

**TOWN OF FAYSTON, VERMONT**  
**COMPILATION REPORT AND FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
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To the Selectboard  
Town of Fayston  
Fayston, Vermont

Management is responsible for the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Fayston, Vermont, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America, specifically GASB 34 and GASB 37, require the presentation of government-wide financial statements. Management has not determined the amounts that would be reported in government-wide financial statements resulting from transactions for the Town's governmental activities.

Management has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has not presented expenditures, in the Statement of Revenues, Expenditures and Changes in Fund Balances, categorized by function or by character as required by accounting principles generally accepted in the United States of America.

Management has chosen not to follow GASB 68 "Accounting and Financial Reporting for Pensions" which is used to improve accounting and financial reporting for pensions. Management has not determined the financial impact of not following GASB 68.

The supplementary information appearing on pages 16 through 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Respectfully submitted,

FOTHERGILL SEGALE & VALLEY, CPAs  
Montpelier, Vermont  
Vermont Public Accountancy License #110

February 18, 2021

DRAFT

TOWN OF FAYSTON, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

EXHIBIT A

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Other Equip/Assets		
<b>ASSETS</b>				
Cash - checking and savings	\$ 2,368,952	\$ 0	\$ 8,763	\$ 2,377,715
Investments	0	0	188,809	188,809
Delinquent taxes receivable	141,760	0	0	141,760
Other receivables	326	0	0	326
Prepaid expenses	7,843	0	0	7,843
Due from other funds	0	105,551	757,025	862,576
<b>Total assets</b>	<b>\$ 2,518,881</b>	<b>\$ 105,551</b>	<b>\$ 954,597</b>	<b>\$ 3,579,029</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accrued payables	\$ 11,185	\$ 0	\$ 0	\$ 11,185
Due to State Education Fund	1,359,361	0	0	1,359,361
Property tax overpayments	25,663	0	0	25,663
Due to other funds	852,366	0	10,210	862,576
<b>Total liabilities</b>	<b>2,248,575</b>	<b>0</b>	<b>10,210</b>	<b>2,258,785</b>
<b>Deferred Inflows Of Resources</b>				
Unavailable revenue - grant	1,804	0	0	1,804
Unavailable revenue - taxes	110,000	0	0	110,000
<b>Total deferred inflows of resources</b>	<b>111,804</b>	<b>0</b>	<b>0</b>	<b>111,804</b>
<b>Fund Balance</b>				
Nonspendable - prepaid expenses	7,843	0	0	7,843
Restricted - Special Revenue Funds	0	0	327,073	327,073
Restricted - Permanent Funds	0	0	24,482	24,482
Assigned - Capital Project Funds	0	105,551	592,832	698,383
Assigned - 2021 expenditures	150,659	0	0	150,659
<b>Total fund balances</b>	<b>158,502</b>	<b>105,551</b>	<b>944,387</b>	<b>1,208,440</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 2,518,881</b>	<b>\$ 105,551</b>	<b>\$ 954,597</b>	<b>\$ 3,579,029</b>

See Notes to Financial Statements.

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT B

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Other Equip./Assets		
<b>REVENUES</b>				
Property taxes	\$ 1,088,605	\$ 0	\$ 0	\$ 1,088,605
Fees, licenses and permits	41,915	0	0	41,915
State of Vermont - highway funds	70,004	0	0	70,004
State of Vermont - grants	12,205	0	37,154	49,359
Other grants	18,590	0	0	18,590
Investment income (loss)	4,114	0	11,641	15,755
Other	86,557	0	7,275	93,832
<b>Total revenues</b>	<b>1,321,990</b>	<b>0</b>	<b>56,070</b>	<b>1,378,060</b>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
Salaries - road crew	174,830	0	0	174,830
Employee benefits	135,010	0	0	135,010
Highway equipment	86,139	0	0	86,139
Highway supplies	56,842	0	0	56,842
Town garage	14,295	0	0	14,295
Office salaries	121,597	0	0	121,597
Office supplies	21,013	0	0	21,013
Taxes and assessments	118,491	0	0	118,491
Fire protection	50,961	0	0	50,961
Insurance	22,541	0	0	22,541
Town meeting and election	9,038	0	0	9,038
Municipal building	13,328	0	0	13,328
Planning / Board of Adjustment	80,131	0	0	80,131
Administrative	28,817	0	0	28,817
Cemetery	0	0	9,040	9,040
Road construction	0	0	41,766	41,766
Furnishings	0	0	4,517	4,517
Capital Outlays	0	177,217	34,874	212,091
Debt Service				
Principal	0	38,322	0	38,322
Interest	0	1,749	0	1,749
<b>Total expenditures</b>	<b>933,033</b>	<b>217,288</b>	<b>90,197</b>	<b>1,240,518</b>
<b>EXCESS REVENUES (EXPENDITURES) BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>388,957</b>	<b>(217,288)</b>	<b>(34,127)</b>	<b>137,542</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from (to) other funds	(322,000)	125,000	197,000	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(322,000)</b>	<b>125,000</b>	<b>197,000</b>	<b>0</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>66,957</b>	<b>(92,288)</b>	<b>162,873</b>	<b>137,542</b>
<b>FUND BALANCES - JANUARY 1, 2020</b>	<b>91,545</b>	<b>197,839</b>	<b>781,514</b>	<b>1,070,898</b>
<b>FUND BALANCES - DECEMBER 31, 2020</b>	<b>\$ 158,502</b>	<b>\$ 105,551</b>	<b>\$ 944,387</b>	<b>\$ 1,208,440</b>

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	\$ 1,078,782	\$ 1,088,605	\$ 9,823
State of Vermont - highway funds	68,000	70,004	2,004
State of Vermont - transportation grant	0	12,205	12,205
COVID elections grant	0	3,196	3,196
PILOT grant	15,000	15,394	394
GM Valley School	4,000	4,000	0
Fees, licenses and permits	32,000	41,915	9,915
Interest on taxes	12,000	12,580	580
Delinquent tax penalties	10,000	12,211	2,211
Interest on investments	6,200	4,114	(2,086)
Current use	40,000	44,443	4,443
Miscellaneous	20,500	13,323	(7,177)
Total revenues	<u>1,286,482</u>	<u>1,321,990</u>	<u>35,508</u>
<b>EXPENDITURES</b>			
Salaries			
Road crew	<u>184,000</u>	<u>174,830</u>	<u>9,170</u>
Employee Benefits			
Hospitalization	94,442	82,678	11,764
Retirement	19,000	18,094	906
Social Security	25,837	25,249	588
Uniforms	1,800	1,869	(69)
Dental	7,500	7,120	380
Total employee benefits	<u>148,579</u>	<u>135,010</u>	<u>13,569</u>
Highway Equipment			
Blades	6,000	5,830	170
Diesel	40,000	20,724	19,276
Repairs	25,000	32,974	(7,974)
Gasoline	500	734	(234)
Oil	3,000	2,083	917
Other parts	8,000	6,129	1,871
Rentals	10,000	10,750	(750)
Tires	8,000	6,915	1,085
Total highway equipment	<u>100,500</u>	<u>86,139</u>	<u>14,361</u>
Highway Supplies			
Calcium	8,500	12,615	(4,115)
Sand	17,000	15,484	1,516
Other supplies	1,500	1,108	392
Salt	35,000	27,635	7,365
Total highway supplies	<u>62,000</u>	<u>56,842</u>	<u>5,158</u>

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Town Garage			
Electricity	2,500	2,169	331
Heat	8,000	6,961	1,039
Maintenance and repairs	3,500	3,320	180
Telephone	2,000	1,845	155
Total town garage	<u>16,000</u>	<u>14,295</u>	<u>1,705</u>
Office Salaries			
Town Clerk, Treasurer and Tax Collector	59,365	59,365	0
Assistant Clerk/Treasurer	37,000	31,007	5,993
Selectboard assistant	12,523	11,949	574
Listers	25,000	19,276	5,724
Total officers' salaries	<u>133,888</u>	<u>121,597</u>	<u>12,291</u>
Office Supplies			
Computer expenses	10,000	7,106	2,894
Equipment purchase	3,000	131	2,869
Listers	750	346	404
Selectmen	2,250	2,250	0
Postage	2,250	2,467	(217)
Equipment rental	2,000	2,144	(144)
Supplies	3,000	3,894	(894)
911 wages	1,000	1,457	(457)
Tax mapping	2,500	750	1,750
Seminars/Dues	3,500	468	3,032
Total office supplies	<u>30,250</u>	<u>21,013</u>	<u>9,237</u>
Taxes and Assessments			
Joslin Memorial Library	25,672	25,448	224
Washington County	30,255	30,255	0
Recreation district	30,000	30,000	0
MRV ambulance	15,000	15,000	0
Donations	18,088	17,788	300
Total taxes and assessments	<u>119,015</u>	<u>118,491</u>	<u>524</u>
Fire Protection			
Waitsfield contract	48,712	50,961	(2,249)
Insurance			
Liability, etc.	16,197	9,732	6,465
Workers' compensation	12,509	12,509	0
Unemployment	674	300	374
Total insurance	<u>29,380</u>	<u>22,541</u>	<u>6,839</u>

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Town Meeting and Election			
Election clerks	1,500	1,292	208
Supplies	4,000	625	3,375
COVID Election expenses	0	3,196	(3,196)
Town Report	4,000	3,925	75
Total town meeting and election	<u>9,500</u>	<u>9,038</u>	<u>462</u>
Municipal Building			
Cleaning	1,900	1,740	160
Electricity	3,000	2,358	642
Heat	3,500	1,925	1,575
Maintenance	5,000	4,142	858
Telephone	3,200	3,163	37
Total municipal building	<u>16,600</u>	<u>13,328</u>	<u>3,272</u>
Planning/Board of Adjustment			
Advertising	2,000	1,531	469
CVRPC	1,669	1,669	0
FNRC	1,000	1,000	0
MRVPD	45,317	45,317	0
ZA expense	250	0	250
Planning/DRB resources	500	0	500
Supplies and postage	500	0	500
Zoning administrator and asst.	25,000	30,614	(5,614)
Total planning/board of adjustment	<u>76,236</u>	<u>80,131</u>	<u>(3,895)</u>
Administration			
Pound	2,000	2,000	0
Legal	7,500	795	6,705
Audit	13,500	13,500	0
Fire warden	300	300	0
Public safety	300	0	300
MRV solid waste alliance	9,471	9,471	0
League of Cities and Towns	2,751	2,751	0
Total administration	<u>35,822</u>	<u>28,817</u>	<u>7,005</u>
Total expenditures	<u>1,010,482</u>	<u>933,033</u>	<u>77,449</u>



TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Transfers to Other Funds			
Road construction reserve	50,000	50,000	0
Bridge reserve	5,000	5,000	0
Culvert reserve	15,000	15,000	0
Equipment reserve	125,000	125,000	0
Fire equipment reserve	30,000	30,000	0
Road retreatment reserve	80,000	80,000	0
Record restoration reserve	2,500	2,500	0
Reappraisal reserve	2,500	2,500	0
Town garage reserve	5,000	5,000	0
Town forest reserve	3,500	3,500	0
FNRC Conservation Fund	3,500	3,500	0
Total transfers to other funds	<u>322,000</u>	<u>322,000</u>	<u>0</u>
Total expenditures and transfers to other funds	<u>1,332,482</u>	<u>1,255,033</u>	<u>77,449</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND TRANSFERS	<u>\$ (46,000)</u>	66,957	<u>\$ 112,957</u>
FUND BALANCE - JANUARY 1, 2020		<u>91,545</u>	
FUND BALANCE - DECEMBER 31, 2020		<u>\$ 158,502</u>	

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

The Town operates under a three-member Selectboard form of government. The Town's major operations include highways and streets, recreation, planning and zoning, and general administrative services.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town's financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

The Town's management has elected to present only the financial statements of the major funds and the aggregate remaining fund information, which is not in conformity with generally accepted accounting principles, specifically GASB 34 and GASB 37. Therefore, government-wide financial statements that include accounting for capital assets, lease payables and notes payable are not included in the financial statements.

*Reporting Entity*

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in GASB 14 as amended by GASB 39, and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the criteria, the Town has no component units.

*Basic Financial Statements - Fund Financial Statements*

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenue and expenditures. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASB No. 34 and No. 37 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of the governmental fund category) for the determination of major funds. The General Fund and the Other Equipment Fund are the Town's major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following fund categories are used by the Town:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the Town:

General Fund is the operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Other Equipment and Assets is used to account for financial resources to be used or saved for capital equipment.

*Basis of Accounting*

Basis of accounting refers to the point at which revenue or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end for property taxes and within six months for other revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

*Cash and Cash Equivalents*

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

*Investments*

Investments are stated at fair value (quoted market price or the best available estimate).

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Unavailable Revenue*

Unavailable revenue consists of the following:

General Fund – Delinquent taxes not collected within sixty (60) days after year end, and unavailable grant revenues related to elections grant that will be available in 2021.

*Deferred Inflows of Resources*

In January of 2014, the Town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reports a separate section for deferred inflows of resources in the Town's governmental funds. This separate financial statement element reflects an increase in net position that applies to a future period. The Town will recognize the related revenues when a future event occurs. The Town has one item which occurs because governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Town's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable property tax revenue (formerly deferred property taxes) are reported in the governmental funds balance sheet.

*Fund Balances*

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the Selectboard. Formal action must be taken prior to the end of the fiscal year (e.g. capital projects, compensated absences). The same formal action must be taken to remove or change the limitations placed on the funds.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Selectboard or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The Selectboard establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Selectboard through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service or other purposes).

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied first to committed, then assigned, then unassigned.

*Budgetary Accounting*

The Town approves a budget for the General Fund at an annual Town Meeting and the Selectboard, based on the budget and Grand List, determines the tax rate. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

*Interfund Activity*

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 2 - DEPOSITS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. As of December 31, 2020, none of the government’s bank balance of \$2,386,074 was exposed to custodial credit risk. Coverage for the bank balance is as follows:

SIPC	\$ 6,824
Collateralized	<u>2,379,250</u>
	<u><u>\$2,386,074</u></u>

**NOTE 3 - INVESTMENTS**

As of December 31, 2020, the Town had the following investment:

<u>Investment type</u>	<u>Fair value</u>
Mutual funds	\$181,198
Unit trusts	<u>7,611</u>
Total	<u><u>\$188,809</u></u>

*Interest Rate Risk* – The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – The Town has an investment policy that would limit its investment choices.

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer.

*Custodial Credit Risk – Investments.* Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Investment income includes the following:

	Governmental Funds			Total
	General Fund	Cemetery Perpetual Care	Cemetery Maintenance	
Interest and dividends	\$ 4,114	\$ 1,149	\$ 4,181	\$ 9,444
Unrealized gain (loss)	<u>0</u>	<u>(506)</u>	<u>6,817</u>	<u>6,311</u>
Total	<u><u>\$ 4,114</u></u>	<u><u>\$ 643</u></u>	<u><u>\$ 10,998</u></u>	<u><u>\$ 15,755</u></u>

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3 – INVESTMENTS (CONTINUED)**

The calculation of realized gains or losses is independent of a calculation of the net change in fair value of investments. Realized gains or losses on investments that have been held in more than one fiscal year and sold in the current year were included as a change in fair value of investments reported in prior years. In the current year, there were no realized gains or losses.

**NOTE 4 – UNAVAILABLE REVENUE**

Unavailable revenue consists of \$110,000 of delinquent taxes and \$1,804 of unavailable grant revenue that are not expected to be collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**

The Town has combined some of the cash resources of its governmental funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2020 are as follows:

	Interfund Receivables	Interfund Payables	
General Fund	\$ 0	\$ 852,366	
Capital Projects Funds			
Other Equipment/Assets	105,551	0	
Fire Equipment	44,907	0	
Bridge Reserve	158,855	0	
Recreation Reserve	12,000	0	
Town Garage	38,012	0	
Municipal Building	0	1,922	
Road Construction	82,894	0	
Road Retreatment	210,188	0	
Record Restoration	23,723	0	
Culvert Reserve	23,091	0	
Town Forest Reserve	1,084	0	
Special Revenue Funds			
Conservation fund	46,436	0	
Reappraisal	107,547	0	
Cemetery Maintenance	8,288	0	
Permanent Funds			
Cemetery Perpetual Care	0	8,288	
Total	\$ 862,576	\$ 862,576	

**NOTE 6 – DUE TO STATE EDUCATION FUND**

The amount due to the State Education Fund has been confirmed with the State of Vermont.

TOWN OF FAYSTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 7 – NOTES PAYABLE**

Note payable – Community National Bank, in the amount of \$115,000 to purchase equipment, payable in three annual installments of \$40,071, including interest at 2.25%, maturing May 2, 2021. The balance as of December 31, 2020 is \$39,194. Interest paid in 2020 was \$1,749. The note balance and activity during the year are as follows:

January 1, 2020	\$	77,516
Principal Payments		<u>38,322</u>
December 31, 2020		<u>\$ 39,194</u>

The note payable will be paid off next year with \$39,194 due in 2021 plus \$877 of interest.

**NOTE 8 - FUND BALANCES**

Governmental Fund balances are as follows:

**General Fund**

Nonspendable - prepaid expenses	\$	7,843	
Assigned - 2021 expenditures		<u>150,659</u>	
Total General Fund			\$ 158,502

**Capital Projects Funds**

Assigned:			
Fire equipment		44,907	
Bridge Reserve		158,855	
Recreation Reserve		12,000	
Other equipment		105,551	
Road Construction		82,894	
Road Retreatment		210,188	
Town Garage		38,012	
Municipal Building		(1,922)	
Record Restoration		23,723	
Town Forest		1,084	
Culvert Reserve		<u>23,091</u>	
Total Capital Projects Funds			698,383

**Special Revenue Funds**

Restricted:			
Conservation Fund		46,436	
Cemetery maintenance		173,090	
Reappraisal		<u>107,547</u>	
Total Special Revenue Funds			327,073

**Permanent Fund**

Restricted:			
Cemetery perpetual care		<u>24,482</u>	
Total Fund Balances - Governmental Funds			<u>\$ 1,208,440</u>



TOWN OF FAYSTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 9 - INTERFUND TRANSFERS**

During the year, several interfund transactions occurred between funds. The various operating transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2020 are as follows:

Transfers to:	Transfers from: General Fund
Road retreatment	\$ 80,000
Record restoration	2,500
Bridge reserve	5,000
Culvert reserve	15,000
Fire equipment	30,000
Other equipment/assets	125,000
Town Garage	5,000
Road construction	50,000
FNRC Conservation fund	3,500
Town forest reserve	3,500
Reappraisal	2,500
Total	\$ 322,000

In addition, \$1,000 was transferred from the Cemetery Perpetual Care Fund to the Cemetery Maintenance Fund, and \$875 was transferred from the Cemetery Maintenance fund back to the Cemetery Perpetual Care Fund.

**NOTE 10 - PROPERTY TAXES**

The Town levies its property tax based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and excludes assessments on municipal, school and church properties. Tax payments are due November 1st. Delinquent taxes are subject to interest of 1% per month for the first three months, then 1½ % per month thereafter until paid. Taxes not paid by March 15<sup>th</sup> following the due date, will result in action to sell the property to cover tax, costs and fees.

The State of Vermont operates a Current Use Program and enters into tax abatement agreements directly with landowners. Enrolled landowners are required to manage their land in accordance with an approved plan, and the land is subject to a lien to recover taxes abated if the land is ever developed. In exchange, the landowners receive a reduction in assessed value on their property tax bills, which results in a reduction of property tax revenue to the Town. For 2020, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$40,500. In accordance with 32 V.S.A § 3760, the State of Vermont limits the total loss of revenue to zero by providing the Town with a Hold Harmless payment in the following year that is equivalent to the taxes previously foregone.

TOWN OF FAYSTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 10 - PROPERTY TAXES (CONTINUED)**

Property taxes levied for the year ended December 31, 2020 were calculated based on the following rates:

	Residential	Non-residential
General Fund	\$ 0.2818	\$ 0.2818
State Education Tax	1.6810	1.6758
	\$ 1.9628	\$ 1.9576

**NOTE 11 - RETIREMENT PLAN**

The Town of Fayston participates in the Vermont Municipal Employees' Retirement System, which is a cost-sharing multiple employer public employees' defined benefit pension plan. The plan provides benefits for disability, death, early retirement, and normal retirement. Vermont state statutes provide the authority under which benefit provisions and the Town's obligation to contribute are established. The System's actuary issues a financial report on the plan for the State of Vermont. Required contributions to the System are determined based upon the report prepared by the actuary. All employees who are regularly employed for at least 24 hours a week and for at least 1,040 hours a year must join the System when hired. All covered employees are Group B Members and are required to contribute 5% for the first two quarters and 5.125% for the final two quarters of compensation. Members in the plan are vested upon completing five creditable years of service.

The Town's 2020 payroll for all employees was \$342,432. Total 2020 covered payroll for the Vermont Municipal Employees' Retirement System was \$307,909. The Town's contribution to the plan is 5.75% for the first two quarters and 6% for the final two quarters of covered compensation. Total employer contributions to the plan were \$18,094 for 2020, \$17,027 for 2019, and \$14,678 for 2018. All 2020 employee and employer retirement contributions were paid as of December 31, 2020.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

**NOTE 12 - BUDGETED DEFICIT**

The Town elected to budget expenditures in excess of revenues by \$46,000 in the General Fund in order to reduce the carryover fund balance. This is reflected as a budgeted deficiency of revenues over expenditures in Exhibit C.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 13 - RISK MANAGEMENT**

The Town of Fayston 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 of Fayston 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 of Fayston. 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 rate setting 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.

**NOTE 14 - COMMITMENTS**

From time to time, the Town enters into finance and maintenance agreements with the State of Vermont, Agency of Transportation, for various cost sharing arrangements relating to bridge and road projects. Generally, the Town bears certain percentages of the total costs relating to preliminary and construction engineering costs, right-of-way costs, utility costs, and final construction costs.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 18, 2021, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

TOWN OF FAYSTON, VERMONT  
 SCHEDULE OF TAXES RAISED  
 YEAR ENDED DECEMBER 31, 2020

SCHEDULE 1

	MUNICIPAL	HOMESTEAD	NON-RESIDENTIAL	TOTAL
Total Grand List	\$ 3,831,240.00	\$ 1,436,774.80	\$ 2,327,264.44	
Tax rate	0.2818	1.6810	1.6758	
Taxes Billed	\$ 1,079,643.43	\$ 2,415,218.44	\$ 3,900,125.06	\$ 7,394,987
Various adjustments				12,498
Increase in unavailable revenue - taxes				(7,000)
Payment to Fayston School District				(2,878,404)
State adjustments - HS-122				(636,719)
Payment to State of Vermont				(2,796,757)
Net property taxes				\$ 1,088,605

Reconciliation of Delinquent Taxes

Years	Delinquent Taxes Due Jan. 1, 2020	Current Taxes Gone Delinquent	Collections	Delinquent Taxes Due Dec. 31, 2020
2017	\$ 0	\$ 0	\$ 0	\$ 0
2018	5,382.84	0	3,835.50	1,547.34
2019	126,131.17	0	92,204.49	33,926.68
2020	0	106,285.58	0	106,285.58
	\$ 131,514.01	\$ 106,285.58	\$ 96,039.99	\$ 141,759.60

TOWN OF FAYSTON, VERMONT  
SUMMARY OF CASH RECEIPTS AND CASH EXPENDITURES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020

SCHEDULE 2

CASH BALANCE - January 1, 2020		\$ 2,024,732
CASH RECEIPTS		
Taxes collected	6,634,213	
Delinquent taxes collected	96,040	
Penalties and interest	24,791	
Interest and dividends	15,755	
State of Vermont - highway funds	70,004	
State and federal grants	84,128	
Other miscellaneous receipts	106,303	
Total cash receipts		7,031,234
CASH EXPENDITURES		
Transfer to School District and State	5,440,077	
Highway	467,116	
Other General Fund	463,573	
Capital expenditures	212,091	
Debt service	40,071	
Nonmajor fund expenditures	55,323	
Total cash expenditures		6,678,251
CASH BALANCE - December 31, 2020		\$ 2,377,715

TOWN OF FAYSTON, VERMONT  
 COMBINING AND INDIVIDUAL BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2020

	Capital Projects										Special Revenue			Permanent Fund	Totals
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Retreatment	Road Construction	Town Garage	Municipal Building	Record Restoration	Culvert Reserve	Town Forest Reserve	Conservation Fund	Reappraisal	Cemetery Maintenance	Cemetery Perpetual Care	
<b>ASSETS</b>															
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,211	\$ 3,552	\$ 8,763
Investments	0	0	0	0	0	0	0	0	0	0	0	0	159,591	29,218	188,809
Due from other funds	44,907	158,855	12,000	210,188	82,894	38,012	0	23,723	23,091	1,084	46,436	107,547	8,288	0	757,025
Total assets	\$ 44,907	\$ 158,855	\$ 12,000	\$ 210,188	\$ 82,894	\$ 38,012	\$ 0	\$ 23,723	\$ 23,091	\$ 1,084	\$ 46,436	\$ 107,547	\$ 173,090	\$ 32,770	\$ 954,597
<b>LIABILITIES</b>															
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,922	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,288	\$ 10,210
Total liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	8,288	10,210
<b>FUND BALANCES</b>															
Restricted	0	0	0	0	0	0	0	0	0	0	46,436	107,547	173,090	24,482	351,555
Assigned	44,907	158,855	12,000	210,188	82,894	38,012	(1,922)	23,723	23,091	1,084	0	0	0	0	592,832
Total fund balances	44,907	158,855	12,000	210,188	82,894	38,012	(1,922)	23,723	23,091	1,084	46,436	107,547	173,090	24,482	944,387
Total liabilities and fund balances	\$ 44,907	\$ 158,855	\$ 12,000	\$ 210,188	\$ 82,894	\$ 38,012	\$ (1,922)	\$ 23,723	\$ 23,091	\$ 1,084	\$ 46,436	\$ 107,547	\$ 173,090	\$ 32,770	\$ 954,597

TOWN OF FAYSTON, VERMONT  
 COMBINING AND INDIVIDUAL STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2020

	Capital Projects									Special Revenue			Permanent Fund	Totals	
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Retirement	Road Construction	Town Garage	Municipal Building	Record Restoration	Culvert Reserve	Town Forest Reserve	Conservation Fund	Reappraisal	Cemetery Maintenance		Cemetery Perpetual Care
<b>REVENUES</b>				\$ 0											
Investment income	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,998	\$ 643	\$ 11,641
State and federal grants	0	0	0	0	18,153	0	0	8,628	0	300	0	10,073	0	0	37,154
Other	0	0	0	0	0	0	0	0	0	0	1,000	0	6,275	0	7,275
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,153</b>	<b>0</b>	<b>0</b>	<b>8,628</b>	<b>0</b>	<b>300</b>	<b>1,000</b>	<b>10,073</b>	<b>17,273</b>	<b>643</b>	<b>56,070</b>
<b>EXPENDITURES</b>															
Current expenditures															
Road and bridge construction	0	0	0	21,000	20,766	0	0	0	0	0	0	0	0	0	41,766
Equipment, furnishings, office expense	0	0	0	0	0	0	0	4,517	0	0	0	0	0	0	4,517
Cemetery	0	0	0	0	0	0	0	0	0	0	0	0	9,040	0	9,040
Capital Outlay	0	0	0	0	0	2,631	15,089	0	14,438	2,716	0	0	0	0	34,874
Debt Service				0											
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,000</b>	<b>20,766</b>	<b>2,631</b>	<b>15,089</b>	<b>4,517</b>	<b>14,438</b>	<b>2,716</b>	<b>0</b>	<b>0</b>	<b>9,040</b>	<b>0</b>	<b>90,197</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(21,000)</b>	<b>(2,613)</b>	<b>(2,631)</b>	<b>(15,089)</b>	<b>4,111</b>	<b>(14,438)</b>	<b>(2,416)</b>	<b>1,000</b>	<b>10,073</b>	<b>8,233</b>	<b>643</b>	<b>(34,127)</b>
<b>OTHER FINANCING SOURCES</b>															
Transfers from General Fund	30,000	5,000	0	80,000	50,000	5,000	0	2,500	15,000	3,500	3,500	2,500	0	0	197,000
Transfers (to) from other funds	0	0	0	0	0	0	0	0	0	0	0	0	125	(125)	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>30,000</b>	<b>5,000</b>	<b>0</b>	<b>80,000</b>	<b>50,000</b>	<b>5,000</b>	<b>0</b>	<b>2,500</b>	<b>15,000</b>	<b>3,500</b>	<b>3,500</b>	<b>2,500</b>	<b>125</b>	<b>(125)</b>	<b>197,000</b>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>30,000</b>	<b>5,000</b>	<b>0</b>	<b>59,000</b>	<b>47,387</b>	<b>2,369</b>	<b>(15,089)</b>	<b>6,611</b>	<b>562</b>	<b>1,084</b>	<b>4,500</b>	<b>12,573</b>	<b>8,358</b>	<b>518</b>	<b>162,873</b>
<b>FUND BALANCES - JANUARY 1, 2020</b>	<b>14,907</b>	<b>153,855</b>	<b>12,000</b>	<b>151,188</b>	<b>35,507</b>	<b>35,643</b>	<b>13,167</b>	<b>17,112</b>	<b>22,529</b>	<b>0</b>	<b>41,936</b>	<b>94,974</b>	<b>164,732</b>	<b>23,964</b>	<b>781,514</b>
<b>FUND BALANCES - DECEMBER 31, 2020</b>	<b>\$ 44,907</b>	<b>\$ 158,855</b>	<b>\$ 12,000</b>	<b>\$ 210,188</b>	<b>\$ 82,894</b>	<b>\$ 38,012</b>	<b>\$ (1,922)</b>	<b>\$ 23,723</b>	<b>\$ 23,091</b>	<b>\$ 1,084</b>	<b>\$ 46,436</b>	<b>\$ 107,547</b>	<b>\$ 173,090</b>	<b>\$ 24,482</b>	<b>\$ 944,387</b>