of land during the year.		200,000
The issuance of long-term debt (\$304,451) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$536,918) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		232,467
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		86,885
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(156,413)
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.		<u>789</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>1,266,164</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 224,469	\$ 382,918	\$ 607,387
Receivables	28,511	525,341	553,852
Unbilled Receivables	339,742	354,883	694,625
Due from Other Funds	1,805,534	21,827	1,827,361
Total Current Assets	<u>2,398,256</u>	<u>1,284,969</u>	<u>3,683,225</u>
Noncurrent Assets:			
Capital Assets:			
Land	135,894	49,698	185,592
Construction in Progress	1,427,344	2,346,126	3,773,470
Buildings and Building Improvements	5,157,096	14,355,364	19,512,460
Vehicles, Machinery and Equipment	347,292	646,978	994,270
Distribution and Collection Systems	14,263,296	13,303,749	27,567,045
Less: Accumulated Depreciation	<u>(9,242,491)</u>	<u>(18,071,796)</u>	<u>(27,314,287)</u>
Total Noncurrent Assets	<u>12,088,431</u>	<u>12,630,119</u>	<u>24,718,550</u>
Total Assets	<u>14,486,687</u>	<u>13,915,088</u>	<u>28,401,775</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Pension Plan	<u>15,136</u>	<u>0</u>	<u>15,136</u>
Total Deferred Outflows of Resources	<u>15,136</u>	<u>0</u>	<u>15,136</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	125,554	755,361	880,915
Accrued Payroll and Benefits Payable	2,762	0	2,762
Unearned Revenue	20,126	0	20,126
Accrued Interest Payable	12,122	14,815	26,937
General Obligation Bonds Payable - Current Portion	<u>223,460</u>	<u>346,399</u>	<u>569,859</u>
Total Current Liabilities	<u>384,024</u>	<u>1,116,575</u>	<u>1,500,599</u>
Noncurrent Liabilities:			
Compensated Absences Payable	7,619	0	7,619
Net Pension Liability - Town's Pension Plan	88,540	0	88,540
General Obligation Bonds Payable - Noncurrent Portion	<u>5,823,794</u>	<u>6,100,989</u>	<u>11,924,783</u>
Total Noncurrent Liabilities	<u>5,919,953</u>	<u>6,100,989</u>	<u>12,020,942</u>
Total Liabilities	<u>6,303,977</u>	<u>7,217,564</u>	<u>13,521,541</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Pension Plan	<u>68,080</u>	<u>0</u>	<u>68,080</u>
Total Deferred Inflows of Resources	<u>68,080</u>	<u>0</u>	<u>68,080</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,041,177	6,249,613	12,290,790
Unrestricted	<u>2,088,589</u>	<u>447,911</u>	<u>2,536,500</u>
Total Net Position	<u>\$ 8,129,766</u>	<u>\$ 6,697,524</u>	<u>\$ 14,827,290</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,314,771	\$ 1,645,883	\$ 2,960,654
Interest and Penalties	2,464	5,265	7,729
Other	2,450	0	2,450
Total Operating Revenues	1,319,685	1,651,148	2,970,833
Operating Expenses:			
Salaries and Benefits	128,968	0	128,968
Administrative	236,518	185,743	422,261
Utilities	103,362	123,883	227,245
Distribution and Collection	341,279	1,027,712	1,368,991
Taxes	41,795	0	41,795
Depreciation	456,959	343,654	800,613
Total Operating Expenses	1,308,881	1,680,992	2,989,873
Operating Income/(Loss)	10,804	(29,844)	(19,040)
Non-Operating Revenues/(Expenses):			
Debt Forgiveness	0	104,985	104,985
CSO Long-term Control Plan Expenses	0	(214,089)	(214,089)
Wastewater System Evaluation Plan Expenses	0	(90,651)	(90,651)
Gain on Sale of Vehicles	0	21,500	21,500
Investment Income	179	306	485
Interest Expense	(133,818)	(107,755)	(241,573)
Total Non-Operating Revenues/(Expenses)	(133,639)	(285,704)	(419,343)
Net Income/(Loss) Before Capital Contributions	(122,835)	(315,548)	(438,383)
Capital Contributions	444,417	781,868	1,226,285
Change in Net Position	321,582	466,320	787,902
Net Position - July 1, 2021	7,808,184	6,231,204	14,039,388
Net Position - June 30, 2022	\$ 8,129,766	\$ 6,697,524	\$ 14,827,290

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,303,250	\$ 1,609,352	\$ 2,912,602
Payments for Goods and Services	(517,212)	(1,183,885)	(1,701,097)
Payments for Interfund Services	(196,250)	(154,250)	(350,500)
Payments for Wages and Benefits	(145,124)	0	(145,124)
Net Cash Provided by Operating Activities	444,664	271,217	715,881
Cash Flows From Noncapital Financing Activities:			
Issuance of Long-term Debt	0	152,458	152,458
CSO Long-term Control Plan Expenses	0	(78,899)	(78,899)
Wastewater System Evaluation Plan Expenses	0	(81,730)	(81,730)
(Increase)/Decrease in Due from Other Funds	131,833	782,540	914,373
Net Cash Provided by Noncapital Financing Activities	131,833	774,369	906,202
Cash Flows From Capital and Related Financing Activities:			
Issuance of Long-term Debt	578,289	731,762	1,310,051
Proceeds from Capital Grants	68,488	166,787	235,275
Proceeds from Sale of Vehicles	0	21,500	21,500
Acquisition and Construction of Capital Assets	(822,075)	(1,469,493)	(2,291,568)
Principal Paid on Long-term Debt	(266,524)	(387,740)	(654,264)
Interest Paid on Long-term Debt	(134,675)	(108,402)	(243,077)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(576,497)	(1,045,586)	(1,622,083)
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	179	306	485
Net Cash Provided by Investing Activities	179	306	485
Net Increase in Cash	179	306	485
Cash - July 1, 2021	224,290	382,612	606,902
Cash - June 30, 2022	<u>\$ 224,469</u>	<u>\$ 382,918</u>	<u>\$ 607,387</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 10,804	\$ (29,844)	\$ (19,040)
Depreciation	456,959	343,654	800,613
(Increase)/Decrease in Receivables	(19,361)	(41,796)	(61,157)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Pension Plan	15,993	0	15,993
Increase/(Decrease) in Accounts Payable	9,492	(797)	8,695
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(725)	0	(725)
Increase/(Decrease) in Unearned Revenue	2,268	0	2,268
Increase/(Decrease) in Compensated Absences Payable	253	0	253
Increase/(Decrease) in Net Pension Liability	(38,400)	0	(38,400)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Pension Plan	7,381	0	7,381
Net Cash Provided by Operating Activities	\$ 444,664	\$ 271,217	\$ 715,881

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$444,417.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$406,210.

The Sewer Fund wrote-off \$135,190 of projects that were included in construction in progress.

The Water Fund disposed of capital assets with a cost and accumulated depreciation of \$547,794.

The Sewer Fund disposed of capital assets with a cost and accumulated depreciation of \$247,794.

The Sewer Fund sold capital assets with a cost and accumulated depreciation of \$150,000 for \$21,500.

There was \$9,530 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2021.

There was \$110,515 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2022.

There was \$18,684 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2021.

There was \$735,817 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2022.

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Pension Trust Fund	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 99,404	\$ 0
Investments	9,591,464	0
Prepaid Benefit Payments	198,273	0
Total Assets	9,889,141	0
<u>LIABILITIES</u>		
Liabilities:	0	0
<u>NET POSITION</u>		
Held in Trust For:		
Employees' Pension Benefits	9,889,141	0
Total Net Position	\$ 9,889,141	\$ 0

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Pension Trust Fund</u>	<u>Custodial Fund Education Tax Fund</u>
Additions:		
Employer Contributions	\$ 181,965	\$ 0
Employee Contributions	39,625	0
Investment Income/(Loss)	(1,136,379)	0
Education Taxes Collected for Other Governments	<u>0</u>	<u>6,834,713</u>
Total Additions	<u>(914,789)</u>	<u>6,834,713</u>
Deductions:		
Benefits - Pension	787,432	0
Administrative Expenses	17,600	0
Education Taxes Distributed to Other Governments	<u>0</u>	<u>6,834,713</u>
Total Deductions	<u>805,032</u>	<u>6,834,713</u>
Change in Net Position	(1,719,821)	0
Net Position - July 1, 2021	<u>11,608,962</u>	<u>0</u>
Net Position - June 30, 2022	<u>\$ 9,889,141</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The Town of St. Johnsbury, Vermont, (herein the "Town") operates under a Manager/Board of Selectmen form of government and provides the following services as authorized by its charter: public safety, public works, sanitation, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sewer and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of St. Johnsbury, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of St. Johnsbury, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Highway Fund – This fund accounts for highway operations of the Town.

Special Services Fund – This fund primarily accounts for the police operations of the Town.

Grant Fund – This fund account for the various grant activities of the Town.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

The Town reports on the following major enterprise funds:

Water Fund – This fund accounts for the activities of the Water Department of the Town.

Sewer Fund – This fund accounts for the activities of the Sewer Department of the Town.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Town reports the following fund types:

Pension Trust Fund – This fund accounts for monies contributed by the Town and its employees and the income on investments expended for the pensions of retired Town employees.

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. 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.

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under financed purchases arrangements, insurance proceeds and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

E. Use of Estimates

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

F. New Pronouncement – Leases

Effective June 30, 2022, the Town implemented GASB Statement No. 87, “Leases”. GASB Statement No. 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. This Statement replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. The Town currently has no lease arrangements applicable to this Statement.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances from/to other funds”. All other outstanding balances between funds are reported as “due from/to other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

5. Pensions

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

6. Prepaid Expenses/Items

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

Reported prepaid items of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

TOWN OF ST. JOHNSBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements 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/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes 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. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 10,000	N/A
Land Improvements	\$ 10,000	10-50 Years
Buildings and Building Improvements	\$ 20,000	10-75 Years
Vehicles, Machinery and Equipment	\$ 1,000	3-25 Years
Infrastructure	\$ 10,000	3-75 Years
Distribution and Collection Systems	\$ 10,000	20-75 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences in the governmental funds are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

Long-term liabilities include bonds payable, financed purchases and other obligations such as compensated absences, the Town's net pension liability and the Industrial Park liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Selectmen's intended use of the resources); and unassigned.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS**

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures if made after the measurement date, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred outflows and inflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Selectboard prepares an annual budget for the General Fund, the Highway Fund and the Special Services Fund. The annual budgets and other articles providing for the appropriation of funds are voted by Australian ballot at the annual Town meeting in March. Any amendments to the budget require voter approval. There were no amendments to the budget. The budgets presented herein are for the Town's "General Fund" only and does not include the Parking Meter Fund and Recreation Fund activity that is included with the General Fund, unbudgeted transfers and transfers from and to reserve accounts for the General Fund, Highway Fund and Special Services Fund.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the Special Services Fund in the amount of \$40,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 3.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022 expenditures in the Highway Fund exceeded appropriations by \$257,008. These over-expenditures were funded by excess revenues.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash, cash equivalents and investments as of June 30, 2022 consisted of the following:

Cash and Cash Equivalents:	
Deposits with Financial Institutions	\$ 6,827,790
Deposits with Investment Company	41
Money Market Mutual Funds – U.S. Government Securities	99,404
Cash on Hand	<u>200</u>
Total Cash and Cash Equivalents	<u>6,927,435</u>
Investments:	
Corporate Bonds	638,993
Municipal Bonds	49,273
U.S. Treasury Notes	2,551,158
Exchange-Traded Funds	6,402,275
Mutual Funds - Mixed Holdings	<u>141,272</u>
Total Investments	<u>9,782,971</u>
Total Cash, Cash Equivalents and Investments	<u>\$16,710,406</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit its exposure to custodial credit risk. The money market mutual funds, corporate bonds, municipal bonds, U.S. Treasury notes, exchange-traded funds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$3,825,810	\$3,825,810
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Town's Name	<u>3,002,021</u>	<u>3,374,886</u>
Total	<u>\$6,827,831</u>	<u>\$7,200,696</u>

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$6,827,790
Cash – Deposits with Investment Company	<u>41</u>
Total	<u>\$6,827,831</u>

The investment policy for the Pension Trust Fund is as follows:

The primary objectives of this portfolio are:

Growth of capital, income generation, and capital preservation using high-quality investments.

The portfolio will contain equities, bonds and cash equivalents. The equity and fixed income portions of the investment portfolio are to be diversified in order to control risk by providing reasonable assurance that investments in either a single security or class of securities cannot have an excessive impact on the total portfolio. The investment objectives are long term rather than short term in nature. The overall investment return of the portfolio will be measured against those of a target portfolio based a benchmark comprised of 50% equities and 50% bonds.

Asset Mix Table*

<i>Asset Class</i>	<i>Min Wt</i>	<i>Max Wt</i>	<i>Representative Index</i>
Total Equities	35%	65%	S&P 500
<i>Domestic Equities</i>	<i>85%</i>	<i>100%</i>	<i>% of Total Equities</i>
<i>Int'l Equities*</i>	<i>0%</i>	<i>15%</i>	<i>% of Total Equities</i>
Fixed Income	15%	65%	Lehman Int. Gov't/Credit Bond Index
Cash & Equivalents	0%	20%	

*International equities investments will be made only in an Exchange Traded Funds designed to replicate the MSCI-EAFE Index (symbol EFA).

Because security market conditions can vary greatly throughout a market cycle, the Fund's investment advisors are granted full discretion to change the asset mix, within the ranges above, for the purpose of increasing investment returns and/or reducing risk.

Investment Guidelines

Investments should be made consistent with the quality deemed appropriate in a relationship and to which a prudent investor would adhere. All assets must have readily ascertainable fiduciary market value and be easily marketable. The portfolio should be diversified to the extent a prudent investor might propose and to avoid any undue exposure to any segment of the economy or any industry segment.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The following are some general prohibited transactions or assets:

- Commodity trading, including future contracts;
- Purchase of lettered or restricted stock;
- Short selling;
- Option trading;
- Limited partnerships;
- Private placements;
- Derivative securities
- Acquiring securities of companies that have filed for Chapter 11 protection;

Equities

Equity investments are to be chosen from the New York Stock Exchange, American Stock Exchange, the regional exchanges, or the national over-the-counter market.

No more than 30% of the market value of the equity portion of the portfolio should be in any one industry and no more than 10% in any one security.

Fixed Income

Bonds should be of investment grade (meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa from Moody's). No more than 10% of the market value of the fixed income portion should be in any one issuer with the exception of the U.S. Government and its agencies.

Fixed income securities with a maturity greater than 30 years are prohibited.

Fixed income or interest rate futures are prohibited.

Risky or volatile derivative securities as commonly defined by the financial industry are prohibited.

Zero coupon Treasury bonds are permitted as well as non-volatile CMO securities.

Cash reserves should be invested in interest bearing securities or in an appropriate money market fund.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy does not limit its exposure to interest rate risk. The Town's exchange-traded funds are exempt from interest rate risk disclosure. The Town's mutual funds that are open-ended are also exempt from interest rate risk disclosure.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town’s investments by maturity. The corporate bonds, municipal bonds and U.S. Treasury notes are shown at their actual maturity.

Investment Type	Remaining Maturity			Total
	Less Than 1 Year	1 to 5 Years	5 to 10 Years	
Corporate Bonds	\$ 0	\$ 420,704	\$ 218,289	\$ 638,993
Municipal Bonds	0	0	49,273	49,273
U.S. Treasury Notes	698,396	1,363,995	488,767	2,551,158
Total	\$ 698,396	\$ 1,784,699	\$ 756,329	\$ 3,239,424

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town’s pension plan investments are required to meet or exceed a credit rating of BBB from Standard & Poor’s and/or a Baa rating from Moody’s. The Town’s exchange-traded funds and U.S. Treasury notes are not subject to credit risk disclosure. The Town’s mutual funds that are open-ended are also excluded from the credit risk analysis. The credit ratings for the corporate bonds and municipal bonds are as follows:

Investment Type	Standard and Poor's Rating as of June 30, 2022					Total
	AA+	AA	A+	A-	BBB+	
Corporate Bonds	\$ 84,869	\$ 182,885	\$ 99,979	\$ 179,278	\$ 91,982	\$ 638,993
Municipal Bonds	0	49,273	0	0	0	49,273
Total	\$ 84,869	\$ 232,158	\$ 99,979	\$ 179,278	\$ 91,982	\$ 688,266

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town, other than the Pension Trust Fund, does not have any limitations on the amount that can be invested in any one issuer. The Town’s U.S. Treasury notes are exempt from concentration of credit risk analysis. The mutual funds that are open-ended are also excluded from the concentration of credit risk analysis. There are no other investments in any one issuer that represent more than 5% of total investments.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application.” The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurements as of June 30, 2022:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate Bonds	\$ 638,993	\$ 638,993	\$ 0	\$ 0
Municipal Bonds	49,273	49,273	0	0
U.S. Treasury Notes	2,551,158	2,551,158	0	0
Exchange-Traded Funds	6,402,275	6,402,275	0	0
Mutual Funds - Mixed Holdings	141,272	141,272	0	0
Total	\$ 9,782,971	\$ 9,782,971	\$ 0	\$ 0

B. Receivables

Receivables as of June 30, 2022, as reported in the statement of net position, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 77,895	\$ 0	\$ 77,895
Penalties and Interest Receivable	9,475	0	9,475
Tax Sale Receivable	8,875	0	8,875
Grants Receivable	126,166	461,167	587,333
Accounts Receivable	35,992	658	36,650
Billed Services	0	92,027	92,027
Unbilled Services	0	694,625	694,625
Total	\$ 258,403	\$ 1,248,477	\$ 1,506,880

TOWN OF ST. JOHNSBURY, VERMONT
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JUNE 30, 2022

C. Loans Receivable

Loans receivable as of June 30, 2022 are as follows:

Loan Receivable, Hilltop Family Housing Partnership, Interest at 2%, Deferred until August, 2030 at which time all Principal is Due, Secured by Mortgage	\$ 280,099
Loan Receivable, Hilltop Family Housing Partnership, Interest at 2%, Deferred until July, 2044 at which time all Principal is Due, Secured by Mortgage	300,000
Loan Receivable, Caledonia Housing Partnership, Interest at 3%, Deferred until December, 2032 at which time all Principal is Due, Secured by Mortgage	650,000
Loan Receivable, Mountain View Street Jay Housing Limited Partnership, Interest at 0%, Deferred until October, 2033 at which time all Principal is Due, Secured by Real Estate and Personal Property	322,000
Loan Receivable, Dean Hale, LLC, Interest at 4%, Deferred until December, 2043 at which time all Principal is Due, Secured by Mortgage	41,000
Loan Receivable, Passumpsic View, Inc., Interest at 0%, Deferred until December, 2042 at which time all Principal is Due, Secured by Mortgage	447,000
Loan Receivable, Passumpsic View Commercial, Interest at 0%, Deferred until December, 2047 at which time all Principal is Due, Secured by Mortgage	250,000
Loan Receivable, Passumpsic Housing Limited Partnership, Interest at 0%, Deferred until December, 2039 at which time all Principal is Due, Secured by Real Estate and Personal Property	55,000
Loan Receivable, Northern Senior Housing Limited Partnership, Interest at 0%, Deferred until July, 2031 at which time all Principal is Due, Secured by Mortgage Receivable	<u>480,000</u>
Total	2,825,099
Less: Allowance for Doubtful Loans Receivable	<u>(2,825,099)</u>
Reported Value as of June 30, 2022	\$ <u><u>0</u></u>

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

D. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 358,197	\$ 200,000	\$ 0	\$ 558,197
Construction in Progress	97,284	9,287	0	106,571
Total Capital Assets, Not Being Depreciated	<u>455,481</u>	<u>209,287</u>	<u>0</u>	<u>664,768</u>
Capital Assets, Being Depreciated:				
Land Improvements	468,172	0	0	468,172
Buildings and Building Improvements	2,763,976	37,678	0	2,801,654
Vehicles, Machinery and Equipment	6,587,890	408,996	76,376	6,920,510
Infrastructure	29,536,319	184,486	0	29,720,805
Totals	<u>39,356,357</u>	<u>631,160</u>	<u>76,376</u>	<u>39,911,141</u>
Less Accumulated Depreciation for:				
Land Improvements	468,172	0	0	468,172
Buildings and Building Improvements	1,049,951	61,719	0	1,111,670
Vehicles, Machinery and Equipment	4,083,278	500,756	75,203	4,508,831
Infrastructure	5,019,266	728,681	0	5,747,947
Totals	<u>10,620,667</u>	<u>1,291,156</u>	<u>75,203</u>	<u>11,836,620</u>
Total Capital Assets, Being Depreciated	<u>28,735,690</u>	<u>(659,996)</u>	<u>1,173</u>	<u>28,074,521</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,191,171</u>	<u>\$ (450,709)</u>	<u>\$ 1,173</u>	<u>\$ 28,739,289</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 185,592	\$ 0	\$ 0	\$ 185,592
Construction in Progress	1,022,547	2,886,113	135,190	3,773,470
Total Capital Assets, Not Being Depreciated	<u>1,208,139</u>	<u>2,886,113</u>	<u>135,190</u>	<u>3,959,062</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	19,505,660	6,800	0	19,512,460
Vehicles, Machinery and Equipment	1,765,160	174,698	945,588	994,270
Distribution and Collection Systems	27,524,970	42,075	0	27,567,045
Totals	<u>48,795,790</u>	<u>223,573</u>	<u>945,588</u>	<u>48,073,775</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	18,173,814	143,555	0	18,317,369
Vehicles, Machinery and Equipment	1,385,221	71,587	945,588	511,220
Distribution and Collection Systems	7,900,227	585,471	0	8,485,698
Totals	<u>27,459,262</u>	<u>800,613</u>	<u>945,588</u>	<u>27,314,287</u>
Total Capital Assets, Being Depreciated	<u>21,336,528</u>	<u>(577,040)</u>	<u>0</u>	<u>20,759,488</u>
Business-type Activities Capital Assets, Net	<u>\$ 22,544,667</u>	<u>\$ 2,309,073</u>	<u>\$ 135,190</u>	<u>\$ 24,718,550</u>

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 76,575	Water	\$ 456,959
Public Safety	253,393	Sewer	<u>343,654</u>
Public Works	<u>961,188</u>		
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,291,156</u>	 Total Depreciation Expense - Business-type Activities	 <u>\$ 800,613</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2022 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 3,257,277
Highway Fund	1,175,449	0
Special Services Fund	283,760	0
Grant Fund	0	29,213
Non-Major Governmental Funds	56	136
Water Fund	1,805,534	0
Sewer Fund	<u>21,827</u>	<u>0</u>
 Total	 <u>\$ 3,286,626</u>	 <u>\$ 3,286,626</u>

Interfund transfers during the year ended June 30, 2022 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Recreation Fund	\$ 10,000	* Appropriation
General Fund	Grant Fund	14,395	Fund Grant Expenses
Parking Meter Fund	General Fund	14,852	* Fund Parking Ticket Staff Expenses
Parking Meter Fund	Special Services Fund	20,000	* Fund Dispatching Staff Expenses
Highway Fund	Grant Fund	3,811	Fund Grant Expenses
Special Services Fund	General Fund	176,206	Fund Dispatch Services
ARPA Fund	General Fund	<u>1,069,707</u>	Revenue Replacement
 Total		 <u>\$ 1,308,971</u>	

* The transfer from the General Fund to the Recreation Fund and the transfer from the Parking Meter Fund to the General Fund are netted within the General Fund as these funds are consolidated within the General Fund and the transfer from the Parking Meter Fund to the Special Services Fund is included with the General Fund to comply with GASB Statement No. 54.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$155,412 from the difference between the expected and actual experience, \$131,800 from changes in assumptions and \$29,853 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$147,673 of required employer pension contributions subsequent to the measurement date. It also includes \$208,810 from the difference between the projected and actual investment earnings related to the Town's single-employer defined benefit plan. Total deferred outflows of resources in the governmental activities is \$673,548.

Deferred outflows of resources in the Water Fund and business-type activities consists of \$15,136 from the difference between the projected and actual investment earnings related to the Town's single-employer defined benefit plan.

G. Unearned Revenue

Unearned revenue in the Water Fund consists of \$20,126 of user fees received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$20,266 of prepaid property taxes. It also includes \$491,652 from the difference between the projected and actual investment earnings and \$15,706 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$939,178 from the difference between the projected and actual investment earnings related to the Town's single-employer defined benefit plan. Total deferred inflows of resources in the governmental activities is \$1,466,802.

Deferred inflows of resources in the Water Fund and business-type activities consists of \$68,080 from the difference between the projected and actual investment earnings related to the Town's single-employer defined benefit plan.

Deferred inflows of resources in the General Fund consists of \$73,420 of delinquent property taxes, penalties and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$20,266 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$93,686.

Deferred inflows of resources in the Highway Fund consists of \$31,243 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Grant Fund consists of \$112 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

I. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital assets. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

The Town has notes payable to finance various capital purchases through local banks.

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as financed purchases for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

The United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The Town has borrowed money from the USDA, in the form of bonds, for capital projects.

The State of Vermont offers a number of no interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water and sewer projects.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries.

The accrual for the Town's net pension liability related to the Town's single-employer defined benefit pension plan as well as the Town's share of the net pension liability associated with VMERS is recorded in the government-wide and proprietary fund financial statements.

The Town entered into an agreement with the St. Johnsbury - Lyndonville Industrial Park to pay them for the tax liability over five (5) to eight (8) years through the performance of summer and winter maintenance on the roads within the Industrial Park.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Long-term liabilities outstanding as of June 30, 2022 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Welcome Center Improvements, Principal Payments of \$70,000 Payable on December 1 Annually, Interest Rates Ranging from 1.984% to 4.664% Payable on June 1 and December 1, Due December, 2031	\$ 770,000	\$ 0	\$ 70,000	\$ 700,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of \$174,811 in Total Payable December 1 Annually, 0% Interest, Due December, 2036. This is the Governmental Activities Portion of the Bond.	1,692,177	0	105,761	1,586,416
Bond Payable, U.S. Department of Agriculture, Westside Project, Principal and Interest Payments of \$102,832 in Total Payable on June 15 and December 15 Semi-Annually, Interest at 2.25%, Due December, 2041. This is the Governmental Activities Portion of the Bond.	2,118,424	0	82,364	2,036,060
Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of \$69,219 in Total Payable December 1 Annually, 0% Interest, Due December, 2046. This is the Governmental Activities Portion of the Bond.	678,489	0	26,096	652,393
Note Payable, Community National Bank, Highway Equipment, Principal and Interest Payments of \$129,943 Payable on June 15 Annually, Interest at 2.7%, Due June, 2023	249,727	0	123,200	126,527
Note Payable, Community National Bank, Highway Equipment, Principal and Interest Payments of \$73,728 Payable on January 22 Annually, Interest at 2.1%, Due January, 2025	280,056	0	67,847	212,209

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Union Bank, Highway Equipment, Principal and Interest Payments of \$63,441 Payable on June 14 Annually, Interest at 1.79%, Due June, 2026	\$ _____ 0	\$304,451	\$ 61,650	\$ 242,801
Total Governmental Activities	\$ <u>5,788,873</u>	\$ <u>304,451</u>	\$ <u>536,918</u>	\$ <u>5,556,406</u>

Business-type Activities:

Water Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Water System Expansion, Principal Payments Ranging from \$160,000 to \$255,000 in Total Payable on December 1 Annually, Interest Rates Ranging from 2% to 2.55% Payable on June 1 and December 1, Due December, 2024. This is the Water Fund Portion of the Bond.	\$ 372,300	\$ 0	\$ 127,500	\$ 244,800
Bond Payable, U.S. Department of Agriculture, Westside Project, Principal and Interest Payments of \$102,832 in Total Payable on June 15 and December 15 Semi-Annually, Interest at 2.25%, Due December, 2041. This is the Water Fund Portion of the Bond.	773,394	0	30,069	743,325
Bond Payable, U.S. Department of Agriculture, Phase II Water Construction, Principal and Interest Payments of \$15,384 Payable on June 21 and December 21 Semi-Annually, Interest at 2.5%, Due December, 2049	624,258	0	15,255	609,003
Bond Payable, U.S. Department of Agriculture, Phase I Water Construction, Principal and Interest Payments of \$11,149 Payable on May 2 and November 2 Semi-Annually, Interest at 4.25%, Due November, 2049	366,080	0	6,804	359,276

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, U.S. Department of Agriculture, Phase I Water Construction, Principal and Interest Payments of \$47,338 Payable on May 2 and November 2 Semi-Annually, Interest at 4.25%, Due November, 2049	\$ 1,554,325	\$ 0	\$ 28,888	\$ 1,525,437
Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of \$69,219 in Total Payable December 1 Annually, 0% Interest, Due December, 2046. This is the Water Fund Portion of the Bond.	1,121,218	0	43,123	1,078,095
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Planning Project, Authorized to \$534,600, Principal Payments of \$106,920 Payable on January 1 Annually Beginning January 1, 2026, 0% Interest, Due January, 2030	534,600	0	0	534,600
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Planning Project, Authorized to \$25,700, but Eligible for \$25,700 Subsidy, The Town Recognized the Remaining \$10,700 of the Subsidy during the Year.	10,700	0	10,700	0
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Planning Project, Authorized to \$2,842,370, but Eligible for \$2,131,778 Subsidy, Principal Payments of \$17,765 Payable on December 1 Annually Beginning December 1, 2023, 0% Interest, Due December, 2062. The Town Recognized \$433,717 of the Subsidy during the Year.	25,239	578,289	433,717	169,811
Bond Payable, U.S. Department of Agriculture, Water System Improvements, Principal and Interest Payments of \$4,764 Payable on March 19 and September 19 Semi-Annually, Interest at 2.625%, Due September, 2048	226,378	0	3,609	222,769

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, U.S. Department of Agriculture, Water System Improvements, Principal and Interest Payments of \$9,192 Payable on May 20 and November 20 Semi-Annually, Interest at 1.25%, Due November, 2060	\$ 571,414	\$ 0	\$ 11,276	\$ 560,138
Total Water Fund	<u>6,179,906</u>	<u>578,289</u>	<u>710,941</u>	<u>6,047,254</u>

Sewer Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Sewer System Expansion, Principal Payments Ranging from \$160,000 to \$255,000 in Total Payable on December 1 Annually, Interest Rates Ranging from 2% to 2.55% Payable on June 1 and December 1, Due December, 2024. This is the Sewer Fund Portion of the Bond.	357,700	0	122,500	235,200
Bond Payable, U.S. Department of Agriculture, Westside Project, Principal and Interest Payments of \$102,832 in Total Payable on June 15 and December 15 Semi-Annually, Interest at 2.25%, Due December, 2041. This is the Sewer Fund Portion of the Bond.	470,761	0	18,303	452,458
Bond Payable, State of Vermont Special Environmental Revolving Fund, Westside South Project, Principal Payments of \$56,676 Payable on August 1 Annually, 0% Interest, Due August, 2028	453,411	0	56,676	396,735
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Planning Project, Principal Payments of \$33,405 Payable on August 1 Annually, 0% Interest, Due August, 2030	334,049	0	33,405	300,644
Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of \$174,811 in Total Payable December 1 Annually, 0% Interest, Due December, 2036. This is the Sewer Portion of the Bond.	1,104,810	0	69,050	1,035,760

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, U.S. Department of Agriculture, Sewer Pump, Principal and Interest Payments of \$18,369 Payable on August 1 and February 1 Semi-Annually, Interest at 2.75%, Due August 1, 2047	\$ 679,013	\$ 0	\$ 18,189	\$ 660,824
Bond Payable, U.S. Department of Agriculture, Sewer System Improvements, Principal and Interest Payments of \$70,829 Payable on May 26 and November 26 Semi-Annually, Interest at 2.625%, Due November, 2048	2,761,696	0	69,617	2,692,079
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Improvements, Authorized to \$1,740,587, but Eligible for \$728,264 Subsidy, Principal and Administrative Fee Payments of \$45,200 Payable on July 1 Annually Beginning July 1, 2023, 2% Administrative Fee, Due July, 2052. The Town Recognized \$283,090 of the Subsidy during the Year.	176,269	695,492	283,090	588,671
Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Long-term Control Project, Authorized to \$236,230, but Eligible for \$200,000 Subsidy, Principal Payments of \$7,246 Payable on May 1 Annually Beginning May 1, 2026, 0% Interest, Due May, 2030. The Town Recognized \$70,311 of the Subsidy during the Year.	19,409	83,110	70,311	32,208
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Improvements, Authorized to \$40,300, but Eligible for \$20,150 Subsidy, Principal Payments of \$4,030 Payable on October 1 Annually Beginning October 1, 2026, 0% Interest, Due October, 2030. The Town Recognized \$18,135 of the Subsidy during the Year.	0	36,270	18,135	18,135

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Evaluation, Authorized to \$150,000, but Eligible for \$75,000 Subsidy, Principal Payments of \$7,500 Payable on October 1 Annually Beginning October 1, 2026, 0% Interest, Due October, 2035. The Town Recognized \$34,674 of the Subsidy during the Year.	\$ <u>0</u>	\$ <u>69,348</u>	\$ <u>34,674</u>	\$ <u>34,674</u>
Total Sewer Fund	<u>6,357,118</u>	<u>884,220</u>	<u>793,950</u>	<u>6,447,388</u>
Total Business-type Activities	<u>\$12,537,024</u>	<u>\$1,462,509</u>	<u>\$1,504,891</u>	<u>\$12,494,642</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 5,259,090	\$ 0	\$ 284,221	\$ 4,974,869	\$ 286,085
Notes Payable	529,783	304,451	252,697	581,537	254,894
Compensated Absences Payable	152,530	7,026	0	159,556	0
Net Pension Liability - VMERS	1,460,826	0	626,991	833,835	0
Net Pension Liability - Town Pension Plan	1,699,533	0	478,097	1,221,436	0
Industrial Park Liability	<u>94,902</u>	<u>0</u>	<u>8,196</u>	<u>86,706</u>	<u>10,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 9,196,664</u>	<u>\$ 311,477</u>	<u>\$ 1,650,202</u>	<u>\$ 7,857,939</u>	<u>\$ 550,979</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 12,537,024	\$ 1,462,509	\$ 1,504,891	\$ 12,494,642	\$ 569,859
Compensated Absences Payable	7,366	253	0	7,619	0
Net Pension Liability - Town Pension Plan	<u>126,940</u>	<u>0</u>	<u>38,400</u>	<u>88,540</u>	<u>0</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 12,671,330</u>	<u>\$ 1,462,762</u>	<u>\$ 1,543,291</u>	<u>\$ 12,590,801</u>	<u>\$ 569,859</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 540,979	\$ 85,914	\$ 569,859	\$ 225,789
2024	418,865	75,450	618,337	237,640
2025	423,384	68,187	624,767	209,956
2026	354,258	60,741	585,551	175,373
2027	293,971	54,654	603,893	217,171
2028-2032	1,502,077	192,344	2,676,714	976,443
2033-2037	1,210,411	96,716	2,174,300	773,226
2038-2042	681,986	31,481	2,016,603	537,660
2043-2047	130,475	0	1,752,547	256,182
2048-2052	0	0	668,298	47,828
2053-2057	0	0	127,773	11,787
2058-2061	0	0	76,000	2,400
Total	\$ 5,556,406	\$ 665,487	\$ 12,494,642	\$ 3,671,455

J. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Selectmen's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

TOWN OF ST. JOHNSBURY, VERMONT
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When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town’s policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

General Fund:	
Nonspendable Prepaid Items	\$ 481

Non-Major Funds

Permanent Funds:	
Nonspendable Goss Hollow Cemetery Fund Principal	5,161
Total Nonspendable Fund Balances	<u>\$5,642</u>

The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:	
Restricted for Knob Property Expenditures by Donations (Source of Revenue is Donations)	\$ <u>15,848</u>

Special Services Fund:	
Restricted for Public Safety Expenditures by Charter (Source of Revenue is Property Taxes)	<u>277,732</u>

Grant Fund:	
Restricted for Grant Expenditures by Grant Agreements (Source of Revenue is Grant Revenue)	<u>4,036</u>

Non-Major Funds

Special Revenue Fund:	
Restricted for Grove Cemetery Expenses by Donations (Source of Revenue is Donations)	209,696

Permanent Fund:	
Restricted for Goss Hollow Cemetery Expenses by Trust Agreement – Expendable Portion	<u>1,176</u>

Total Non-Major Funds	<u>210,872</u>
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Total Restricted Fund Balances	<u>\$508,488</u>
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TOWN OF ST. JOHNSBURY, VERMONT
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The fund balance in the following fund is committed as follows:

Major Funds

Highway Fund:

Committed for Highway Expenditures by the Voters	<u>\$1,185,720</u>
Total Committed Fund Balances	<u>\$1,185,720</u>

The fund balance in the following fund is assigned as follows:

Major Funds

General Fund:

Assigned for Fire Equipment Reserve	\$110,622
Assigned for Municipal Building Reserve	68,020
Assigned for Records Restoration Reserve	39,561
Assigned for Economic Development Reserve	88,333
Assigned for Fountain Fund Reserve	20,302
Assigned for Revaluation Reserve	98,776
Assigned for Dispatch Equipment	30,000
Assigned for Pomerleau Building Reserve	63,802
Assigned for Fire Department Catastrophic Reserve	25,000
Assigned for Dispatch Move Reserve	25,000
Assigned for Armory Reserve	10,000
Assigned for Housing Development Reserve	70,000
Assigned for Recreation Department Reserve	<u>9,428</u>
Total Assigned Fund Balances	<u>\$658,844</u>

K. Net Position

The restricted net position of the governmental activities as of June 30, 2022 consisted of the following:

Governmental Activities:

Restricted for Knob Property Expenditures by Donations	\$ 15,848
Restricted for Public Safety Expenditures by Charter	277,732
Restricted for Grant Expenditures by Grant Agreements	4,148
Restricted for Grove Cemetery by Donations	209,696
Restricted for Goss Hollow Cemetery by Trust Agreement – Nonexpendable Portion	5,161
Restricted for Goss Hollow Cemetery by Trust Agreement – Expendable Portion	<u>1,176</u>
Total Governmental Activities	<u>\$513,761</u>

TOWN OF ST. JOHNSBURY, VERMONT
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The designated net position of the Town as of June 30, 2022 consisted of the following:

Business-type Activities:

Water Fund:	
Designated for Water Capital	\$224,469
Sewer Fund:	
Designated for Sewer Capital	<u>382,918</u>
Total Business-type Activities	<u>\$607,387</u>

V. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plans

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2021, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

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

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

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.

TOWN OF ST. JOHNSBURY, VERMONT
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.5665% resulting in a net pension liability of \$833,835. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.5665% was a decrease of 0.011 from its proportion measured as of the prior year.

For the year ended June 30, 2022, the Town recognized pension expense of \$204,427.

As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 155,412	\$ 0
Difference between projected and actual investment earnings on pension assets	0	491,652
Changes in assumptions	131,800	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,853	15,706
Town's required employer contributions made subsequent to the measurement date	147,673	0
	\$ 464,738	\$ 507,358

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$147,673 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF ST. JOHNSBURY, VERMONT
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Year Ending <u>June 30</u>	
2023	\$ 7,675
2024	(10,903)
2025	(50,479)
2026	<u>(136,586)</u>
Total	<u>\$(190,293)</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Groups B and C.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Groups A and B members, and payable without reduction to Group D members.

TOWN OF ST. JOHNSBURY, VERMONT
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Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

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

Death Benefit:

Eligibility – Death after five (5) years of service.

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

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Member Contributions – Group A – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

Employer Contributions – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

TOWN OF ST. JOHNSBURY, VERMONT
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Significant Actuarial Assumptions and Methods

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

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

Mortality:

Pre-Retirement: Groups A, B and C – 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

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

Healthy Post-retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Groups B, C and D members.

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

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

Inflation: 2.30%

TOWN OF ST. JOHNSBURY, VERMONT
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Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	5.05%
Active Global Equities	5%	5.05%
Large Cap US Equities	4%	4.00%
Small/Mid Cap US Equities	3%	4.50%
Non-US Developed Market Equities	7%	5.50%
Private Equity	10%	6.75%
Emerging Market Debt	4%	3.00%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	5.75%
Core Fixed Income	19%	0.00%
Core Real Estate	4%	3.75%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	3%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,648,122	\$833,835	\$164,252

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

The Town of St. Johnsbury Retirement Plan

Plan Description

The Town of St. Johnsbury Retirement Plan is a single employer defined benefit pension plan administered by the Town of St. Johnsbury. The Town of St. Johnsbury Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Town of St. Johnsbury established and may amend benefit provisions of the plan. The plan does not issue stand-alone financial statements. The plan covers all employees of the Town who work at least 1,000 hours on a twelve (12) month consecutive period and who agree to make minimum contributions. Effective July 1, 2016, the Town stopped allowing new participants to enter the plan.

The most recent collective bargaining agreement requires all DPW employees to transition to VMERS by July 1, 2023.

Funding Policy

The Plan requires members of the Public Works Department to contribute 4% and members of the Police and Dispatch Departments to contribute 5% of base salary. The total actuarially determined contribution to the system for 2022 was \$181,586 which was computed through an actuarial valuation performed as of January 1, 2021, however the Town contributed \$181,965.

As of January 1, 2022, there were 14 active members, 3 inactive members and 50 retirees and beneficiaries. Additionally, there are 26 former employees with vested rights.

The market value of plan assets maintained at Fidelity Wealth Management is \$9,690,868 as of June 30, 2022.

TOWN OF ST. JOHNSBURY, VERMONT
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Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

As of January 1, 2022, the measurement date selected by the Town of St. Johnsbury, the pension was funded at 90.04% and had a plan fiduciary net position of \$11,848,721 and a total pension liability of \$13,158,697 resulting in a net pension liability of \$1,309,976. The net pension liability was measured as of January 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2022, the Town recognized pension expense of \$23,300.

As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings on pension assets	\$ <u>223,946</u>	\$ <u>1,007,258</u>
	\$ <u>223,946</u>	\$ <u>1,007,258</u>

The deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2023	\$(139,961)
2024	(363,905)
2025	(160,236)
2026	<u>(119,210)</u>
Total	<u>\$(783,312)</u>

Significant Actuarial Assumptions and Methods

The mortality table changed from the Pri-2012 Total Dataset Generational Mortality, projected with MP-2020 to the Pri-2012 Total Dataset Generational Mortality, projected with MP-2021.

The system uses the level dollar closed method to amortize the unfunded accrued liability over a twenty (20) year period. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are as follows:

Actuarial Cost Method	Individual Entry Age
Asset Valuation Method	Market Value
Investment Rate of Return	6.5%
Salary increases	3.75%
COLA Adjustment	None
Mortality Table	Pri-2012 Total Dataset Generational Mortality, projected with MP-2021.

TOWN OF ST. JOHNSBURY, VERMONT
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Summary of Plan Provisions

Benefits

Normal Retirement Benefits

Normal Retirement Benefit	Benefit Formula: 2% of Average Compensation per year of credited service Maximum total years of service: 35
Average Compensation	Average Compensation over the 3 highest consecutive years of service
Vested Retirement Benefit	Vesting Schedule: Cliff vesting (100% after 5 years) Computation period: Plan years Based on periods of service rounded to the nearest year
Accrued Retirement Benefit	Units accrued to date

Form of Payment

The normal form of pension is a single life annuity with monthly payments commencing on the member's retirement date.

Early Retirement Benefit

Early Retirement Benefit	Accrued Retirement Benefit Eligibility Requirements: Minimum years of service: 10 Minimum age: 55
Benefit Commencement Date	Benefit Adjustment: The benefit is actuarially reduced for each year by which retirement age precedes normal retirement age, or if retirement is after normal retirement, the benefit is the greater of the in-service benefit as of the retirement date and the normal retirement benefit actuarially increased to the retirement date. The Early Retirement Benefit is unreduced with 25 years of service

TOWN OF ST. JOHNSBURY, VERMONT
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Termination Benefit

Termination of Employment An employee who terminates from service prior to attaining retirement age, other than due to becoming disabled, shall be entitled to receive the vested portion of the accrued benefit upon meeting the requirements for early or normal retirement. A vested participant may elect to withdraw their employee contribution account on separation from service in return for a reduced accrued benefit payable at retirement age.

An employee who terminates from service prior to attaining retirement age and is not vested shall receive a distribution of their employee contribution account.

Death Benefit

Pre-Retirement Death Benefit Lump sum payable on death of participant
 Qualified pre-retirement survivor annuity payable to the surviving spouse, unless waived with spousal consent.

Benefit Amount 100% present value of accrued benefit

Disability Benefit

Disability Benefit Monthly benefit for life
 Benefit Amount: 1 times the current monthly accrued retirement benefit provided the participant has 10 years of service.

Investment Policy

The investment policy was approved by the Retirement Plan Committee. The investment policy is described in Note IV.A.

Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent and represents the long-term expected rate of return on pension plan investments based on the current allocation of assets.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's net pension liability calculated using the discount rate of 6.5 percent, as well as what the liability would be if it were calculated using a discount rate that is one percent lower (5.5%) or one percent higher (7.5%):

<u>1% Decrease (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
\$2,837,954	\$1,309,976	\$32,981

TOWN OF ST. JOHNSBURY, VERMONT
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Changes in the Net Pension Liability

The change in the Net Pension Liability for the Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2021	\$ 13,130,936	\$ 11,304,463	\$ 1,826,473
Changes for the year:			
Service cost	72,792	0	72,792
Interest	832,838	0	832,838
Difference between expected and actual experience	61,966	0	61,966
Changes in assumptions	24,603	0	24,603
Contributions - employer	0	181,965	(181,965)
Contributions - members	0	43,828	(43,828)
Net investment income	0	1,315,703	(1,315,703)
Administrative expenses	0	(32,800)	32,800
Benefit payments, including refunds of member contributions	(964,438)	(964,438)	0
Net changes	<u>27,761</u>	<u>544,258</u>	<u>(516,497)</u>
Balances at December 31, 2021	<u>\$ 13,158,697</u>	<u>\$ 11,848,721</u>	<u>\$ 1,309,976</u>

B. Contingent Liabilities

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

TOWN OF ST. JOHNSBURY, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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D. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. During the tax year ended June 30, 2022, taxes became due and payable on October 15, 2021 and March 15, 2022. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.4048	1.6273
General	0.4682	0.4682
Appropriations	0.0606	0.0606
Highway	0.4715	0.4715
Special Services District	0.6029	0.6029
Local Agreement	<u>0.0025</u>	<u>0.0025</u>
Total	<u>3.0105</u>	<u>3.2330</u>

E. Building Lease

In April, 2022, the Town of St. Johnsbury entered into a lease agreement with Northern Community Investment Corporation Inc. (NCIC) to commence on July 1, 2022. The Town will lease the second floor of the Pomerleau building at 51 Depot Square to NCIC for five (5) years with payments due monthly. NCIC will have the option to renew the lease at the end of the original term for one additional term of five (5) years. Building lease revenue during the year from NCIC was \$50,175.

Future building lease revenue from NCIC is as follows:

2023	\$ 50,175
2024	50,175
2025	50,175
2026	50,175
2027	<u>50,175</u>
	<u>\$250,875</u>

F. Property Tax Stabilization Agreements

The Town enters into property tax stabilization agreements with local businesses pursuant to Section 2741 of Title 24, Vermont Statutes Annotated. The Board of Selectmen under certain conditions may enter into contracts with new and existing owners, lessees or operators of industrial and commercial real and personal property for the purpose, among others, of fixing and maintaining the valuation of the of the real personal property of such persons for a period of up to ten years to provide incentives to foster sustainable business development. The specific goals of the program are: 1) to create jobs, 2) increase the tax base 3) increase economic activity in the Town, and 4) address vacant and blighted property.

TOWN OF ST. JOHNSBURY, VERMONT
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Stabilization shall be considered for:

1. Construction and/or renovation of new commercial or industrial property.
2. Occupying vacant commercial property.
3. Renovation of blighted or vacant property into industrial/commercial use.
4. New machinery and equipment only if it is considered “Real Property”.

When considering a tax stabilization request, the Board of Selectmen shall review the following criteria:

1. The number of full time-permanent jobs to be created.
2. The number of part-time permanent jobs to be created.
3. The number of temporary full and part-time jobs to be created.
4. The total investment in buildings, machinery, and equipment by the business.
5. The impact to the overall tax base. Specifically, the increase in the Grand List for the potentially stabilized property.
6. The financial stability and condition of the applicant at the time of application.
7. Whether the project is new or existing property.
8. Whether the project addresses a vacant and/or blighted property.

Special Consideration: The Town of St. Johnsbury may offer special consideration to any businesses meeting the following criteria: 1) creating permanent full-time jobs, 2) offer wages and benefits at or above the average for that sector as determined by the latest data available through the Department of Employment and Training, 3) increase the grand list for the Town, 4) make improvements to vacant or blighted properties.

Annual reporting will be required by the company participating in a tax stabilization agreement to ensure that employment and economic impact thresholds are being met. Employment and economic impact threshold must be maintained in order to continue with the scheduled tax stabilization.

During the year ended June 30, 2022, the Town had four (4) active stabilization agreements. The total reduction of taxes was \$15,246.

G. Subsequent Events

Subsequent to year-end, the Town will receive the second half of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funds in the amount of \$1,069,707.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,361,091	\$ 2,494,573	\$ 133,482
Special Appropriation Tax	305,570	305,570	0
Delinquent Tax Penalties	35,000	51,829	16,829
Interest on Delinquent Taxes	35,000	49,074	14,074
Education Billing Fee Retained	15,000	15,909	909
VT Pilot Payments	98,000	124,386	26,386
Hold Harmless VT Payments	42,000	54,198	12,198
State Parcel Payment	26,000	25,798	(202)
Beverage Licenses	4,000	3,880	(120)
Dog Licenses	3,200	6,949	3,749
Zoning Permits	3,000	5,205	2,205
Housing Fees	42,000	42,908	908
Fines for Blighted Property	10,000	0	(10,000)
Vendor Permits	100	15	(85)
Transfer Station Reimbursements	1,600	2,311	711
Dumpster Reimbursement - St. Johnsbury Athenaeum	800	840	40
Overweight Permits	500	490	(10)
Dispatch Services	290,800	293,100	2,300
Fire Department Services	50,000	51,371	1,371
Fire Department Donations	0	109	109
Listers' Services	3,000	3,035	35
Town Clerk's Fees	75,000	78,982	3,982
Records Restoration	17,000	19,614	2,614
Interest and Dividends	27,000	41,817	14,817
Transfer from Economic Development Reserve	75,000	75,000	0
Pomerleau Building 2nd Floor Rent	37,631	50,175	12,544
Pomerleau Building 3rd Floor Rent	7,200	0	(7,200)
Transfer to Town Manager	45,609	45,609	0
Transfer to Town Clerk	4,243	4,243	0
Transfer to Treasurer	78,000	78,000	0
Transfer to Dispatch	176,206	176,206	0
Sale of Equipment	0	7,200	7,200
Insurance Proceeds	0	24,319	24,319
Knob Property Donation	0	15,858	15,858
Miscellaneous	0	3,712	3,712
Total Revenues	<u>3,869,550</u>	<u>4,152,285</u>	<u>282,735</u>

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TOWN OF ST. JOHNSBURY, VERMONT
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STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
Town Manager's Office:			
Regular Salaries	\$ 292,211	\$ 299,484	\$ (7,273)
Social Security	22,354	21,968	386
Group Insurance	63,070	58,150	4,920
HBA Expense	10,000	12,982	(2,982)
Workman's Compensation	293	448	(155)
VMERS	18,263	18,283	(20)
Unemployment Compensation	928	904	24
Office Supplies	3,500	4,481	(981)
Training	600	1,241	(641)
Postage	100	309	(209)
Advertising	100	436	(336)
Printing	2,000	2,300	(300)
New Equipment	1,000	2,444	(1,444)
Gas, Oil, Mileage	800	8	792
Telephone	3,000	3,823	(823)
Contracted Services	3,000	3,266	(266)
Dues	500	659	(159)
	<u>421,719</u>	<u>431,186</u>	<u>(9,467)</u>
Total Town Manager's Office			
Town Clerk's Office:			
Regular Salaries	70,936	75,175	(4,239)
Overtime Pay	900	291	609
Social Security	5,495	5,839	(344)
Group Insurance	6,658	10,609	(3,951)
HBA Expense	2,000	1,631	369
Workman's Compensation	146	205	(59)
Retirement Contributions	2,438	2,063	375
VMERS	3,762	3,948	(186)
Unemployment Compensation	463	452	11
Recording Supplies	1,000	310	690
Training	400	354	46
Office Supplies	2,500	2,369	131
Postage	2,500	1,740	760
Advertising	100	329	(229)
New Equipment	1,000	0	1,000
Transfer to Records Restoration Reserve	8,500	8,500	0
Gas, Oil & Mileage	300	44	256
Telephone	1,800	2,814	(1,014)
Contracted Services	20,000	14,899	5,101
Repair & Maintenance Services	400	272	128
Dues	50	73	(23)
	<u>131,348</u>	<u>131,917</u>	<u>(569)</u>
Total Town Clerk's Office			

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TOWN OF ST. JOHNSBURY, VERMONT
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Treasurer's Office:			
Regular Salaries	\$ 70,936	\$ 72,238	\$ (1,302)
Overtime Pay	900	132	768
Social Security	5,495	5,599	(104)
Group Insurance	6,658	11,862	(5,204)
HBA Expense	2,000	1,867	133
Workman's Compensation	146	205	(59)
Retirement Contributions	2,438	2,063	375
VMERS	3,762	3,690	72
Unemployment Compensation	464	452	12
Office Supplies	1,000	967	33
Training	400	342	58
Postage	2,500	2,475	25
Advertising	200	312	(112)
New Equipment	500	0	500
Gas, Oil & Mileage	200	44	156
Contracted Services	2,000	900	1,100
Repair & Maintenance Services	200	243	(43)
Dues	50	38	12
	<u>99,849</u>	<u>103,429</u>	<u>(3,580)</u>
Total Town Treasurer's Office			
Board of Civil Authority:			
Regular Salaries	2,000	0	2,000
Social Security	153	0	153
Office Supplies	200	152	48
Training	100	0	100
Postage	1,000	346	654
Advertising	200	24	176
Contracted Services	4,000	2,707	1,293
	<u>7,653</u>	<u>3,229</u>	<u>4,424</u>
Total Board of Civil Authority			

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TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Assessor's Office:			
Regular Salaries	\$ 26,978	\$ 27,493	\$ (515)
Social Security	2,064	1,999	65
Group Insurance	8,783	8,421	362
HBA Expense	0	4,284	(4,284)
Retirement Contributions	6,121	5,181	940
Workman's Compensation	106	91	15
Unemployment Compensation	232	226	6
Office Supplies	200	73	127
Training	400	0	400
Postage	400	178	222
Advertising	100	0	100
Mileage	0	13	(13)
Transfer to Reappraisal Reserve	27,500	27,500	0
Telephone	300	635	(335)
Contracted Services	45,800	42,426	3,374
Repair & Maintenance Services	0	40	(40)
	<u>118,984</u>	<u>118,560</u>	<u>424</u>
Total Assessor's Office			
Economic Development:			
Office Supplies	200	213	(13)
Advertising	0	582	(582)
Travel & Mileage	1,500	171	1,329
Housing Grants	0	5,868	(5,868)
Armory Project	75,000	128,436	(53,436)
Designated Downtown	12,500	12,500	0
NVDA Dues	3,500	3,500	0
Industrial Park Taxes	61,000	59,120	1,880
Transfer to Housing Development Reserve	20,000	20,000	0
Transfer to Economic Development Reserve	32,500	32,500	0
	<u>206,200</u>	<u>262,890</u>	<u>(56,690)</u>
Total Economic Development			

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TOWN OF ST. JOHNSBURY, VERMONT
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Zoning Board & Planning Commission:			
Regular Salaries	\$ 34,214	\$ 32,890	\$ 1,324
Social Security	2,617	2,516	101
Workman's Compensation	106	128	(22)
Unemployment Compensation	232	171	61
Office Supplies	400	465	(65)
Training	200	84	116
Postage	400	1,167	(767)
Advertising	4,000	3,918	82
New Equipment	0	1,111	(1,111)
Gas, Oil, Mileage	600	625	(25)
Telephone	0	587	(587)
Professional Services	2,000	1,150	850
Planning Grant Expenses	<u>0</u>	<u>3,000</u>	<u>(3,000)</u>
Total Zoning Board & Planning Commission	<u>44,769</u>	<u>47,812</u>	<u>(3,043)</u>
Public Safety Building:			
Heating Fuel	9,500	9,020	480
Public Utility Services	12,500	11,721	779
Waste Disposal Services	2,200	2,419	(219)
Contracted Services	15,000	14,506	494
Repair & Maintenance Supplies	8,000	26,262	(18,262)
Transfer to Public Safety Building Reserve	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Public Safety Building	<u>52,200</u>	<u>68,928</u>	<u>(16,728)</u>
Community Center - Armory:			
Contracted Services	10,000	0	10,000
Transfer to Armory Reserve	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Community Center - Armory	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>
Dog Control:			
Contracted Services	<u>1,000</u>	<u>435</u>	<u>565</u>
Total Dog Control	<u>1,000</u>	<u>435</u>	<u>565</u>
Board of Selectmen:			
Salaries	6,400	6,400	0
Social Security	490	490	0
Training	<u>100</u>	<u>160</u>	<u>(60)</u>
Total Board of Selectmen	<u>6,990</u>	<u>7,050</u>	<u>(60)</u>

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TOWN OF ST. JOHNSBURY, VERMONT
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Dispatch Center:			
Regular Salaries	\$ 308,247	\$ 297,294	\$ 10,953
Overtime Pay	40,000	61,489	(21,489)
Social Security	26,641	26,596	45
Group Insurance	94,631	75,704	18,927
HBA Expense	8,000	11,718	(3,718)
Workman's Compensation	511	709	(198)
Retirement Contributions	21,253	17,987	3,266
VMERS	14,435	22,241	(7,806)
Unemployment Compensation	1,625	1,582	43
Office Supplies	2,000	3,022	(1,022)
Training Supplies	1,000	993	7
Postage	100	63	37
New Equipment	10,000	8,559	1,441
Mileage	250	738	(488)
Uniforms	800	667	133
Telephone	7,700	11,456	(3,756)
Contracted Services	11,000	9,699	1,301
Repair & Maintenance Services	6,000	1,837	4,163
Transfer to Dispatch Equipment Reserve	5,000	5,000	0
	<u>559,193</u>	<u>557,354</u>	<u>1,839</u>
Total Dispatch Center			
Fire Department:			
Regular Salaries	650,345	509,767	140,578
Overtime Pay	35,000	79,466	(44,466)
Social Security	52,429	44,357	8,072
Group Insurance	180,578	117,481	63,097
HBA Expense	18,000	7,929	10,071
Workman's Compensation	75,647	46,786	28,861
Retirement Contributions	68,607	58,066	10,541
VMERS	25,333	26,185	(852)
Unemployment Compensation	2,228	2,338	(110)
Office Supplies	2,180	2,865	(685)
Training Supplies	13,100	3,881	9,219
Postage	250	102	148
Advertising	0	1,200	(1,200)
New Equipment	30,000	72,645	(42,645)
Gas, Oil & Mileage	9,450	13,354	(3,904)
Uniforms	11,136	5,431	5,705
Telephone	2,650	3,164	(514)
Heating Fuel	2,500	1,668	832
Public Utility Services	820	786	34
Contracted Services	31,338	127,420	(96,082)
Supplies	11,000	8,246	2,754
Repair & Maintenance Services	11,150	59,406	(48,256)
Motor Vehicle Supplies	4,000	565	3,435
Alarm System Supplies	2,500	1,367	1,133
Enhanced Call Department	3,500	0	3,500
COVID-19 Expenses	0	62	(62)
	<u>1,243,741</u>	<u>1,194,537</u>	<u>49,204</u>
Total Fire Department			

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TOWN OF ST. JOHNSBURY, VERMONT
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STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Solid Waste:			
Waste & Disposal Services	\$ 25,000	\$ 22,559	\$ 2,441
Contracted Services	5,000	5,150	(150)
Total Solid Waste	30,000	27,709	2,291
Pomerleau Building:			
Heating Fuel	10,000	10,979	(979)
Public Utility Services	14,000	9,124	4,876
Waste Disposal Services	2,000	1,915	85
Contracted Services	35,000	39,161	(4,161)
Bond Principal	70,000	70,000	0
Bond Interest	30,875	30,875	0
Repair & Maintenance Supplies	3,500	1,388	2,112
Building Taxes	26,000	12,825	13,175
New Equipment	0	20,698	(20,698)
Total Pomerleau Building	191,375	196,965	(5,590)
General Expenses:			
Public Utility Services	1,800	1,001	799
Internet Expense	29,026	23,469	5,557
Web Site Expense	6,500	5,142	1,358
IT Upgrades	34,960	7,291	27,669
Contracted Services	5,500	11,318	(5,818)
Audit	6,280	6,167	113
Legal Services	25,000	25,202	(202)
Legal Services - Tax Sale	0	6,151	(6,151)
Judgments & Losses	0	4,684	(4,684)
VLCT Dues	11,000	10,564	436
Community Justice Center	5,000	5,000	0
Property & Liability Insurance	51,826	53,142	(1,316)
Health Insurance Account Expense	3,000	2,265	735
County Taxes	58,357	58,357	0
Ambulance Service Contract	152,060	152,060	0
Cemetery Expenses	28,650	11,984	16,666
Transfer to Recreation Fund	10,000	10,000	0
Total General Expenses	428,959	393,797	35,162

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TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Special Appropriations:			
American Red Cross	\$ 1,800	\$ 1,800	\$ 0
Area Agency on Aging	7,200	7,200	0
Caledonia Home Health Care and Hospice	18,382	18,382	0
Catamount Arts	5,000	5,000	0
First Night	3,000	3,000	0
Fairbanks Museum	63,000	63,000	0
Good Living Senior Center	20,000	20,000	0
Kingdom Animal Shelter	2,000	2,000	0
NEK Human Services	7,983	7,983	0
NEK Youth Services	5,500	5,500	0
Retired Senior Volunteer Program	810	810	0
Rural Community Transportation	13,050	13,050	0
Sash Program	2,000	2,000	0
St. Johnsbury Athenaeum	115,000	115,000	0
St. Johnsbury Town Band	770	770	0
St. Johnsbury Kiwanis Club Pool	19,900	19,900	0
St. Johnsbury Nutritional Center	10,000	10,000	0
Umbrella	9,500	9,500	0
VT Association for the Blind	675	675	0
Total Special Appropriations	<u>305,570</u>	<u>305,570</u>	<u>0</u>
Total Expenditures	<u>3,869,550</u>	<u>3,861,368</u>	<u>8,182</u>
Excess of Revenues Over Expenditures	<u>\$ 0</u>	290,917	<u>\$ 290,917</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Parking Meter Fund Income		42,704	
Parking Meter Fund Expenses		(28,219)	
Parking Meter Fund Transfer Out		(34,852)	
Recreation Fund Transfer In		10,000	
Recreation Fund Expenses		(10,000)	
Unbudgeted Transfer from ARPA Fund		1,069,707	
Transfer from Economic Development Reserve		(75,000)	
Transfer to Records Restoration Reserve		8,500	
Transfer to Reappraisal Reserve		27,500	
Transfer to Housing Development Reserve		20,000	
Transfer to Economic Development Reserve		32,500	
Transfer to Public Safety Building Reserve		5,000	
Transfer to Armory Reserve		10,000	
Transfer to Dispatch Equipment Reserve		<u>5,000</u>	
Net Change in Fund Balance		1,373,757	
Fund Balance - July 1, 2021		<u>1,454,790</u>	
Fund Balance - June 30, 2022		<u>\$ 2,828,547</u>	

The reconciling items are due to combining two (2) funds, the Parking Meter Fund and the Recreation Fund, with the General Fund in order to comply with GASB Statement No. 54, unbudgeted transfers and transfers from and to reserve accounts.

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BUDGET AND ACTUAL - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,377,774	\$ 2,377,774	\$ 0
VT Pilot Payment	60,000	68,929	8,929
Hold Harmless VT Payment	26,000	33,140	7,140
State Aid Class I Highways	53,000	55,185	2,185
State Aid Class II Highways	46,000	47,862	1,862
State Aid Class III Highways	125,000	130,536	5,536
State Aid Lane Mileage	250	247	(3)
State Aid Highway Supplement	0	25,853	25,853
Highway Department Services	0	2,089	2,089
Transfer from Water Fund	139,750	139,750	0
Transfer from Sewer Fund	97,750	97,750	0
Transfer from General Fund	15,600	0	(15,600)
Better Back Roads Grant Income	50,000	0	(50,000)
Special Programs Grant Income	0	50,000	50,000
Sale of Equipment	0	6,200	6,200
Sale of Materials	0	1,188	1,188
Proceeds from Long-term Debt	0	304,451	304,451
Total Revenues	2,991,124	3,340,954	349,830
Expenditures:			
Highway Garage & Equipment:			
Regular Salaries	58,238	38,716	19,522
Overtime Pay	5,000	933	4,067
Social Security	4,838	2,813	2,025
Group Insurance	23,586	12,475	11,111
HBA Expense	5,000	2,258	2,742
Workman's Compensation	2,423	1,667	756
Retirement Contributions	13,169	11,145	2,024
VMERS	0	1,879	(1,879)
Unemployment Compensation	249	241	8
Office Supplies	2,000	852	1,148
Training	3,000	1,131	1,869
Advertising	0	40	(40)
New Equipment	10,000	11,376	(1,376)
New Tools	5,000	2,259	2,741
Gas & Oil for Equipment	75,000	97,704	(22,704)
Uniforms	6,500	5,275	1,225
Telephone	2,500	2,627	(127)
Heating Fuel	7,500	10,026	(2,526)
Public Utility Services	8,500	9,190	(690)
Waste Disposal Services	5,500	6,721	(1,221)
Contracted Services	6,500	4,197	2,303
Rentals	13,000	0	13,000
Repairs to Equipment	74,000	63,767	10,233
Maintenance Supplies	35,000	28,298	6,702
Safety Supplies	3,500	2,318	1,182
DPW Supplies	2,500	2,517	(17)
Outside Repairs	17,000	17,887	(887)
Repairs to Garage	10,000	8,920	1,080
Transfer to Equipment Reserve	10,000	10,000	0
Total Highway Garage & Equipment	409,503	357,232	52,271

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HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Summer Maintenance:			
Regular Salaries	\$ 353,017	\$ 321,156	\$ 31,861
Overtime Pay	20,000	19,291	709
Social Security	28,536	25,420	3,116
Group Insurance	107,540	111,465	(3,925)
HBA Expense	18,000	19,078	(1,078)
Workman's Compensation	16,961	11,879	5,082
Retirement Contributions	28,705	24,294	4,411
VMERS	11,933	12,104	(171)
Unemployment Compensation	1,744	1,684	60
Contracted Services	60,000	78,037	(18,037)
Stormwater Permit Fee - ANR	5,000	2,810	2,190
Materials & Supplies	199,000	186,888	12,112
Maintenance (Paving)	100,000	111,506	(11,506)
	<u>950,436</u>	<u>925,612</u>	<u>24,824</u>
Total Summer Maintenance			
Winter Maintenance:			
Regular Salaries	319,737	317,194	2,543
Overtime Pay	75,000	68,689	6,311
Social Security	30,197	28,181	2,016
Group Insurance	107,540	80,671	26,869
HBA Expense	18,000	13,251	4,749
Workman's Compensation	16,961	11,880	5,081
Retirement Contributions	28,705	24,294	4,411
VMERS	11,933	14,150	(2,217)
Unemployment Compensation	1,744	1,684	60
Contracted Services	0	335	(335)
Materials & Supplies	186,500	146,054	40,446
	<u>796,317</u>	<u>706,383</u>	<u>89,934</u>
Total Winter Maintenance			
Street Safety & Traffic:			
Public Utility Services	90,000	94,320	(4,320)
Railroad St. Parking Lot	771	0	771
Regular Salaries	31,200	21,352	9,848
Social Security	2,387	1,634	753
Contracted Services	3,000	1,499	1,501
Repair & Maintenance Services	1,000	134	866
Materials & Supplies	12,000	4,925	7,075
	<u>140,358</u>	<u>123,864</u>	<u>16,494</u>
Total Street Safety & Traffic			

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Highway Fund:			
Advertising	\$ 200	\$ 0	\$ 200
Audit	6,280	6,167	113
Health Insurance Account Expense	1,800	1,260	540
Contracted Services	1,500	524	976
Engineering Services	15,000	0	15,000
State Stormwater Operating Fee	2,000	1,839	161
Transfer to Sidewalk Reserve	20,000	20,000	0
Transfer to Construction Reserve	5,000	5,000	0
Property & Liability Insurance	25,094	27,943	(2,849)
Industrial Park Taxes	52,000	59,537	(7,537)
Storm Damage Expenses	0	1,349	(1,349)
Eastern Pearl Sidewalk Project	0	162,486	(162,486)
Interest - Westside USDA 93/15	47,204	47,204	0
Principal - Westside USDA 93/15	82,364	82,364	0
CSO Payment	131,857	131,857	0
New Equipment 18-19 Debt Payment	129,943	129,943	0
New Equipment 19-20 Debt Payment	73,728	73,728	0
New Equipment 21-22 Debt Payment	0	63,441	(63,441)
New Equipment	60,000	308,493	(248,493)
Local Share - Bike Path	38,340	0	38,340
Local Share - Portland Street Bridge	0	1,811	(1,811)
Local Share - Town Forest	0	2,000	(2,000)
Internet Expense	2,200	5,959	(3,759)
IT Upgrades	0	2,136	(2,136)
	<u>694,510</u>	<u>1,135,041</u>	<u>(440,531)</u>
Total Highway Fund			
	<u>2,991,124</u>	<u>3,248,132</u>	<u>(257,008)</u>
Total Expenditures			
Excess of Revenues Over Expenditures	<u>\$ 0</u>	92,822	<u>\$ 92,822</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Transfer to Equipment Reserve		10,000	
Transfer to Sidewalk Reserve		20,000	
Transfer to Construction Reserve		<u>5,000</u>	
Net Change in Fund Balance		127,822	
Fund Balance - July 1, 2021		<u>1,057,898</u>	
Fund Balance - June 30, 2022		<u>\$ 1,185,720</u>	

The reconciling items are due to transfers to reserve accounts.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 1,302,368	\$ 1,302,368	\$ 0
VT Pilot Payments	20,000	22,300	2,300
Hold Harmless VT Payments	100	0	(100)
District Court Fines	4,000	11,860	7,860
Report Revenue	1,500	1,974	474
Police Department Services	1,800	3,371	1,571
Fingerprinting Services	25,000	36,075	11,075
SIU Revenue	30,000	30,000	0
Governor's Highway Safety Grant - Salaries	5,000	14,513	9,513
Transfer from Parking Meter Fund	20,000	20,000	0
Donations	0	4,204	4,204
Insurance Proceeds	0	555	555
	<u>1,409,768</u>	<u>1,447,220</u>	<u>37,452</u>
Total Revenues			
Expenditures:			
Police Department:			
Regular Salaries	693,373	603,574	89,799
Overtime Pay	80,000	185,993	(105,993)
Social Security	59,163	58,613	550
Group Insurance	153,463	133,657	19,806
HBA Expense	16,000	17,024	(1,024)
Workman's Compensation	37,447	26,906	10,541
Retirement Contributions	28,719	24,307	4,412
VMERS	36,862	44,048	(7,186)
Unemployment Compensation	2,896	2,968	(72)
Office Supplies	4,200	3,940	260
Training	7,000	1,505	5,495
Postage	400	815	(415)
Advertising	300	0	300
Printing	0	48	(48)
New Equipment	5,000	3,601	1,399
Gas, Oil & Mileage	17,000	21,022	(4,022)
Uniforms	5,000	3,188	1,812
Telephone	3,500	3,343	157
Heating Fuel	3,000	2,896	104
Public Utility Services	3,750	3,907	(157)
Waste Disposal Services	1,200	747	453
Contracted Services	6,450	5,690	760
Ammunition	4,000	4,126	(126)
Repairs to Equipment	1,500	143	1,357
Dues	2,000	835	1,165
Repairs to Cruisers	13,000	9,262	3,738
Investigation Supplies	2,300	1,966	334
Governor's Highway Safety Grant Expenditures	5,000	0	5,000
Transfer to Equipment Reserve	20,000	20,000	0
	<u>1,212,523</u>	<u>1,184,124</u>	<u>28,399</u>
Total Police Department			

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TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Parks & Trees:			
Repair & Maintenance Services	\$ 3,000	\$ 2,212	\$ 788
Portland Street Rink	<u>100</u>	<u>281</u>	<u>(181)</u>
Total Parks & Trees	<u>3,100</u>	<u>2,493</u>	<u>607</u>
Beautification Committee:			
Operating Supplies	15,000	11,904	3,096
Contracted Services	0	650	(650)
Repair & Maintenance Services	<u>1,000</u>	<u>3,308</u>	<u>(2,308)</u>
Total Beautification Committee	<u>16,000</u>	<u>15,862</u>	<u>138</u>
Special Services Fund:			
Audit	6,280	6,167	113
Health Insurance Account Expense	1,000	920	80
Contracted Services	1,500	664	836
Property & Liability Insurance	26,932	27,218	(286)
Internet Expense	6,227	8,759	(2,532)
IT Upgrades	0	2,136	(2,136)
Transfer to Dispatch Services	<u>176,206</u>	<u>176,206</u>	<u>0</u>
Total Special Services Fund	<u>218,145</u>	<u>222,070</u>	<u>(3,925)</u>
Total Expenditures	<u>1,449,768</u>	<u>1,424,549</u>	<u>25,219</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u><u>(40,000)</u></u>	22,671	\$ <u><u>62,671</u></u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Transfer to Equipment Reserve		<u>20,000</u>	
Net Change in Fund Balance		42,671	
Fund Balance - July 1, 2021		<u>235,061</u>	
Fund Balance - June 30, 2022		\$ <u><u>277,732</u></u>	

The reconciling item is due to the transfer to the reserve account.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.5665%	0.5775%	0.5574%	0.5230%	0.5268%	0.4359%	0.3934%	0.3111%
Town's Proportionate Share of the Net Pension Liability	\$ 833,835	\$ 1,460,826	\$ 967,024	\$ 735,681	\$ 638,209	\$ 560,984	\$ 303,298	\$ 28,395
Town's Covered Employee Payroll	\$ 2,074,507	\$ 1,862,450	\$ 1,831,323	\$ 1,672,480	\$ 1,434,846	\$ 1,342,806	\$ 1,046,350	\$ 888,649
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	40.1944%	78.4357%	52.8047%	43.9874%	44.4793%	41.7770%	28.9863%	3.1953%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 147,673	\$ 125,855	\$ 119,214	\$ 107,093	\$ 91,576	\$ 86,026	\$ 66,250	\$ 55,038
Contributions in Relation to the Actuarially Determined Contributions	<u>147,673</u>	<u>125,855</u>	<u>119,214</u>	<u>107,093</u>	<u>91,576</u>	<u>86,026</u>	<u>66,250</u>	<u>55,038</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 2,074,507	\$ 1,862,450	\$ 1,831,323	\$ 1,672,480	\$ 1,434,846	\$ 1,342,806	\$ 1,046,350	\$ 888,649
Contributions as a Percentage of Town's Covered Employee Payroll	7.118%	6.757%	6.510%	6.403%	6.382%	6.406%	6.332%	6.193%

Notes to Schedule

Valuation Date: June 30, 2021

Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PENSION TRUST FUND
 JUNE 30, 2022

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess/ (Deficiency) of Assets Over AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess/ (Deficiency) as a Percentage of Covered Payroll (a-b/c)
1/1/2012	7,743,245	9,912,347	(2,169,102)	78%	1,969,862	-110.1%
1/1/2013	8,208,221	10,075,608	(1,867,387)	81%	1,593,018	-117.2%
1/1/2014	9,217,480	10,311,956	(1,094,476)	89%	1,525,618	-71.7%
1/1/2015	9,362,798	10,800,376	(1,437,578)	87%	1,474,283	-97.5%
1/1/2016	9,117,722	11,282,205	(2,164,483)	81%	1,487,309	-145.5%
1/1/2017	9,668,301	11,670,327	(2,002,026)	83%	1,408,393	-142.1%
1/1/2018	10,541,534	12,074,434	(1,532,900)	87%	1,314,736	-117%
1/1/2019	9,690,615	12,384,325	(2,693,710)	78%	1,103,148	-244%
1/1/2020	10,911,570	13,030,704	(2,119,134)	84%	1,013,837	-209%
1/1/2021	11,304,463	13,130,936	(1,826,473)	86%	1,020,208	-179%
1/1/2022	11,848,721	13,158,697	(1,309,976)	90%	804,348	-163%

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TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 PENSION TRUST FUND
 JUNE 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service Cost	\$ 72,792	\$ 85,259	\$ 79,645	\$ 100,951	\$ 115,097	\$ 123,154	\$ 115,139	\$ 168,300
Interest	832,838	826,926	846,547	830,076	804,914	770,068	766,804	862,671
Difference Between Expected and Actual Experience	61,966	(10,623)	310,902	190,276	120,265	(220,202)	154,539	0
Change in Benefit Terms	0	0	(474,858)	0	0	0	0	0
Changes in Assumptions	24,603	(44,863)	646,005	(133,641)	(62,871)	277,567	0	0
Benefit Payments, Including Refunds of Member Contributions	<u>(964,438)</u>	<u>(756,467)</u>	<u>(761,862)</u>	<u>(677,771)</u>	<u>(573,298)</u>	<u>(562,465)</u>	<u>(554,653)</u>	<u>(542,551)</u>
Net Change in Total Pension Liability	27,761	100,232	646,379	309,891	404,107	388,122	481,829	488,420
Total Pension Liability, January 1	<u>13,130,936</u>	<u>13,030,704</u>	<u>12,384,325</u>	<u>12,074,434</u>	<u>11,670,327</u>	<u>11,282,205</u>	<u>10,800,376</u>	<u>10,311,956</u>
Total Pension Liability, December 31	<u>13,158,697</u>	<u>13,130,936</u>	<u>13,030,704</u>	<u>12,384,325</u>	<u>12,074,434</u>	<u>11,670,327</u>	<u>11,282,205</u>	<u>10,800,376</u>
Plan Fiduciary Net Position:								
Contributions - Employer	181,965	207,815	272,713	183,928	249,761	255,115	307,593	171,300
Contributions - Members	43,828	43,402	47,686	56,442	58,955	47,723	35,703	20,023
Net Investment Income/(Loss)	1,315,703	899,043	1,681,968	(395,618)	1,153,615	878,054	64,102	606,957
Administrative Expenses	(32,800)	(900)	(19,550)	(17,900)	(15,800)	(67,848)	(97,821)	(110,411)
Benefit Payments, Including Refunds of Member Contributions	<u>(964,438)</u>	<u>(756,467)</u>	<u>(761,862)</u>	<u>(677,771)</u>	<u>(573,298)</u>	<u>(562,465)</u>	<u>(554,653)</u>	<u>(542,551)</u>
Net Change in Fiduciary Net Position	544,258	392,893	1,220,955	(850,919)	873,233	550,579	(245,076)	145,318
Plan Fiduciary Net Position, January 1	<u>11,304,463</u>	<u>10,911,570</u>	<u>9,690,615</u>	<u>10,541,534</u>	<u>9,668,301</u>	<u>9,117,722</u>	<u>9,362,798</u>	<u>9,217,480</u>
Plan Fiduciary Net Position, December 31	<u>11,848,721</u>	<u>11,304,463</u>	<u>10,911,570</u>	<u>9,690,615</u>	<u>10,541,534</u>	<u>9,668,301</u>	<u>9,117,722</u>	<u>9,362,798</u>
Net Pension Liability, December 31	<u>\$ 1,309,976</u>	<u>\$ 1,826,473</u>	<u>\$ 2,119,134</u>	<u>\$ 2,693,710</u>	<u>\$ 1,532,900</u>	<u>\$ 2,002,026</u>	<u>\$ 2,164,483</u>	<u>\$ 1,437,578</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.04%	86.09%	83.74%	78.25%	87.30%	82.85%	80.82%	86.69%
Covered Employee Payroll	\$ 804,348	\$ 1,020,208	\$ 1,013,837	\$ 1,103,148	\$ 1,314,736	\$ 1,408,393	\$ 1,474,283	\$ 1,525,618
Net Pension Liability as a Percentage of Covered Employee Payroll	162.86%	179.03%	209.02%	244.18%	116.59%	142.15%	146.82%	94.23%

Notes to Schedule

Benefit Changes: None

Changes in Assumptions: The following changes were effective for the January 1, 2022 valuation date:

- The mortality table changed from the Pri-2012 Total Dataset Generational Mortality, projected with MP-2020 to the Pri-2012 Total Dataset Generational Mortality, projected with MP-2021.

GASB No. 67 required supplementary information is not available for years prior to 2014. Data for future years will be added prospectively.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 PENSION TRUST FUND
 JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> <u>(18 Months)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially Determined Contribution	\$ 181,586	\$ 207,815	\$ 272,713	\$ 183,928	\$ 230,812	\$ 255,115	\$ 362,938	\$ 168,300	\$ 280,984	\$ 405,212
Contributions in Relation to the Actuarially Determined Contribution	<u>181,965</u>	<u>207,815</u>	<u>272,713</u>	<u>183,928</u>	<u>249,761</u>	<u>255,115</u>	<u>307,593</u>	<u>171,300</u>	<u>280,984</u>	<u>405,212</u>
Contribution Deficiency/(Excess)	\$ <u>(379)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(18,949)</u>	\$ <u>0</u>	\$ <u>55,345</u>	\$ <u>(3,000)</u>	\$ <u>0</u>	\$ <u>0</u>
Covered-Employee Payroll	\$ 804,348	\$ 1,020,208	\$ 1,013,837	\$ 1,103,148	\$ 1,314,736	\$ 1,408,393	\$ 1,474,283	\$ 1,525,618	\$ 1,593,018	\$ 1,969,862
Contribution as a Percentage of Covered-Employee Payroll	22.62%	20.37%	26.90%	16.67%	19.00%	18.11%	20.86%	11.22%	15.75%	20.57%

Notes to Schedule

Valuation Date: January 1, 2022

Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed Method
Asset Valuation Method	Market Value
Salary Increases	3.75%
Investment Rate of Return	6.50%
Retirement Age	60 with 25 Years of Service but no later than 65
Mortality	Pri-2012 Total Dataset Generational Mortality, projected with MP-2021

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 PENSION TRUST FUND
 JUNE 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.05%	8.43%	17.78%	(3.84%)	12.11%	9.02%	(0.36%)	5.49%	14.82%

GASB No. 67 required supplementary information is not available for years prior to 2013. Data for future years will be added prospectively.

TOWN OF ST. JOHNSBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Fund <hr/> Grove Cemetery Fund <hr/>	Permanent Fund <hr/> Goss Hollow Cemetery Fund <hr/>	<hr/> Total <hr/>
<u>ASSETS</u>			
Cash	\$ 18,133	\$ 6,473	\$ 24,606
Investments	191,507	0	191,507
Due from Other Funds	<hr/> 56	<hr/> 0	<hr/> 56
Total Assets	\$ <u><u>209,696</u></u>	\$ <u><u>6,473</u></u>	\$ <u><u>216,169</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <hr/> 0	\$ <hr/> 136	\$ <hr/> 136
Total Liabilities	<hr/> 0	<hr/> 136	<hr/> 136
Fund Balances:			
Nonspendable	0	5,161	5,161
Restricted	<hr/> 209,696	<hr/> 1,176	<hr/> 210,872
Total Fund Balances	<hr/> 209,696	<hr/> 6,337	<hr/> 216,033
Total Liabilities and Fund Balances	\$ <u><u>209,696</u></u>	\$ <u><u>6,473</u></u>	\$ <u><u>216,169</u></u>

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TOWN OF ST. JOHNSBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Fund <hr/> Grove Cemetery Fund <hr/>	Permanent Fund <hr/> Goss Hollow Cemetery Fund <hr/>	<hr/> Total <hr/>
Revenues:			
Charges for Services	\$ 6,200	\$ 0	\$ 6,200
Investment Income/(Loss)	<u>(25,507)</u>	<u>5</u>	<u>(25,502)</u>
Total Revenues	<u>(19,307)</u>	<u>5</u>	<u>(19,302)</u>
Expenditures:			
Cemetery	<u>550</u>	<u>0</u>	<u>550</u>
Total Expenditures	<u>550</u>	<u>0</u>	<u>550</u>
Net Change in Fund Balances	(19,857)	5	(19,852)
Fund Balances - July 1, 2021	<u>229,553</u>	<u>6,332</u>	<u>235,885</u>
Fund Balances - June 30, 2022	<u>\$ 209,696</u>	<u>\$ 6,337</u>	<u>\$ 216,033</u>

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Board of Selectmen
Town of St. Johnsbury, Vermont
51 Depot Square
St. Johnsbury, Vermont 05819

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Johnsbury, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of St. Johnsbury, Vermont's basic financial statements and have issued our report thereon dated October 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of St. Johnsbury, Vermont's internal control over financial reporting (internal control) as a basis for designing 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 St. Johnsbury, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of St. Johnsbury, 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 Town of St. Johnsbury, Vermont'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.

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 or significant deficiencies may exist that were not identified.

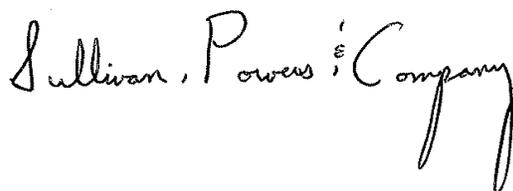
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St. Johnsbury, 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 financial statements. 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".

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 Town of St. Johnsbury, Vermont'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 Town of St. Johnsbury, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 12, 2022
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail at the end.