

TOWN OF COLCHESTER, VERMONT

AUDIT REPORT

JUNE 30, 2022

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Independent Auditor's Report

Selectboard
Town of Colchester, Vermont
781 Blakely Road
Colchester, Vermont 05446

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principles

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 17, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated December 15, 2022 on our consideration of the Town of Colchester, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Colchester, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Colchester, Vermont's internal control over financial reporting and compliance.

December 15, 2022
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

As management of the Town of Colchester (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. The purpose of the management discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

Government-wide Statements (refer to Exhibits A and B).

The assets and deferred outflows of resources of the Town of Colchester exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,080,980. The net position is primarily comprised of \$38,388,363 in capital including buildings, land and vehicles, equipment and many unmarketable assets such as roads and stormwater infrastructure net of related debt. Of the net position, \$6,159,293 is unrestricted net position. Unrestricted net position, less amounts tied up in non-spendable assets such as prepaid expenses and inventory, may be used by the various funds of the Town to meet its ongoing obligations to its citizens and creditors, a significant portion of which may not be transferable between different funds. Included in the unrestricted net position are amounts that voters and management have assigned for particular purposes, such as reserves for expenditures in subsequent years and wastewater capacity rights (funding of South Burlington's Sewer plant upgrade). Additionally, there is \$8,533,324 in resources that are subject to external (non-town) restrictions on how they may be used.

- GASB Statement No. 68 "Financial Reporting for Pension Plans" requires the Town to report its proportionate share of the net pension liability and related deferred outflows and inflows of resources. The Vermont Municipal Employees' Retirement System (VMERS) pension liability was determined by an actuarial valuation as of 6/30/21, considering employee contributions, Town contributions, expected payments to pensioners, expected rate of return on investments, and the current value of all investments one year prior to this audit period. The fiscal year ending June 30, 2022 ended with net deferred inflow of resources of \$213,266. This is due to one or more of the following: a change to the difference between projected and actual earnings on pension plan investments, a change between expected and actual experience, changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions and the Town's required employer contributions made subsequent to the measurement date. This results in a combined employer and employee net pension liability of \$3,218,968. In FY21, the VMERS reporting year in which we rely for our FY22 financials, the pension fiduciary net position as a percentage of total pension liability was 86.29%. In FY20 which was paired with FY21 financials, it was 74.52%. Based on changing financial conditions, the above-mentioned net deferred outflow, both employer and employee liabilities will change annually based on the actual market value of investments in the year prior to the audit. As this metric is defined by the current value of investments, and whereby liabilities are paid out over time, is not realistic. However, it is conservative, in terms of estimating on the higher end of potential employee and employer liabilities and percent funded.

Fund Financial Statements (refer to Exhibit C, F and Footnote 4K)

- Governmental funds contain many funds including General, Capital Project, Reserve Funds and Debt Service funds. Each of these funds can contain several projects.
 - Capital Project Fund – includes Capital Transportation Plan, Capital Grant funds, and Parks Capital Plan.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

- Reserve Fund – includes technology, communications, re-appraisal (funds from state), records retention, and public safety capital with its subcomponents (police boat reserve, rescue equipment reserve, rescue communications reserve, technical rescue equipment reserve, and technical rescue communication reserve).
- Other Non-Major Governmental Funds – includes Revolving Loan, Community Development, Grant, Police Special Revenue, Cemetery, Recreation Acquisition and Development, and Capital Equipment Funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,943,770, an increase of \$2,387,548 in comparison with the prior year.
- The Debt Service Fund contains voter restricted Local Option Tax Revenues. FY22 Local Option Tax revenues exceed payments made in FY22 causing the Debt Service Funds restricted fund balance to increase to \$7,902,754, a \$1,696,819 increase over FY21.
- General Fund fund balance decreased \$43,141 in FY22. This decrease was due largely to transfers of funds to capital funds. These funds were transferred for: Future solar project capital costs, FY23 DPW truck replacements, and technical rescue equipment reserve.
- Wastewater Fund Net Position decreased \$279,876 in FY22. Depreciation was primarily responsible for the decrease in net position.
- The Recreation Program Fund net position increased \$153,842 to \$929,089.
- The Stormwater Fund net position increased \$96,305 to \$4,668,194.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of books for each major activity. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. There are two main operations referred to as general governmental activities, which are accounted for primarily in the general fund and supported in large part by property tax revenues and business-type activities, which are supported by user fees, and are recorded in enterprise funds.

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. 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 the business-type activities. The governmental activities reflect the Town's basic services; including general government, public safety, public works, culture and recreation, community development, capital outlay, and debt service. The business-type activities of the Town include Wastewater, Public Safety Dispatch, Recreation Program Fund, Stormwater Fund and Rescue Fund.

The Statement of Net Position (Exhibit A) 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.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Statement of Activities (Exhibit B) 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.

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 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 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. The governmental fund financial statements provide a detailed short-term view that helps determine financial resources that are available to finance the Town's programs in the near future.

The Town maintains three major governmental funds; the General Fund, Capital Projects Fund, and the Debt Service Fund. In addition to this, the Town maintains a number of Special Revenue Funds, Capital Project Funds, and a Permanent Fund, which do not qualify as major funds. These funds are consolidated into the column title Non-Major Governmental Funds. Combining financial statements containing more detailed information on these funds may be found on Schedules 4 through 9.

The governmental fund financial statements can be found in Exhibits C through E. The Town adopts an annual budget for its general fund. Schedule 1 is a budget to actual comparison statement demonstrating compliance with the adopted budget.

Proprietary funds 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 five enterprise funds; the Wastewater Fund, the Recreation Program Fund, the Police Dispatch Fund, the Stormwater Fund, and the Rescue Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town has no internal service funds at this time.

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 each of the Funds. The proprietary fund financial statements may be found in Exhibits F through H and Schedules 10 through 12.

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Fiduciary 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 fiduciary fund financial statement of the Town can be found in Exhibits I and J.

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 statement. The notes serve to explain, clarify, and expand upon the financial data presented in the financial statements. The notes are found immediately following the financial statements.

Supplementary information including a budgetary comparison statement for the general fund can be found immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

| Summary Statement of Net Position | | | | | | |
|-----------------------------------|-------------------------|------------|--------------------------|------------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current & Other Assets | 19,115,250 | 13,701,904 | 4,577,065 | 4,383,394 | 23,692,315 | 18,085,298 |
| Capital Assets | 37,258,512 | 37,993,096 | 12,663,868 | 13,227,375 | 49,922,380 | 51,220,471 |
| Total Assets | 56,373,762 | 51,695,000 | 17,240,933 | 17,610,769 | 73,614,695 | 69,305,769 |
| Deferred Outflow s of Resources | 1,552,862 | 1,880,474 | 255,946 | 268,393 | 1,808,808 | 2,148,867 |
| Long-Term Liabilities | 7,283,361 | 9,700,118 | 8,399,649 | 9,258,856 | 15,683,010 | 18,958,974 |
| Other Liabilities | 3,365,036 | 881,145 | 618,653 | 573,314 | 3,983,689 | 1,454,459 |
| Total Liabilities | 10,648,397 | 10,581,263 | 9,018,302 | 9,832,170 | 19,666,699 | 20,413,433 |
| Deferred Inflow s of Resources | 2,389,701 | 166,380 | 286,123 | 23,747 | 2,675,824 | 190,127 |
| Net Invested in Capital Assets | 33,574,678 | 33,844,516 | 4,813,685 | 4,803,362 | 38,388,363 | 38,647,878 |
| Restricted | 8,533,324 | 6,967,054 | 0 | 0 | 8,533,324 | 6,967,054 |
| Unrestricted | 2,780,524 | 2,016,261 | 3,378,769 | 3,219,883 | 6,159,293 | 5,236,144 |
| Total Net Position | 44,888,526 | 42,827,831 | 8,192,454 | 8,023,245 | 53,080,980 | 50,851,076 |

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Net Position states a government's financial status in a required standard format that may be compared over time and among similar governments. At the end of the fiscal year, the Town's assets exceeded liabilities and deferred inflows of resources by \$53,080,980.

The largest portion of the Town's assets (72%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure (roads, bridges, etc.) less any related, outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

\$8,533,324 of the Town's net position is subject to external (non-town) restrictions on how they may be used. A majority of the remaining \$6,159,293 (unrestricted net position, less inventory and prepaid expenses) may be used to meet the government's ongoing financial obligations to its citizens and creditors, a significant portion of which may not be transferable between different funds. Included in the unrestricted net position are amounts that voters and management have assigned for particular purposes, such as reserves for expenditures in subsequent years and wastewater capacity rights (funding of South Burlington's Sewer plant upgrade).

Governmental activities

Governmental activities increased the Town's net position by \$2,060,695 for the fiscal year ended June 30, 2022. The key element of the change was \$2,174,827 in Local Option Tax revenue that was collected during the fiscal year. These funds are used to pay existing debt payments with remaining funds going to restricted fund balance. Governmental expenditures reduced from FY21 by \$171,813 due mostly to positional savings from vacant positions spanning multiple departments.

Public Safety remains the largest expense at 41% of total Governmental Activity expenses. General Government and Public Works are both 23% of total Governmental Activity expenses.

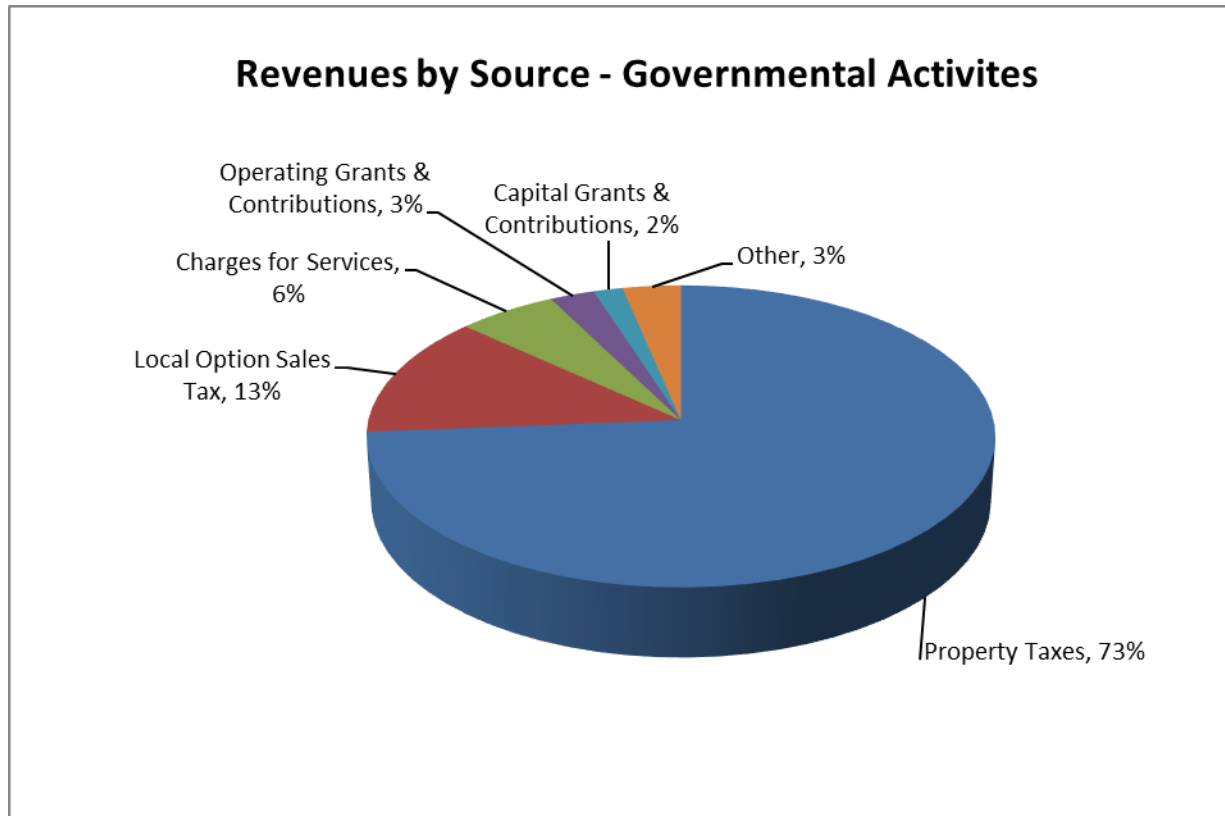
TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

| Summary of the Statement of Activities | | | | | | |
|--|-------------------------|------------|--------------------------|-----------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | 958,325 | 1,224,320 | 3,820,252 | 3,303,410 | 4,778,577 | 4,527,730 |
| Operating Grants & Contributions | 427,493 | 802,713 | 229,306 | 600,046 | 656,799 | 1,402,759 |
| Capital Grants & Contributions | 278,595 | 632,808 | 82,464 | 67,385 | 361,059 | 700,193 |
| General Revenues: | | | | | | |
| Property Taxes | 12,364,748 | 11,968,320 | 0 | 0 | 12,364,748 | 11,968,320 |
| Other | 2,902,756 | 2,720,781 | 3,668 | 61,363 | 2,906,424 | 2,782,144 |
| Total Revenues | 16,931,917 | 17,348,942 | 4,135,690 | 4,032,204 | 21,067,607 | 21,381,146 |
| Expenses: | | | | | | |
| General Government | 3,204,718 | 3,269,546 | 0 | 0 | 3,204,718 | 3,269,546 |
| Public Safety | 5,776,521 | 5,968,127 | 0 | 0 | 5,776,521 | 5,968,127 |
| Public Works | 3,215,270 | 3,090,495 | 0 | 0 | 3,215,270 | 3,090,495 |
| Community Development | 123,614 | 127,646 | 0 | 0 | 123,614 | 127,646 |
| Culture & Recreation | 1,755,687 | 1,745,426 | 789,634 | 593,797 | 2,545,321 | 2,339,223 |
| Interest on Long-Term Debt | 131,059 | 177,442 | 0 | 0 | 131,059 | 177,442 |
| Stormwater | 0 | 0 | 838,049 | 901,946 | 838,049 | 901,946 |
| Police Dispatch | 0 | 0 | 634,623 | 514,360 | 634,623 | 514,360 |
| Wastewater | 0 | 0 | 1,703,996 | 1,495,657 | 1,703,996 | 1,495,657 |
| Rescue | 0 | 0 | 933,856 | 904,652 | 933,856 | 904,652 |
| Total Expenses | 14,206,869 | 14,378,682 | 4,900,158 | 4,410,412 | 19,107,027 | 18,789,094 |
| Increase/(Decrease) in Net Position Before Transfers | 2,725,048 | 2,970,260 | (764,468) | (378,208) | 1,960,580 | 2,592,052 |
| Transfers | (664,353) | 1,091,942 | 933,677 | 1,654,160 | 269,324 | 2,746,102 |
| Change in Net Position | 2,060,695 | 4,062,202 | 169,209 | 1,275,952 | 2,229,904 | 5,338,154 |
| Beginning Net Position | 42,827,831 | 38,765,629 | 8,023,245 | 6,747,293 | 50,851,076 | 45,512,922 |
| Ending Net Position | 44,888,526 | 42,827,831 | 8,192,454 | 8,023,245 | 53,080,980 | 50,851,076 |

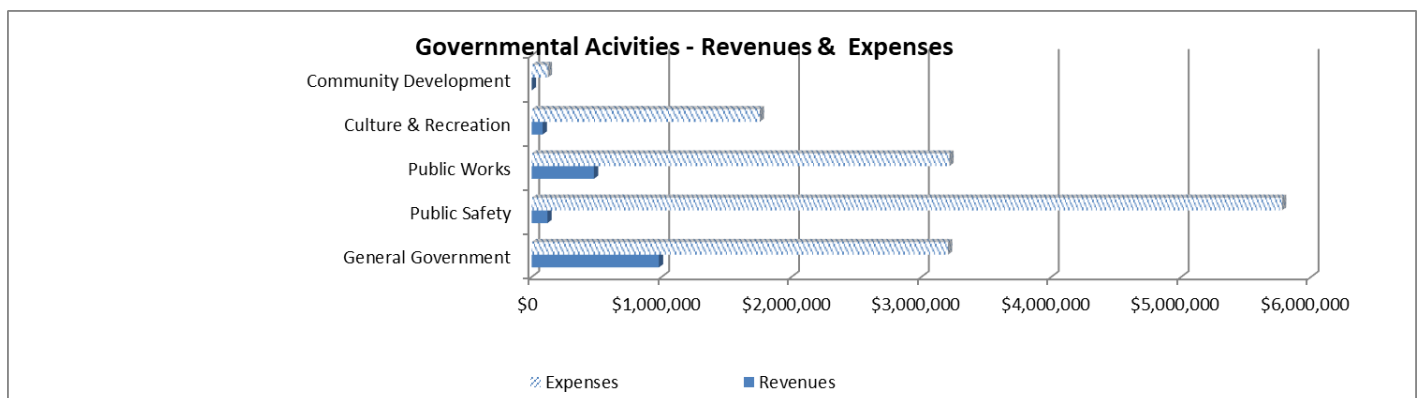
The majority of revenue for governmental activities comes from property taxes; 73% of total revenue or \$12,364,748. This percentage is up 4% from FY21 due to a 1% decrease in charges for services, and 2% decreases in both capital grants & contributions and operating grants and contributions. Local Option Sales are the second largest category of revenue at 13% of total revenue or \$2,174,827. These revenues are restricted for use for voter approved debt or capital payments.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following graph shows the distribution of governmental revenues by source.



The following chart shows how major programs are funded. The revenues included in this graph are program specific revenues such as user fees, capital grants, and operating grants. General revenues such as property revenues and interest earnings are excluded. This chart indicates that program revenues do not support program expenses requiring property taxes to pay for the bulk of the expenses.



TOWN OF COLCHESTER, VERMONT
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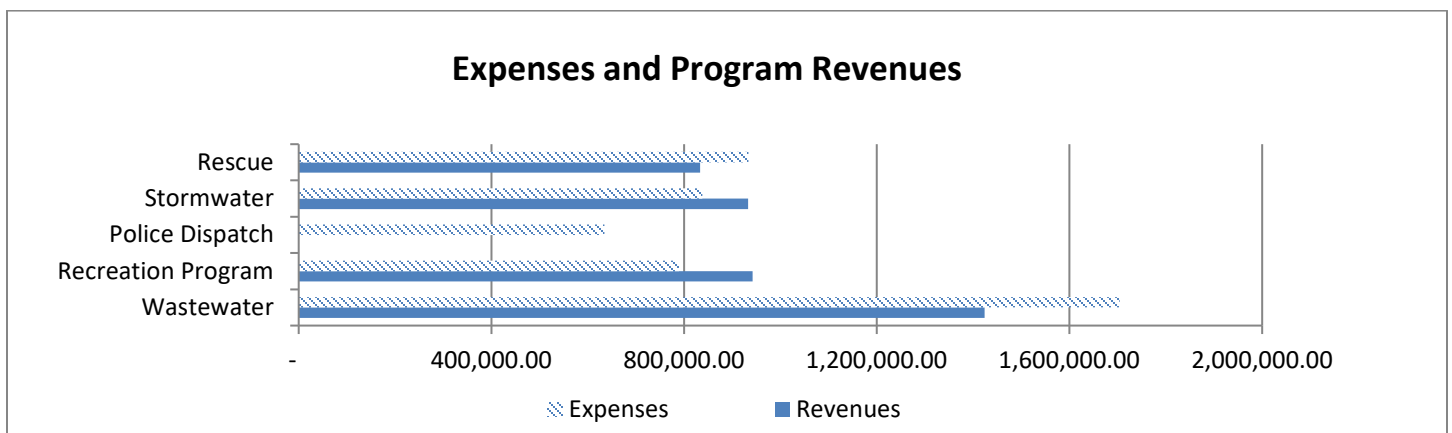
Business-type activities (Police Dispatch, Wastewater, Recreation Program and Stormwater Funds):

Business-type activities increased the Town's net position by \$169,209, during the current fiscal year through planned expenses. Key elements of this change are as follows:

- Wastewater Fund was \$164,186 short of covering their expenditures with charges for services. The Town paid South Burlington for capacity rights in their sewer plant and we recognize this investment by depreciating \$606,892 in value each of the 20 years of the funding relationship. The Town anticipated and planned this over spending and a significant portion of the Wastewater Fund balance will be drawn down over the course of this loan repayment which will help avoid rate related spikes which exceed 10% related to the capacity rights.
- Police Dispatch Fund was \$514,313 short of covering their expenditures with charges for services. Police Dispatch expenses were funded by a planned transfer from the General Fund. The Dispatch Fund will be budgeted back into the General Fund starting in FY23. The Town does not currently have a dispatch contract to generate revenue needed to maintain an Enterprise Fund. The Dispatch Fund may be reestablished when a contracted or regional dispatch program generates enough revenue to offset a significant amount of its expenditures.
- Recreation Program Fund covered their costs with \$152,541 in revenue to contribute toward Business-type activities net position. The fund has a positive net position of \$929,089 at the end of FY22.
- Stormwater Fund program revenues covered their operating expenses and contributed \$96,305 toward the business-type fund net position. Stormwater's FY22 net position increased to \$4,668,194.
- Rescue Fund was \$155,554 short of covering their expenditures in FY22, with the difference made up with a planned and budgeted transfer from the general fund.

Business-type activities are accounted for in the same manner that businesses account for operations. It is necessary that revenues (operating and non-operating) plus retained earnings meet or exceed expenses to continue operating. The graph below titled Expenses and Program Revenues Business-Type Activities demonstrates that during the current fiscal year expenses exceeded revenues for the Police Dispatch Fund by \$514,313, the Wastewater Fund by \$164,186, and the Rescue fund by \$155,554. However, the Stormwater Fund covered their expenditures with \$67,285 remaining and Recreation Program Fund with \$152,541 remaining. The excess Stormwater revenues were budgeted to be carried forward for future capital needs within the Stormwater Fund.

This chart shows current year revenues and expenses of each of the Business Type Activities



TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town of Colchester 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 near-term inflows, outflows, and balances of usable resources. Specifically, unassigned fund balance can be a useful measure of a government's net resources available. Unassigned fund balance provides a reserve for emergencies and disasters, enables the Selectboard to stabilize tax rates in economic hard times, and provides working capital from which to pay Town bills between tax collection due dates. The Town is required by State law to pay the State Education Taxes to the Colchester School District based all taxes LEVIED, even if the State Education Taxes are NOT COLLECTED by the Town. The State Education Tax Funded Colchester School District budget is nearly three times that of the Town. Payment of the State Education Taxes represent the Town's most significant ongoing fiscal responsibility.

The General Fund is the primary operating fund of the Town of Colchester. A key financial statistic to evaluating the financial strength of the Town is the level of the General Fund unassigned fund balance as a percent of total revenues or expenditures. According to best practices as outlined by the GASB, upon which the Town is audited, the unassigned fund balance should provide coverage of 2 to 4 months expenditures.

- At the end of the current fiscal year the General Fund fund balance was \$3,229,927. This amount includes \$102,846 is non-spendable inventory and prepaid expenses as well as \$938,147 in assigned or committed fund balance totaling \$1,040,993. This leaves an unassigned fund balance net of non-spendable items of \$2,188,934. This remaining amount has significant restrictions on expenditure in the Town Charter. The assigned or committed fund balances are for the following uses:
 - \$353,814 - Committed to offset leave time expenses exceeding budget
 - \$324,333 - Assigned to reduce property taxes in fiscal year 2023
 - \$260,000 - Assigned to reduce property taxes in fiscal year 2024

The Town's unassigned General Fund fund balance of \$2,188,934 on June 30, 2022 was 15.7% of total General Fund operating expenses as defined by the Selectboard's Fund Balance Policy. This is \$127,708 less than the suggested two months operating costs.

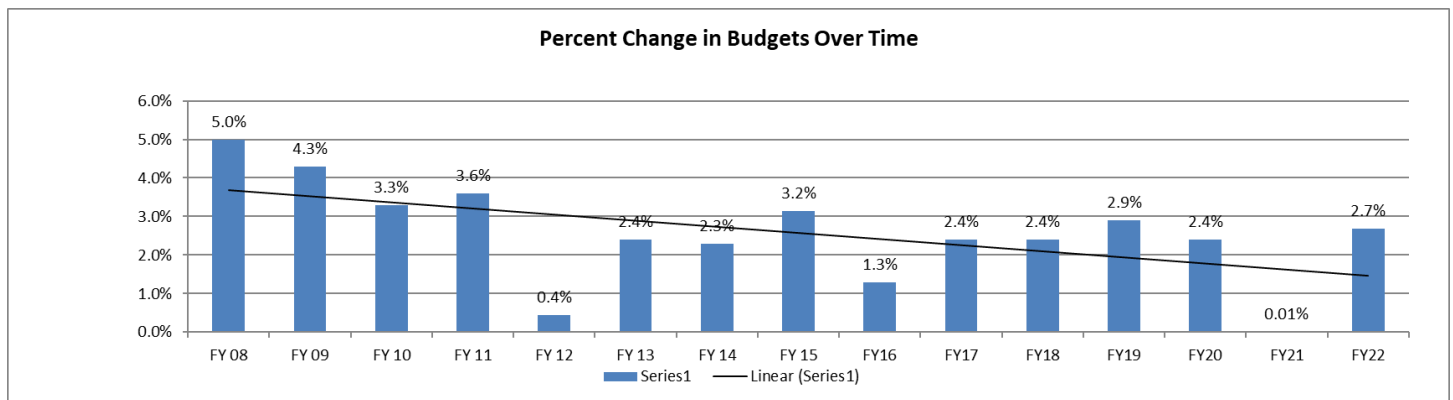
In addition to the General Fund, the Town maintains other funds including the Capital Project Funds maintained to provide infrastructure improvements in the Town, funds for grants received by the Town and funds for special revenues received by the Town.

The Town operates a Septic Loan Fund that provided financial assistance for the upgrade of failing on-site septic systems. The Town has outstanding loans to 6 individuals or families as of June 30, 2022. The Town is no longer making loans from this Fund as the State has set up an equivalent program.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS:

The Town's FY 2022 General Fund budget totaling \$13,482,862 increased 2.7% over FY 21. The budget increase between FY 20 and FY 21 was .01%. The graph below shows the percent change in General Fund budget for the last 15 years.



Actual revenues in the General Fund of \$13,371,604 were more than budgeted and actual General Fund expenditures of \$13,414,745 were lower than budgeted. The result is a deficiency of \$43,141. The FY22 General Fund budget contained \$441,000 in revenue from fund balance to offset a budgeted deficit. Due to the ending balance deficit, \$43,141 of fund balance was used in FY22 to offset the budget.

Some of the key factors contributing to this outcome include:

Revenue Variances

- Building & Zoning Permit revenues were \$26,565 over budget due to building and development in town.
- Combined revenue of Passport and Passport photo revenues were \$33,095 over budget.
- Police off duty revenues were \$20,264 over budget. The police off duty work came from various traffic control and security sources.

Expenditure Variances

- The Selectboard approved a transfer to capital in the amount of \$81,716 to fund the purchase of two plow trucks in FY23.
- The Selectboard approved a transfer in the amount of \$558,284 to be used for future solar project capital spending.
- \$30,000 was approved by the Selectboard to be transferred from the General Fund to Technical Rescue Equipment Reserve fund for future upgrades of expired inventory and staff credentialing system. The upgrades to this system were historically funded by the State of Vermont but the state will no longer fund.
- Vacancies in positions town-wide resulted in under spending on salary and benefit line items.
- The Selectboard did not spend contingency funding of \$66,000.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Colchester's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$49,922,380 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. The Town's capital assets included in the financial reports do not include the value of infrastructure assets (generally roads, bridges and the sewer system) put into operation prior to July 1, 2003, as allowed by GASB 34. All other capital assets are included and the department of Public Works maintains detailed and ongoing inventory of the condition of roads and bridges and monitors the sewer system through various methods.

| | <u>Summary Capital Assets (net of depreciation)</u> | | | | | |
|--------------------------|---|-------------|---------------------------------|-------------|--------------|-------------|
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Land | 2,320,536 | 2,104,936 | 132,568 | 132,568 | 2,453,104 | 2,237,504 |
| Construction in Progress | 808,600 | 509,703 | 73,284 | 46,357 | 881,884 | 556,060 |
| Land Improvements | 952,772 | 3,097,841 | 0 | 0 | 952,772 | 3,097,841 |
| Buildings & Improvements | 8,959,634 | 7,060,535 | 275,167 | 286,330 | 9,234,801 | 7,346,865 |
| Equipment & Furniture | 1,025,467 | 1,184,728 | 80,420 | 36,937 | 1,105,887 | 1,221,665 |
| Vehicles | 4,371,068 | 4,855,143 | 379,000 | 191,316 | 4,750,068 | 5,046,459 |
| Infrastructure | 18,820,435 | 19,180,210 | 3,055,398 | 3,129,062 | 21,875,833 | 22,309,272 |
| Plant & Equipment | 0 | 0 | 1,992,225 | 2,122,107 | 1,992,225 | 2,122,107 |
| Capacity Rights | 0 | 0 | 6,675,806 | 7,282,698 | 6,675,806 | 7,282,698 |
| Total | 37,258,512 | 37,993,096 | 12,663,868 | 13,227,375 | 49,922,380 | 51,220,471 |

Major capital asset transactions during the year include the following additions:

- Land additions include 102 Canyon Estates property which was acquired at foreclosure. The Town owns the property until they are able to sell it. Also included in additions is 227 Clay Point Road and 483 Main Street which were part of the asset transfer agreement with Colchester Fire District #3
- Vehicle additions include: 2019 Nissan Leaf (\$17,944), 2008 Winnebago (\$24,512), 2022 Chevrolet Silverado (\$34,771), 2021 Trackless snowblower & plow (\$150,272), 2022 Dodge Durango (\$43,731), and 2021 Dodge Durango (\$44,879).
- Significant equipment increases include: Hydraulic Cutter & Spreader (\$34,640), Shelter and heater kit (\$22,551), 2 ballistic shields (\$10,267).
- Infrastructure increases during FY22 include paving of Severance Road (\$304,359), Old Sawmill Road (\$29,490), and Farnsworth Road (\$93,527). In addition to paving were 2A sidewalk pedestrian crossing signals (\$34,116) and resurfacing the Causeway connector path (\$81,036).
- Building additions include three buildings acquired as part of the transfer agreements with Colchester Fire Districts #2 and #3. Those buildings include: 227 Clay Point Road (\$218,700), 483 Main Street (\$1,008,400) and 844 Church Street (\$850,600). Also, Center Station roof was replaced in FY22 at a cost of \$42,742.
- The Rescue Fund additions include Braun Ambulance (\$261,428), Motorola Radio & Equipment (\$6,817), 6 all band portable radios (\$31,735) and a power cot (\$18,773).
- Stormwater fund added \$61,716 of stormwater infrastructure on Porters Point Road and purchased a hydro seeder Honda engine \$7,780.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Major capital asset transactions during the year include the following deletions:

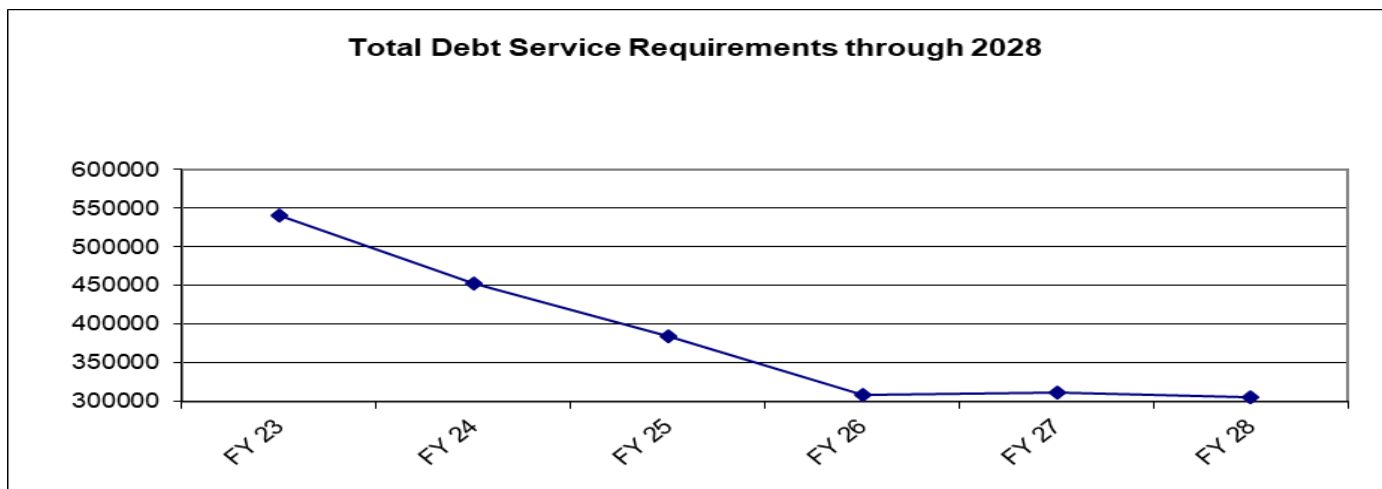
- The Town of Colchester transferred ownership of the causeway back to the State of Vermont in FY22. This transaction removed \$2,351,025 from Land Improvements.
- Major equipment deletions include a police Livescan station (\$41,634), fire gear dryer (\$65,000), parks Bobcat mower (\$9,376).
- Vehicle deletions include a sidewalk tractor (\$109,933), 2011 Chevy Malibu (\$13,898), two 2016 Ford Explorer (\$37,454 each), and 1996 Sutphen Fire truck (\$100,000).
- The Rescue Fund deleted a power cot (\$14,835) and Braun Ambulance (\$169,723).

Debt Administration

There were no new borrowings in FY22 for Business-type Activities. Governmental Activities bond payable for Malletts Bay Sewer Study increased an additional \$5,697 while realizing \$2,848 of loan forgiveness in FY22. Payments for the Malletts Bay Sewer Study begin June 2, 2027.

| | Summary of Outstanding Debt | | | | | |
|--|-----------------------------|------------------|--------------------------|------------------|-------------------|-------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| General Obligation Bonds | 2,394,921 | 2,887,142 | 0 | 0 | 2,394,921 | 2,887,142 |
| Notes Payable | 105,000 | 140,000 | 0 | 0 | 105,000 | 140,000 |
| Special Assessment Debt with Government Commitment | 0 | 0 | 0 | 90,000 | 0 | 90,000 |
| Financed Purchases | 1,391,924 | 1,504,658 | 0 | 0 | 1,391,924 | 1,504,658 |
| Due to South Burlington - Capacity Rights | 0 | 0 | 7,850,183 | 8,424,013 | 7,850,183 | 8,424,013 |
| Total | 3,891,845 | 4,531,800 | 7,850,183 | 8,514,013 | 11,742,028 | 13,045,813 |

The below chart indicates the Town's debt service requirements (excluding financed purchases) through 2028, after which all current debt will be retired. Additional information regarding the Town's long-term debt can be found in note IV-J of this report.



TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

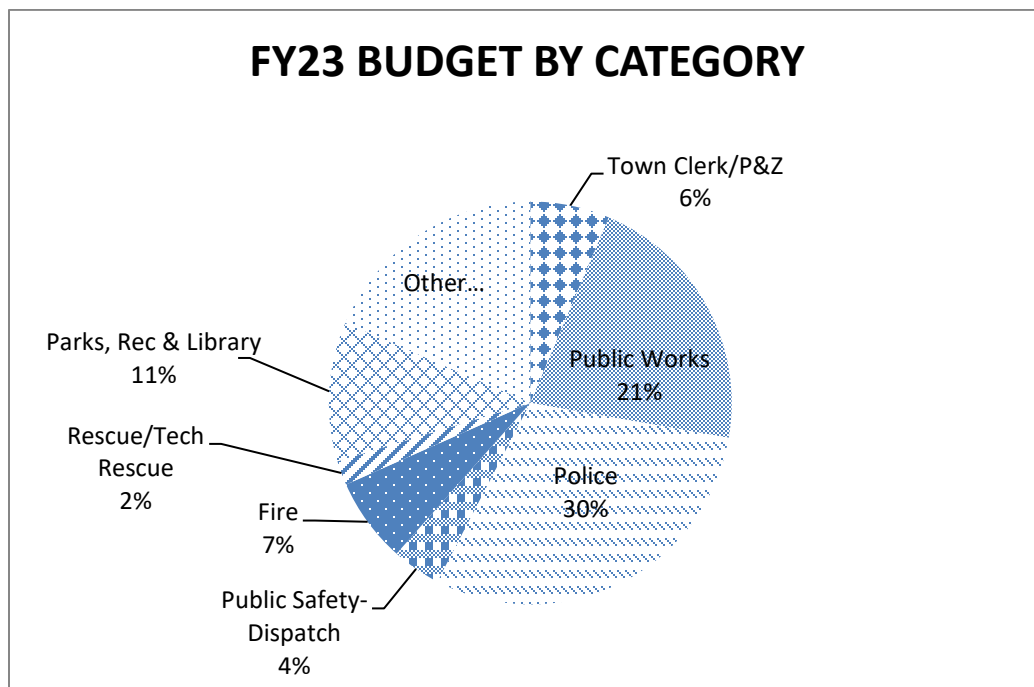
Economic Factors and Next Year's Budgets and Rates

- The Colchester Grand List is made up of primarily residential properties. For FY22, 75% of property tax revenues come from residential properties.
- The Municipal Grand List value for the Town was \$22,224,870 as of the beginning of FY22. This was a 1.2% increase over the prior fiscal year. Since 1970 the Town of Colchester's Grand List has grown from \$169,278 to \$22,224,870.
- The Town has slow but steady growth in housing. Population is growing slightly and much slower than housing. This housing growth increases revenues but also adds service needs.

Next Year's (FY 23) Budget

- The Town of Colchester approved a General Fund budget for FY23 in the amount of \$13,880,217. This represents an increase of 2.9% over the previous year.
- The municipal tax rate increased by 2.8% to \$0.5750.
- In FY 15 through 23, approximately 43% of the budget is for public safety services.
- Public Works represents about 21% of the General Fund budget in FY23.
- Parks, Recreation and the Library represent about 11% of the General Fund budget in FY23.

The graph below depicts how the Town spends its General Fund operating budget.



TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Future Budgetary Issues

In fiscal years 2023 and beyond, the Town will face pressures of increased service and infrastructure needs requiring increased capital and operating expenditures for:

- Inflation driven increases in the costs of goods, services and all resources necessary to provided municipal services.
- Fire Department Capital including air packs totaling about \$300,000 and a new engine which will cost about \$700,000. Much of this funding will be available from the Fire capital fund, Future operating costs and or response times are very dependent on the ability of volunteers to respond.
- Police, Fire and Rescue staff resources to meet: 1) demands of significant new development being permitted; 2) increasing community calls for public safety services; 3) a reduction in available Fire volunteers, 4) additional needs such as community outreach workers.
- Due to increases in roads and paths brought on by private development, we will need to hire an additional maintenance worker in the future.
- Transportation improvements such as the Bayside intersection and most other improvements such as paths and sidewalks, as our capital transportation plan has capacity for maintaining what we have but not improvements.
- Park and recreation improvements including operating expenses at the Bayside/Hazlett property.
- Water quality improvements to preserve Malletts Bay, Lake Champlain and our rivers/tributaries, some of which may be State and Federal mandates to address and mitigate wastewater and stormwater impacts
- Cost shifts from State and Federal government for a variety of services as well as reductions in grants and financial support such as community justice.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Town of Colchester's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Colchester, 781 Blakely Road, Colchester, VT 05446. The report is available online at <https://www.colchestervt.gov/317/Finance-Department>.

TOWN OF COLCHESTER, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 20,821,119 | \$ 0 | \$ 20,821,119 |
| Investments | 358,460 | 0 | 358,460 |
| Receivables (Net of Allowance for Uncollectibles) | 907,736 | 777,605 | 1,685,341 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 55,991 | 0 | 55,991 |
| Lease Receivables | 622,774 | 0 | 622,774 |
| Internal Balances | (3,781,252) | 3,781,252 | 0 |
| Prepaid Expenses | 6,041 | 180 | 6,221 |
| Inventory | 88,211 | 18,028 | 106,239 |
| Deposit on Vehicle | 36,170 | 0 | 36,170 |
| Capital Assets: | | | |
| Land | 2,320,536 | 132,568 | 2,453,104 |
| Construction in Progress | 808,600 | 73,284 | 881,884 |
| Other Capital Assets (Net of Accumulated Depreciation) | 34,129,376 | 12,458,016 | 46,587,392 |
| Total Assets | 56,373,762 | 17,240,933 | 73,614,695 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | 1,552,862 | 255,946 | 1,808,808 |
| Total Deferred Outflows of Resources | 1,552,862 | 255,946 | 1,808,808 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 258,483 | 216,261 | 474,744 |
| Accrued Payroll and Benefits Payable | 351,909 | 97,337 | 449,246 |
| Unearned Revenue | 2,678,116 | 265,804 | 2,943,920 |
| Due to Others | 28,240 | 0 | 28,240 |
| Due to Custodial Funds | 6,196 | 0 | 6,196 |
| Accrued Interest Payable | 42,092 | 39,251 | 81,343 |
| Noncurrent Liabilities: | | | |
| Due within One Year | 647,621 | 585,306 | 1,232,927 |
| Due in More than One Year | 6,635,740 | 7,814,343 | 14,450,083 |
| Total Liabilities | 10,648,397 | 9,018,302 | 19,666,699 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Prepaid Property Taxes and Support Payments | 39,570 | 0 | 39,570 |
| Lease Receivables | 614,180 | 0 | 614,180 |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | 1,735,951 | 286,123 | 2,022,074 |
| Total Deferred Inflows of Resources | 2,389,701 | 286,123 | 2,675,824 |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 33,574,678 | 4,813,685 | 38,388,363 |
| Restricted: | | | |
| Non-Expendable: | | | |
| Culture and Recreation | 2,000 | 0 | 2,000 |
| Expendable: | | | |
| Culture and Recreation | 360,127 | 0 | 360,127 |
| Cemetery | 185,549 | 0 | 185,549 |
| Capital Projects | 7,902,754 | 0 | 7,902,754 |
| Other | 82,894 | 0 | 82,894 |
| Unrestricted | 2,780,524 | 3,378,769 | 6,159,293 |
| Total Net Position | \$ 44,888,526 | \$ 8,192,454 | \$ 53,080,980 |

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Functions/Programs: | | | | | | | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 3,204,718 | \$ 866,821 | \$ 112,483 | \$ 0 | \$ (2,225,414) | \$ 0 | \$ (2,225,414) |
| Public Safety | 5,776,521 | 43,662 | 55,203 | 22,009 | (5,655,647) | 0 | (5,655,647) |
| Public Works | 3,215,270 | 27,458 | 231,408 | 220,420 | (2,735,984) | 0 | (2,735,984) |
| Culture and Recreation | 1,755,687 | 19,489 | 28,399 | 36,166 | (1,671,633) | 0 | (1,671,633) |
| Community Development | 123,614 | 895 | 0 | 0 | (122,719) | 0 | (122,719) |
| Interest on Long-term Debt | 131,059 | 0 | 0 | 0 | (131,059) | 0 | (131,059) |
| Total Governmental Activities | 14,206,869 | 958,325 | 427,493 | 278,595 | (12,542,456) | 0 | (12,542,456) |
| Business-type Activities: | | | | | | | |
| Wastewater | 1,703,996 | 1,423,810 | 0 | 0 | 0 | (280,186) | (280,186) |
| Recreation Program | 789,634 | 847,709 | 94,466 | 0 | 0 | 152,541 | 152,541 |
| Stormwater | 838,049 | 839,204 | 66,067 | 27,592 | 0 | 94,814 | 94,814 |
| Police Dispatch | 634,623 | 0 | 0 | 0 | 0 | (634,623) | (634,623) |
| Rescue | 933,856 | 709,529 | 68,773 | 54,872 | 0 | (100,682) | (100,682) |
| Total Business-type Activities | 4,900,158 | 3,820,252 | 229,306 | 82,464 | 0 | (768,136) | (768,136) |
| Total Primary Government | <u>\$ 19,107,027</u> | <u>\$ 4,778,577</u> | <u>\$ 656,799</u> | <u>\$ 361,059</u> | <u>(12,542,456)</u> | <u>(768,136)</u> | <u>(13,310,592)</u> |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 12,364,748 | 0 | 12,364,748 |
| Penalties and Interest on Delinquent Taxes | | | | | 161,696 | 0 | 161,696 |
| Local Option Sales Tax | | | | | 2,174,827 | 0 | 2,174,827 |
| Payments in Lieu of Taxes | | | | | 332,446 | 0 | 332,446 |
| General State Grants | | | | | 56,756 | 0 | 56,756 |
| Impact Fees | | | | | 102,367 | 0 | 102,367 |
| Unrestricted Investment Earnings | | | | | 32,823 | 3,668 | 36,491 |
| Gain on Sale of Vehicles | | | | | 11,334 | 0 | 11,334 |
| Other Revenues | | | | | 30,507 | 0 | 30,507 |
| Transfers: | | | | | (933,677) | 933,677 | 0 |
| Total General Revenues and Transfers | | | | | 14,333,827 | 937,345 | 15,271,172 |
| Special Items: | | | | | | | |
| Transfers from Colchester Fire Districts #2 and #3 | | | | | 2,317,731 | 0 | 2,317,731 |
| Transfers to State of Vermont | | | | | (2,048,407) | 0 | (2,048,407) |
| Total Special Items | | | | | 269,324 | 0 | 269,324 |
| Change in Net Position | | | | | 2,060,695 | 169,209 | 2,229,904 |
| Net Position - July 1, 2021 | | | | | 42,827,831 | 8,023,245 | 50,851,076 |
| Net Position - June 30, 2022 | | | | | <u>\$ 44,888,526</u> | <u>\$ 8,192,454</u> | <u>\$ 53,080,980</u> |

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

TOWN OF COLCHESTER, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | General Fund | Capital Projects Fund | Debt Service Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------|----------------------|------------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 20,610,978 | \$ 0 | \$ 0 | \$ 210,141 | \$ 20,821,119 |
| Investments | 358,460 | 0 | 0 | 0 | 358,460 |
| Receivables (Net of Allowance for Uncollectibles) | 204,878 | 195,290 | 506,977 | 591 | 907,736 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 0 | 0 | 0 | 55,991 | 55,991 |
| Lease Receivables | 622,774 | 0 | 0 | 0 | 622,774 |
| Due from Other Funds | 0 | 2,762,342 | 7,395,777 | 3,427,231 | 13,585,350 |
| Prepaid Items | 6,041 | 0 | 0 | 0 | 6,041 |
| Inventory | 88,211 | 0 | 0 | 0 | 88,211 |
| Deposit on Vehicle | 0 | 0 | 0 | 36,170 | 36,170 |
| Total Assets | <u>\$ 21,891,342</u> | <u>\$ 2,957,632</u> | <u>\$ 7,902,754</u> | <u>\$ 3,730,124</u> | <u>\$ 36,481,852</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 160,317 | \$ 38,579 | \$ 0 | \$ 59,587 | \$ 258,483 |
| Accrued Payroll and Benefits Payable | 351,909 | 0 | 0 | 0 | 351,909 |
| Due to Other Funds | 17,348,694 | 0 | 0 | 24,104 | 17,372,798 |
| Unearned Revenue | 0 | 2,560,168 | 0 | 117,948 | 2,678,116 |
| Due to Others | 28,240 | 0 | 0 | 0 | 28,240 |
| Total Liabilities | <u>17,889,160</u> | <u>2,598,747</u> | <u>0</u> | <u>201,639</u> | <u>20,689,546</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Prepaid Property Taxes and Support Payments | 39,570 | 0 | 0 | 0 | 39,570 |
| Lease Receivables | 614,180 | 0 | 0 | 0 | 614,180 |
| Unavailable Property Taxes, Penalties and Interest | 118,505 | 0 | 0 | 0 | 118,505 |
| Unavailable Grants | 0 | 20,290 | 0 | 0 | 20,290 |
| Unavailable Notes Receivable | 0 | 0 | 0 | 55,991 | 55,991 |
| Total Deferred Inflows of Resources | <u>772,255</u> | <u>20,290</u> | <u>0</u> | <u>55,991</u> | <u>848,536</u> |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable | 102,846 | 0 | 0 | 38,170 | 141,016 |
| Restricted | 0 | 0 | 7,902,754 | 773,384 | 8,676,138 |
| Committed | 353,814 | 263,080 | 0 | 164,192 | 781,086 |
| Assigned | 584,333 | 75,515 | 0 | 2,496,748 | 3,156,596 |
| Unassigned | 2,188,934 | 0 | 0 | 0 | 2,188,934 |
| Total Fund Balances | <u>3,229,927</u> | <u>338,595</u> | <u>7,902,754</u> | <u>3,472,494</u> | <u>14,943,770</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 21,891,342</u> | <u>\$ 2,957,632</u> | <u>\$ 7,902,754</u> | <u>\$ 3,730,124</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. | | | | | 37,258,512 |
| Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds. | | | | | 194,786 |
| Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds. | | | | | (7,325,453) |
| Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds. | | | | | (183,089) |
| Net Position of Governmental Activities | | | | | <u>\$ 44,888,526</u> |

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

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

| | General Fund | Capital Projects Fund | Debt Service Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|----------------------|------------------------------------|--------------------------------|
| Revenues: | | | | | |
| Property Taxes | \$ 11,290,769 | \$ 622,296 | \$ 0 | \$ 487,215 | \$ 12,400,280 |
| Penalties and Interest on Delinquent Taxes | 161,696 | 0 | 0 | 0 | 161,696 |
| Local Option Sales Tax | 0 | 0 | 2,174,827 | 0 | 2,174,827 |
| Payments in Lieu of Taxes | 332,446 | 0 | 0 | 0 | 332,446 |
| Intergovernmental | 356,649 | 245,235 | 0 | 126,994 | 728,878 |
| Charges for Services | 464,010 | 0 | 0 | 6,050 | 470,060 |
| Permits, Licenses and Fees | 680,028 | 0 | 0 | 172,912 | 852,940 |
| Fines and Forfeits | 8,268 | 0 | 0 | 0 | 8,268 |
| Loan Repayments | 0 | 0 | 0 | 79,892 | 79,892 |
| Loan Interest Income | 0 | 0 | 0 | 895 | 895 |
| Investment Income | 19,530 | 2,982 | 7,096 | 3,215 | 32,823 |
| Donations | 0 | 0 | 0 | 7,510 | 7,510 |
| Other | 23,208 | 0 | 0 | 7,299 | 30,507 |
| Total Revenues | <u>13,336,604</u> | <u>870,513</u> | <u>2,181,923</u> | <u>891,982</u> | <u>17,281,022</u> |
| Expenditures: | | | | | |
| General Government | 2,930,645 | 52,478 | 0 | 91,659 | 3,074,782 |
| Public Safety | 4,680,178 | 0 | 0 | 67,077 | 4,747,255 |
| Public Works | 2,463,255 | 27,732 | 0 | 8,351 | 2,499,338 |
| Culture and Recreation | 1,383,213 | 35,786 | 0 | 34,880 | 1,453,879 |
| Community Development | 123,402 | 0 | 0 | 212 | 123,614 |
| Capital Outlay: | | | | | |
| General Government | 0 | 0 | 0 | 37,944 | 37,944 |
| Public Safety | 72,694 | 0 | 0 | 224,550 | 297,244 |
| Public Works | 0 | 601,276 | 0 | 128,285 | 729,561 |
| Culture and Recreation | 0 | 81,036 | 0 | 174,661 | 255,697 |
| Debt Service: | | | | | |
| Principal | 50,818 | 0 | 409,641 | 182,345 | 642,804 |
| Interest | 33,350 | 0 | 75,463 | 27,383 | 136,196 |
| Total Expenditures | <u>11,737,555</u> | <u>798,308</u> | <u>485,104</u> | <u>977,347</u> | <u>13,998,314</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | <u>1,599,049</u> | <u>72,205</u> | <u>1,696,819</u> | <u>(85,365)</u> | <u>3,282,708</u> |
| Other Financing Sources/(Uses): | | | | | |
| Issuance of Long-term Debt | 0 | 5,697 | 0 | 0 | 5,697 |
| Proceeds from Sale of Equipment | 0 | 0 | 0 | 1,000 | 1,000 |
| Proceeds from Sale of Vehicles | 0 | 0 | 0 | 31,820 | 31,820 |
| Transfers In | 35,000 | 75,515 | 0 | 957,069 | 1,067,584 |
| Transfers Out | (1,677,190) | 0 | 0 | (324,071) | (2,001,261) |
| Total Other Financing Sources/(Uses) | <u>(1,642,190)</u> | <u>81,212</u> | <u>0</u> | <u>665,818</u> | <u>(895,160)</u> |
| Net Change in Fund Balances | (43,141) | 153,417 | 1,696,819 | 580,453 | 2,387,548 |
| Fund Balances - July 1, 2021 | <u>3,273,068</u> | <u>185,178</u> | <u>6,205,935</u> | <u>2,892,041</u> | <u>12,556,222</u> |
| Fund Balances - June 30, 2022 | <u>\$ 3,229,927</u> | <u>\$ 338,595</u> | <u>\$ 7,902,754</u> | <u>\$ 3,472,494</u> | <u>\$ 14,943,770</u> |

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

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

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

| | |
|--|----------------------------|
| Net change in fund balances - total government funds (Exhibit D) | \$ 2,387,548 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,320,446) is allocated over their estimated useful lives and reported as depreciation expense (\$1,989,978). This is the amount by which depreciation exceeded capital outlays in the current period. | (669,532) |
| The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position. | (334,376) |
| The Town finished the consolidation of its fire protection services with the Colchester Fire Districts #2 and #3 into a single Town-wide fire department. This amount is the net effect on net position from the consolidation of the Colchester Fire Districts #2 and #3 capital assets. | 2,317,731 |
| The Town transferred the ownership of the Colchester Causeway to the State of Vermont. This amount is the net effect on net position. | (2,048,407) |
| The issuance of long-term debt (\$5,697) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$642,804) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, the Town recognized forgiveness of debt in the amount of \$2,848. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 639,955 |
| The issuance of loans receivable (\$-0-) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$79,892) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable. | (79,892) |
| Governmental funds report employer pension contributions as expenditures (\$440,183). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$559,187) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense. | (119,004) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (37,088) |
| 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>3,760</u> |
| Change in net position of governmental activities (Exhibit B) | \$ <u><u>2,060,695</u></u> |

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

| | Wastewater Fund | Recreation Program Fund | Stormwater Fund | Non-Major Enterprise Funds | Total |
|--|--------------------|----------------------------|--------------------|----------------------------------|--------------|
| <u>ASSETS</u> | | | | | |
| Current Assets: | | | | | |
| Receivables (Net of Allowance for Uncollectibles) | \$ 417,302 | \$ 2,153 | \$ 99,853 | \$ 258,297 | \$ 777,605 |
| Due from Other Funds | 323,355 | 1,368,520 | 1,553,515 | 535,862 | 3,781,252 |
| Prepaid Expenses | 0 | 180 | 0 | 0 | 180 |
| Inventory | 18,028 | 0 | 0 | 0 | 18,028 |
| Total Current Assets | 758,685 | 1,370,853 | 1,653,368 | 794,159 | 4,577,065 |
| Noncurrent Assets: | | | | | |
| Capital Assets: | | | | | |
| Land | 132,568 | 0 | 0 | 0 | 132,568 |
| Construction in Progress | 0 | 0 | 73,284 | 0 | 73,284 |
| Plant and Equipment | 6,499,191 | 0 | 0 | 0 | 6,499,191 |
| Buildings and Building Improvements | 0 | 0 | 0 | 507,933 | 507,933 |
| Machinery and Equipment | 0 | 0 | 7,780 | 169,926 | 177,706 |
| Vehicles | 0 | 0 | 229,721 | 482,983 | 712,704 |
| Infrastructure | 0 | 0 | 4,584,178 | 0 | 4,584,178 |
| Capacity Rights | 12,137,834 | 0 | 0 | 0 | 12,137,834 |
| Less: Accumulated Depreciation and Amortization | (9,968,994) | 0 | (1,699,443) | (493,093) | (12,161,530) |
| Total Noncurrent Assets | 8,800,599 | 0 | 3,195,520 | 667,749 | 12,663,868 |
| Total Assets | 9,559,284 | 1,370,853 | 4,848,888 | 1,461,908 | 17,240,933 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | 0 | 48,476 | 42,326 | 165,144 | 255,946 |
| Total Deferred Outflows of Resources | 0 | 48,476 | 42,326 | 165,144 | 255,946 |
| <u>LIABILITIES</u> | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 119,204 | 15,662 | 72,290 | 9,105 | 216,261 |
| Accrued Payroll and Benefits Payable | 228 | 44,076 | 9,448 | 43,585 | 97,337 |
| Unearned Revenue | 0 | 265,804 | 0 | 0 | 265,804 |
| Accrued Interest Payable | 39,251 | 0 | 0 | 0 | 39,251 |
| Due to South Burlington - Capacity Rights - Current Portion | 585,306 | 0 | 0 | 0 | 585,306 |
| Total Current Liabilities | 743,989 | 325,542 | 81,738 | 52,690 | 1,203,959 |
| Noncurrent Liabilities: | | | | | |
| Compensated Absences Payable | 0 | 24,238 | 18,642 | 51,102 | 93,982 |
| Net Pension Liability | 0 | 86,268 | 75,324 | 293,892 | 455,484 |
| Due to South Burlington - Capacity Rights - Noncurrent Portion | 7,264,877 | 0 | 0 | 0 | 7,264,877 |
| Total Noncurrent Liabilities | 7,264,877 | 110,506 | 93,966 | 344,994 | 7,814,343 |
| Total Liabilities | 8,008,866 | 436,048 | 175,704 | 397,684 | 9,018,302 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | 0 | 54,192 | 47,316 | 184,615 | 286,123 |
| Total Deferred Inflows of Resources | 0 | 54,192 | 47,316 | 184,615 | 286,123 |
| <u>NET POSITION</u> | | | | | |
| Net Investment in Capital Assets | 950,416 | 0 | 3,195,520 | 667,749 | 4,813,685 |
| Unrestricted | 600,002 | 929,089 | 1,472,674 | 377,004 | 3,378,769 |
| Total Net Position | \$ 1,550,418 | \$ 929,089 | \$ 4,668,194 | \$ 1,044,753 | \$ 8,192,454 |

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

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

| | Wastewater Fund | Recreation Program Fund | Stormwater Fund | Non-Major Enterprise Funds | Total |
|---|--------------------|----------------------------|--------------------|----------------------------------|--------------|
| Operating Revenues: | | | | | |
| Charges for Services | \$ 1,406,564 | \$ 847,709 | \$ 828,828 | \$ 709,529 | \$ 3,792,630 |
| Interest and Penalties | 17,246 | 0 | 10,376 | 0 | 27,622 |
| Recreation Programs Grant Income | 0 | 94,466 | 0 | 0 | 94,466 |
| Stormwater Operations Grant Income | 0 | 0 | 66,067 | 0 | 66,067 |
| Ambulance Operations Grant Income | 0 | 0 | 0 | 68,773 | 68,773 |
| Total Operating Revenues | 1,423,810 | 942,175 | 905,271 | 778,302 | 4,049,558 |
| Operating Expenses: | | | | | |
| Salaries and Benefits | 8,388 | 663,618 | 301,822 | 1,170,965 | 2,144,793 |
| Administration Costs | 135,520 | 0 | 110,787 | 0 | 246,307 |
| General Expenses | 14,123 | 25,272 | 34,010 | 134,790 | 208,195 |
| Program Expenses | 0 | 100,744 | 0 | 0 | 100,744 |
| Sewage Treatment | 579,685 | 0 | 0 | 0 | 579,685 |
| Chemicals | 29,759 | 0 | 0 | 0 | 29,759 |
| Permits and Testing | 0 | 0 | 16,888 | 0 | 16,888 |
| Repairs and Maintenance | 23,796 | 0 | 222,560 | 19,075 | 265,431 |
| Machinery and Equipment | 0 | 0 | 455 | 10,472 | 10,927 |
| Utilities | 59,951 | 0 | 6,036 | 26,659 | 92,646 |
| Bad Debt Expense | 0 | 0 | 0 | 15,000 | 15,000 |
| Depreciation and Amortization | 736,774 | 0 | 145,428 | 71,208 | 953,410 |
| Total Operating Expenses | 1,587,996 | 789,634 | 837,986 | 1,448,169 | 4,663,785 |
| Operating Income/(Loss) | (164,186) | 152,541 | 67,285 | (669,867) | (614,227) |
| Non-Operating Revenues/(Expenses): | | | | | |
| Investment Income | 310 | 1,301 | 1,491 | 566 | 3,668 |
| Net Interest Expense | (116,000) | 0 | 0 | 0 | (116,000) |
| Loss on Disposal of Capital Assets | 0 | 0 | (63) | 0 | (63) |
| Chittenden County Public Safety Authority Contribution | 0 | 0 | 0 | (120,310) | (120,310) |
| Total Non-Operating Revenues/(Expenses) | (115,690) | 1,301 | 1,428 | (119,744) | (232,705) |
| Net Income/(Loss) Before Capital Contributions and Transfers | (279,876) | 153,842 | 68,713 | (789,611) | (846,932) |
| Capital Contributions and Transfers: | | | | | |
| Capital Contributions | 0 | 0 | 27,592 | 44,122 | 71,714 |
| Capital Contributions - Property Taxes | 0 | 0 | 0 | 10,750 | 10,750 |
| Transfers In | 0 | 0 | 0 | 952,213 | 952,213 |
| Transfers Out | 0 | 0 | 0 | (18,536) | (18,536) |
| Total Capital Contributions and Transfers | 0 | 0 | 27,592 | 988,549 | 1,016,141 |
| Change in Net Position | (279,876) | 153,842 | 96,305 | 198,938 | 169,209 |
| Net Position - July 1, 2021 | 1,830,294 | 775,247 | 4,571,889 | 845,815 | 8,023,245 |
| Net Position - June 30, 2022 | \$ 1,550,418 | \$ 929,089 | \$ 4,668,194 | \$ 1,044,753 | \$ 8,192,454 |

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

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

| | Wastewater Fund | Recreation Program Fund | Stormwater Fund | Non-Major Enterprise Funds | Total |
|--|--------------------|----------------------------|--------------------|----------------------------------|-------------------|
| Cash Flows From Operating Activities: | | | | | |
| Receipts from Customers and Users | \$ 1,449,795 | \$ 880,523 | \$ 883,136 | \$ 724,511 | \$ 3,937,965 |
| Receipts from Operating Grants | 0 | 92,313 | 91,003 | 62,897 | 246,213 |
| Payments for Goods and Services | (699,584) | (123,486) | (259,021) | (220,905) | (1,302,996) |
| Payments for Interfund Services | (135,520) | 0 | (110,787) | 0 | (246,307) |
| Payments for Wages and Benefits | (8,365) | (615,982) | (289,118) | (1,136,221) | (2,049,686) |
| Net Cash Provided/(Used) by Operating Activities | <u>606,326</u> | <u>233,368</u> | <u>315,213</u> | <u>(569,718)</u> | <u>585,189</u> |
| Cash Flows From Noncapital Financing Activities: | | | | | |
| (Increase)/Decrease in Due from Other Funds | 135,674 | (234,669) | (236,345) | (5,607) | (340,947) |
| Transfers Received from Other Funds | 0 | 0 | 0 | 738,657 | 738,657 |
| Chittenden County Public Safety Authority Contribution | 0 | 0 | 0 | (120,310) | (120,310) |
| Net Cash Provided/(Used) by Noncapital Financing Activities | <u>135,674</u> | <u>(234,669)</u> | <u>(236,345)</u> | <u>612,740</u> | <u>277,400</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | | |
| Transfers Received from Other Funds | 0 | 0 | 0 | 213,556 | 213,556 |
| Transfers Paid to Other Funds | 0 | 0 | 0 | (18,536) | (18,536) |
| Proceeds from Capital Grants | 0 | 0 | 44,704 | 44,122 | 88,826 |
| Proceeds from Capital Contributions - Property Taxes | 0 | 0 | 0 | 10,750 | 10,750 |
| Acquisition and Construction of Capital Assets | 0 | 0 | (125,063) | (293,480) | (418,543) |
| Principal Paid to South Burlington for Capacity Rights | (573,830) | 0 | 0 | 0 | (573,830) |
| Interest Paid to South Burlington for Capacity Rights | (168,480) | 0 | 0 | 0 | (168,480) |
| Net Cash Provided/(Used) by Capital and Related Financing Activities | <u>(742,310)</u> | <u>0</u> | <u>(80,359)</u> | <u>(43,588)</u> | <u>(866,257)</u> |
| Cash Flows From Investing Activities: | | | | | |
| Receipt of Interest and Dividends | <u>310</u> | <u>1,301</u> | <u>1,491</u> | <u>566</u> | <u>3,668</u> |
| Net Cash Provided by Investing Activities | <u>310</u> | <u>1,301</u> | <u>1,491</u> | <u>566</u> | <u>3,668</u> |
| Net Increase in Cash | 0 | 0 | 0 | 0 | 0 |
| Cash - July 1, 2021 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash - June 30, 2022 | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities: | | | | | |
| Operating Income/(Loss) | \$ (164,186) | \$ 152,541 | \$ 67,285 | \$ (669,867) | \$ (614,227) |
| Depreciation and Amortization | 736,774 | 0 | 145,428 | 71,208 | 953,410 |
| (Increase)/Decrease in Receivables | 25,962 | (2,153) | 68,868 | 8,765 | 101,442 |
| (Increase)/Decrease in Prepaid Expenses | 0 | (180) | 0 | 0 | (180) |
| (Increase)/Decrease in Inventory | (11,487) | 0 | 0 | 0 | (11,487) |
| (Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS | 0 | (11,731) | 1,296 | 22,882 | 12,447 |
| Increase/(Decrease) in Accounts Payable | 19,240 | 2,710 | 20,928 | (14,568) | 28,310 |
| Increase/(Decrease) in Accrued Payroll and Benefits Payable | 23 | 7,216 | 1,778 | 6,644 | 15,661 |
| Increase/(Decrease) in Unearned Revenue | 0 | 32,814 | 0 | 0 | 32,814 |
| Increase/(Decrease) in Compensated Absences Payable | 0 | 3,689 | (3,795) | (2,539) | (2,645) |
| Increase/(Decrease) in Net Pension Liability | 0 | (2,479) | (30,031) | (160,222) | (192,732) |
| Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS | 0 | 50,941 | 43,456 | 167,979 | 262,376 |
| Net Cash Provided/(Used) by Operating Activities | <u>\$ 606,326</u> | <u>\$ 233,368</u> | <u>\$ 315,213</u> | <u>\$ (569,718)</u> | <u>\$ 585,189</u> |

The Town made the final debt service payment of \$40,389 in the Wastewater Fund in March, 2021. The payment was held in escrow and, along with \$49,611 of negative interest, applied to the balance in November, 2021.

There was \$28,577 of capital acquisitions in the Stormwater Fund included in accounts payable at June 30, 2021.

The Stormwater Fund wrote-off \$63 of projects that were included in construction in progress.

The Non-Major Enterprise Funds traded-in capital assets with a cost and accumulated depreciation of \$184,558 and \$166,102, respectively.

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

| | <u>Custodial Funds</u> |
|----------------------|----------------------------|
| <u>ASSETS</u> | |
| Due from Other Funds | \$ <u>6,196</u> |
| Total Assets | <u>6,196</u> |
| <u>LIABILITIES</u> | |
| Liabilities: | <u>0</u> |
| <u>NET POSITION</u> | |
| Restricted | <u>6,196</u> |
| Total Net Position | \$ <u><u>6,196</u></u> |

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

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

| | <u>Custodial Funds</u> |
|---|----------------------------|
| <u>ADDITIONS</u> | |
| Education Taxes Collected for Other Governments | \$ 33,365,488 |
| Impact Fees Collected for the School District | 111,600 |
| Investment Income Collected for the School District | <u>6</u> |
| Total Additions | <u>33,477,094</u> |
| <u>DEDUCTIONS</u> | |
| Education Taxes Distributed to Other Governments | 33,365,488 |
| Impact Fees Distributed to the School District | <u>145,000</u> |
| Total Deductions | <u>33,510,488</u> |
| Change in Net Position | (33,394) |
| Net Position - July 1, 2021 | <u>39,590</u> |
| Net Position - June 30, 2022 | \$ <u><u>6,196</u></u> |

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The Town of Colchester, Vermont, (herein the "Town") operates under a Manager/Selectboard form of government and provides the services authorized by State statute and its charter: public safety, highways and streets, parks and recreation, cemeteries, library, economic development, planning and zoning, wastewater treatment, stormwater improvements and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Colchester, 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 Colchester, 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 COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

The Town reports on the following major governmental funds:

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

Capital Projects Fund – This fund accounts for the capital projects of the Town.

Debt Service Fund – This fund accounts for the resources used to service principal and interest payments on general long-term liabilities.

The Town reports on the following major enterprise funds:

Wastewater Fund – This fund accounts for the wastewater activities of the Town.

Recreation Program Fund – This fund accounts for the recreation program activities of the Town.

Stormwater Fund – This fund accounts for the stormwater activities of the Town.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Additionally, the Town reports the following fund type:

Custodial Funds – These funds are 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 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 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 and local option sales taxes are recognized in the fiscal year for which the taxes are levied. Local option sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

E. Use of Estimates

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

F. New Pronouncement – Leases

Effective June 30, 2022, the Town implemented GASB Statement No. 87, “Leases”. GASB Statement No. 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. This Statement replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Implementation of this new standard did not affect net position/fund balances as of July 1, 2021.

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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. Interest income is allocated based on the due from/to other funds balances.

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values. 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 to/from 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 and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees’ Retirement System (VMERS) plan and additions to/deductions from the VMERS’ 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. Inventories and Prepaid Expenses/Items

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the governmental funds consist of vehicle fuel, sand, salt and gravel and inventories in the proprietary funds consists of chemicals.

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

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

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:

| | Capitalization Threshold | Estimated Service Life |
|---|-----------------------------|---------------------------|
| Land | \$ 10,000 | Not Depreciated |
| Land Improvements | \$ 10,000 | 30-50 Years |
| Buildings and Building Improvements | \$ 25,000 | 30-80 Years |
| Recreation Facilities (Part of Buildings) | \$ 10,000 | 10-25 Years |
| Equipment | \$ 5,000 | 5-10 Years |
| Furniture | \$ 5,000 | 5-10 Years |
| Vehicles | \$ 5,000 | 5-10 Years |
| Infrastructure | \$ 25,000 | 7-50 Years |
| Wastewater Plant and Equipment | \$ 10,000 | 10-50 Years |
| Capacity Rights | \$ N/A | 20 Years |

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The Town does not capitalize its library books because the books are considered a collection.

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 incurred.

9. Leases

Lessee: The Town recognizes lease liabilities and a right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The Town recognizes lease liabilities with an initial, individual value deemed material. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt in the government-wide and proprietary fund financial statements.

Lessor: The Town recognizes a lease receivable and a deferred inflows of resources in both the government-wide and fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflows of resources is recognized as revenue on a straight-line basis over the term of the lease. Lease receivables in excess of the related deferred inflows of resources are reported as nonspendable fund balances of governmental funds in the fund financial statements as these are not in spendable form.

10. 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 are recorded as expenditures in the year they are paid.

As of June 30, 2022, the governmental activities had \$628,032 in total compensated absences liability. The General Fund fund balance contains \$353,814 of committed fund balance as approved by the voters to fund a portion of this liability. Because this funding is not available for any other purpose and can only be un-committed through the annual voter approved budget process, it is tracked in a separate fund, the Accrued Leave Time Fund, for expenditures exceeding budget. The unfunded leave time liability as of June 30, 2022 is \$274,218. Management and the Selectboard are taking significant efforts through policies which reduce leave accumulation and additional funding to reduce this liability further in future years.

The compensated absences liability affiliated with the Enterprise Funds (the Recreation Program Fund, the Stormwater Fund, the Police Dispatch Fund and the Rescue Fund) are included as liabilities in their Statement of Net Position, as shown on Exhibit F.

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11. Long-term Liabilities

Long-term liabilities include bonds payable, notes payable, and other obligations such as compensated absences, long term obligations for wastewater treatment capacity rights and the Town's net pension 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.

12. 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 Selectboard'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.

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.

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

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, 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 inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual Town Meeting in March. Budget changes within a department, which do not change the total expenditures, require approval of the Town Manager. Budget changes between departments, which do not change the total expenditures, require Selectboard approval. Voter approval is required before expenditures exceed 104% of the voter approved budget. The budget presented herein is for the Town's "General Fund" only and does not include the Accrued Leave Time Fund activity that is included with the General Fund. There was no activity for the Accrued Leave Time Fund during the year.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$441,000 in order to utilize a portion of the previous year's surplus, and importantly, to decrease the increase in property taxes. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Cash:

| | |
|--------------------------------------|--------------|
| Deposits with Financial Institutions | \$20,817,864 |
| Cash on Hand | <u>3,255</u> |
| Total Cash | 20,821,119 |

Investments:

| | |
|----------------------------|---------------------|
| Certificates of Deposit | <u>358,460</u> |
| Total Cash and Investments | <u>\$21,179,579</u> |

The Town has two (2) certificates of deposit at various banks in the amounts of \$114,163 and \$244,297 with interest rates of 0.65% and 1.60%, respectively. Both certificates of deposit mature by fiscal year 2026.

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The investment policy of the Town is to ensure safety, liquidity and yield, in that order of priority. The Town Treasurer may invest in certificates of deposit, repurchase agreements and bank money market accounts. Investments in other instruments require prior approval of the Selectboard. The policy also indicates that all holdings are to be insured or collateralized. The Selectboard has approved the Town's holdings.

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 following table shows the custodial credit risk of the Town's cash and certificates of deposit.

| | <u>Book Balance</u> | <u>Bank Balance</u> |
|---|-------------------------|-------------------------|
| Insured by FDIC | \$ 608,511 | \$ 608,511 |
| Uninsured, Collateralized by U.S. Government Agencies | | |
| Securities Held by the Pledging Financial Institution's Agent | <u>20,567,813</u> | <u>21,253,335</u> |
| | <u>\$ 21,176,324</u> | <u>\$ 21,861,846</u> |

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

The book balance is comprised of the following:

| | |
|---|---------------------|
| Cash – Deposits with Financial Institutions | \$20,817,864 |
| Investments – Certificates of Deposit | <u>358,460</u> |
| Total | <u>\$21,176,324</u> |

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 certificates of deposit are exempt from interest rate risk disclosure.

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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 does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are exempt from credit risk analysis.

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 does not have any limitations on the amount that can be invested in any one issuer. The Town's certificates of deposit are exempt from concentration of credit risk analysis. There are no other investments in any one issuer that represent more than 5% of total investments.

B. Receivables

Receivables as of June 30, 2022, 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 | \$ 221,618 | \$ 0 | \$ 221,618 |
| Penalties and Interest Receivable | 54,791 | 0 | 54,791 |
| Local Option Sales Tax Receivable | 506,977 | 0 | 506,977 |
| Grants Receivable | 211,533 | 38,489 | 250,022 |
| Accounts Receivable | 12,817 | 680 | 13,497 |
| Billed Services | 0 | 547,538 | 547,538 |
| Unbilled Services | 0 | 360,898 | 360,898 |
| Allowance for Doubtful Accounts - Taxes | (100,000) | 0 | (100,000) |
| Allowance for Doubtful Accounts - Ambulance | 0 | (160,000) | (160,000) |
| Allowance for Doubtful Accounts - Stormwater | 0 | (10,000) | (10,000) |
| Total | \$ <u>907,736</u> | \$ <u>777,605</u> | \$ <u>1,685,341</u> |

C. Notes Receivable

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

Note Receivable, Holy Cross Senior Housing Partnership, Principal
Payments Deferred until November, 2037, 0% Interest \$ 300,000 *

Note Receivable, Fort Apartments Limited Partnership, Principal
in the Form of a Balloon Payment due August 1, 2051,
0% Interest, Collateralized by 3rd Mortgage on Land and
Premises at 309 Ethan Allen Drive and 397 Ethan Allen Drive 330,000 *

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| | |
|---|--------------------|
| Note Receivable, 600 Dalton Drive (Cares), Champlain Housing Trust Corporation, Principal Payments Deferred until September, 2036, 0% Interest | \$ 65,778 * |
| Note Receivable, Brookside Partnership (Morehouse Drive/ Brookside Apartments, Champlain Housing Trust), Principal and Interest Payments Deferred until January, 2039, Interest at 4.46% | 240,000 * |
| Note Receivable, Winchester Place Limited Partnership, Principal Payments Deferred until May, 2057, 0% Interest | 543,477 * |
| Note Receivable, Housing Foundation, Inc., Principal and Administrative Fee Payments of \$6,116 Due Monthly, 2% Administrative Fee, Due November, 2022. Income from Repayment of the Loan will be Used to Pay the Related Windemere Park Septic System Improvements Bond Described in Note IV.J. | 24,298 |
| Notes Receivable, Six (6) Loans to Residents for On-Site Sewage Disposal Systems and Potable Water Service, Principal and Interest Due Monthly Over Twenty (20) Years, Interest at 3%, Secured by Liens on Properties. Income from Repayment of the Loans will be Used to Pay the Related Septic Improvement Loan Program Bonds Described in Note IV.J. | <u>31,693</u> |
| Total Notes Receivable | 1,535,246 |
| Plus: Accrued Interest on Notes Receivable | 137,275 |
| Less: Allowance for Doubtful Notes and Accrued Interest Receivable | <u>(1,616,530)</u> |
| Reported Value as of June 30, 2022 | <u>\$ 55,991</u> |

- * These loans come from proceeds of grants of Federal funds via the State of Vermont to the Town. The loans may be deferred for eternity, at the Town's discretion, as long as the properties remain affordable. Should the Town require repayment, the Town would have to give the principal and interest back to the State of Vermont or make a loan to another affordable development.

TOWN OF COLCHESTER, VERMONT
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D. Lease Receivables

In August, 1994, the Town entered into a land lease agreement with Arborvitae Medical Office Partners, LLC. The Town will lease land which is adjacent to the Town's offices to Arborvitae Medical Office Partners, LLC. for thirty (30) years. The Town will receive lease payments from Arborvitae Medical Office Partners, LLC for thirty (30) years. The agreement provided for the construction of a building which is rented to a medical center. Arborvitae Medical Office Partners, LLC. collects these rent payments. At the end of the thirty (30) year agreement, the building will become property of the Town. The Town will then begin to receive the rental payments from the medical center. A purchase price option is included in the lease whereby the Town can purchase the building. The current purchase price is \$372,116.

The Town also has an agreement to lease tower space atop the Fire Department Station for the purpose of installation and operation of a telecommunications transmitter site. The initial lease term is for five (5) years, with three (3) successive five (5) year renewal terms, with payments due monthly. The lease will renew automatically unless the Lessee declines the option. The Lessee has the right to terminate this agreement upon the annual anniversary of the commencement date provided that three (3) months prior notice is given. The Town receives monthly payments of \$2,300 during year one (1) and increasing by two and one-half percent (2.5%) each subsequent year. The commencement date of the first lease term was November 1, 2021.

As of June 30, 2022, the Town's receivable for lease payments was \$622,774. During the year ended June 30, 2022, the Town recognized \$37,858 and \$8,594 in lease revenue and interest revenue, respectively.

The future lease payments for these agreements are as follows:

| | |
|-----------|------------------|
| 2023 | \$ 58,995 |
| 2024 | 60,548 |
| 2025 | 29,420 |
| 2026 | 30,156 |
| 2027 | 30,910 |
| 2028-2032 | 166,533 |
| 2033-2037 | 188,417 |
| 2038-2042 | <u>186,795</u> |
| | <u>\$751,774</u> |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

E. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|---------------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 2,104,936 | \$ 215,600 | \$ 0 | \$ 2,320,536 |
| Construction in Progress | 509,703 | 298,897 | 0 | 808,600 |
| Total Capital Assets, Not Being Depreciated | <u>2,614,639</u> | <u>514,497</u> | <u>0</u> | <u>3,129,136</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 4,322,855 | 0 | 2,351,025 | 1,971,830 |
| Buildings and Building Improvements | 10,025,948 | 2,120,442 | 0 | 12,146,390 |
| Equipment and Furniture | 3,052,836 | 125,874 | 158,390 | 3,020,320 |
| Vehicles | 6,927,057 | 358,090 | 498,739 | 6,786,408 |
| Infrastructure | 25,635,542 | 542,528 | 0 | 26,178,070 |
| Totals | <u>49,964,238</u> | <u>3,146,934</u> | <u>3,008,154</u> | <u>50,103,018</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 1,225,014 | 96,662 | 302,618 | 1,019,058 |
| Buildings and Building Improvements | 2,965,413 | 221,343 | 0 | 3,186,756 |
| Equipment and Furniture | 1,868,108 | 217,192 | 90,447 | 1,994,853 |
| Vehicles | 2,071,914 | 552,478 | 209,052 | 2,415,340 |
| Infrastructure | 6,455,332 | 902,303 | 0 | 7,357,635 |
| Totals | <u>14,585,781</u> | <u>1,989,978</u> | <u>602,117</u> | <u>15,973,642</u> |
| Total Capital Assets, Being Depreciated | <u>35,378,457</u> | <u>1,156,956</u> | <u>2,406,037</u> | <u>34,129,376</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 37,993,096</u> | <u>\$ 1,671,453</u> | <u>\$ 2,406,037</u> | <u>\$ 37,258,512</u> |

During the year, the Town finished the consolidated of the Colchester Fire Districts #2 and #3's fire departments into a single Town-wide fire department. As a result, the Town assumed capital assets with a carrying value of \$2,317,731.

During the year, the Town transferred the the ownership of the Colchester Causeway to the State of Vermont. As a result, the Town removed capital assets with a carrying value of \$2,048,407.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|------------------|----------------------|
| Business-type Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 132,568 | \$ 0 | \$ 0 | \$ 132,568 |
| Construction in Progress | 46,357 | 26,990 | 63 | 73,284 |
| Total Capital Assets, Not Being Depreciated | <u>178,925</u> | <u>26,990</u> | <u>63</u> | <u>205,852</u> |
| Capital Assets, Being Depreciated: | | | | |
| Plant and Equipment: | | | | |
| 10 Years | 7,807 | 0 | 0 | 7,807 |
| 15 Years | 51,811 | 0 | 0 | 51,811 |
| 25 Years | 1,206,654 | 0 | 0 | 1,206,654 |
| 30 Years | 221,037 | 0 | 0 | 221,037 |
| 40 Years | 323,679 | 0 | 0 | 323,679 |
| 50 Years | 4,688,203 | 0 | 0 | 4,688,203 |
| Buildings and Building Improvements | 507,933 | 0 | 0 | 507,933 |
| Machinery and Equipment | 134,253 | 58,288 | 14,835 | 177,706 |
| Vehicles | 620,999 | 261,428 | 169,723 | 712,704 |
| Infrastructure | 4,522,462 | 61,716 | 0 | 4,584,178 |
| Capacity Rights - Wastewater Treatment | 12,137,834 | 0 | 0 | 12,137,834 |
| Totals | <u>24,422,672</u> | <u>381,432</u> | <u>184,558</u> | <u>24,619,546</u> |
| Less Accumulated Depreciation for: | | | | |
| Plant and Equipment | 4,377,084 | 129,882 | 0 | 4,506,966 |
| Buildings and Building Improvements | 221,603 | 11,163 | 0 | 232,766 |
| Machinery and Equipment | 97,316 | 13,321 | 13,351 | 97,286 |
| Vehicles | 429,683 | 56,772 | 152,751 | 333,704 |
| Infrastructure | 1,393,400 | 135,380 | 0 | 1,528,780 |
| Capacity Rights - Wastewater Treatment | 4,855,136 | 606,892 | 0 | 5,462,028 |
| Totals | <u>11,374,222</u> | <u>953,410</u> | <u>166,102</u> | <u>12,161,530</u> |
| Total Capital Assets, Being Depreciated | <u>13,048,450</u> | <u>(571,978)</u> | <u>18,456</u> | <u>12,458,016</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 13,227,375</u> | <u>\$ (544,988)</u> | <u>\$ 18,519</u> | <u>\$ 12,663,868</u> |

Depreciation was charged as follows:

| | | | |
|---|---------------------|--|-------------------|
| Governmental Activities: | | Business-type Activities: | |
| General Government | \$ 118,296 | Wastewater | \$ 736,774 |
| Public Safety | 649,985 | Stormwater | 145,428 |
| Public Works | 924,638 | Rescue | <u>71,208</u> |
| Culture and Recreation | <u>297,059</u> | | |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,989,978</u> | Total Depreciation Expense - Business-type Activities | <u>\$ 953,410</u> |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

F. Interfund Balances and Activity

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

| Fund | Due from Other Funds | Due to Other Funds |
|-----------------------------------|-------------------------|-----------------------|
| General Fund | \$ 0 | \$ 17,348,694 |
| Capital Projects Fund | 2,762,342 | 0 |
| Debt Service Fund | 7,395,777 | 0 |
| Non-Major Governmental Funds | 3,427,231 | 24,104 |
| Wastewater Fund | 323,355 | 0 |
| Recreation Program Fund | 1,368,520 | 0 |
| Stormwater Fund | 1,553,515 | 0 |
| Non-Major Enterprise Funds | 535,862 | 0 |
| Custodial Funds - School District | | |
| Impact Fees Fund | 6,196 | 0 |
| Total | <u>\$ 17,372,798</u> | <u>\$ 17,372,798</u> |

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

| Transfer From | Transfer To | Amount | Purpose |
|------------------------|---|---------------------|--|
| General Fund | Cemetery Fund | \$ 35,000 | Capital Upkeep and Maintenance of Cemeteries |
| General Fund | Reserve Fund | 2,500 | Appropriation |
| General Fund | Reserve Fund | 30,000 | Additional Funding for Upgrade of Inventory and Staff Credentialing System |
| General Fund | Recreation Acquisition and Development Fund | 5,000 | Appropriation |
| General Fund | Capital Equipment Fund | 640,000 | Additional Funding for Replacement Plow Trucks and Solar Panel Project |
| General Fund | Fire Capital Equipment Fund | 226,033 | Appropriation |
| General Fund | Police Dispatch Fund | 508,253 | Appropriation |
| General Fund | Rescue Fund | 230,404 | Appropriation |
| Cemetery Fund | General Fund | 35,000 | Appropriation |
| Reserve Fund | Capital Projects Fund | 75,515 | Funding for Local Match of Creek Farm Bridge Project |
| Capital Equipment Fund | Rescue Fund | 213,556 | Transfer of Rescue Capital Equipment Purchases |
| Rescue Fund | Capital Equipment Fund | 18,536 | Additional Funding for Future Improvements to Rescue Building and Ambulance Purchase |
| Total | | <u>\$ 2,019,797</u> | |

G. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$515,054 from the difference between the expected and actual experience, \$436,802 from changes of assumptions and \$160,823 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 \$440,183 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$1,552,862.

Deferred outflows of resources in the business-type activities consists of \$84,904 from the difference between the expected and actual experience, \$72,004 from changes of assumptions and \$26,510 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 \$72,528 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$255,946.

TOWN OF COLCHESTER, VERMONT
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JUNE 30, 2022

Deferred outflows of resources in the Recreation Program Fund consists of \$16,091 from the difference between the expected and actual experience, \$13,646 from changes of assumptions and \$5,024 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 \$13,715 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Recreation Program Fund is \$48,476.

Deferred outflows of resources in the Stormwater Fund consists of \$14,034 from the difference between the expected and actual experience, \$11,901 from changes of assumptions and \$4,382 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 \$12,009 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Stormwater Fund is \$42,326.

Deferred outflows of resources in the Non-Major Enterprise Funds consists of \$54,779 from the difference between the expected and actual experience, \$46,457 from changes of assumptions and \$17,104 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 \$46,804 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Non-Major Enterprise Funds is \$165,144.

H. Unearned Revenue

Unearned revenue in the governmental activities consists of \$2,678,116 of grant revenue received in advance.

Unearned revenue in the business-type activities and Recreation Program Fund consists of \$265,804 of recreation fees received in advance.

Unearned revenue in the Capital Projects Fund consists of \$2,560,168 of grant revenue received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$117,948 of grant revenue received in advance.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$1,629,427 from the difference between the projected and actual investment earnings and \$106,524 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). It also includes \$39,570 of prepaid property taxes and support payments and \$614,180 associated with leases that will be recognized as revenue over the lease terms. Total deferred inflows of resources in the governmental activities is \$2,389,701.

TOWN OF COLCHESTER, VERMONT
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Deferred inflows of resources in the business-type activities consists \$268,566 from the difference between the projected and actual investment earnings and \$17,557 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). Total deferred inflows of resources in the business-type activities is \$286,123.

Deferred inflows of resources in the General Fund consists of \$118,505 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 \$39,570 of prepaid property taxes and support payments and \$614,180 associated with leases that will be recognized as revenue over the lease terms. Total deferred inflows of resources in the General Fund is \$772,255.

Deferred inflows of resources in the Capital Projects Fund consist of \$20,290 of grant revenue not collected within sixty (60) days after year-end as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$55,991 of notes receivable as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Recreation Program Fund consists of \$50,867 from the difference between the projected and actual investment earnings and \$3,325 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). Total deferred inflows of resources in the Recreation Program Fund is \$54,192.

Deferred inflows of resources in the Stormwater Fund consists of \$44,413 from the difference between the projected and actual investment earnings and \$2,903 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). Total deferred inflows of resources in the Stormwater Fund is \$47,316.

Deferred inflows of resources in the Non-Major Enterprise Funds consists of \$173,286 from the difference between the projected and actual investment earnings and \$11,329 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). Total deferred inflows of resources in the Non-Major Enterprise Funds is \$184,615.

J. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. 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.

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

The State of Vermont offers a number of low and no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the State of Vermont Special Environmental Revolving Fund for public works projects and to fund septic system improvement loan programs.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

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 share of the net pension liability is recorded in the government-wide financial statements and proprietary fund financial statements.

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

Governmental Activities:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Bellwood Drainage Project, Principal Payments of \$49,641 Payable on December 1 Annually, 0% Interest, Due December, 2023 | \$ 148,922 | \$ 0 | \$ 49,641 | \$ 99,281 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Administrative Fee Payments of \$8,962 Payable on April 1 Annually, 2% Administrative Fee, Due April, 2027 | 50,199 | 0 | 7,958 | 42,241 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Administrative Fee Payments of \$4,831 Payable on July 1 Annually, 2% Administrative Fee, Due July, 2028 | 31,267 | 0 | 4,206 | 27,061 |

TOWN OF COLCHESTER, VERMONT
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JUNE 30, 2022

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Administrative Fee Payments of \$6,050 Payable on August 1 Annually, 2% Administrative Fee, Due August, 2034 | \$ 73,240 | \$ 0 | \$ 4,585 | \$ 68,655 |
| Bond Payable, Vermont Municipal Bond Bank, Blakely Road Municipal Buildings and Buildings Improvements, Principal Payments of \$305,000 Payable on November 1 Annually, Interest Ranging from 3.865% to 4.715% Payable May 1 and November 1, Due November, 2027 | 2,135,000 | 0 | 305,000 | 1,830,000 |
| Bond Payable, Vermont Municipal Bond Bank, Bayside Property Purchase, Principal Payments of \$55,000 Payable on December 1 Annually, Interest Ranging from 1.87% to 5.09% Payable June 1 and December 1, Due December, 2024 | 220,000 | 0 | 55,000 | 165,000 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Windemere Park Septic System Improvements, Principal and Administrative Fee Payments of \$71,455 Payable on June 1 Annually, 2% Administrative Fee, Due June, 2023 | 138,734 | 0 | 68,680 | 70,054 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Malletts Bay Sewer Study, Authorized to \$300,000 but Eligible for \$150,000 Forgiveness, Principal Payments of \$15,000 Payable on June 1 Annually Beginning June 1, 2027, 0% Interest, Due June, 2036. The Town Recognized \$2,848 of Principal Forgiveness During the Year. | 89,780 | 5,697 | 2,848 | 92,629 |
| Note Payable, M&T Bank, Fire Department Capital Improvements and Refurbish of 1999 Fast Attack Pumper Truck, Principal Payments of \$35,000 Plus Interest Payable on January 15 Annually, Interest at 2.85%, Due January, 2025 | 140,000 | 0 | 35,000 | 105,000 |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Financed Purchase, Municipal Leasing Consultants, LLC, Pumpkin Patch (Malletts Bay Avenue) Solar Array, Principal and Interest Payments of \$43,213 Payable on October 15 Annually, Interest at 4.27%, Due October, 2032 | \$ 399,276 | \$ 0 | \$ 26,164 | \$ 373,112 |
| Financed Purchase, Municipal Leasing Consultants, LLC, Roosevelt Highway Solar Array, Principal and Interest Payments of \$40,955 Payable on January 31 Annually, Interest at 4.32%, Due January, 2033 | 377,322 | 0 | 24,654 | 352,668 |
| Financed Purchase, Capital One Public Funding, LLC, 2016 Aerial Fire Truck, Principal and Interest Payments of \$42,351 Payable on August 8 Annually, Interest at 2.75%, Due August, 2031 | 397,931 | 0 | 32,015 | 365,916 |
| Financed Purchase, U.S. Bancorp Government Leasing and Finance, Inc., 2019 Pumper Truck, Principal and Interest Payments of \$37,100 Payable on October 1 Annually, Interest at 2.18%, Due October, 2030 | <u>330,129</u> | <u>0</u> | <u>29,901</u> | <u>300,228</u> |
| Total Governmental Activities | <u>\$4,531,800</u> | <u>\$5,697</u> | <u>\$645,652</u> | <u>\$3,891,845</u> |

Business-type Activities:

| | <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 \$80,000 to \$90,000 Payable on November 1 Annually, Interest Ranging from 6.9% to 7.0% Payable May 1 and November 1, Due and Paid November, 2021. The Town Made the Final Payment of \$40,389 in March, 2021. The Payment was Held in Escrow and, along with \$49,611 of Negative Interest, Applied to the Balance in November, 2021 | \$90,000 | \$ 0 | \$90,000 | \$ 0 |
| Total Business-type Activities | <u>\$90,000</u> | <u>\$ 0</u> | <u>\$90,000</u> | <u>\$ 0</u> |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Changes in long-term liabilities during the year were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-----------------|---------------------|---------------------|------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds Payable | \$ 2,887,142 | \$ 5,697 | \$ 497,918 | \$ 2,394,921 | \$ 496,779 |
| Notes Payable | 140,000 | 0 | 35,000 | 105,000 | 35,000 |
| Financed Purchases | 1,504,658 | 0 | 112,734 | 1,391,924 | 115,842 |
| Compensated Absences Payable | 626,655 | 1,377 | 0 | 628,032 | 0 |
| Net Pension Liability | <u>4,541,663</u> | <u>0</u> | <u>1,778,179</u> | <u>2,763,484</u> | <u>0</u> |
| Total Governmental Activities Long-term Liabilities | <u>\$ 9,700,118</u> | <u>\$ 7,074</u> | <u>\$ 2,423,831</u> | <u>\$ 7,283,361</u> | <u>\$ 647,621</u> |
| Business-type Activities | | | | | |
| Special Assessment Debt with Governmental Commitment | \$ 90,000 | \$ 0 | \$ 90,000 | \$ 0 | \$ 0 |
| Due to South Burlington - Capacity Rights | 8,424,013 | 0 | 573,830 | 7,850,183 | 585,306 |
| Compensated Absences Payable | 96,627 | 0 | 2,645 | 93,982 | 0 |
| Net Pension Liability | <u>648,216</u> | <u>0</u> | <u>192,732</u> | <u>455,484</u> | <u>0</u> |
| Total Business-type Activities Long-term Liabilities | <u>\$ 9,258,856</u> | <u>\$ 0</u> | <u>\$ 859,207</u> | <u>\$ 8,399,649</u> | <u>\$ 585,306</u> |

The Town has an agreement with the City of South Burlington, Vermont that assisted with the upgrade of South Burlington's wastewater treatment facility. This agreement provides wastewater treatment capacity rights to the Town of Colchester. The City of South Burlington has issued twenty year bonds from the State of Vermont Special Environmental Revolving Fund to provide the additional funding for this project and will bill the Town of Colchester for its proportionate share of the project costs. The Town of Colchester plans to pay for these improvements from a combination of cash reserves, grants and rate adjustments. The annual debt service to the Town will require annual payments of \$742,310, which began in April, 2014, for twenty (20) years which includes interest at 2%, however, the Town agreed with the City of South Burlington to defer the April, 2021 payment to April, 2022. Accordingly, the final payment year was extended an additional year to April, 2034. The Town of Colchester has acquired the capacity and treatment rights for both past and future development within the Town. The balance owed to the City of South Burlington as of June 30, 2022 was \$7,850,183.

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 COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Debt service requirements to maturity are as follows:

| Year Ending June 30 | Governmental Activities | |
|------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2023 | \$ 647,621 | \$ 113,200 |
| 2024 | 581,737 | 91,566 |
| 2025 | 536,413 | 66,932 |
| 2026 | 450,877 | 41,293 |
| 2027 | 470,495 | 40,301 |
| 2028-2032 | 1,103,924 | 92,190 |
| 2033-2036 | 100,778 | 4,169 |
| Total | <u>\$ 3,891,845</u> | <u>\$ 449,651</u> |

K. 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 Selectboard'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. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The Town has a minimum fund balance policy which is to maintain an unassigned fund balance which is no less than thirteen percent (13%) of the prior year's General Fund operating expenditures plus bond payments. The fund balance, as outlined in this policy, on June 30, 2022, was 15.7% of the 2022 operating expenditures plus bond payments.

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

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

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

Major Funds

General Fund:

| | |
|---|----------------|
| Nonspendable Prepaid Items | \$ 6,041 |
| Nonspendable Inventories | 88,211 |
| Nonspendable Resources from Lease Receivables in Excess of Related Deferred Inflows of Resources | <u>8,594</u> |
| Total General Fund | <u>102,846</u> |

Non-Major Funds

Capital Projects Funds:

| | |
|---------------------------------|--------|
| Nonspendable Deposit on Vehicle | 36,170 |
|---------------------------------|--------|

Permanent Funds:

| | |
|--|--------------|
| Nonspendable Burnham Memorial Library Fund Principal | <u>2,000</u> |
|--|--------------|

| | |
|-----------------------|---------------|
| Total Non-Major Funds | <u>38,170</u> |
|-----------------------|---------------|

| | |
|----------------------------------|------------------|
| Total Nonspendable Fund Balances | <u>\$141,016</u> |
|----------------------------------|------------------|

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

Major Funds

Debt Service Fund (Local Option Tax Fund):

| | |
|--|--------------------|
| Restricted for Capital or Debt Service of Voter-Approved Capital Projects within the Town and Voter-Approved Intermunicipal Financial Support by Charter | <u>\$7,902,754</u> |
|--|--------------------|

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Non-Major Funds

Special Revenue Funds:

| | |
|--|----------------|
| Restricted for Revolving Loans by Grant Agreements (Source of Revenue is Grant Revenue) | \$ 99,058 |
| Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue) | 47,165 |
| Restricted for Grant Expenses by Grant Agreement (Source of Revenue is Grant Revenue) | 9,030 |
| Restricted for Police Expenses by Grant Agreement (Source of Revenue is Grant Revenue) | 52,455 |
| Restricted for Cemetery Expenses by Statute (Source of Revenue is Sale of Lots) | <u>185,549</u> |
| Total Special Revenue Funds | <u>393,257</u> |

Capital Projects Funds:

| | |
|---|----------------|
| Restricted for Recreation Acquisition and Development Expenditures by Impact Fees (Source of Revenue is Impact Fees) | 330,314 |
| Restricted for Severance Corners Gazebo Expenditures by Donations (Source of Revenue is Donations) | <u>20,000</u> |
| Total Capital Projects Funds | <u>350,314</u> |

Permanent Funds:

| | |
|---|---------------|
| Burnham Memorial Library Expenses by Trust Agreement – Expendable Portion (Source of Revenue is Donations) | <u>29,813</u> |
|---|---------------|

| | |
|-----------------------|----------------|
| Total Non-Major Funds | <u>773,384</u> |
|-----------------------|----------------|

| | |
|--------------------------------|--------------------|
| Total Restricted Fund Balances | <u>\$8,676,138</u> |
|--------------------------------|--------------------|

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

Major Funds

General Fund:

| | |
|---|------------------|
| Committed for Accrued Leave Time Payments by the Voters | <u>\$353,814</u> |
|---|------------------|

Capital Projects Fund:

| | |
|--|----------------|
| Committed for Capital Project Expenditures by the Voters | <u>263,080</u> |
|--|----------------|

Non-Major Funds

Special Revenue Funds:

| | |
|---|--------|
| Committed for Cemetery Capital Improvements by the Voters | 35,000 |
|---|--------|

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

| | |
|--|-------------------|
| Capital Projects Funds: | |
| Committed for Capital Equipment Expenditures by the Voters | \$ <u>129,192</u> |
| Total Non-Major Funds | <u>164,192</u> |
| Total Committed Fund Balances | \$ <u>781,086</u> |

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

Major Funds

| | |
|---|----------------|
| General Fund: | |
| Assigned to Reduce Property Taxes in Fiscal Year 2023 | \$ 324,333 |
| Assigned to Reduce Property Taxes in Fiscal Year 2024 | <u>260,000</u> |
| Total General Fund | <u>584,333</u> |
| Capital Projects Fund: | |
| Assigned for Creek Farm Bridge Expenditures | <u>75,515</u> |

Non-Major Funds

| | |
|---|---------------------|
| Special Revenue Funds: | |
| Assigned for Cemetery Capital Improvements | <u>35,000</u> |
| Capital Projects Funds: | |
| Assigned for Reserve Fund Expenses for Reappraisal, Technology and Public Safety Capital Items | 1,356,158 |
| Assigned for Capital Equipment Expenditures | 640,000 |
| Assigned for Fire Capital Equipment Expenditures | <u>465,590</u> |
| Total Capital Projects Funds | <u>2,461,748</u> |
| Total Non-Major Funds | <u>2,496,748</u> |
| Total Assigned Fund Balances | \$ <u>3,156,596</u> |

The unrestricted deficit of \$10,063 in the Police Dispatch Fund will be funded by a transfer from the General Fund.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

L. Restricted and Designated Net Position

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

Governmental Activities:

| | |
|--|------------------------|
| Restricted for Capital or Debt Service of Voter-Approved Capital Projects within the Town and Voter-Approved Intermunicipal Financial Support by Charter | \$7,902,754 |
| Restricted for Community Development by Grant Agreements | 1,409 |
| Restricted for Grant Expenses by Grant Agreements | 9,030 |
| Restricted for Law Enforcement by Grant Agreements | 52,455 |
| Restricted for Cemetery by Statute | 185,549 |
| Restricted for Recreation Acquisition/Development by Impact Fees | 330,314 |
| Restricted for Severance Corners Gazebo Expenditures by Donations | 20,000 |
| Restricted for Burnham Library by Donations - Non-Expendable Portion | 2,000 |
| Restricted for Burnham Library by Donations - Expendable Portion | <u>29,813</u> |
| Total Governmental Activities | <u>\$8,533,324</u> |

The designated net position of the Town as of June 30, 2022 consisted of the following:

Business-type Activities:

| | |
|--|----------------------|
| Wastewater Fund: | |
| Designated for South Burlington Plant Debt Service | <u>\$373,362</u> |
| Total Business-type Activities | <u>\$373,362</u> |

V. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

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

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

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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, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 2.1870% resulting in a net pension liability of \$3,218,968. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 2.1870% was an increase of 0.1355 from its proportion measured as of the prior year.

For the year ended June 30, 2022, the Town recognized pension expense of \$713,806.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 599,958 | \$ 0 |
| Difference between projected and actual investment earnings on pension assets | 0 | 1,897,993 |
| Changes of assumptions | 508,806 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 187,333 | 124,081 |
| Town's required employer contributions made subsequent to the measurement date | 512,711 | 0 |
| | <u>\$ 1,808,808</u> | <u>\$ 2,022,074</u> |

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The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$512,711 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending <u>June 30</u> | |
|-------------------------------|--------------------|
| 2023 | \$ (4,517) |
| 2024 | (68,603) |
| 2025 | (186,997) |
| 2026 | <u>(465,860)</u> |
| Total | <u>\$(725,977)</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, C and D.

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.

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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.

Death Benefit:

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

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

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

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

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

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

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

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

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Significant Actuarial Assumptions and Methods

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

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

Mortality:

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

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

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

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

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

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

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

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

Inflation: 2.30%

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Long-term Expected Rate of Return:

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

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

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

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> |
|----------------------------|------------------------------|----------------------------|
| \$6,362,475 | \$3,218,968 | \$634,086 |

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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.

Defined Contribution Plan

The Town offers a 401(a) pension plan to all full time employees, except police officers who were hired prior to January 1, 2013. The plan provides for 100% vesting after five (5) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The Town contributes 8.5% of each non-union employee's base pay and 7% of each union employee's base pay. Both union and non-union employees contribute 1% of their base pay. The International City/County Management Association administers the Plan. All of the investments are self-directed by each employee. Total covered payroll was \$360,878. Pension expense for the year ended June 30, 2022 was \$29,323.

Deferred Compensation Plan

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

B. Contingent Liabilities

The Town is a participating member in the Chittenden Solid Waste District (CSWD). The Town could be subject to a portion of the District's debt if the District experiences financial problems.

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.

There are currently pending claims against the Town where the Town's insurance carrier is providing defense. The Town is vigorously defending the claims. The Town and the insurer do not believe that the claims could exceed the insurance policy limits in the event of unfavorable rulings.

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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.

D. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property 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. Property taxes are collected three (3) times per year. During the tax year ended June 30, 2022, taxes became due and payable on August 15, 2021, November 15, 2021 and March 15, 2022. The Town assesses a 5% penalty on delinquent taxes for the first thirty (30) days and then 8% thereafter. Interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2022 were as follows:

| | <u>Homestead</u> | <u>Non-Homestead</u> |
|-----------|------------------|----------------------|
| Town | 0.5593 | 0.5593 |
| Education | <u>1.5982</u> | <u>1.8681</u> |
| Total | <u>2.1575</u> | <u>2.4274</u> |

E. Local Option Sales Tax

In the fiscal year ending June 30, 2022, the Town had revenue of \$2,174,827 in local option sales tax in the Debt Service Fund. The Town paid out \$485,104 in voter approved capital project debt service for the Bellwood neighborhood drainage project, the Bayside Hazlett Property and the Blakely Road Town Hall Building and Police Station improvements. The fund balance of the Debt Service Fund is \$7,902,754.

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F. Endowment Fund

On May 5, 1997, the Burnham Memorial Library created an endowment at the Vermont Community Foundation. In doing so, the ownership of the funds passed to the Vermont Community Foundation with the stipulation that the Foundation pay to the Library an amount, determined on an annual basis, to be not less than 5% of the value of the funds as of the end of the previous year. Payments are to be made at least semiannually. The endowment is not reflected on the balance sheet of the Town. In 2022, the Library contributed another \$4,115 to the Foundation. The balance of the Endowment Fund at June 30, 2022 is \$142,898.

G. Commitments

The Town of Colchester's voters have approved borrowing up to \$1,225,000 from the State of Vermont Special Environmental Revolving Fund to be used for low interest septic system improvement loans for Colchester residents and the Housing Foundation, Inc. As of June 30, 2022, the Town borrowed \$831,864 and has a balance owed of \$208,011.

H. Subsequent Events

Subsequent to year-end, the Town will receive the second half of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funds in the amount of \$2,560,168.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|---------------|---|
| REVENUES: | | | |
| PROPERTY TAXES | \$ 11,309,026 | \$ 11,323,902 | \$ 14,876 |
| VETERAN'S TAX EXEMPTION | (28,000) | (33,133) | (5,133) |
| INTEREST ON DELINQUENT TAXES | 35,000 | 61,960 | 26,960 |
| PENALTIES ON DELINQUENT TAXES | 55,000 | 99,736 | 44,736 |
| RECORDING FEES | 175,000 | 186,382 | 11,382 |
| CLERK FEES | 50,155 | 98,326 | 48,171 |
| STATE AID TO HIGHWAYS | 206,965 | 229,865 | 22,900 |
| MISCELLANEOUS PUBLIC WORKS REVENUE | 26,400 | 29,001 | 2,601 |
| BUILDING/ZONING PERMITS | 250,000 | 276,566 | 26,566 |
| PLANNING AND ZONING FEES | 91,575 | 114,774 | 23,199 |
| MISCELLANEOUS POLICE REVENUE | 56,500 | 90,597 | 34,097 |
| MISCELLANEOUS RECREATION REVENUE | 3,000 | 17,806 | 14,806 |
| TRANSFER FROM WASTEWATER FUND | 135,520 | 135,520 | 0 |
| TRANSFER FROM STORMWATER FUND | 110,787 | 110,787 | 0 |
| TRANSFER FROM CEMETERY FUND | 35,000 | 35,000 | 0 |
| GENERAL REVENUE | 191,516 | 213,591 | 22,075 |
| 833 BLAKELY LEASE REVENUE | 30,163 | 47,733 | 17,570 |
| PILOT & CURRENT USE | 308,255 | 333,191 | 24,936 |
| TOTAL REVENUES | 13,041,862 | 13,371,604 | 329,742 |
| EXPENDITURES: | | | |
| SELECTBOARD: | | | |
| SALARIES & WAGES | 7,500 | 8,500 | (1,000) |
| EMPLOYER TAXES & BENEFITS | 574 | 650 | (76) |
| SERVICES & UTILITIES | 67,500 | 0 | 67,500 |
| TOTAL SELECTBOARD | 75,574 | 9,150 | 66,424 |
| TRANSFERS: | | | |
| TRANSFER TO FIRE CAPITAL EQUIPMENT FUND | 50,000 | 50,000 | 0 |
| TRANSFER TO CEMETERY FUND | 35,000 | 35,000 | 0 |
| TOTAL TRANSFERS | 85,000 | 85,000 | 0 |
| CIVIL BOARD: | | | |
| SALARIES & WAGES | 21,880 | 15,270 | 6,610 |
| EMPLOYER TAXES & BENEFITS | 11,743 | 2,808 | 8,935 |
| SERVICES & UTILITIES | 1,000 | 1,152 | (152) |
| EQUIPMENT | 600 | 922 | (322) |
| MISCELLANEOUS | 4,000 | 1,540 | 2,460 |
| TOTAL CIVIL BOARD | 39,223 | 21,692 | 17,531 |
| MANAGER: | | | |
| SALARIES & WAGES | 484,126 | 436,290 | 47,836 |
| EMPLOYER TAXES & BENEFITS | 191,810 | 162,343 | 29,467 |
| SERVICES & UTILITIES | 78,000 | 143,651 | (65,651) |
| SUPPLIES & PARTS | 7,000 | 6,304 | 696 |
| MISCELLANEOUS | 21,000 | 35,232 | (14,232) |
| TRANSFER TO CAPITAL EQUIPMENT FUND | 0 | 558,284 | (558,284) |
| TOTAL MANAGER | 781,936 | 1,342,104 | (560,168) |

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|------------------------------|---------------------------------|-----------|---|
| ECONOMIC DEVELOPMENT: | | | |
| SALARIES & WAGES | \$ 79,740 | \$ 82,550 | \$ (2,810) |
| EMPLOYER TAXES & BENEFITS | 38,912 | 37,423 | 1,489 |
| SERVICES & UTILITIES | 16,750 | 3,429 | 13,321 |
| TOTAL ECONOMIC DEVELOPMENT | 135,402 | 123,402 | 12,000 |
| FINANCE: | | | |
| SALARIES & WAGES | 257,121 | 259,551 | (2,430) |
| EMPLOYER TAXES & BENEFITS | 102,168 | 97,028 | 5,140 |
| SERVICES & UTILITIES | 74,200 | 72,895 | 1,305 |
| SUPPLIES & PARTS | 3,200 | 3,074 | 126 |
| TOTAL FINANCE | 436,689 | 432,548 | 4,141 |
| ASSESSOR: | | | |
| SALARIES & WAGES | 113,097 | 116,411 | (3,314) |
| EMPLOYER TAXES & BENEFITS | 54,089 | 48,500 | 5,589 |
| SERVICES & UTILITIES | 62,500 | 29,011 | 33,489 |
| SUPPLIES & PARTS | 500 | 55 | 445 |
| TOTAL ASSESSOR | 230,186 | 193,977 | 36,209 |
| TOWN CLERK/TREASURER: | | | |
| SALARIES & WAGES | 223,059 | 252,729 | (29,670) |
| EMPLOYER TAXES & BENEFITS | 107,524 | 92,570 | 14,954 |
| SERVICES & UTILITIES | 18,250 | 20,298 | (2,048) |
| SUPPLIES & PARTS | 12,000 | 11,866 | 134 |
| MISCELLANEOUS | 600 | 2,221 | (1,621) |
| TOTAL TOWN CLERK/TREASURER | 361,433 | 379,684 | (18,251) |
| PLANNING/ZONING: | | | |
| SALARIES & WAGES | 399,071 | 206,103 | 192,968 |
| EMPLOYER TAXES & BENEFITS | 176,613 | 83,301 | 93,312 |
| SERVICES & UTILITIES | 90,135 | 77,337 | 12,798 |
| SUPPLIES & PARTS | 3,500 | 1,315 | 2,185 |
| TOTAL PLANNING/ZONING | 669,319 | 368,056 | 301,263 |
| INFORMATION TECHNOLOGY: | | | |
| SALARIES & WAGES | 118,547 | 136,051 | (17,504) |
| EMPLOYER TAXES & BENEFITS | 43,877 | 41,966 | 1,911 |
| SERVICES & UTILITIES | 18,350 | 43,667 | (25,317) |
| EQUIPMENT | 5,000 | 6,654 | (1,654) |
| TOTAL INFORMATION TECHNOLOGY | 185,774 | 228,338 | (42,564) |
| POLICE ENFORCEMENT: | | | |
| SALARIES & WAGES | 2,427,080 | 2,400,748 | 26,332 |
| EMPLOYER TAXES & BENEFITS | 1,165,208 | 999,579 | 165,629 |
| SERVICES & UTILITIES | 267,400 | 287,291 | (19,891) |
| EQUIPMENT | 55,000 | 118,685 | (63,685) |
| SUPPLIES & PARTS | 10,000 | 10,770 | (770) |
| MISCELLANEOUS | 72,000 | 88,123 | (16,123) |
| TOTAL POLICE ENFORCEMENT | 3,996,688 | 3,905,196 | 91,492 |

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|-------------------------------------|---------------------------------|------------|---|
| TRANSFER TO POLICE DISPATCH FUND: | \$ 508,253 | \$ 508,253 | \$ 0 |
| FIRE: | | | |
| SALARIES & WAGES | 355,505 | 346,372 | 9,133 |
| EMPLOYER TAXES & BENEFITS | 158,993 | 188,064 | (29,071) |
| SERVICES & UTILITIES | 137,100 | 119,629 | 17,471 |
| EQUIPMENT | 154,500 | 120,009 | 34,491 |
| SUPPLIES & PARTS | 107,000 | 58,063 | 48,937 |
| MISCELLANEOUS | 7,400 | 12,218 | (4,818) |
| CAPITAL AND TRANSFERS | 176,033 | 176,033 | 0 |
| TOTAL FIRE | 1,096,531 | 1,020,388 | 76,143 |
| TRANSFER TO RESCUE FUND: | 230,404 | 230,404 | 0 |
| TECHNICAL RESCUE: | | | |
| SALARIES & WAGES | 9,000 | 8,182 | 818 |
| EMPLOYER TAXES & BENEFITS | 1,848 | 1,699 | 149 |
| SERVICES & UTILITIES | 21,200 | 13,037 | 8,163 |
| EQUIPMENT | 4,000 | 2,373 | 1,627 |
| SUPPLIES & PARTS | 300 | 77 | 223 |
| TRANSFER TO RESERVE FUND | 0 | 30,000 | (30,000) |
| TOTAL TECHNICAL RESCUE | 36,348 | 55,368 | (19,020) |
| PUBLIC WORKS - ADMINISTRATION: | | | |
| SALARIES & WAGES | 412,919 | 408,750 | 4,169 |
| EMPLOYER TAXES & BENEFITS | 135,990 | 140,258 | (4,268) |
| SERVICES & UTILITIES | 51,750 | 65,059 | (13,309) |
| SUPPLIES & PARTS | 1,450 | 1,638 | (188) |
| TOTAL PUBLIC WORKS - ADMINISTRATION | 602,109 | 615,705 | (13,596) |
| HIGHWAY DEPARTMENT: | | | |
| SALARIES & WAGES | 550,650 | 451,192 | 99,458 |
| EMPLOYER TAXES & BENEFITS | 315,547 | 258,848 | 56,699 |
| SERVICES & UTILITIES | 158,798 | 190,362 | (31,564) |
| SUPPLIES & PARTS | 350,785 | 378,987 | (28,202) |
| MISCELLANEOUS | 0 | 10,977 | (10,977) |
| TRANSFER TO CAPITAL EQUIPMENT FUND | 0 | 81,716 | (81,716) |
| TOTAL HIGHWAY DEPARTMENT | 1,375,780 | 1,372,082 | 3,698 |
| MAINTENANCE FACILITY: | | | |
| SALARIES & WAGES | 225,978 | 239,534 | (13,556) |
| EMPLOYER TAXES & BENEFITS | 115,407 | 83,481 | 31,926 |
| SERVICES & UTILITIES | 60,595 | 62,399 | (1,804) |
| EQUIPMENT | 3,000 | 2,966 | 34 |
| SUPPLIES & PARTS | 30,650 | 38,195 | (7,545) |
| MISCELLANEOUS | 0 | 325 | (325) |
| TOTAL MAINTENANCE FACILITY | 435,630 | 426,900 | 8,730 |
| STORMWATER - SERVICES & UTILITIES: | 137,500 | 137,532 | (32) |

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|--------------------------------|---------------------------------|-----------|---|
| BUILDINGS: | | | |
| SALARIES & WAGES | \$ 49,597 | \$ 45,899 | \$ 3,698 |
| EMPLOYER TAXES & BENEFITS | 22,629 | 19,992 | 2,637 |
| SERVICES & UTILITIES | 102,261 | 109,746 | (7,485) |
| SUPPLIES & PARTS | 5,000 | 1,272 | 3,728 |
| MISCELLANEOUS | 700 | 132 | 568 |
| TOTAL BUILDINGS | 180,187 | 177,041 | 3,146 |
| HEALTH SERVICES: | | | |
| VISITING NURSE ASSOCIATION | 36,000 | 36,000 | 0 |
| STEPS TO END DOMESTIC VIOLENCE | 550 | 550 | 0 |
| TURNING POINT | 1,000 | 1,000 | 0 |
| ANIMAL CONTROL CONTRACT | 20,260 | 23,453 | (3,193) |
| ANIMAL CONTROL FEES | 6,500 | 375 | 6,125 |
| TOTAL HEALTH SERVICES | 64,310 | 61,378 | 2,932 |
| PARKS: | | | |
| SALARIES & WAGES | 219,854 | 203,561 | 16,293 |
| EMPLOYER TAXES & BENEFITS | 65,639 | 70,137 | (4,498) |
| SERVICES & UTILITIES | 131,631 | 145,930 | (14,299) |
| EQUIPMENT | 10,000 | 7,720 | 2,280 |
| SUPPLIES & PARTS | 17,000 | 16,124 | 876 |
| MISCELLANEOUS | 0 | 13,077 | (13,077) |
| TOTAL PARKS | 444,124 | 456,549 | (12,425) |
| RECREATION: | | | |
| SALARIES & WAGES | 149,033 | 148,978 | 55 |
| EMPLOYER TAXES & BENEFITS | 51,258 | 49,235 | 2,023 |
| SERVICES & UTILITIES | 51,800 | 46,709 | 5,091 |
| SUPPLIES & PARTS | 3,500 | 2,933 | 567 |
| MISCELLANEOUS | 0 | 1,700 | (1,700) |
| TOTAL RECREATION | 255,591 | 249,555 | 6,036 |
| LIBRARY: | | | |
| SALARIES & WAGES | 430,975 | 399,212 | 31,763 |
| EMPLOYER TAXES & BENEFITS | 207,027 | 161,699 | 45,328 |
| SERVICES & UTILITIES | 133,200 | 133,900 | (700) |
| SUPPLIES & PARTS | 5,200 | 5,416 | (216) |
| TOTAL LIBRARY | 776,402 | 700,227 | 76,175 |

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|----------------------------|---|
| INTERGOVERNMENTAL EXPENDITURES: | | | |
| CHAMBER OF COMMERCE | \$ 1,500 | \$ 0 | \$ 1,500 |
| VT COUNCIL ON WORLD AFFAIRS | 500 | 1,000 | (500) |
| GBIC | 3,000 | 3,000 | 0 |
| CHITTENDEN COUNTY REGIONAL PLANNING | 25,994 | 25,994 | 0 |
| WINOOSKI VALLEY PARK DISTRICT | 49,725 | 49,725 | 0 |
| VLCT | 23,250 | 22,394 | 856 |
| CCTA & GMT ADA | 99,000 | 91,628 | 7,372 |
| SPECIAL SERVICES TRANSPORTATION AGENCY | 29,000 | 13,477 | 15,523 |
| COUNTY TAX | 108,000 | 104,498 | 3,502 |
| CONSERVATION COMMISSION | <u>2,500</u> | <u>2,500</u> | <u>0</u> |
| TOTAL INTERGOVERNMENTAL EXPENDITURES | <u>342,469</u> | <u>314,216</u> | <u>28,253</u> |
| TOTAL EXPENDITURES | <u>13,482,862</u> | <u>13,414,745</u> | <u>68,117</u> |
| EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ <u>(441,000)</u> | (43,141) | \$ <u>397,859</u> |
| FUND BALANCE - JULY 1, 2021 | | <u>3,273,068</u> | |
| FUND BALANCE - JUNE 30, 2022 | | \$ <u><u>3,229,927</u></u> | |

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Total Plan Net Pension Liability | \$ 147,184,198 | \$ 252,974,064 | \$ 173,491,807 | \$ 140,675,892 | \$ 121,155,552 | \$ 128,696,167 | \$ 77,095,810 | \$ 9,126,613 |
| Town's Proportion of the Net Pension Liability | 2.1870% | 2.0515% | 2.1725% | 2.2137% | 2.2780% | 2.2541% | 2.2404% | 1.9500% |
| Town's Proportionate Share of the Net Pension Liability | \$ 3,218,968 | \$ 5,189,879 | \$ 3,769,193 | \$ 3,114,054 | \$ 2,759,940 | \$ 2,900,916 | \$ 1,727,252 | \$ 177,972 |
| Town's Covered Employee Payroll | \$ 6,552,782 | \$ 5,975,822 | \$ 5,976,336 | \$ 5,650,565 | \$ 5,412,857 | \$ 4,972,437 | \$ 4,566,655 | \$ 4,298,381 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll | 49.1237% | 86.8480% | 63.0686% | 55.1105% | 50.9886% | 58.3399% | 37.8231% | 4.1404% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.29% | 74.52% | 80.35% | 82.60% | 83.64% | 80.95% | 87.42% | 98.32% |

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

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

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually Required Contribution (Actuarially Determined) | \$ 512,711 | \$ 486,252 | \$ 424,904 | \$ 417,422 | \$ 387,735 | \$ 372,020 | \$ 342,586 | \$ 313,173 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>512,711</u> | <u>486,252</u> | <u>424,904</u> | <u>417,422</u> | <u>387,735</u> | <u>372,020</u> | <u>342,586</u> | <u>313,173</u> |
| Contribution Excess/(Deficiency) | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| Town's Covered Employee Payroll | \$ 6,764,015 | \$ 6,552,782 | \$ 5,975,822 | \$ 5,976,336 | \$ 5,650,565 | \$ 5,412,857 | \$ 4,972,437 | \$ 4,566,655 |
| Contributions as a Percentage of Town's Covered Employee Payroll | 7.580% | 7.421% | 7.110% | 6.985% | 6.862% | 6.873% | 6.890% | 6.858% |

Notes to Schedule

Valuation Date: June 30, 2021

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

TOWN OF COLCHESTER, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Burnham Memorial Library Fund | Total |
|---|-----------------------------|------------------------------|---|---------------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 173,314 | \$ 0 | \$ 36,827 | \$ 210,141 |
| Receivables | 591 | 0 | 0 | 591 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 55,991 | 0 | 0 | 55,991 |
| Due from Other Funds | 433,352 | 2,993,879 | 0 | 3,427,231 |
| Deposit on Vehicle | 0 | 36,170 | 0 | 36,170 |
| Total Assets | \$ <u>663,248</u> | \$ <u>3,030,049</u> | \$ <u>36,827</u> | \$ <u>3,730,124</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 6,962 | \$ 52,625 | \$ 0 | \$ 59,587 |
| Due to Other Funds | 19,090 | 0 | 5,014 | 24,104 |
| Unearned Revenue | 117,948 | 0 | 0 | 117,948 |
| Total Liabilities | <u>144,000</u> | <u>52,625</u> | <u>5,014</u> | <u>201,639</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable Notes Receivable | <u>55,991</u> | <u>0</u> | <u>0</u> | <u>55,991</u> |
| Total Deferred Inflows of Resources | <u>55,991</u> | <u>0</u> | <u>0</u> | <u>55,991</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 0 | 36,170 | 2,000 | 38,170 |
| Restricted | 393,257 | 350,314 | 29,813 | 773,384 |
| Committed | 35,000 | 129,192 | 0 | 164,192 |
| Assigned | 35,000 | 2,461,748 | 0 | 2,496,748 |
| Total Fund Balances | <u>463,257</u> | <u>2,977,424</u> | <u>31,813</u> | <u>3,472,494</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ <u>663,248</u> | \$ <u>3,030,049</u> | \$ <u>36,827</u> | \$ <u>3,730,124</u> |

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

| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Burnham Memorial Library Fund | Total |
|--|-----------------------------|------------------------------|---|--------------|
| Revenues: | | | | |
| Property Taxes | \$ 0 | \$ 487,215 | \$ 0 | \$ 487,215 |
| Intergovernmental | 66,508 | 60,486 | 0 | 126,994 |
| Charges for Services | 6,050 | 0 | 0 | 6,050 |
| Permits, Licenses and Fees | 0 | 171,229 | 1,683 | 172,912 |
| Loan Repayments | 79,892 | 0 | 0 | 79,892 |
| Loan Interest Income | 895 | 0 | 0 | 895 |
| Investment Income | 290 | 2,925 | 0 | 3,215 |
| Donations | 0 | 2,435 | 5,075 | 7,510 |
| Other | 0 | 6,993 | 306 | 7,299 |
| Total Revenues | 153,635 | 731,283 | 7,064 | 891,982 |
| Expenditures: | | | | |
| General Government | 8,025 | 83,634 | 0 | 91,659 |
| Public Safety | 44,329 | 22,748 | 0 | 67,077 |
| Public Works | 0 | 8,351 | 0 | 8,351 |
| Culture and Recreation | 23,324 | 4,104 | 7,452 | 34,880 |
| Community Development | 212 | 0 | 0 | 212 |
| Capital Outlay: | | | | |
| General Government | 0 | 37,944 | 0 | 37,944 |
| Public Safety | 22,009 | 202,541 | 0 | 224,550 |
| Public Works | 0 | 128,285 | 0 | 128,285 |
| Culture and Recreation | 0 | 174,661 | 0 | 174,661 |
| Debt Service: | | | | |
| Principal | 85,429 | 96,916 | 0 | 182,345 |
| Interest | 5,869 | 21,514 | 0 | 27,383 |
| Total Expenditures | 189,197 | 780,698 | 7,452 | 977,347 |
| Excess/(Deficiency) of Revenues Over Expenditures | (35,562) | (49,415) | (388) | (85,365) |
| Other Financing Sources/(Uses): | | | | |
| Proceeds from Sale of Equipment | 0 | 1,000 | 0 | 1,000 |
| Proceeds from Sale of Vehicles | 0 | 31,820 | 0 | 31,820 |
| Transfers In | 35,000 | 922,069 | 0 | 957,069 |
| Transfers Out | (35,000) | (289,071) | 0 | (324,071) |
| Total Other Financing Sources/(Uses) | 0 | 665,818 | 0 | 665,818 |
| Net Change in Fund Balances | (35,562) | 616,403 | (388) | 580,453 |
| Fund Balances - July 1, 2021 | 498,819 | 2,361,021 | 32,201 | 2,892,041 |
| Fund Balances - June 30, 2022 | \$ 463,257 | \$ 2,977,424 | \$ 31,813 | \$ 3,472,494 |

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TOWN OF COLCHESTER, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

| | Revolving Loan Fund | Community Development Fund | Grant Fund | Police Special Revenue Fund | Cemetery Fund | Total |
|---|---------------------------|----------------------------------|------------------|-----------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 101,769 | \$ 0 | \$ 0 | \$ 71,545 | \$ 0 | \$ 173,314 |
| Receivables | 0 | 0 | 591 | 0 | 0 | 591 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 31,693 | 24,298 | 0 | 0 | 0 | 55,991 |
| Due from Other Funds | <u>99,248</u> | <u>47,165</u> | <u>31,390</u> | <u>0</u> | <u>255,549</u> | <u>433,352</u> |
| Total Assets | <u>\$ 232,710</u> | <u>\$ 71,463</u> | <u>\$ 31,981</u> | <u>\$ 71,545</u> | <u>\$ 255,549</u> | <u>\$ 663,248</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 6,962 | \$ 0 | \$ 0 | \$ 6,962 |
| Due to Other Funds | 0 | 0 | 0 | 19,090 | 0 | 19,090 |
| Unearned Revenue | <u>101,959</u> | <u>0</u> | <u>15,989</u> | <u>0</u> | <u>0</u> | <u>117,948</u> |
| Total Liabilities | <u>101,959</u> | <u>0</u> | <u>22,951</u> | <u>19,090</u> | <u>0</u> | <u>144,000</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Unavailable Notes Receivable | <u>31,693</u> | <u>24,298</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>55,991</u> |
| Total Deferred Inflows of Resources | <u>31,693</u> | <u>24,298</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>55,991</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted | 99,058 | 47,165 | 9,030 | 52,455 | 185,549 | 393,257 |
| Committed | 0 | 0 | 0 | 0 | 35,000 | 35,000 |
| Assigned | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>35,000</u> | <u>35,000</u> |
| Total Fund Balances | <u>99,058</u> | <u>47,165</u> | <u>9,030</u> | <u>52,455</u> | <u>255,549</u> | <u>463,257</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 232,710</u> | <u>\$ 71,463</u> | <u>\$ 31,981</u> | <u>\$ 71,545</u> | <u>\$ 255,549</u> | <u>\$ 663,248</u> |

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | Revolving Loan Fund | Community Development Fund | Grant Fund | Police Special Revenue Fund | Cemetery Fund | Total |
|--|---------------------------|----------------------------------|-----------------|-----------------------------------|-------------------|-------------------|
| Revenues: | | | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 65,674 | \$ 834 | \$ 0 | \$ 66,508 |
| Charges for Services | 0 | 0 | 0 | 0 | 6,050 | 6,050 |
| Loan Repayments | 6,287 | 73,605 | 0 | 0 | 0 | 79,892 |
| Loan Interest Income | 895 | 0 | 0 | 0 | 0 | 895 |
| Investment Income | 0 | 0 | 8 | 37 | 245 | 290 |
| Total Revenues | <u>7,182</u> | <u>73,605</u> | <u>65,682</u> | <u>871</u> | <u>6,295</u> | <u>153,635</u> |
| Expenditures: | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 8,025 | 8,025 |
| Public Safety | 0 | 0 | 15,513 | 28,816 | 0 | 44,329 |
| Culture and Recreation | 0 | 0 | 23,324 | 0 | 0 | 23,324 |
| Community Development | 0 | 212 | 0 | 0 | 0 | 212 |
| Capital Outlay: | | | | | | |
| Public Safety | 0 | 0 | 22,009 | 0 | 0 | 22,009 |
| Debt Service: | | | | | | |
| Principal | 16,749 | 68,680 | 0 | 0 | 0 | 85,429 |
| Interest | 3,094 | 2,775 | 0 | 0 | 0 | 5,869 |
| Total Expenditures | <u>19,843</u> | <u>71,667</u> | <u>60,846</u> | <u>28,816</u> | <u>8,025</u> | <u>189,197</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | <u>(12,661)</u> | <u>1,938</u> | <u>4,836</u> | <u>(27,945)</u> | <u>(1,730)</u> | <u>(35,562)</u> |
| Other Financing Sources/(Uses): | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 35,000 | 35,000 |
| Transfers Out | 0 | 0 | 0 | 0 | (35,000) | (35,000) |
| Total Other Financing Sources/(Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balances | (12,661) | 1,938 | 4,836 | (27,945) | (1,730) | (35,562) |
| Fund Balances - July 1, 2021 | <u>111,719</u> | <u>45,227</u> | <u>4,194</u> | <u>80,400</u> | <u>257,279</u> | <u>498,819</u> |
| Fund Balances - June 30, 2022 | <u>\$ 99,058</u> | <u>\$ 47,165</u> | <u>\$ 9,030</u> | <u>\$ 52,455</u> | <u>\$ 255,549</u> | <u>\$ 463,257</u> |

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TOWN OF COLCHESTER, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

| | Reserve Fund | Recreation Acquisition and Development Fund | Capital Equipment Fund | Fire Capital Equipment Fund | Total |
|--|---------------------|--|------------------------------|-----------------------------------|---------------------|
| <u>ASSETS</u> | | | | | |
| Due from Other Funds | \$ 1,380,905 | \$ 341,042 | \$ 789,192 | \$ 482,740 | \$ 2,993,879 |
| Deposit on Vehicle | <u>0</u> | <u>0</u> | <u>36,170</u> | <u>0</u> | <u>36,170</u> |
| Total Assets | <u>\$ 1,380,905</u> | <u>\$ 341,042</u> | <u>\$ 825,362</u> | <u>\$ 482,740</u> | <u>\$ 3,030,049</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ <u>24,747</u> | \$ <u>10,728</u> | \$ <u>0</u> | \$ <u>17,150</u> | \$ <u>52,625</u> |
| Total Liabilities | <u>24,747</u> | <u>10,728</u> | <u>0</u> | <u>17,150</u> | <u>52,625</u> |
| Fund Balances: | | | | | |
| Nonspendable | 0 | 0 | 36,170 | 0 | 36,170 |
| Restricted | 0 | 330,314 | 20,000 | 0 | 350,314 |
| Committed | 0 | 0 | 129,192 | 0 | 129,192 |
| Assigned | <u>1,356,158</u> | <u>0</u> | <u>640,000</u> | <u>465,590</u> | <u>2,461,748</u> |
| Total Fund Balances | <u>1,356,158</u> | <u>330,314</u> | <u>825,362</u> | <u>465,590</u> | <u>2,977,424</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,380,905</u> | <u>\$ 341,042</u> | <u>\$ 825,362</u> | <u>\$ 482,740</u> | <u>\$ 3,030,049</u> |

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | Reserve Fund | Recreation Acquisition and Development Fund | Capital Equipment Fund | Fire Capital Equipment Fund | Total |
|--|-----------------|--|------------------------------|-----------------------------------|--------------|
| Revenues: | | | | | |
| Property Taxes | \$ 80,500 | \$ 0 | \$ 406,715 | \$ 0 | \$ 487,215 |
| Intergovernmental | 60,486 | 0 | 0 | 0 | 60,486 |
| Permits, Licenses and Fees | 68,862 | 102,367 | 0 | 0 | 171,229 |
| Investment Income | 1,463 | 327 | 671 | 464 | 2,925 |
| Donations | 2,435 | 0 | 0 | 0 | 2,435 |
| Other | 6,993 | 0 | 0 | 0 | 6,993 |
| Total Revenues | 220,739 | 102,694 | 407,386 | 464 | 731,283 |
| Expenditures: | | | | | |
| General Government | 80,644 | 0 | 2,990 | 0 | 83,634 |
| Public Safety | 2,776 | 0 | 211 | 19,761 | 22,748 |
| Public Works | 0 | 0 | 8,351 | 0 | 8,351 |
| Culture and Recreation | 3 | 0 | 4,101 | 0 | 4,104 |
| Capital Outlay: | | | | | |
| General Government | 20,000 | 0 | 17,944 | 0 | 37,944 |
| Public Safety | 30,540 | 0 | 129,259 | 42,742 | 202,541 |
| Public Works | 0 | 0 | 128,285 | 0 | 128,285 |
| Culture and Recreation | 0 | 119,644 | 55,017 | 0 | 174,661 |
| Debt Service: | | | | | |
| Principal | 0 | 0 | 0 | 96,916 | 96,916 |
| Interest | 0 | 0 | 0 | 21,514 | 21,514 |
| Total Expenditures | 133,963 | 119,644 | 346,158 | 180,933 | 780,698 |
| Excess/(Deficiency) of Revenues Over Expenditures | 86,776 | (16,950) | 61,228 | (180,469) | (49,415) |
| Other Financing Sources/(Uses): | | | | | |
| Proceeds from Sale of Equipment | 0 | 0 | 0 | 1,000 | 1,000 |
| Proceeds from Sale of Vehicles | 0 | 0 | 23,000 | 8,820 | 31,820 |
| Transfers In | 32,500 | 5,000 | 658,536 | 226,033 | 922,069 |
| Transfers Out | (75,515) | 0 | (213,556) | 0 | (289,071) |
| Total Other Financing Sources/(Uses) | (43,015) | 5,000 | 467,980 | 235,853 | 665,818 |
| Net Change in Fund Balances | 43,761 | (11,950) | 529,208 | 55,384 | 616,403 |
| Fund Balances - July 1, 2021 | 1,312,397 | 342,264 | 296,154 | 410,206 | 2,361,021 |
| Fund Balances - June 30, 2022 | \$ 1,356,158 | \$ 330,314 | \$ 825,362 | \$ 465,590 | \$ 2,977,424 |

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF FUND NET POSITION
 NON-MAJOR ENTERPRISE FUNDS
 JUNE 30, 2022

| | Police Dispatch Fund | Rescue Fund | Total |
|--|-------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Receivables (Net of Allowance for Uncollectibles) | \$ 0 | \$ 258,297 | \$ 258,297 |
| Due from Other Funds | <u>175,593</u> | <u>360,269</u> | <u>535,862</u> |
| Total Current Assets | <u>175,593</u> | <u>618,566</u> | <u>794,159</u> |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Buildings and Building Improvements | 0 | 507,933 | 507,933 |
| Machinery and Equipment | 0 | 169,926 | 169,926 |
| Vehicles | 0 | 482,983 | 482,983 |
| Less: Accumulated Depreciation | <u>0</u> | <u>(493,093)</u> | <u>(493,093)</u> |
| Total Noncurrent Assets | <u>0</u> | <u>667,749</u> | <u>667,749</u> |
| Total Assets | <u>175,593</u> | <u>1,286,315</u> | <u>1,461,908</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | <u>79,226</u> | <u>85,918</u> | <u>165,144</u> |
| Total Deferred Outflows of Resources | <u>79,226</u> | <u>85,918</u> | <u>165,144</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | 265 | 8,840 | 9,105 |
| Accrued Payroll and Benefits Payable | <u>15,055</u> | <u>28,530</u> | <u>43,585</u> |
| Total Current Liabilities | <u>15,320</u> | <u>37,370</u> | <u>52,690</u> |
| Noncurrent Liabilities: | | | |
| Compensated Absences Payable | 20,004 | 31,098 | 51,102 |
| Net Pension Liability | <u>140,991</u> | <u>152,901</u> | <u>293,892</u> |
| Total Noncurrent Liabilities | <u>160,995</u> | <u>183,999</u> | <u>344,994</u> |
| Total Liabilities | <u>176,315</u> | <u>221,369</u> | <u>397,684</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | <u>88,567</u> | <u>96,048</u> | <u>184,615</u> |
| Total Deferred Inflows of Resources | <u>88,567</u> | <u>96,048</u> | <u>184,615</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 0 | 667,749 | 667,749 |
| Unrestricted/(Deficit) | <u>(10,063)</u> | <u>387,067</u> | <u>377,004</u> |
| Total Net Position | <u>\$ (10,063)</u> | <u>\$ 1,054,816</u> | <u>\$ 1,044,753</u> |

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 NON-MAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | Police Dispatch Fund | Rescue Fund | Total |
|--|---------------------------|----------------------------|----------------------------|
| Operating Revenues: | | | |
| Charges for Services | \$ 0 | \$ 709,529 | \$ 709,529 |
| Ambulance Operations Grant Income | <u>0</u> | <u>68,773</u> | <u>68,773</u> |
| Total Operating Revenues | <u>0</u> | <u>778,302</u> | <u>778,302</u> |
| Operating Expenses: | | | |
| Salaries and Benefits | 502,093 | 668,872 | 1,170,965 |
| General Expenses | 11,118 | 123,672 | 134,790 |
| Repairs and Maintenance | 0 | 19,075 | 19,075 |
| Machinery and Equipment | 1,102 | 9,370 | 10,472 |
| Utilities | 0 | 26,659 | 26,659 |
| Bad Debt Expense | 0 | 15,000 | 15,000 |
| Depreciation | <u>0</u> | <u>71,208</u> | <u>71,208</u> |
| Total Operating Expenses | <u>514,313</u> | <u>933,856</u> | <u>1,448,169</u> |
| Operating Income/(Loss) | <u>(514,313)</u> | <u>(155,554)</u> | <u>(669,867)</u> |
| Non-Operating Revenues/(Expenses): | | | |
| Investment Income | 169 | 397 | 566 |
| Chittenden County Public Safety Authority Contribution | <u>(120,310)</u> | <u>0</u> | <u>(120,310)</u> |
| Total Non-Operating Revenues/(Expenses) | <u>(120,141)</u> | <u>397</u> | <u>(119,744)</u> |
| Net Income/(Loss) Before Capital Contributions and Transfers | <u>(634,454)</u> | <u>(155,157)</u> | <u>(789,611)</u> |
| Capital Contributions and Transfers | | | |
| Capital Contributions | 0 | 44,122 | 44,122 |
| Capital Contributions - Property Taxes | 0 | 10,750 | 10,750 |
| Transfers In | 508,253 | 443,960 | 952,213 |
| Transfers Out | <u>0</u> | <u>(18,536)</u> | <u>(18,536)</u> |
| Total Capital Contributions and Transfers | <u>508,253</u> | <u>480,296</u> | <u>988,549</u> |
| Change in Net Position | (126,201) | 325,139 | 198,938 |
| Net Position - July 1, 2021 | <u>116,138</u> | <u>729,677</u> | <u>845,815</u> |
| Net Position/(Deficit) - June 30, 2022 | \$ <u><u>(10,063)</u></u> | \$ <u><u>1,054,816</u></u> | \$ <u><u>1,044,753</u></u> |

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TOWN OF COLCHESTER, VERMONT
COMBINING SCHEDULE OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Police Dispatch Fund | Rescue Fund | Total |
|---|-------------------------|--------------------|---------------------|
| Cash Flows From Operating Activities: | | | |
| Receipts from Customers and Users | \$ 0 | \$ 724,511 | \$ 724,511 |
| Receipts from Operating Grants | 0 | 62,897 | 62,897 |
| Payments for Goods and Services | (12,135) | (208,770) | (220,905) |
| Payments for Wages and Benefits | <u>(498,481)</u> | <u>(637,740)</u> | <u>(1,136,221)</u> |
| Net Cash Provided/(Used) by Operating Activities | <u>(510,616)</u> | <u>(59,102)</u> | <u>(569,718)</u> |
| Cash Flows From Noncapital Financing Activities: | | | |
| (Increase)/Decrease in Due from Other Funds | 122,504 | (128,111) | (5,607) |
| Transfers Received from Other Funds | 508,253 | 230,404 | 738,657 |
| Chittenden County Public Safety Authority Contribution | <u>(120,310)</u> | <u>0</u> | <u>(120,310)</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>510,447</u> | <u>102,293</u> | <u>612,740</u> |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Transfers Received from Other Funds | 0 | 213,556 | 213,556 |
| Transfers Paid to Other Funds | 0 | (18,536) | (18,536) |
| Proceeds from Capital Grants | 0 | 44,122 | 44,122 |
| Proceeds from Capital Contributions - Property Taxes | 0 | 10,750 | 10,750 |
| Acquisition and Construction of Capital Assets | <u>0</u> | <u>(293,480)</u> | <u>(293,480)</u> |
| Net Cash Provided/(Used) by Capital and Related Financing Activities | <u>0</u> | <u>(43,588)</u> | <u>(43,588)</u> |
| Cash Flows From Investing Activities: | | | |
| Receipt of Interest and Dividends | <u>169</u> | <u>397</u> | <u>566</u> |
| Net Cash Provided by Investing Activities | <u>169</u> | <u>397</u> | <u>566</u> |
| Net Increase in Cash | 0 | 0 | 0 |
| Cash - July 1, 2021 | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash - June 30, 2022 | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities: | | | |
| Operating Income/(Loss) | \$ (514,313) | \$ (155,554) | \$ (669,867) |
| Depreciation | 0 | 71,208 | 71,208 |
| (Increase)/Decrease in Receivables | 0 | 8,765 | 8,765 |
| (Increase)/Decrease in Deferred Outflows of Resources | | | |
| Related to the Town's Participation in VMERS | 18,118 | 4,764 | 22,882 |
| Increase/(Decrease) in Accounts Payable | 85 | (14,653) | (14,568) |
| Increase/(Decrease) in Accrued Payroll and Benefits Payable | 1,305 | 5,339 | 6,644 |
| Increase/(Decrease) in Compensated Absences Payable | (1,655) | (884) | (2,539) |
| Increase/(Decrease) in Net Pension Liability | (94,110) | (66,112) | (160,222) |
| Increase/(Decrease) in Deferred Inflows of Resources | | | |
| Related to the Town's Participation in VMERS | <u>79,954</u> | <u>88,025</u> | <u>167,979</u> |
| Net Cash Provided/(Used) by Operating Activities | <u>\$ (510,616)</u> | <u>\$ (59,102)</u> | <u>\$ (569,718)</u> |

The Rescue Fund traded-in capital assets with a cost and accumulated depreciation of \$184,558 and \$166,102, respectively.

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

| | Education Tax Fund | School District Impact Fees Fund | Total |
|----------------------|-----------------------|--|----------|
| <u>ASSETS</u> | | | |
| Due from Other Funds | \$ 0 | \$ 6,196 | \$ 6,196 |
| Total Assets | 0 | 6,196 | 6,196 |
| <u>LIABILITIES</u> | | | |
| Liabilities: | 0 | 0 | 0 |
| <u>NET POSITION</u> | | | |
| Restricted | 0 | 6,196 | 6,196 |
| Total Net Position | \$ 0 | \$ 6,196 | \$ 6,196 |

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | Education Tax Fund | School District Impact Fees Fund | Total |
|---|-----------------------|--|------------------------|
| <u>ADDITIONS</u> | | | |
| Education Taxes Collected for Other Governments | \$ 33,365,488 | \$ 0 | \$ 33,365,488 |
| Impact Fees Collected for the School District | 0 | 111,600 | 111,600 |
| Investment Income Collected for the School District | <u>0</u> | <u>6</u> | <u>6</u> |
| Total Additions | <u>33,365,488</u> | <u>111,606</u> | <u>33,477,094</u> |
| <u>DEDUCTIONS</u> | | | |
| Education Taxes Distributed to Other Governments | 33,365,488 | 0 | 33,365,488 |
| Impact Fees Distributed to the School District | <u>0</u> | <u>145,000</u> | <u>145,000</u> |
| Total Deductions | <u>33,365,488</u> | <u>145,000</u> | <u>33,510,488</u> |
| Change in Net Position | 0 | (33,394) | (33,394) |
| Net Position - July 1, 2021 | <u>0</u> | <u>39,590</u> | <u>39,590</u> |
| Net Position - June 30, 2022 | \$ <u><u>0</u></u> | \$ <u><u>6,196</u></u> | \$ <u><u>6,196</u></u> |

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

Selectboard
Town of Colchester, Vermont
781 Blakely Road
Colchester, Vermont 05446

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 Colchester, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Colchester, Vermont's basic financial statements and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Colchester, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Colchester, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Colchester, 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 Colchester, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

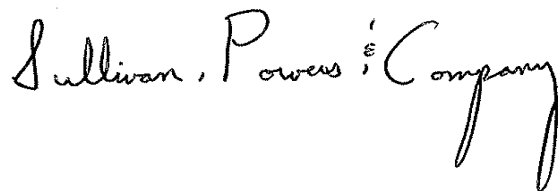
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Colchester, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Colchester, 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 Colchester, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 15, 2022
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive, flowing style.