

TOWN OF ST. JOHNSBURY, VERMONT

AUDIT REPORT

JUNE 30, 2021

TOWN OF ST. JOHNSBURY, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2021

	<u>Page #</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Statement of Net Position	Exhibit A 12
Statement of Activities	Exhibit B 13
Governmental Funds:	
Balance Sheet	Exhibit C 14
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D 15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit E 16
Proprietary Funds:	
Statement of Fund Net Position	Exhibit F 17
Statement of Revenues, Expenses and Changes in Fund Net Position	Exhibit G 18
Statement of Cash Flows	Exhibit H 19
Fiduciary Funds:	
Statement of Fiduciary Net Position	Exhibit I 20
Statement of Changes in Fiduciary Net Position	Exhibit J 21
Notes to the Financial Statements	22-61

TOWN OF ST. JOHNSBURY, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2021

		<u>Page #</u>
Required Supplementary Information:		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	Schedule 1	62-69
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Highway Fund	Schedule 2	70-72
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Special Services Fund	Schedule 3	73-74
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 4	75
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 5	76
Schedule of Funding Progress - Pension Trust Fund	Schedule 6	77
Schedule of Changes in Net Pension Liability and Related Ratios - Pension Trust Fund	Schedule 7	78
Schedule of Employer Contributions - Pension Trust Fund	Schedule 8	79
Schedule of Investment Returns - Pension Trust Fund	Schedule 9	80
Other Information:		
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 10	81
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 11	82

TOWN OF ST. JOHNSBURY, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2021

	<u>Page #</u>
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"	83-84
Schedule of Findings and Deficiencies in Internal Control	85
Response to the Deficiencies in Internal Control	

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report

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

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2021, the Town implemented GASB Statement No. 84, "Fiduciary Activities".

Other Matters

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, 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 do not express an 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 September 29, 2021 on our consideration of the Town of St. Johnsbury, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of St. Johnsbury, Vermont’s internal control over financial reporting and compliance.

September 29, 2021
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

TOWN OF ST. JOHNSBURY, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

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, 2021. 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 \$37,490,549 (net position). Of this amount, \$2,546,542 (unrestricted net position) may be used to meet the Town's ongoing obligations. The balance of net position is made up of \$33,409,941 net investment in capital assets and \$1,534,066 restricted for specific purposes.

The Town's total net position increased by \$197,406. Of this amount, net position attributable to governmental activities decreased by \$386,522 and net position attributable to business-type activities increased by \$583,928.

At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,957,750, an increase of \$513,000 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 \$1,454,790.

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 six individual governmental funds, including the General Fund, three Special Revenue Funds, and two Permanent Funds. 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 and the Grant 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, also known as trust and agency funds, 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						
	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and Other Assets	\$ 3,451,484	\$ 4,290,588	\$ 7,742,072	\$ 3,000,760	\$3,553,199	\$ 6,553,959
Capital Assets	29,191,171	22,544,667	51,735,838	30,142,105	22,726,170	52,868,275
Total Assets	32,642,655	26,835,255	59,477,910	33,142,865	26,279,369	59,422,234
Deferred Outflows of Resources	1,063,391	31,129	1,094,520	1,352,786	63,331	1,416,117
Current Liabilities	214,713	94,967	309,680	186,096	353,844	539,940
Noncurrent Liabilities	9,196,664	12,671,330	21,867,994	9,468,220	12,469,001	21,937,221
Total Liabilities	9,411,377	12,766,297	22,177,674	9,654,316	12,822,845	22,477,161
Deferred Inflows of Resources	843,508	60,699	904,207	1,003,652	64,395	1,068,047
Net Position:						
Net Investment in Capital Assets	23,402,298	10,007,643	33,409,941	23,884,405	10,395,709	34,280,114
Restricted	1,534,066	0	1,534,066	1,426,507	0	1,426,507
Unrestricted/(Deficit)	(1,485,203)	4,031,745	2,546,542	(1,473,229)	3,059,751	1,586,522
Total Net Position	\$23,451,161	\$ 14,039,388	\$ 37,490,549	\$ 23,837,683	\$13,455,460	\$ 37,293,143

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 \$37,490,549. The Town's total net position is split between governmental activities net position of \$23,451,161 and business-type activities net position of \$14,039,388.

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 \$1,534,066 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 \$2,546,542 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

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 577,386	\$ 2,927,738	\$ 3,505,124	\$ 575,963	\$ 2,766,096	\$ 3,342,059
Operating Grants and Contributions	1,379,208	31,200	1,410,408	452,580	0	452,580
Capital Grants and Contributions	52,046	828,527	880,573	329,317	534,308	863,625
General Revenues:						
Property Taxes	5,908,220	0	5,908,220	6,093,477	0	6,093,477
Penalties and Interest in Delinquent Taxes	123,125	0	123,125	75,642	0	75,642
General State Grants	272,735	0	272,735	260,056	0	260,056
Unrestricted Investment Earnings	73,713	596	74,309	26,987	608	27,595
Gain on Sale of Equipment	1,000	0	1,000	4,400	0	4,400
Insurance Proceeds	0	0	0	1,000	0	1,000
Other Revenues	15,716	0	15,716	690	0	690
Total Revenues	8,403,149	3,788,061	12,191,210	7,820,112	3,301,012	11,121,124
Expenses:						
General Government	1,336,429	0	1,336,429	1,328,672	0	1,328,672
Public Safety	3,521,849	0	3,521,849	3,443,753	0	3,443,753
Public Works	2,877,469	0	2,877,469	3,069,660	0	3,069,660
Culture and Recreation	216,670	0	216,670	216,670	0	216,670
Community Development	706,788	0	706,788	101,560	0	101,560
Cemetery	31,944	0	31,944	13,794	0	13,794
Interest on Long-term Debt	98,522	0	98,522	104,707	0	104,707
Water	0	1,376,186	1,376,186	0	1,324,205	1,324,205
Sewer	0	1,827,947	1,827,947	0	1,732,153	1,732,153
Total Expenses	8,789,671	3,204,133	11,993,804	8,278,816	3,056,358	11,335,174
Change in Net Position	(386,522)	583,928	197,406	(458,704)	244,654	(214,050)
Beginning Net Position	23,837,683	13,455,460	37,293,143	24,296,387	13,210,806	37,507,193
Ending Net Position	\$ 23,451,161	\$ 14,039,388	\$ 37,490,549	\$ 23,837,683	\$ 13,455,460	\$ 37,293,143

Governmental Activities

Governmental activities decreased the Town's net position by \$386,522 for the year ended June 30, 2021 due to community development expenses. Business type activities increased the Town's net position by \$583,928 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 \$2,957,750, an increase of \$513,000 over the prior year. Of this total amount, \$12,877 is non-spendable (prepaid expenses and cemetery fund principal) and \$1,523,683 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, \$659,857 has been assigned by the Town for various purposes and \$761,333 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 \$1,454,790, an increase of \$431,710 from the previous year. Of this amount, \$7,716 is non-spendable. The remaining amount of \$659,857 has been assigned as detailed in the footnotes and \$787,217 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 \$1,057,898, an increase of \$22,765 from the balance of the previous year. The entire fund balance in Highway is restricted.

The Special Services Fund has an ending fund balance of \$235,061, an increase of \$43,697 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 \$7,808,184, an increase of \$365,047 from the previous year. In the sewer fund, total net position is \$6,231,204, an increase of \$218,881 from the previous year.

BUDGETARY HIGHLIGHTS

The Town's budget for the year ended June 30, 2021 passed on the first vote in March of 2020. In August 2020 the Select Board amended the governmental budgets and elected to use reserves to reduce the tax rates due to the impact of the town wide reappraisal and the unknown economic impacts of the COVID-19 pandemic on St Johnsbury tax payers. Notable variances are as follows:

General Fund:

- The housing grants were funded through the housing reserves.
- The Armory project was funded through economic development, armory and unallocated reserves.
- Fire department staffing shortages resulted in salaries being under budget by \$37,510.

- Cemetery expenses exceeded the budget by \$10,433 due to unanticipated mowing expenses as a result of the pandemic.
- Appeals due to the reappraisal resulted in expenses of \$10,441 in judgments and losses.
- Cares Act grant revenue of \$103,941 was allocated to the general fund.
- Delinquent tax receivables were reduced to \$212,377

Highway Fund:

- The Town received \$86,403 in Cares Act grant revenue.
- The Town purchased a new truck for \$215,805 which had been delayed from the prior fiscal year.
- The Town budgeted \$175,000 in revenue and expense for paving however did not receive the grant and did not expend the funds.
- The Town did receive supplement State Aid funds of \$60,324.
- Storm damage totaled \$29,468 and was not covered by FEMA.
- Winter maintenance expense was under budget due to a relatively minor winter.

Special Services:

- The Town receives \$73,145 in Cares Act grant revenue.
- 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2021 were \$89,815,767 (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 \$18,325,897. Of this amount, \$12,175,526 represents bonded debt backed by the full faith and credit of the Town and \$6,150,371 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 3.6 percent, down from 10.3 percent one year ago. This compares with 3.1 percent state-wide, down from 9.5 percent statewide one year ago.

The Town approved a General Fund budget for the 2021-22 fiscal year in the amount of \$3,563,980. This represents an increase of 3.9% over the amended budget excluding special appropriations for the previous year.

Economic Development Update 2021:

The Town's deliberate efforts to play an active role in economic development activities over the past 5 years is evident as development within the downtown continues to proceed. Efforts to revitalize downtown brownfields have been successful and include the New Avenue project at 10 Eastern Avenue, the Kingdom Animal Hospital on Railroad Street, the St. Johnsbury Distillery on Eastern Avenue, and the acquisition and remediation at 67 Eastern Avenue, where new owners plan to put 26,000 square feet of commercial space back into use during 2021.

The Town is taking a role in downtown brownfield revitalization by moving forward with plans to redevelop the vacant, blighted, Armory on historic Main Street. The Armory has been empty for thirteen years and is a liability to the Town. Revitalizing this historic building into a police and dispatch center will enhance the Main Street Historic District and catalyze economic development along the Main Street corridor. Residents voted on a bond September 14, 2021 to fund the Armory redevelopment.

The redevelopment projects, as mentioned above, have infused confidence and energy within downtown St. Johnsbury spurring new business activity. Recent business additions within the downtown include Boule Bakery, Flipped VT Tech, SMD Outdoors, and Lumiere VT. We expect that by the spring of 2022, St. Johnsbury's downtown commercial vacancy rate will be at its lowest rate in decades!

Other notable development projects include several new housing projects by Rural Edge, the Fairbanks Museum's Science Annex project, Zion Growers' quest to open a hemp processing facility on Bay Street, and the Caledonia Food Coop membership growth and efforts to open a food cooperative in downtown St. Johnsbury.

It is clear that there is positive momentum building in downtown St. Johnsbury. This downtown renaissance is supported by the efforts of the Communication Union District, which is working to provide broadband to our region, and the NVDA NEK Brownfields Coalition, which provides environmental assessment funding for projects in the region. Downtown revitalization would not occur without the efforts of our economic development partners. These partners provide expertise and resources that are essential to downtown development. Partners include the Northeastern Vermont Development Association (NVDA), the St. Johnsbury Development Fund, Northern Community Investment Corporation (NCIC), the VT Agency of Commerce and Community Development (ACCD), the USDA Rural Development, the Economic Development Agency (EDA), the Environmental Protection Agency (EPA), the Northern Borders Regional Commission (NBRC), and of course residents and stakeholders that have come together to support economic growth and vitality for our region.

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 next 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, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 5,639,562	\$ 606,902	\$ 6,246,464
Investments	217,021	0	217,021
Receivables	328,919	941,952	1,270,871
Internal Balances	(2,741,734)	2,741,734	0
Prepaid Expenses	7,716	0	7,716
Capital Assets:			
Land	358,197	185,592	543,789
Construction in Progress	97,284	1,022,547	1,119,831
Other Capital Assets, (Net of Accumulated Depreciation)	28,735,690	21,336,528	50,072,218
Total Assets	32,642,655	26,835,255	59,477,910
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	646,626	0	646,626
Deferred Outflows of Resources Related to the Town's Pension Plan	416,765	31,129	447,894
Total Deferred Outflows of Resources	1,063,391	31,129	1,094,520
<u>LIABILITIES</u>			
Accounts Payable	74,523	45,181	119,704
Accrued Payroll and Benefits Payable	132,166	3,487	135,653
Unearned Revenue	495	17,858	18,353
Tax Sale Overpayments	30	0	30
Accrued Interest Payable	7,499	28,441	35,940
Noncurrent Liabilities:			
Due Within One Year	485,269	654,267	1,139,536
Due in More than One Year	8,711,395	12,017,063	20,728,458
Total Liabilities	9,411,377	12,766,297	22,177,674
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	25,332	0	25,332
Deferred Inflows of Resources Related to the Town's Participation in VMERS	5,501	0	5,501
Deferred Inflows of Resources Related to the Town's Pension Plan	812,675	60,699	873,374
Total Deferred Inflows of Resources	843,508	60,699	904,207
<u>NET POSITION</u>			
Net Investment in Capital Assets	23,402,298	10,007,643	33,409,941
Restricted For:			
Public Safety	235,061	0	235,061
Public Works	1,057,898	0	1,057,898
Cemetery	235,885	0	235,885
Other	5,222	0	5,222
Unrestricted/(Deficit)	(1,485,203)	4,031,745	2,546,542
Total Net Position	\$ 23,451,161	\$ 14,039,388	\$ 37,490,549

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, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,336,429	\$ 249,667	\$ 215,126	\$ 3,441	\$ (868,195)	\$ 0	\$ (868,195)
Public Safety	3,521,849	321,652	159,258	0	(3,040,939)	0	(3,040,939)
Public Works	2,877,469	4,767	454,824	48,605	(2,369,273)	0	(2,369,273)
Culture and Recreation	216,670	0	0	0	(216,670)	0	(216,670)
Community Development	706,788	0	550,000	0	(156,788)	0	(156,788)
Cemetery	31,944	1,300	0	0	(30,644)	0	(30,644)
Interest on Long-term Debt	98,522	0	0	0	(98,522)	0	(98,522)
Total Governmental Activities	8,789,671	577,386	1,379,208	52,046	(6,781,031)	0	(6,781,031)
Business-type Activities:							
Water	1,376,186	1,338,011	0	403,002	0	364,827	364,827
Sewer	1,827,947	1,589,727	31,200	425,525	0	218,505	218,505
Total Business-type Activities	3,204,133	2,927,738	31,200	828,527	0	583,332	583,332
Total Primary Government	\$ 11,993,804	\$ 3,505,124	\$ 1,410,408	\$ 880,573	(6,781,031)	583,332	(6,197,699)
General Revenues:							
Property Taxes					5,908,220	0	5,908,220
Penalties and Interest on Delinquent Taxes					123,125	0	123,125
General State Grants					272,735	0	272,735
Unrestricted Investment Earnings					73,713	596	74,309
Gain on Sale of Equipment					1,000	0	1,000
Other Revenues					15,716	0	15,716
Total General Revenues					6,394,509	596	6,395,105
Change in Net Position					(386,522)	583,928	197,406
Net Position - July 1, 2020					23,837,683	13,455,460	37,293,143
Net Position - June 30, 2021					\$ 23,451,161	\$ 14,039,388	\$ 37,490,549

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

TOWN OF ST. JOHNSBURY, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Highway Fund	Special Services Fund	Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 5,620,618	\$ 0	\$ 0	\$ 0	\$ 18,944	\$ 5,639,562
Investments	0	0	0	0	217,021	217,021
Receivables (Net of Allowance for Uncollectibles)	266,275	4,753	1,350	56,541	0	328,919
Due from Other Funds	0	1,109,358	277,365	0	56	1,386,779
Prepaid Items	<u>7,716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,716</u>
Total Assets	<u>\$ 5,894,609</u>	<u>\$ 1,114,111</u>	<u>\$ 278,715</u>	<u>\$ 56,541</u>	<u>\$ 236,021</u>	<u>\$ 7,579,997</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 39,329	\$ 27,620	\$ 3,086	\$ 4,488	\$ 0	\$ 74,523
Accrued Payroll and Benefits Payable	63,005	28,593	40,568	0	0	132,166
Due to Other Funds	4,081,546	0	0	46,831	136	4,128,513
Unearned Revenue	495	0	0	0	0	495
Tax Sale Overpayments	<u>30</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
Total Liabilities	<u>4,184,405</u>	<u>56,213</u>	<u>43,654</u>	<u>51,319</u>	<u>136</u>	<u>4,335,727</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	25,332	0	0	0	0	25,332
Unavailable Property Taxes, Penalties and Interest	230,082	0	0	0	0	230,082
Unavailable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,106</u>	<u>0</u>	<u>31,106</u>
Total Deferred Inflows of Resources	<u>255,414</u>	<u>0</u>	<u>0</u>	<u>31,106</u>	<u>0</u>	<u>286,520</u>
<u>FUND BALANCES/(DEFICIT)</u>						
Nonspendable	7,716	0	0	0	5,161	12,877
Restricted	0	1,057,898	235,061	0	230,724	1,523,683
Assigned	659,857	0	0	0	0	659,857
Unassigned/(Deficit)	<u>787,217</u>	<u>0</u>	<u>0</u>	<u>(25,884)</u>	<u>0</u>	<u>761,333</u>
Total Fund Balances/(Deficit)	<u>1,454,790</u>	<u>1,057,898</u>	<u>235,061</u>	<u>(25,884)</u>	<u>235,885</u>	<u>2,957,750</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,894,609</u>	<u>\$ 1,114,111</u>	<u>\$ 278,715</u>	<u>\$ 56,541</u>	<u>\$ 236,021</u>	
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.						29,191,171
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						261,188
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.						(9,204,163)
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.						<u>245,215</u>
Net Position of Governmental Activities						<u>\$ 23,451,161</u>

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

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Highway Fund	Special Services Fund	Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 2,777,247	\$ 2,048,636	\$ 1,199,891	\$ 0	\$ 0	\$ 6,025,774
Penalties and Interest on Delinquent Taxes	123,125	0	0	0	0	123,125
Intergovernmental	381,386	540,530	134,364	679,059	0	1,735,339
Charges for Services	426,217	242,137	24,174	0	1,300	693,828
Permits, Licenses and Fees	176,229	0	0	0	0	176,229
Fines and Forfeits	4,216	0	3,483	0	0	7,699
Investment Income	33,255	0	0	0	40,458	73,713
Donations	0	0	714	0	0	714
Other	15,716	130	0	0	0	15,846
Total Revenues	3,937,391	2,831,433	1,362,626	679,059	41,758	8,852,267
Expenditures:						
General Government	1,227,830	0	0	85,236	0	1,313,066
Public Safety	1,842,060	0	1,185,344	26,890	0	3,054,294
Public Works	0	2,107,641	0	7,077	0	2,114,718
Culture and Recreation	216,670	0	0	0	0	216,670
Community Development	141,152	0	0	565,636	0	706,788
Cemetery	31,283	0	0	0	661	31,944
Capital Outlay:						
General Government	13,445	0	0	0	0	13,445
Public Safety	24,785	0	0	11,763	0	36,548
Public Works	0	227,832	0	56,599	0	284,431
Debt Service:						
Principal	70,000	398,827	0	0	0	468,827
Interest	33,267	66,269	0	0	0	99,536
Total Expenditures	3,600,492	2,800,569	1,185,344	753,201	661	8,340,267
Excess/(Deficiency) of Revenues Over Expenditures	336,899	30,864	177,282	(74,142)	41,097	512,000
Other Financing Sources/(Uses):						
Proceeds from Sale of Equipment	0	1,000	0	0	0	1,000
Transfers In	153,585	0	20,000	47,873	0	221,458
Transfers Out	(58,774)	(9,099)	(153,585)	0	0	(221,458)
Total Other Financing Sources/(Uses)	94,811	(8,099)	(133,585)	47,873	0	1,000
Net Change in Fund Balances	431,710	22,765	43,697	(26,269)	41,097	513,000
Fund Balances - July 1, 2020	1,023,080	1,035,133	191,364	385	194,788	2,444,750
Fund Balances - June 30, 2021	\$ 1,454,790	\$ 1,057,898	\$ 235,061	\$ (25,884)	\$ 235,885	\$ 2,957,750

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, 2021

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)	\$ 513,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$334,424) is allocated over their estimated useful lives and reported as depreciation expense (\$1,269,041). This is the amount by which depreciation exceeded capital outlays in the current period.	(934,617)
The net effect of various transactions involving capital assets (i.e., sales, losses on disposal of assets and trade-ins) is to reduce net position.	(16,317)
The issuance of long-term debt (\$0-) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$468,827) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	468,827
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.	(326,915)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(99,618)
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>9,118</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ (386,522)</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, 2021

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 224,290	\$ 382,612	\$ 606,902
Receivables	96,206	200,921	297,127
Unbilled Receivables	321,174	323,651	644,825
Due from Other Funds	1,937,367	804,367	2,741,734
Total Current Assets	2,579,037	1,711,551	4,290,588
Noncurrent Assets:			
Capital Assets:			
Land	135,894	49,698	185,592
Construction in Progress	529,984	492,563	1,022,547
Buildings and Building Improvements	5,157,096	14,348,564	19,505,660
Vehicles, Machinery and Equipment	882,875	882,285	1,765,160
Distribution and Collection Systems	14,249,807	13,275,163	27,524,970
Less: Accumulated Depreciation	(9,333,326)	(18,125,936)	(27,459,262)
Total Noncurrent Assets	11,622,330	10,922,337	22,544,667
Total Assets	14,201,367	12,633,888	26,835,255
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Pension Plan	31,129	0	31,129
Total Deferred Outflows of Resources	31,129	0	31,129
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	15,077	30,104	45,181
Accrued Payroll and Benefits Payable	3,487	0	3,487
Unearned Revenue	17,858	0	17,858
Accrued Interest Payable	12,979	15,462	28,441
General Obligation Bonds Payable - Current Portion	266,526	387,741	654,267
Total Current Liabilities	315,927	433,307	749,234
Noncurrent Liabilities:			
Compensated Absences Payable	7,366	0	7,366
Net Pension Liability - Town's Pension Plan	126,940	0	126,940
General Obligation Bonds Payable - Noncurrent Portion	5,913,380	5,969,377	11,882,757
Total Noncurrent Liabilities	6,047,686	5,969,377	12,017,063
Total Liabilities	6,363,613	6,402,684	12,766,297
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Pension Plan	60,699	0	60,699
Total Deferred Inflows of Resources	60,699	0	60,699
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,442,424	4,565,219	10,007,643
Unrestricted	2,365,760	1,665,985	4,031,745
Total Net Position	\$ 7,808,184	\$ 6,231,204	\$ 14,039,388

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, 2021

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,331,326	\$ 1,585,547	\$ 2,916,873
Interest and Penalties	1,812	2,667	4,479
Other	4,873	1,513	6,386
Total Operating Revenues	<u>1,338,011</u>	<u>1,589,727</u>	<u>2,927,738</u>
Operating Expenses:			
Salaries and Benefits	158,476	0	158,476
Administrative	232,532	184,451	416,983
Utilities	87,410	106,335	193,745
Distribution and Collection	284,059	708,959	993,018
Taxes	41,642	0	41,642
Depreciation	436,635	680,996	1,117,631
Total Operating Expenses	<u>1,240,754</u>	<u>1,680,741</u>	<u>2,921,495</u>
Operating Income/(Loss)	<u>97,257</u>	<u>(91,014)</u>	<u>6,243</u>
Non-Operating Revenues/(Expenses):			
Cares Act Grant Income	0	31,200	31,200
Cares Act Grant Expenses	0	(31,200)	(31,200)
Investment Income	220	376	596
Interest Expense	(135,432)	(116,006)	(251,438)
Total Non-Operating Revenues/(Expenses)	<u>(135,212)</u>	<u>(115,630)</u>	<u>(250,842)</u>
Net Income/(Loss) Before Capital Contributions	(37,955)	(206,644)	(244,599)
Capital Contributions	<u>403,002</u>	<u>425,525</u>	<u>828,527</u>
Change in Net Position	365,047	218,881	583,928
Net Position - July 1, 2020	<u>7,443,137</u>	<u>6,012,323</u>	<u>13,455,460</u>
Net Position - June 30, 2021	<u>\$ 7,808,184</u>	<u>\$ 6,231,204</u>	<u>\$ 14,039,388</u>

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, 2021

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,273,220	\$ 1,461,013	\$ 2,734,233
Payments for Goods and Services	(462,016)	(857,993)	(1,320,009)
Payments for Interfund Services	(196,250)	(154,250)	(350,500)
Payments for Wages and Benefits	<u>(133,306)</u>	<u>0</u>	<u>(133,306)</u>
Net Cash Provided by Operating Activities	<u>481,648</u>	<u>448,770</u>	<u>930,418</u>
Cash Flows From Noncapital Financing Activities:			
Cares Act Grant Income	0	31,200	31,200
Cares Act Grant Expenses	0	(31,200)	(31,200)
(Increase)/Decrease in Due from Other Funds	<u>(568,578)</u>	<u>22,352</u>	<u>(546,226)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(568,578)</u>	<u>22,352</u>	<u>(546,226)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Long-term Debt	853,614	83,380	936,994
Proceeds from Capital Grants	327,286	380,693	707,979
Acquisition and Construction of Capital Assets	(695,586)	(466,333)	(1,161,919)
Principal Paid on Long-term Debt	(258,234)	(351,649)	(609,883)
Interest Paid on Long-term Debt	<u>(140,149)</u>	<u>(117,213)</u>	<u>(257,362)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>86,931</u>	<u>(471,122)</u>	<u>(384,191)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	<u>220</u>	<u>376</u>	<u>596</u>
Net Cash Provided by Investing Activities	<u>220</u>	<u>376</u>	<u>596</u>
Net Increase in Cash	221	376	597
Cash - July 1, 2020	<u>224,069</u>	<u>382,236</u>	<u>606,305</u>
Cash - June 30, 2021	<u>\$ 224,290</u>	<u>\$ 382,612</u>	<u>\$ 606,902</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 97,257	\$ (91,014)	\$ 6,243
Depreciation	436,635	680,996	1,117,631
(Increase)/Decrease in Receivables	(61,852)	(128,714)	(190,566)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Pension Plan	32,202	0	32,202
Increase/(Decrease) in Accounts Payable	(12,623)	(12,498)	(25,121)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	898	0	898
Increase/(Decrease) in Unearned Revenue	(2,939)	0	(2,939)
Increase/(Decrease) in Net Pension Liability	(4,234)	0	(4,234)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Pension Plan	<u>(3,696)</u>	<u>0</u>	<u>(3,696)</u>
Net Cash Provided by Operating Activities	<u>\$ 481,648</u>	<u>\$ 448,770</u>	<u>\$ 930,418</u>

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$75,716.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$44,832.

There was \$227,005 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2020.

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

There was \$27,000 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2020.

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

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, 2021

	Pension Trust Fund	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 156,181	\$ 0
Investments	11,260,654	0
Prepaid Benefit Payments	<u>192,127</u>	<u>0</u>
Total Assets	<u>11,608,962</u>	<u>0</u>
<u>LIABILITIES</u>		
Liabilities:	<u>0</u>	<u>0</u>
<u>NET POSITION</u>		
Held in Trust For:		
Employees' Pension Benefits	<u>11,608,962</u>	<u>0</u>
Total Net Position	<u>\$ 11,608,962</u>	<u>\$ 0</u>

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, 2021

	Pension Trust Fund	Custodial Fund Education Tax Fund
Additions:		
Employer Contributions	\$ 207,815	\$ 0
Employee Contributions	47,976	0
Investment Income	1,840,061	0
Education Taxes Collected for Other Governments	<u>0</u>	<u>7,052,174</u>
Total Additions	<u>2,095,852</u>	<u>7,052,174</u>
Deductions:		
Benefits - Pension	756,419	0
Education Taxes Distributed to Other Governments	<u>0</u>	<u>7,052,174</u>
Total Deductions	<u>756,419</u>	<u>7,052,174</u>
Change in Net Position	1,339,433	0
Net Position - July 1, 2020	<u>10,269,529</u>	<u>0</u>
Net Position - June 30, 2021	<u>\$ 11,608,962</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, 2021

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, 2021

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 accounts for the police operations of the Town.

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

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.

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.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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 capital leases 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 – Fiduciary Activities

Effective June 30, 2021, the Town implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund. As a result, the collection and remittance of education taxes on behalf of other governments are now presented in a Custodial Fund.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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, 2021

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, capital leases 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, 2021

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, reserve account expenses and transfers to reserve accounts for the General Fund, Highway Fund and Special Services Fund.

B. Budgeted Deficits

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund, Highway Fund and Special Services Fund in the amounts of \$100,000, \$150,000 and \$40,000, respectively, in order to utilize a portion of the previous year's surpluses. These are reflected as a budgeted deficiency of revenues over expenditures on Schedules 1, 2 and 3.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash, cash equivalents and investments as of June 30, 2021 consisted of the following:

Cash and Cash Equivalents:

Deposits with Financial Institutions	\$ 6,246,223
Deposits with Investment Company	41
Money Market Mutual Funds – U.S. Government Securities	156,181
Cash on Hand	<u>200</u>
Total Cash and Cash Equivalents	<u>6,402,645</u>

Investments:

Corporate Bonds	596,274
U.S. Treasury Notes	2,981,795
Exchange-Traded Funds	7,432,585
Mutual Funds - Mixed Holdings	<u>467,021</u>
Total Investments	<u>11,477,675</u>
Total Cash, Cash Equivalents and Investments	<u>\$17,880,320</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 counterparty (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, U.S. Treasury notes 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	\$5,090,927	\$5,090,927
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Town's Name	<u>1,155,337</u>	<u>1,501,698</u>
Total	<u>\$6,246,264</u>	<u>\$6,592,625</u>

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

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$6,246,223
Cash – Deposits with Investment Company	<u>41</u>
Total	<u>\$6,246,264</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, 2021

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, 2021

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 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	\$ 244,954	\$ 199,641	\$ 151,679	\$ 596,274
U.S. Treasury Notes	256,156	2,179,923	545,716	2,981,795
Total	<u>\$ 501,110</u>	<u>\$ 2,379,564</u>	<u>\$ 697,395</u>	<u>\$ 3,578,069</u>

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 are as follows:

Investment Type	Standard and Poor's Rating as of June 30, 2021				Total
	AA+	AA	A-	BBB+	
Corporate Bonds	\$ 153,745	\$ 151,679	\$ 98,256	\$ 192,594	\$ 596,274

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, 2021

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, 2021:

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	\$ 596,274	\$ 596,274	\$ 0	\$ 0
U.S. Treasury Notes	2,981,795	2,981,795	0	0
Exchange-Traded Funds	7,432,585	7,432,585	0	0
Mutual Funds - Mixed Holdings	467,021	467,021	0	0
Total	\$ <u>11,477,675</u>	\$ <u>11,477,675</u>	\$ <u>0</u>	\$ <u>0</u>

B. Receivables

Receivables as of June 30, 2021, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 212,377	\$ 0	\$ 212,377
Penalties and Interest Receivable	35,052	0	35,052
Grants Receivable	57,164	215,799	272,963
Accounts Receivable	24,527	0	24,527
Billed Services	0	81,328	81,328
Unbilled Services	0	644,825	644,825
Allowance for Doubtful Accounts - Taxes	(201)	0	(201)
Total	\$ <u>328,919</u>	\$ <u>941,952</u>	\$ <u>1,270,871</u>

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

C. Loans Receivable

Loans receivable as of June 30, 2021 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, 2021	\$ <u><u>0</u></u>

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 358,197	\$ 0	\$ 0	\$ 358,197
Construction in Progress	576,623	56,599	535,938	97,284
Total Capital Assets, Not Being Depreciated	<u>934,820</u>	<u>56,599</u>	<u>535,938</u>	<u>455,481</u>
Capital Assets, Being Depreciated:				
Land Improvements	468,172	0	0	468,172
Buildings and Building Improvements	2,762,726	1,250	0	2,763,976
Vehicles, Machinery and Equipment	6,817,099	373,461	602,670	6,587,890
Infrastructure	29,000,381	535,938	0	29,536,319
Totals	<u>39,048,378</u>	<u>910,649</u>	<u>602,670</u>	<u>39,356,357</u>
Less Accumulated Depreciation for:				
Land Improvements	468,172	0	0	468,172
Buildings and Building Improvements	988,960	60,991	0	1,049,951
Vehicles, Machinery and Equipment	4,089,303	483,442	489,467	4,083,278
Infrastructure	4,294,658	724,608	0	5,019,266
Totals	<u>9,841,093</u>	<u>1,269,041</u>	<u>489,467</u>	<u>10,620,667</u>
Total Capital Assets, Being Depreciated	<u>29,207,285</u>	<u>(358,392)</u>	<u>113,203</u>	<u>28,735,690</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,142,105</u>	<u>\$ (301,793)</u>	<u>\$ 649,141</u>	<u>\$ 29,191,171</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	6,193,247	907,547	6,078,247	1,022,547
Total Capital Assets, Not Being Depreciated	<u>6,378,839</u>	<u>907,547</u>	<u>6,078,247</u>	<u>1,208,139</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	19,505,660	0	0	19,505,660
Vehicles, Machinery and Equipment	1,741,385	23,775	0	1,765,160
Distribution and Collection Systems	21,441,917	6,083,053	0	27,524,970
Totals	<u>42,688,962</u>	<u>6,106,828</u>	<u>0</u>	<u>48,795,790</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	17,617,442	556,372	0	18,173,814
Vehicles, Machinery and Equipment	1,318,459	66,762	0	1,385,221
Distribution and Collection Systems	7,405,730	494,497	0	7,900,227
Totals	<u>26,341,631</u>	<u>1,117,631</u>	<u>0</u>	<u>27,459,262</u>
Total Capital Assets, Being Depreciated	<u>16,347,331</u>	<u>4,989,197</u>	<u>0</u>	<u>21,336,528</u>
Business-type Activities Capital Assets, Net	<u>\$ 22,726,170</u>	<u>\$ 5,896,744</u>	<u>\$ 6,078,247</u>	<u>\$ 22,544,667</u>

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 74,012	Water	\$ 436,635
Public Safety	257,960	Sewer	<u>680,996</u>
Public Works	<u>937,069</u>		
Total Depreciation Expense - Governmental Activities		Total Depreciation Expense - Business-type Activities	
\$ <u>1,269,041</u>		\$ <u>1,117,631</u>	

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2021 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 4,081,546
Highway Fund	1,109,358	0
Special Services Fund	277,365	0
Grant Fund	0	46,831
Non-Major Governmental Funds	56	136
Water Fund	1,937,367	0
Sewer Fund	<u>804,367</u>	<u>0</u>
Total	\$ <u>4,128,513</u>	\$ <u>4,128,513</u>

Interfund transfers during the year ended June 30, 2021 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Recreation Fund	\$ 10,000	* Appropriation
General Fund	Grant Fund	38,774	Fund Grant Expenses
Parking Meter Fund	General Fund	10,609	* Fund Parking Ticket Staff Expenses
Parking Meter Fund	Special Services Fund	20,000	* Fund Dispatching Staff Expenses
Highway Fund	Grant Fund	9,099	Fund Grant Expenses
Special Services Fund	General Fund	<u>153,585</u>	Fund Dispatch Services
Total		\$ <u>242,067</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, 2021

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$131,564 from the difference between the expected and actual experience, \$139,716 from the difference between the projected and actual investment earnings, \$195,850 from changes in assumptions and \$53,641 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 \$125,855 of required employer pension contributions subsequent to the measurement date. It also includes \$416,765 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 \$1,063,391.

Deferred outflows of resources in the Water Fund and business-type activities consists of \$31,129 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 General Fund consists of \$495 of parking permit fees received in advance.

Unearned revenue in the Water Fund consists of \$17,858 of user fees received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$25,332 of prepaid property taxes. It also includes \$4,330 from the difference between the expected and actual experience and \$1,171 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 \$732 from the difference between the expected and actual experience, \$808,851 from the difference between the projected and actual investment earnings and \$3,092 from changes in assumptions related to the Town's single-employer defined benefit plan. Total deferred inflows of resources in the governmental activities is \$843,508.

Deferred inflows of resources in the Water Fund and business-type activities consists of \$55 from the difference between the expected and actual experience, \$60,413 from the difference between the projected and actual investment earnings and \$231 from changes in assumptions related to the Town's single-employer defined benefit plan. Total deferred inflows of resources in the Water Fund and business-type activities is \$60,699.

Deferred inflows of resources in the General Fund consists of \$230,082 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 \$25,332 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$255,414.

Deferred inflows of resources in the Grant Fund consists of \$31,106 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, 2021

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 a local bank.

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 capital lease obligations 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, 2021

Long-term liabilities outstanding as of June 30, 2021 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	\$ 840,000	\$ 0	\$ 70,000	\$ 770,000
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.	1,797,938	0	105,761	1,692,177
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.	2,198,966	0	80,542	2,118,424
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.	704,585	0	26,096	678,489
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	369,704	0	119,977	249,727

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ <u>346,507</u>	\$ <u>0</u>	\$ <u>66,451</u>	\$ <u>280,056</u>
Total Governmental Activities	\$ <u>6,257,700</u>	\$ <u>0</u>	\$ <u>468,827</u>	\$ <u>5,788,873</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. \$	499,800	\$ 0	\$127,500	\$ 372,300
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.	802,799	0	29,405	773,394
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	639,140	0	14,882	624,258
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	372,603	0	6,523	366,080

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

	<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	\$ 1,582,024	\$ 0	\$ 27,699	\$ 1,554,325
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.	1,164,341	0	43,123	1,121,218
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	270,900	263,700	0	534,600
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Planning Project, Authorized to \$29,700, but Eligible for \$15,000 Subsidy, Principal Payments of \$2,140 Payable on January 1 Annually Beginning January, 2024, 0% Interest, Due January, 2029	10,700	0	0	10,700
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 \$75,716 of the Subsidy during the Year.	88,041	12,914	75,716	25,239

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

	<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 \$4,764 Payable on March 19 and September 19 Semi-Annually, Interest at 2.625%, Due September, 2048	\$ 229,894	\$ 0	\$ 3,516	\$ 226,378
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	<u>0</u>	<u>577,000</u>	<u>5,586</u>	<u>571,414</u>
Total Water Fund	<u>5,660,242</u>	<u>853,614</u>	<u>333,950</u>	<u>6,179,906</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.	\$ 480,200	\$ 0	\$ 122,500	\$ 357,700
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.	488,659	0	17,898	470,761
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	510,087	0	56,676	453,411

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Planning Project, Authorized to \$449,110, but Eligible for \$106,144 Subsidy, Principal Payments of \$34,297 Payable on August 1 Annually Beginning August 1, 2021, 0% Interest, Due August, 2030	\$ 334,049	\$ 0	\$ 0	\$ 334,049
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.	1,173,860	0	69,050	1,104,810
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	696,712	0	17,699	679,013
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	2,829,522	0	67,826	2,761,696
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Improvements, Authorized to \$5,433,943, but Eligible for \$2,160,150 Subsidy, Principal and Administrative Fee Payments of \$146,175 Payable on July 1 Annually Beginning July 1, 2022, 2% Administrative Fee, Due July, 2051	139,701	36,568	0	176,269

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Long-term Control Project, Authorized to \$236,300, 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 \$44,832 of the Subsidy during the Year	\$ <u>17,429</u>	\$ <u>46,812</u>	\$ <u>44,832</u>	\$ <u>19,409</u>
Total Sewer Fund	<u>6,670,219</u>	<u>83,380</u>	<u>396,481</u>	<u>6,357,118</u>
Total Business-type Activities	<u>\$12,330,461</u>	<u>\$936,994</u>	<u>\$730,431</u>	<u>\$12,537,024</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	\$ 5,541,489	\$ 0	\$ 282,399	\$ 5,259,090	\$ 284,221
Notes Payable	716,211	0	186,428	529,783	191,048
Compensated Absences Payable	152,447	83	0	152,530	0
Net Pension Liability - VMERS	967,024	493,802	0	1,460,826	0
Net Pension Liability - Town Pension Plan	1,987,960	0	288,427	1,699,533	0
Industrial Park Liability	<u>103,089</u>	<u>0</u>	<u>8,187</u>	<u>94,902</u>	<u>10,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 9,468,220</u>	<u>\$ 493,885</u>	<u>\$ 765,441</u>	<u>\$ 9,196,664</u>	<u>\$ 485,269</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 12,330,461	\$ 936,994	\$ 730,431	\$ 12,537,024	\$ 654,267
Compensated Absences Payable	7,366	0	0	7,366	0
Net Pension Liability - Town Pension Plan	<u>131,174</u>	<u>0</u>	<u>4,234</u>	<u>126,940</u>	<u>0</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 12,469,001</u>	<u>\$ 936,994</u>	<u>\$ 734,665</u>	<u>\$ 12,671,330</u>	<u>\$ 654,267</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, 2021

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 475,269	\$ 90,523	\$ 654,267	\$ 243,078
2023	481,883	81,569	650,558	291,265
2024	358,717	72,157	681,636	281,256
2025	362,151	65,980	607,040	200,034
2026	291,933	59,626	541,824	156,134
2027-2031	1,491,174	220,403	2,563,058	925,447
2032-2036	1,268,214	108,957	1,969,155	742,444
2037-2041	838,963	45,119	1,905,794	529,600
2042-2046	194,474	720	1,726,430	297,435
2047-2051	26,095	0	1,009,210	75,772
2051-2056	0	0	125,621	13,939
2057-2061	0	0	102,431	3,880
Total	<u>\$ 5,788,873</u>	<u>\$ 745,054</u>	<u>\$ 12,537,024</u>	<u>\$ 3,760,284</u>

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 7,716
----------------------------	----------

Non-Major Funds

Permanent Funds:

Nonspendable Goss Hollow Cemetery Fund Principal	<u>5,161</u>
--	--------------

Total Nonspendable Fund Balances	<u>\$12,877</u>
----------------------------------	-----------------

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

Major Funds

Highway Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>\$1,057,898</u>
---	--------------------

Special Services Fund:

Restricted for Public Safety Expenditures by Charter (Source of Revenue is Property Taxes)	<u>235,061</u>
---	----------------

Non-Major Funds

Permanent Funds:

Restricted for Goss Hollow Cemetery Expenses by Trust Agreement – Expendable Portion	1,171
Restricted for Grove Cemetery Expenses by Donations	<u>229,553</u>

Total Non-Major Funds	<u>230,724</u>
-----------------------	----------------

Total Restricted Fund Balances	<u>\$1,523,683</u>
--------------------------------	--------------------

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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	80,000
Assigned for Records Restoration Reserve	27,896
Assigned for Economic Development Reserve	130,833
Assigned for Fountain Fund Reserve	20,302
Assigned for Revaluation Reserve	71,276
Assigned for Dispatch Equipment	25,000
Assigned for Pomerleau Building Reserve	84,500
Assigned for Fire Department Catastrophic Reserve	25,000
Assigned for Dispatch Move Reserve	25,000
Assigned for Housing Development Reserve	50,000
Assigned for Recreation Department Reserve	<u>9,428</u>

Total Assigned Fund Balances	<u>\$659,857</u>
------------------------------	------------------

The unassigned deficit of \$25,884 in the Grant Fund will be funded with the collection of grant receivables.

K. Net Position

The restricted net position of the governmental activities as of June 30, 2021 consisted of the following:

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$1,057,898
Restricted for Public Safety Expenditures by Charter	235,061
Restricted for Grant Expenditures by Grant Agreements	5,222
Restricted for Goss Hollow Cemetery by Trust Agreement	
– Nonexpendable Portion	5,161
Restricted for Goss Hollow Cemetery by Trust Agreement	
– Expendable Portion	1,171
Restricted for Grove Cemetery by Donations	<u>229,553</u>

Total Governmental Activities	<u>\$1,534,066</u>
-------------------------------	--------------------

The designated net position of the Town as of June 30, 2021 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Water Capital	\$224,290
------------------------------	-----------

Sewer Fund:

Designated for Sewer Capital	<u>382,612</u>
------------------------------	----------------

Total Business-type Activities	<u>\$606,902</u>
--------------------------------	------------------

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020, 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2020, the measurement date selected by the State of Vermont, VMERS was funded at 74.52% and had a plan fiduciary net position of \$740,052,895 and a total pension liability of \$993,026,959 resulting in a net position liability of \$252,974,064. As of June 30, 2021, the Town's proportionate share of this was 0.5775% resulting in a net pension liability of \$1,460,826. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 0.5775% was an increase of 0.0201 from its proportion measured as of the prior year.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

For the year ended June 30, 2021, the Town recognized pension expense of \$361,422.

As of June 30, 2021, 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	\$ 131,564	\$ 4,330
Difference between projected and actual investment earnings on pension assets	139,716	0
Changes in assumptions	195,850	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,641	1,171
Town's required employer contributions made subsequent to the measurement date	<u>125,855</u>	<u>0</u>
	\$ <u><u>646,626</u></u>	\$ <u><u>5,501</u></u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$125,855 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2022	\$152,907
2023	146,823
2024	127,875
2025	<u>87,665</u>
Total	<u>\$515,270</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.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 – 3.00%. Group B – 5.375%. Group C – 10.50%. Group D – 11.85%.

Employer Contributions – Group A – 4.50%. Group B – 6.00%. Group C – 7.75%. Group D – 10.35%.

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

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation, a decrease from 7.50% in the prior year.

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 below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

Disabled Post-retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree 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, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

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%

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, 2020 are summarized in the following table:

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	7.07%
US Equity – Large Cap	4%	6.19%
US Equity – Small/Mid Cap	3%	6.93%
Non-US Equity – Large Cap	5%	7.01%
Non-US Equity – Small Cap	2%	7.66%
Emerging Markets Debt	4%	3.66%
Core Bond	20%	0.39%
Private & Alternate Credit	10%	6.03%
US TIPS	3%	(0.20)%
Core Real Estate	5%	4.06%
Non-Core Real Estate	3%	6.43%
Private Equity	10%	11.27%
Infrastructure/Farmland	2%	5.44%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%, a decrease from 7.50% in the prior year. 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) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. 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, 2020. 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.

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>
\$2,231,846	\$1,460,826	\$826,440

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.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 2021 was \$207,815 which was computed through an actuarial valuation performed as of January 1, 2020.

As of December 31, 2020, there were 17 active members, 3 inactive members and 45 retirees and beneficiaries. Additionally, there are 27 former employees with vested rights.

The market value of plan assets maintained at Peoples United Wealth Management is \$11,416,835 as of June 30, 2021.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

As of January 1, 2021, the measurement date selected by the Town of St. Johnsbury, the pension was funded at 86.09% and had a plan fiduciary net position of \$11,304,463 and a total pension liability of \$13,130,936 resulting in a net pension liability of \$1,826,473. The net pension liability was measured as of January 1, 2021, 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, 2021, the Town recognized pension expense of \$323,434.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

As of June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 0	\$ 787
Difference between projected and actual investment earnings on pension assets	447,894	869,264
Changes in assumptions	<u>0</u>	<u>3,323</u>
	<u>\$ 447,894</u>	<u>\$ 873,374</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>	
2022	\$(119,001)
2023	(20,753)
2024	(244,697)
2025	<u>(41,029)</u>
Total	<u>\$(425,480)</u>

Significant Actuarial Assumptions and Methods

The mortality table changed from the Pri-2012 Total Dataset Generational Mortality, projected with MP-2019 to the Pri-2012 Total Dataset Generational Mortality, projected with MP-2020.

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-2020.

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Summary of Plan Provisions

Benefits

Normal Retirement Benefits

Normal Retirement Benefit	Benefit Formula: 2% per year of service times compensation Maximum total years of service: 35 IRC415 maximum annual benefit: \$210,000 Benefit limited to 100% of compensation
Compensation Definition	Highest consecutive 3 year average salary over all participation Annual salary up to \$265,000 considered
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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Termination Benefit

Termination of Employment	<p>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.</p> <p>An employee who terminates from service prior to attaining retirement age and is not vested shall receive a distribution of their employee contribution account.</p>
---------------------------	--

Death Benefit

Pre-Retirement Death Benefit	<p>Lump sum payable on death of participant Qualified pre-retirement survivor annuity payable to the surviving spouse, unless waived with spousal consent.</p>
Benefit Amount	<p>100% present value of accrued benefit</p>

Disability Benefit

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

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>
\$3,396,687	\$1,826,473	\$516,564

TOWN OF ST. JOHNSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020	\$ 13,030,704	\$ 10,911,570	\$ 2,119,134
Changes for the year:			
Normal cost	85,259	0	85,259
Interest	826,926	0	826,926
Difference between expected and actual experience	(10,623)	0	(10,623)
Changes in assumptions	(44,863)	0	(44,863)
Contributions - employer	0	207,815	(207,815)
Contributions - members	0	43,402	(43,402)
Net investment income/(loss)	0	899,043	(899,043)
Administrative expenses	0	(900)	900
Benefit payments, including refunds of member contributions	(756,467)	(756,467)	0
Net changes	<u>100,232</u>	<u>392,893</u>	<u>(292,661)</u>
Balances at December 31, 2020	<u>\$ 13,130,936</u>	<u>\$ 11,304,463</u>	<u>\$ 1,826,473</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
JUNE 30, 2021

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, 2021, taxes became due and payable on October 16, 2020 and March 16, 2021. 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 2021 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.4562	1.6728
General	0.4773	0.4773
Appropriations	0.0608	0.0608
Highway	0.4075	0.4075
Special Services District	0.5548	0.5548
Local Agreement	<u>0.0028</u>	<u>0.0028</u>
Total	<u>2.9594</u>	<u>3.1760</u>

E. Building Lease

In April, 2012, the Town of St. Johnsbury entered into a lease agreement with Northern Community Investment Corporation Inc. (NCIC). The Town will lease the second floor of the Pomerleau building at 51 Depot Square to NCIC for ten (10) 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:

2022	<u>\$50,175</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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town had four (4) active and one (1) inactive stabilization agreements. The total reduction of taxes was \$21,082.

G. Subsequent Events

On September 14, 2021, the voters of the Town of St. Johnsbury authorized the Town to borrow up to the \$5.4 million to renovate the armory into a new public safety building. In addition, the Town has been approved for a \$500,000 grant from the U.S. Environmental Protection Agency.

In August, 2021, the Town entered into a \$7.2 million construction contract for water and sewer projects to be funded with the proceeds of existing loans/grants from the State of Vermont Special Environmental Revolving Fund.

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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,399,672	\$ 2,471,677	\$ 72,005
Special Appropriation Tax	305,570	305,570	0
Delinquent Tax Penalties	35,000	64,450	29,450
Interest on Delinquent Taxes	31,000	58,675	27,675
Education Billing Fee Retained	15,000	16,034	1,034
VT Pilot Payments	95,000	112,683	17,683
Hold Harmless VT Payments	40,000	46,607	6,607
State Parcel Payment	26,000	26,027	27
Beverage Licenses	4,000	4,205	205
Dog Licenses	4,000	5,831	1,831
Zoning Permits	2,500	3,525	1,025
Housing Fees	42,000	39,760	(2,240)
Vendor Permits	200	0	(200)
Transfer Station Reimbursements	1,400	2,173	773
Dumpster Reimbursement - St. Johnsbury Athenaeum	800	840	40
Overweight Permits	500	515	15
Dispatch Services	242,803	242,045	(758)
Fire Department Services	50,000	51,950	1,950
Listers' Services	3,000	3,062	62
Town Clerk's Fees	65,000	78,795	13,795
Records Restoration	15,000	20,973	5,973
Interest and Dividends	25,000	33,255	8,255
Pomerleau Building 2nd Floor Rent	50,175	50,175	0
Global Fire Grant Income	0	3,831	3,831
EMS Stabilization Grant Income	0	18,408	18,408
Cares Act Grant Income	0	103,941	103,941
Town Meeting Grant Income	0	11,827	11,827
Election Grant Income	0	5,000	5,000
Electric Vehicle Charging Fees	0	192	192
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	153,585	153,585	0
Miscellaneous	0	15,716	15,716
Total Revenues	3,735,057	4,079,179	344,122

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
Town Manager's Office:			
Regular Salaries	\$ 280,174	\$ 283,569	\$ (3,395)
Social Security	21,433	22,190	(757)
Group Insurance	70,812	55,463	15,349
HBA Expense	10,000	8,023	1,977
Workman's Compensation	860	718	142
VMERS	16,810	16,636	174
Unemployment Compensation	100	464	(364)
Office Supplies	3,500	2,026	1,474
Training	1,300	85	1,215
Postage	100	438	(338)
Advertising	100	1,395	(1,295)
Printing	2,000	2,000	0
Gas, Oil, Mileage	800	0	800
Telephone	3,000	3,617	(617)
Contracted Services	2,000	2,029	(29)
Dues	400	367	33
COVID-19 Expenses	0	1,994	(1,994)
Total Town Manager's Office	413,389	401,014	12,375
Town Clerk's Office:			
Regular Salaries	78,497	67,409	11,088
Overtime Pay	900	117	783
Social Security	6,074	5,248	826
Group Insurance	14,204	6,037	8,167
HBA Expense	3,000	2,077	923
Workman's Compensation	430	359	71
Retirement Contributions	2,383	2,304	79
VMERS	4,096	3,198	898
Unemployment Compensation	0	232	(232)
Recording Supplies	1,000	422	578
Training	400	103	297
Office Supplies	2,500	2,202	298
Postage	2,500	1,356	1,144
Advertising	100	431	(331)
New Equipment	1,000	1,749	(749)
Transfer to Records Restoration Reserve	7,500	7,500	0
Gas, Oil & Mileage	300	0	300
Telephone	1,800	1,639	161
Contracted Services	20,000	14,133	5,867
Repair & Maintenance Services	400	28	372
Dues	50	65	(15)
Election Grant Expenses	0	5,087	(5,087)
COVID-19 Expenses	0	208	(208)
Total Town Clerk's Office	147,134	121,904	25,230

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Treasurer's Office:			
Regular Salaries	\$ 78,497	\$ 66,115	\$ 12,382
Overtime Pay	900	841	59
Social Security	6,074	5,165	909
Group Insurance	14,204	5,532	8,672
HBA Expense	3,000	956	2,044
Workman's Compensation	430	359	71
Retirement Contributions	2,383	2,304	79
VMERS	4,096	3,215	881
Unemployment Compensation	0	232	(232)
Office Supplies	0	1,024	(1,024)
Training	400	0	400
Postage	2,500	2,241	259
Advertising	200	324	(124)
New Equipment	500	1,749	(1,249)
Gas, Oil & Mileage	200	0	200
Contracted Services	2,000	42	1,958
Repair & Maintenance Services	200	0	200
Dues	50	65	(15)
	<u>115,634</u>	<u>90,164</u>	<u>25,470</u>
Total Town Treasurer's Office			
Board of Civil Authority:			
Regular Salaries	2,000	416	1,584
Social Security	153	32	121
Office Supplies	1,000	438	562
Training	100	0	100
Postage	1,500	187	1,313
Advertising	200	75	125
Contracted Services	5,000	14,826	(9,826)
	<u>9,953</u>	<u>15,974</u>	<u>(6,021)</u>
Total Board of Civil Authority			

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Assessor's Office:			
Regular Salaries	\$ 25,934	\$ 27,305	\$ (1,371)
Social Security	1,984	1,988	(4)
Group Insurance	7,975	7,464	511
HBA Expense	1,500	248	1,252
Workman's Compensation	215	188	27
Retirement Contributions	6,045	5,843	202
Unemployment Compensation	0	116	(116)
Office Supplies	200	589	(389)
Training	400	0	400
Postage	400	366	34
Advertising	100	60	40
Transfer to Reappraisal Reserve	27,500	27,500	0
Telephone	300	362	(62)
Contracted Services	43,950	57,600	(13,650)
Repair & Maintenance Services	0	3	(3)
COVID-19 Expenses	0	40	(40)
Total Assessor's Office	<u>116,503</u>	<u>129,672</u>	<u>(13,169)</u>
Economic Development:			
Office Supplies	200	399	(199)
Advertising	0	90	(90)
Travel & Mileage	1,500	0	1,500
Housing Grants	0	15,636	(15,636)
Armory Project	0	63,972	(63,972)
Designated Downtown	12,500	12,500	0
NVDA Dues	3,500	3,500	0
Industrial Park Taxes	57,048	60,691	(3,643)
Transfer to Housing Development Reserve	20,000	20,000	0
Transfer to Economic Development Reserve	10,000	10,000	0
Total Economic Development	<u>104,748</u>	<u>186,788</u>	<u>(82,040)</u>

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Zoning Board & Planning Commission:			
Regular Salaries	\$ 43,041	\$ 32,633	\$ 10,408
Social Security	3,293	2,320	973
Group Insurance	5,981	0	5,981
HBA Expense	2,500	0	2,500
Workman's Compensation	215	188	27
Retirement Contributions	2,582	0	2,582
Unemployment Compensation	200	116	84
Office Supplies	0	613	(613)
Training	500	0	500
Postage	500	436	64
Advertising	3,000	4,041	(1,041)
Printing	0	125	(125)
Gas, Oil, Mileage	750	466	284
Telephone	0	313	(313)
Professional Services	1,950	125	1,825
Total Zoning Board & Planning Commission	64,512	41,376	23,136
Public Safety Building:			
Heating Fuel	9,200	5,872	3,328
Public Utility Services	12,000	10,905	1,095
Waste Disposal Services	2,600	1,884	716
Contracted Services	15,000	4,515	10,485
Repair & Maintenance Supplies	9,000	2,370	6,630
Transfer to Public Safety Building Reserve	5,000	5,000	0
Total Public Safety Building	52,800	30,546	22,254
Community Center - Armory:			
Contracted Services	0	193	(193)
Total Community Center - Armory	0	193	(193)
Dog Control:			
Contracted Services	1,000	473	527
Total Dog Control	1,000	473	527
Board of Selectmen:			
Salaries	6,400	5,120	1,280
Social Security	490	392	98
Training	100	333	(233)
New Equipment	0	329	(329)
Total Board of Selectmen	6,990	6,174	816

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Dispatch Center:			
Regular Salaries	\$ 295,323	\$ 298,922	\$ (3,599)
Overtime Pay	40,000	38,888	1,112
Social Security	25,652	24,595	1,057
Group Insurance	100,110	82,546	17,564
HBA Expense	6,750	700	6,050
Workman's Compensation	1,290	1,095	195
Retirement Contributions	20,943	20,243	700
VMERS	14,243	16,420	(2,177)
Unemployment Compensation	0	812	(812)
Office Supplies	2,000	3,907	(1,907)
Training Supplies	1,000	112	888
Postage	100	93	7
Advertising	0	580	(580)
New Equipment	10,000	8,247	1,753
Gas, Oil & Mileage	250	0	250
Uniforms	800	837	(37)
Telephone	7,700	8,677	(977)
Contracted Services	11,000	9,776	1,224
Repair & Maintenance Services	6,000	2,100	3,900
COVID-19 Expenses	0	294	(294)
Transfer to Dispatch Equipment Reserve	5,000	5,000	0
Total Dispatch Center	548,161	523,844	24,317
Fire Department:			
Regular Salaries	653,761	616,251	37,510
Overtime Pay	50,160	41,912	8,248
Social Security	53,850	48,397	5,453
Group Insurance	170,923	155,056	15,867
HBA Expense	18,000	21,284	(3,284)
Workman's Compensation	82,584	78,402	4,182
Retirement Contributions	69,766	67,434	2,332
VMERS	25,658	23,052	2,606
Unemployment Compensation	0	1,179	(1,179)
Office Supplies	1,500	883	617
Training Supplies	8,000	4,248	3,752
Postage	100	64	36
New Equipment	30,000	1,011	28,989
Gas, Oil & Mileage	9,700	5,032	4,668
Uniforms	7,500	6,710	790
Telephone	2,800	2,648	152
Heating Fuel	2,000	1,097	903
Public Utility Services	658	677	(19)
Contracted Services	4,400	48,005	(43,605)
Supplies	12,000	5,445	6,555
Repair & Maintenance Services	19,000	39,475	(20,475)
Motor Vehicle Supplies	2,000	725	1,275
Alarm System Supplies	5,000	1,075	3,925
Enhanced Call Department	3,500	665	2,835
Global Fire Grant Expenses	0	3,147	(3,147)
COVID-19 Expenses	0	3,134	(3,134)
Transfer to Fire Equipment Reserve	110,000	110,000	0
Total Fire Department	1,342,860	1,287,008	55,852

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Solid Waste:			
Advertising & Printing	\$ 200	\$ 0	\$ 200
Waste & Disposal Services	25,000	29,065	(4,065)
Contracted Services	5,000	3,393	1,607
Total Solid Waste	30,200	32,458	(2,258)
Pomerleau Building:			
Heating Fuel	10,000	5,649	4,351
Public Utility Services	14,500	15,131	(631)
Waste Disposal Services	2,000	1,532	468
Contracted Services	35,000	28,717	6,283
Bond Principal	70,000	70,000	0
Bond Interest	33,267	33,267	0
Repair & Maintenance Supplies	2,000	2,547	(547)
Building Taxes	18,000	12,599	5,401
COVID-19 Expenses	0	350	(350)
Total Pomerleau Building	184,767	169,792	14,975
General Expenses:			
Public Utility Services	2,000	1,263	737
Internet Expense	24,000	26,310	(2,310)
Web Site Expense	6,000	5,735	265
IT Upgrades	10,000	608	9,392
Contracted Services	5,500	7,758	(2,258)
Audit	5,780	6,031	(251)
Legal Services	25,000	27,819	(2,819)
Legal Services - Tax Sale	0	6,000	(6,000)
Judgments & Losses	0	10,441	(10,441)
VLCT Dues	10,564	10,564	0
Community Justice Center	5,000	5,000	0
Property & Liability Insurance	53,376	53,226	150
Health Insurance Account Expense	2,800	2,175	625
County Taxes	57,906	57,906	0
Ambulance Service Contract	152,060	152,060	0
Cemetery Expenses	20,850	31,283	(10,433)
Transfer to Recreation Fund	10,000	10,000	0
Total General Expenses	390,836	414,179	(23,343)

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Special Appropriations:			
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
Fairbanks Museum	63,000	63,000	0
First Night	3,000	3,000	0
Umbrella	9,500	9,500	0
NEK Human Services	7,983	7,983	0
NEK Youth Services	5,500	5,500	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
VT Association for the Blind	675	675	0
Retired Senior Volunteer Program	810	810	0
Rural Community Transportation	13,050	13,050	0
American Red Cross	1,800	1,800	0
Good Living Senior Center	20,000	20,000	0
Kingdom Animal Shelter	2,000	2,000	0
Total Special Appropriations	305,570	305,570	0
Total Expenditures	3,835,057	3,757,129	77,928
Excess/(Deficiency) of Revenues Over Expenditures	\$ (100,000)	322,050	\$ 422,050
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Parking Meter Fund Income		26,649	
Parking Meter Fund Expenses		(24,461)	
Parking Meter Fund Transfer Out		(34,852)	
Recreation Fund Transfer In		10,000	
Recreation Fund Expenses		(10,000)	
Unbudgeted Records Restoration Expenses		(2,935)	
Unbudgeted Reappraisal Services		(39,741)	
Transfer to Records Restoration Reserve		7,500	
Transfer to Reappraisal Reserve		27,500	
Transfer to Housing Development Reserve		20,000	
Transfer to Economic Development Reserve		10,000	
Transfer to Public Safety Building Reserve		5,000	
Transfer to Dispatch Equipment Reserve		5,000	
Transfer to Fire Equipment Reserve		110,000	
Net Change in Fund Balance		431,710	
Fund Balance - July 1, 2020		1,023,080	
Fund Balance - June 30, 2021		\$ 1,454,790	

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 and unbudgeted reserve account expenses and 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
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,048,636	\$ 2,048,636	\$ 0
VT Pilot Payment	60,000	65,679	5,679
Hold Harmless VT Payment	26,000	26,000	0
State Aid Class I Highways	53,000	55,184	2,184
State Aid Class II Highways	46,000	47,860	1,860
State Aid Class III Highways	125,000	130,547	5,547
State Aid Lane Mileage	250	247	(3)
State Aid Highway Supplement	0	60,324	60,324
Highway Department Services	0	3,559	3,559
Transfer from Water Fund	139,750	139,750	0
Transfer from Sewer Fund	97,750	97,750	0
Better Back Roads Grant Income	50,000	25,466	(24,534)
Special Programs Grant Income	175,000	42,820	(132,180)
Cares Act Grant Income	0	86,403	86,403
Sale of Equipment	0	1,000	1,000
Sale of Materials	0	1,078	1,078
Miscellaneous	0	130	130
Total Revenues	2,821,386	2,832,433	11,047
Expenditures:			
Highway Garage & Equipment:			
Regular Salaries	53,219	56,034	(2,815)
Overtime Pay	7,000	3,262	3,738
Social Security	4,607	4,158	449
Group Insurance	21,451	21,558	(107)
HBA Expense	5,000	4,877	123
Workman's Compensation	2,866	2,459	407
Retirement Contributions	12,358	11,945	413
Unemployment Compensation	0	125	(125)
Office Supplies	2,000	871	1,129
Training	3,000	1,004	1,996
Advertising	0	40	(40)
New Equipment	10,000	12,850	(2,850)
New Tools	5,000	3,290	1,710
Gas & Oil for Equipment	75,000	62,023	12,977
Uniforms	6,500	5,889	611
Telephone	2,500	2,159	341
Heating Fuel	7,500	3,905	3,595
Public Utility Services	8,200	7,986	214
Waste Disposal Services	4,600	5,738	(1,138)
Contracted Services	6,000	3,927	2,073
Rentals	13,000	4,200	8,800
Repairs to Equipment	65,000	68,447	(3,447)
Maintenance Supplies	35,000	31,738	3,262
Outside Repairs	17,000	18,602	(1,602)
Repairs to Garage	10,000	11,113	(1,113)
Supplies	0	5,548	(5,548)
COVID-19 Expenses	0	516	(516)
Transfer to Equipment Reserve	10,000	10,000	0
Total Highway Garage & Equipment	386,801	364,264	22,537

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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Summer Maintenance:			
Regular Salaries	\$ 328,049	\$ 331,038	\$ (2,989)
Overtime Pay	20,000	16,937	3,063
Social Security	26,626	26,203	423
Group Insurance	100,751	93,638	7,113
HBA Expense	18,000	16,932	1,068
Workman's Compensation	20,073	17,067	3,006
Retirement Contributions	28,837	27,874	963
VMERS	10,678	10,229	449
Unemployment Compensation	0	857	(857)
Contracted Services	90,000	73,521	16,479
Stormwater Permit Fee - ANR	5,000	5,518	(518)
Materials & Supplies	146,000	150,629	(4,629)
Paving (Grant)	175,000	0	175,000
Maintenance (Paving)	35,000	23,136	11,864
Total Summer Maintenance	1,004,014	793,579	210,435
Winter Maintenance:			
Regular Salaries	328,049	303,804	24,245
Overtime Pay	75,000	53,422	21,578
Social Security	30,833	25,765	5,068
Group Insurance	100,751	97,569	3,182
HBA Expense	15,000	14,419	581
Workman's Compensation	20,073	17,067	3,006
Retirement Contributions	28,837	27,874	963
VMERS	10,678	14,530	(3,852)
Unemployment Compensation	0	857	(857)
Contracted Services	3,000	400	2,600
Materials & Supplies	185,000	145,282	39,718
Total Winter Maintenance	797,221	700,989	96,232
Street Safety & Traffic:			
Public Utility Services	90,000	91,240	(1,240)
Railroad St. Parking Lot	771	771	0
Contracted Services	3,000	6,961	(3,961)
Repair & Maintenance Services	1,000	20	980
Materials & Supplies	12,000	2,750	9,250
Total Street Safety & Traffic	106,771	101,742	5,029

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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Fund:			
Advertising	\$ 200	\$ 0	\$ 200
Audit	5,780	6,031	(251)
Health Insurance Account Expense	2,000	1,345	655
Contracted Services	1,500	603	897
Special Project Expenses	0	2,250	(2,250)
State Stormwater Operating Fee	2,000	1,360	640
Transfer to Sidewalk Reserve	20,000	20,000	0
Transfer to Construction Reserve	20,000	20,000	0
Property & Liability Insurance	22,457	24,432	(1,975)
Industrial Park Taxes	55,074	51,816	3,258
Storm Damage Expenses	0	29,468	(29,468)
Better Back Roads Grant Expenses	0	11,313	(11,313)
Undercllyffe Project Expenses	0	36,976	(36,976)
Interest - Westside USDA 93/15	49,026	49,026	0
Principal - Westside USDA 93/15	80,542	80,542	0
CSO Payment	131,857	131,857	0
New Equipment	65,000	215,805	(150,805)
New Equipment 18-19 Lease Payment	129,943	129,943	0
New Equipment 19-20 Lease Payment	85,000	73,728	11,272
Local Share - NBRC Bike Path	0	7,684	(7,684)
Local Share - Portland Street Bridge	4,000	1,415	2,585
Internet Expense	2,200	3,500	(1,300)
Total Highway Fund	676,579	899,094	(222,515)
Total Expenditures	2,971,386	2,859,668	111,718
Excess/(Deficiency) of Revenues Over Expenditures	\$ (150,000)	(27,235)	\$ 122,765
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		20,000	
Net Change in Fund Balance		22,765	
Fund Balance - July 1, 2020		1,035,133	
Fund Balance - June 30, 2021		\$ 1,057,898	

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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 1,199,891	\$ 1,199,891	\$ 0
VT Pilot Payments	19,500	21,689	2,189
Hold Harmless VT Payments	100	77	(23)
District Court Fines	4,000	3,483	(517)
Report Revenue	1,600	1,223	(377)
Police Department Services	2,000	976	(1,024)
Fingerprinting Services	30,000	21,975	(8,025)
SIU Revenue	30,000	30,000	0
Governor's Highway Safety Grant - Salaries	5,000	9,453	4,453
Cares Act Grant Income	0	73,145	73,145
Transfer from Parking Meter Fund	20,000	20,000	0
Donations	0	714	714
Total Revenues	1,312,091	1,382,626	70,535
Expenditures:			
Police Department:			
Regular Salaries	644,211	638,067	6,144
Overtime Pay	68,000	116,253	(48,253)
Social Security	54,484	54,731	(247)
Group Insurance	132,802	130,291	2,511
HBA Expense	16,000	10,913	5,087
Workman's Compensation	39,572	39,041	531
Retirement Contributions	28,513	27,560	953
VMERS	35,782	40,086	(4,304)
Unemployment Compensation	0	1,513	(1,513)
Office Supplies	4,200	1,525	2,675
Training	5,000	3,912	1,088
Postage	400	330	70
Advertising	300	0	300
New Equipment	4,500	1,130	3,370
Gas, Oil & Mileage	17,000	13,647	3,353
Uniforms	12,000	6,220	5,780
Telephone	3,700	3,595	105
Heating Fuel	3,000	1,727	1,273
Public Utility Services	3,750	3,720	30
Waste Disposal Services	1,200	694	506
Contracted Services	5,089	11,817	(6,728)
Ammunition	4,000	3,979	21
Repairs to Equipment	1,500	592	908
Dues	1,500	620	880
Repairs to Cruisers	13,000	9,525	3,475
Investigation Supplies	2,300	1,593	707
Governor's Highway Safety Grant Expenditures	5,000	0	5,000
COVID-19 Expenses	0	1,062	(1,062)
Transfer to Equipment Reserve	30,500	30,500	0
Total Police Department	1,137,303	1,154,643	(17,340)

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, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks & Trees:			
Repair & Maintenance Services	\$ 3,000	\$ 915	\$ 2,085
Portland Street Rink	<u>200</u>	<u>168</u>	<u>32</u>
Total Parks & Trees	<u>3,200</u>	<u>1,083</u>	<u>2,117</u>
Beautification Committee:			
Operating Supplies	19,500	17,599	1,901
Repair & Maintenance Services	<u>1,000</u>	<u>2,692</u>	<u>(1,692)</u>
Total Beautification Committee	<u>20,500</u>	<u>20,291</u>	<u>209</u>
Special Services Fund:			
Internet Expense	5,200	7,119	(1,919)
Contracted Services	1,500	603	897
Audit	5,780	6,031	(251)
Legal Services	0	381	(381)
Health Insurance Account Expense	1,000	943	57
Property & Liability Insurance	24,023	24,750	(727)
Transfer to Dispatch Services	<u>153,585</u>	<u>153,585</u>	<u>0</u>
Total Special Services Fund	<u>191,088</u>	<u>193,412</u>	<u>(2,324)</u>
Total Expenditures	<u>1,352,091</u>	<u>1,369,429</u>	<u>(17,338)</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(40,000)</u>	13,197	\$ <u>53,197</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Transfer to Equipment Reserve		<u>30,500</u>	
Net Change in Fund Balance		43,697	
Fund Balance - July 1, 2020		<u>191,364</u>	
Fund Balance - June 30, 2021		\$ <u>235,061</u>	

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 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	0.5775%	0.5574%	0.5230%	0.5268%	0.4359%	0.3934%	0.3111%
Town's Proportionate Share of the Net Pension Liability	\$ 1,460,826	\$ 967,024	\$ 735,681	\$ 638,209	\$ 560,984	\$ 303,298	\$ 28,395
Town's Covered Employee Payroll	\$ 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	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	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: The following changes were effective for the June 30, 2020 valuation date:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows:
 - Pre-Retirement:
 - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.
 - Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019.
 - Healthy Post-Retirement - Retirees:
 - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
 - Group D - PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.
 - Healthy Post-Retirement - Beneficiaries:
 - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
 - Group D - Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.
 - Disabled Retirees:
 - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
 - Group A: Decreased the rates throughout all ages.
 - Group B: For females, slightly decreased the rates at younger ages and then increased the rates at later ages. For males, slightly decreased the rates at most ages.
 - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
 - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability loan of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were updated as follows:
 - Simplified female rates to one set of slightly reduced rates for all females.

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 125,855	\$ 119,214	\$ 107,093	\$ 91,576	\$ 86,026	\$ 66,250	\$ 55,038
Contributions in Relation to the Actuarially Determined Contributions	<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>
Town's Covered Employee Payroll	\$ 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	6.757%	6.510%	6.403%	6.382%	6.406%	6.332%	6.193%

Notes to Schedule

Valuation Date: June 30, 2020

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PENSION TRUST FUND
 JUNE 30, 2021

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%

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION TRUST FUND
JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Normal Cost	\$ 85,259	\$ 79,645	\$ 100,951	\$ 115,097	\$ 123,154	\$ 115,139	\$ 168,300
Interest	826,926	846,547	830,076	804,914	770,068	766,804	862,671
Difference Between Expected and Actual Experience	(10,623)	310,902	190,276	120,265	(220,202)	154,539	0
Change in Benefit Terms	0	(474,858)	0	0	0	0	0
Changes in Assumptions	(44,863)	646,005	(133,641)	(62,871)	277,567	0	0
Benefit Payments, Including Refunds of Member Contributions	<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	100,232	646,379	309,891	404,107	388,122	481,829	488,420
Total Pension Liability, January 1	<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>13,130,936</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	207,815	272,713	183,928	249,761	255,115	307,593	171,300
Contributions - Members	43,402	47,686	56,442	58,955	47,723	35,703	20,023
Net Investment Income/(Loss)	899,043	1,681,968	(395,618)	1,153,615	878,054	64,102	606,957
Administrative Expenses	(900)	(19,550)	(17,900)	(15,800)	(67,848)	(97,821)	(110,411)
Benefit Payments, Including Refunds of Member Contributions	<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	392,893	1,220,955	(850,919)	873,233	550,579	(245,076)	145,318
Plan Fiduciary Net Position, January 1	<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>11,304,463</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>\$ 1,826,473</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	86.09%	83.74%	78.25%	87.30%	82.85%	80.82%	86.69%
Covered Employee Payroll	\$ 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	179.03%	209.02%	244.18%	116.59%	142.15%	146.82%	94.23%

Notes to ScheduleBenefit Changes: NoneChanges in Assumptions: The following changes were effective for the January 1, 2021 valuation date:

- The mortality table changed from the Pri-2012 Total Dataset Generational Mortality, projected with MP-2019 to the Pri-2012 Total Dataset Generational Mortality, projected with MP-2020.

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION TRUST FUND
JUNE 30, 2021

	2021	2020	2019	2018	2017	2016 (18 Months)	2014	2013	2012
Actuarially Determined Contribution	\$ 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>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>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	\$ 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	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, 2021

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-2020

GASB No. 67 required supplementary information is not available for years prior to 2012. Data for future years will be added prospectively.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 PENSION TRUST FUND
 JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	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, 2021

	Permanent Funds		Total
	Goss Hollow Cemetery Fund	Grove Cemetery Fund	
<u>ASSETS</u>			
Cash	\$ 6,468	\$ 12,476	\$ 18,944
Investments	0	217,021	217,021
Due from Other Funds	<u>0</u>	<u>56</u>	<u>56</u>
Total Assets	\$ <u><u>6,468</u></u>	\$ <u><u>229,553</u></u>	\$ <u><u>236,021</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <u>136</u>	\$ <u>0</u>	\$ <u>136</u>
Total Liabilities	<u>136</u>	<u>0</u>	<u>136</u>
Fund Balances:			
Nonspendable	5,161	0	5,161
Restricted	<u>1,171</u>	<u>229,553</u>	<u>230,724</u>
Total Fund Balances	<u>6,332</u>	<u>229,553</u>	<u>235,885</u>
Total Liabilities and Fund Balances	\$ <u><u>6,468</u></u>	\$ <u><u>229,553</u></u>	\$ <u><u>236,021</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2021

	Permanent Funds		
	Goss Hollow Cemetery Fund	Grove Cemetery Fund	Total
Revenues:			
Charges for Services	\$ 0	\$ 1,300	\$ 1,300
Investment Income	<u>6</u>	<u>40,452</u>	<u>40,458</u>
Total Revenues	<u>6</u>	<u>41,752</u>	<u>41,758</u>
Expenditures:			
Cemetery	<u>0</u>	<u>661</u>	<u>661</u>
Total Expenditures	<u>0</u>	<u>661</u>	<u>661</u>
Net Change in Fund Balances	6	41,091	41,097
Fund Balances - July 1, 2020	<u>6,326</u>	<u>188,462</u>	<u>194,788</u>
Fund Balances - June 30, 2021	\$ <u><u>6,332</u></u>	\$ <u><u>229,553</u></u>	\$ <u><u>235,885</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan,Powers & Co.,P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
[VT Lic. #92-000180](#)

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, 2021, 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 September 29, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified a deficiency in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2021-01, that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

We also noted a certain other matter that we reported to the management of the Town of St. Johnsbury, Vermont in a separate letter dated September 29, 2021.

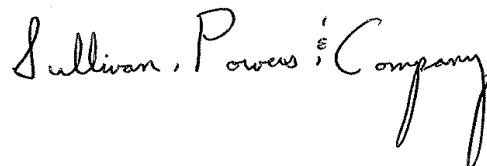
Town of St. Johnsbury, Vermont's Response to Deficiency in Internal Control

The Town of St. Johnsbury, Vermont's response to the deficiency in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of St. Johnsbury, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

September 29, 2021
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF ST. JOHNSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2021

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2021-01 Unbilled Water and Sewer Receivables

Criteria:

Internal controls should be in place to ensure that all unbilled water and sewer receivables at year end are recorded correctly.

Condition:

The Town had controls in place that requires the review and approval of all journal entries however the unbilled water and sewer receivables were not recorded correctly at year end. The independent review of the calculation of the unbilled water and sewer receivables did not catch this error.

Cause:

Both the preparer and reviewer of the unbilled receivable entries overlooked the second page in the calculation. Additionally, the usual processes were impacted by employee work schedules.

Effect:

The Town's receivables, revenue and net position in the Water and the Sewer Fund and its business-type activities were understated.

Recommendation:

We recommend that the Town implement controls to ensures that all unbilled receivables are recorded correctly. We recommend that all significant calculations be reviewed and approved by an appropriate individual.



TOWN OF ST. JOHNSBURY

Town Manager's Office
51 Depot Square, Suite 3
St. Johnsbury, VT 05819
802-748-3926
www.stjvt.com

Town Clerk 802-748-4331
Dispatch 802-748-2170
Police 802-748-2170
Fire 802-748-8925
Public Works 802-748-4408

September 23, 2021

Fred Duplessis, CPA
Sullivan, Powers & Company

Audit Response: Employees involved in the journal entry process will double check calculations on supporting documentation.