

TOWN OF SOUTH HERO, VERMONT

AUDIT REPORT

JUNE 30, 2021

TOWN OF SOUTH HERO, VERMONT
 AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of South Hero, Vermont
P.O. Box 175
South Hero, Vermont 05486

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Hero, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of South Hero, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the General Fund and the Aggregate Remaining Fund Information

As described in Note III.C. to the financial statements, the Town of South Hero, Vermont adopted certain provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" but did not adopt certain provisions related to the clarified definitions of Special Revenue Funds affecting the General Fund and aggregate remaining fund information. As a result, there are some Special Revenue Funds that should be reported as part of the General Fund.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the General Fund and the Aggregate Remaining Fund Information of the Town of South Hero, Vermont as of June 30, 2021, and the changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the Highway Fund, the Fire Department Equipment Replacement Fund and the Rescue Equipment Replacement Fund of the Town of South Hero, Vermont as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting as described in Note I.D.

Other Matters

Restatement

As described in Note III.D to the financial statements, a certain error was corrected during the current year. Our opinion is not modified with respect to this matter.

Change in Accounting Principles

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

Basis of Accounting

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

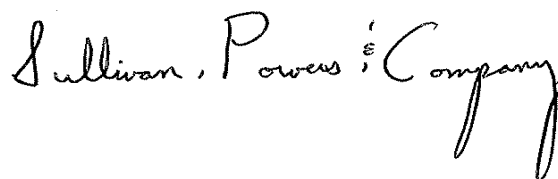
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of South Hero, Vermont’s basic financial statements. The budgetary comparison information on Schedules 1 and 2 and 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 22, 2021 on our consideration of the Town of South Hero, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of South Hero, Vermont’s internal control over financial reporting and compliance.

December 22, 2021
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF SOUTH HERO, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 1,134,404
Investments	24,381
	1,158,785
 <u>LIABILITIES</u>	
Due to State of Vermont	280
Due to Taxpayers	2,585
	2,865
 <u>NET POSITION</u>	
Restricted:	
Nonspendable - Culture and Recreation	6,093
Nonexpendable - Cemetery	19,210
Highway and Streets	512,071
Culture and Recreation	1,155
Cemetery	62,928
Other	20,022
Unrestricted	534,441
	.
Total Net Position	\$ 1,155,920

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

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position	
Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants/Loans and Contributions	Governmental Activities	
Functions/Programs:					
Governmental Activities:					
General Government	\$ 712,023	\$ 6,360	\$ 100,271	\$ 0	\$ (605,392)
Highways and Streets	804,127	0	76,543	0	(727,584)
Public Safety	251,907	0	0	0	(251,907)
Culture and Recreation	132,977	6,748	0	0	(126,229)
Cemetery	15,629	3,250	0	0	(12,379)
Sanitation	9,806	0	0	0	(9,806)
Capital Outlay:					
Highways and Streets	29,220	0	0	0	(29,220)
Public Safety	2,086	0	0	0	(2,086)
Debt Service	170,084	0	0	0	(170,084)
Total	\$ 2,127,859	\$ 16,358	\$ 176,814	\$ 0	(1,934,687)
General Receipts:					
Property Taxes					1,898,444
Interest and Penalties on Delinquent Taxes					39,439
Payments in Lieu of Taxes					9,592
Permits, Licenses and Fees					63,650
Unrestricted Investment Earnings					6,528
General State Grants					84,774
Other Revenues					15,382
Total General Receipts					2,117,809
Change in Net Position					183,122
Net Position - June 30, 2020, As Restated					972,798
Net Position - June 30, 2021					\$ 1,155,920

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

TOWN OF SOUTH HERO, VERMONT
 STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2021

	General Fund	Highway Fund	Fire Department Equipment Replacement Fund	Rescue Equipment Replacement Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 611,251	\$ 0	\$ 217,773	\$ 153,496	\$ 151,884	\$ 1,134,404
Investments	0	0	0	0	24,381	24,381
Due From Other Funds	0	416,754	0	0	164,620	581,374
Total Assets	\$ 611,251	\$ 416,754	\$ 217,773	\$ 153,496	\$ 340,885	\$ 1,740,159
<u>LIABILITIES</u>						
Due to State of Vermont	\$ 280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 280
Due to Taxpayers	2,585	0	0	0	0	2,585
Due To Other Funds	581,374	0	0	0	0	581,374
Total Liabilities	584,239	0	0	0	0	584,239
<u>FUND BALANCES</u>						
Nonspendable	0	0	0	0	25,303	25,303
Restricted	0	416,754	0	0	179,422	596,176
Committed	0	0	217,773	153,496	36,854	408,123
Assigned	0	0	0	0	99,306	99,306
Unassigned	27,012	0	0	0	0	27,012
Total Fund Balances	27,012	416,754	217,773	153,496	340,885	1,155,920
Total Liabilities and Fund Balances	\$ 611,251	\$ 416,754	\$ 217,773	\$ 153,496	\$ 340,885	\$ 1,740,159

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

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Highway Fund	Fire Department Equipment Replacement Fund	Rescue Equipment Replacement Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:						
Property Taxes	\$ 967,009	\$ 810,835	\$ 0	\$ 0	\$ 120,600	\$ 1,898,444
Penalties and Interest on Delinquent Taxes	39,439	0	0	0	0	39,439
Intergovernmental	154,366	76,543	0	0	35,271	266,180
Charges for Services	12,800	0	0	0	3,558	16,358
Permits, Licenses and Fees	58,874	0	0	0	4,776	63,650
Donations	5,000	0	0	0	5,938	10,938
Investment Income	2,545	0	291	207	3,485	6,528
Other	4,899	851	3,269	0	425	9,444
Total Cash Receipts	<u>1,244,932</u>	<u>888,229</u>	<u>3,560</u>	<u>207</u>	<u>174,053</u>	<u>2,310,981</u>
Cash Disbursements:						
General Government	679,897	0	0	0	32,126	712,023
Highways and Streets	0	804,127	0	0	0	804,127
Public Safety	251,907	0	0	0	0	251,907
Culture & Recreation	4,685	0	0	0	128,292	132,977
Cemetery	0	0	0	0	15,629	15,629
Sanitation	0	0	0	0	9,806	9,806
Capital Outlay:						
Highways and Streets	0	0	0	0	29,220	29,220
Public Safety	0	0	2,086	0	0	2,086
Debt Service:						
Principal	143,864	0	0	0	0	143,864
Interest	26,220	0	0	0	0	26,220
Total Cash Disbursements	<u>1,106,573</u>	<u>804,127</u>	<u>2,086</u>	<u>0</u>	<u>215,073</u>	<u>2,127,859</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>138,359</u>	<u>84,102</u>	<u>1,474</u>	<u>207</u>	<u>(41,020)</u>	<u>183,122</u>
Other Financing Sources/(Uses):						
Transfers In	0	0	35,000	25,000	95,804	155,804
Transfers Out	(120,804)	(35,000)	0	0	0	(155,804)
Total Other Financing Sources/(Uses)	<u>(120,804)</u>	<u>(35,000)</u>	<u>35,000</u>	<u>25,000</u>	<u>95,804</u>	<u>0</u>
Net Change in Fund Balances	17,555	49,102	36,474	25,207	54,784	183,122
Fund Balances - June 30, 2020, As Restated	<u>9,457</u>	<u>367,652</u>	<u>181,299</u>	<u>128,289</u>	<u>286,101</u>	<u>972,798</u>
Fund Balances - June 30, 2021	<u>\$ 27,012</u>	<u>\$ 416,754</u>	<u>\$ 217,773</u>	<u>\$ 153,496</u>	<u>\$ 340,885</u>	<u>\$ 1,155,920</u>

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

TOWN OF SOUTH HERO, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2021

	Custodial Fund Education Tax Fund
<u>ASSETS</u>	
Assets	\$ <u>0</u>
Total Assets	<u>0</u>
<u>LIABILITIES</u>	
Liabilities	<u>0</u>
Total Liabilities	<u>0</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>0</u></u>

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

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>7,282,345</u>
Total Additions	<u>7,282,345</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>7,282,345</u>
Total Deductions	<u>7,282,345</u>
Change in Net Position	0
Net Position - July 1, 2020	<u>0</u>
Net Position - June 30, 2021	\$ <u><u>0</u></u>

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

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

The Town of South Hero, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services as authorized by State statutes: public safety, highways and streets, cemetery, health and social services, public improvements, planning and zoning, and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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 should include all of the activity of the Town of South Hero, 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, receipts, and disbursements. 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. 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.

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities. Direct disbursements 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. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

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.

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

The Town reports on the following major governmental funds:

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

Highway Fund – This fund accounts for the maintenance and operation of the Town highways.

Fire Department Equipment Replacement Fund – This fund accounts for monies to be used for Fire Department equipment.

Rescue Equipment Replacement Fund – This fund accounts for monies to be used for rescue equipment.

Additionally, the Town reports the following fund type:

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

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) 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., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

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

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments as assets, amounts due to the State of Vermont for dog and marriage licenses and tax overpayments as liabilities.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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.

E. 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 cash withdrawals are shown as due to other funds.

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

2. Investments

The Town invests in investments as allowed by State Statute. Investments in certificates of deposit are reported at cost and investments in mutual funds are reported at fair value. The modified cash basis of accounting requires that all investments be reported at cost, however, the difference, if any, is not material.

3. 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 government-wide 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 in governmental fund financial statements 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.

4. Interfund Receivables/Payables

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."

F. New Pronouncement – Fiduciary Activities

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budgets for the General Fund and the Highway Fund are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budget herein is for the Town's "General Fund" only and does not include the Recreation Fund activity that is included with the General Fund.

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

B. Budgeted Deficit

The Town budgeted cash disbursements in excess of cash receipts by \$54,400 in the General Fund in order to use a portion of the prior year’s surplus. This is reflected as a current year’s budgeted excess of cash disbursements over cash receipts in Schedule 1.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2021, expenditures in the General Fund exceeded appropriations by \$61,350. These over-expenditures were funded by excess revenues.

D. Restatement of Net Position/Fund Balances

The net position of the governmental activities was restated as follows:

	<u>Governmental Activities</u>
Net Position - June 30, 2020, As Originally Reported	\$ 980,085
Restatement:	
To Remove the Grace Allen Memorial Fund as it is Part of the School District	(7,287)
Net Position - June 30, 2020, As Restated	\$ 972,798

The effect of this restatement on the governmental activities Statement of Net Position is to reduce assets and net position by \$7,287. The effect on the 2020 Statement of Activities has not been determined.

The fund balance of the Library Trust Funds was restated as follows:

	<u>Library Trust Funds</u>
Fund Balance - June 30, 2020, As Originally Reported	\$ 14,516
Restatement:	
To Remove the Grace Allen Memorial Fund as it is Part of the School District	(7,287)
Fund Balance - June 30, 2020, As Restated	\$ 7,229

The effect of this correction on the Library Trust Funds is to decrease assets and fund balance by \$7,287. The effect on the 2020 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined.

TOWN OF SOUTH HERO, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2021 consist of the following:

Cash:		
Deposits with Financial Institutions		<u>\$1,134,404</u>
Investments:		
Certificates of Deposits		7,248
Mutual Funds – Mixed Holdings		<u>17,133</u>
Total Investments		<u>24,381</u>
Total Cash and Investments		<u>\$1,158,785</u>

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 586,276	\$ 602,932
Uninsured, Collateralized by Letter of Credit from the Federal Home Loan Bank of Pittsburgh	<u>555,376</u>	<u>537,794</u>
Total	<u>\$1,141,652</u>	<u>\$1,140,726</u>

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

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 does not have any policy to limit the exposure to interest rate risk. The Town's mutual funds are not subject to interest rate risk disclosure.

TOWN OF SOUTH HERO, VERMONT
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Credit Risk

Generally, credit risk is the risk 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. The Town does not have any policy to limit the exposure to credit risk. The Town's mutual funds are open-ended and are, therefore, not subject to credit risk disclosure.

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 has no investments subject to concentration of credit risk disclosure.

B. Interfund Balances and Activity

Interfund balances as of June 30, 2021 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$581,374
Highway Fund	416,754	0
Non-Major Governmental Funds	<u>164,620</u>	<u>0</u>
Total	<u>\$581,374</u>	<u>\$581,374</u>

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Fire Department Equipment Replacement Fund	\$ 35,000	To Fund Capital Reserve
General Fund	Rescue Equipment Replacement Fund	25,000	To Fund Capital Reserve
General Fund	Restoration/Digitation Fund	15,804	To Start Fund
General Fund	Landfill Fund	35,000	Appropriation
General Fund	EAB Fund	10,000	Appropriation
Highway Fund	Highway Equipment Replacement Fund	<u>35,000</u>	To Fund Capital Reserve
Total Transfers		<u>\$155,804</u>	

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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C. 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. The Town did not adopt all the provisions of GASB Statement No. 54 and, as a result, has reported the Judicial Fines Fund, the Landfill Fund and the EAB Fund as Special Revenue Funds rather than being combined with 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. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to stabilization amount and circumstances under which those amounts may be spent. The Town does not have any stabilization arrangements.

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

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.

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The fund balances in the following funds are nonspendable as follows:

Permanent Funds

Nonspendable Library Trust Funds by Bequest/Donation	\$ 6,093
Nonspendable Cemetery Fund by Bequest	<u>19,210</u>
Total Nonspendable Fund Balances	<u>\$ 25,303</u>

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

Major Funds

Highway Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>\$416,754</u>
Total Major Funds	<u>416,754</u>

Non-Major Funds

Special Revenue Funds:

Restricted for Planning Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	594
Restricted for Broadband Grant Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	1,500
Restricted for Restoration/Digitation Expenditures by Statute (Source of Revenue are Restoration Fees)	<u>17,928</u>
Total Special Revenue Funds	<u>20,022</u>

Capital Project Funds:

Restricted for South Street Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	22,361
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Capital Expenditures	<u>72,956</u>
Total Capital Project Funds	<u>95,317</u>

Permanent Funds:

Restricted for Library Expenditures by Bequest/Donation	1,155
Restricted for Cemetery Expenditures by Bequest	<u>62,928</u>
Total Permanent Funds	<u>64,083</u>

Total Non-Major Funds 179,422

Total Restricted Fund Balances \$596,176

TOWN OF SOUTH HERO, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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

Major Funds

Fire Department Equipment Replacement Fund:	
Committed for Fire Department Equipment by the Voters	\$217,773
Rescue Equipment Replacement Fund:	
Committed for Rescue Equipment by the Voters	<u>153,496</u>
Total Major Funds	<u>371,269</u>

Non-Major Funds

Special Revenue Funds:

Cemetery Fund:	
Committed for Cemetery Expenses by the Voters	6,240
Library Fund:	
Committed for Library Expenses by the Voters	12,683
White Meeting House Outreach Fund:	
Committed for White Meeting House Outreach Expenditures by the Voters	<u>17,931</u>
Total Special Revenue Funds	<u>36,854</u>
Total Committed Fund Balances	<u>\$408,123</u>

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

Non-Major Funds

Special Revenue Funds:

Landfill Fund:	
Assigned for Landfill Expenditures	\$33,109
Judicial Fines Fund:	
Assigned for Judicial Fines Expenditures	5,753
Reappraisal Fund:	
Assigned for Reappraisal Expenditures	52,554
Fishing Pier Fund:	
Assigned for Fishing Pier Expenditures	1,240
EAB Fund:	
Assigned for Emerald Ash Borer Mitigation Expenditures	<u>6,650</u>
Total Assigned Fund Balances	<u>\$99,306</u>

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

D. Net Position

The restricted net position in the Governmental Activities consists of the nonspendable and restricted fund balances of \$621,479.

IV. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2020, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

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

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

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

As of June 30, 2020, the measurement date selected by the State of Vermont, VMERS was funded at 74.52% and had a plan fiduciary net position of \$740,052,895 and a total pension liability of \$993,026,959 resulting in a net position liability of \$252,974,064. As of June 30, 2021, the Town's proportionate share of this was 0.06657% resulting in a net pension liability of \$168,416. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.06657% was a decrease of 0.0003% from its proportion measured as of the prior year.

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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 Group B.

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

Significant Actuarial Assumptions and Methods

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

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

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Mortality:

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

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

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

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

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

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

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

Inflation: 2.30%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00%, a decrease from 7.50% in the prior year. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$257,305	\$168,416	\$95,279

TOWN OF SOUTH HERO, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Defined Contribution Plan

Employees in Group DC, a defined contribution plan, contribute 5% of their gross salary and the Town contributes 5.125%.

The Town pays all costs accrued each year for the plan. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total covered payroll for Group DC was \$45,461. Pension expense for the year ended June 30, 2021, 2020, 2019 and 2018 were \$2,330, \$2,108, \$2,253, and \$3,890, respectively.

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.

B. 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, 2021, taxes became due and payable on September 30, 2020, January 28, 2021 and April 28, 2021. If paid in full by the September due date, there is a 3% discount. After April 30, the Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2021 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.6981	1.6506
Highway - Paving	.0309	.0309
Library	.0197	.0197
Rescue EMT Help	.0113	.0113
White Meeting House	.0041	.0041
Cemetery	.0010	.0010
Local Agreement	.0010	.0010
Highway	.1360	.1360
Municipal	<u>.2107</u>	<u>.2107</u>
Total	<u>2.1128</u>	<u>2.0653</u>

TOWN OF SOUTH HERO, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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. Contingent Liabilities

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

E. Long-Term Debt

Long-term liabilities outstanding as of June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vermont Municipal Bond Bank.				
Fire Department Property, Annual Principal Payments of \$130,000 and Semi-annual Interest at 2.64%, Due November, 2027.	\$1,040,000	\$ 0	\$130,000	\$ 910,000
Capital Lease Payable, Community Leasing Partners, SCBA's, Principal And Interest Payments of \$15,546 Payable on December 1 Annually, Interest at 5.72%, Due December 1, 2022.	<u>41,637</u>	<u>0</u>	<u>13,864</u>	<u>27,773</u>
Total	<u>\$1,081,637</u>	<u>\$ 0</u>	<u>\$143,864</u>	<u>\$ 937,773</u>

TOWN OF SOUTH HERO, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Maturities are estimated to be as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Capital Lease</u>
2022	\$ 130,000	\$ 22,347	\$15,546
2023	130,000	19,435	15,546
2024	130,000	16,335	0
2025	130,000	12,978	0
2026	130,000	9,549	0
2027-2028	<u>260,000</u>	<u>7,846</u>	<u>0</u>
Total	910,000	88,490	31,092
Less Imputed Interest	<u>N/A</u>	<u>N/A</u>	<u>(3,319)</u>
	<u>\$ 910,000</u>	<u>\$ 88,490</u>	<u>\$27,773</u>

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Total Tax Dollars	\$ 1,027,705	\$ 964,103	\$ (63,602)
Town Clerk Fees	20,000	37,340	17,340
Delinquent Taxes	100,000	177,373	77,373
Interest on Delinquent Taxes	8,000	14,585	6,585
Delinquent Tax Penalties	13,000	24,854	11,854
Sub-Division Permits	1,000	510	(490)
Legal Advertisements Reimbursement	1,000	1,720	720
Liquor and Beer Licenses	800	1,340	540
Dog Licenses	2,000	2,624	624
Miscellaneous Refunds	0	1,379	1,379
Copies	150	86	(64)
Insurance Refund	0	822	822
State Aid-Current Use	60,000	84,774	24,774
State Taxes/Pilot Program	12,000	9,592	(2,408)
Building Permits	11,000	10,630	(370)
Interest-Sweep Account	10,000	2,545	(7,455)
Restoration Town Records	6,000	6,430	430
Other Grants	0	65,000	65,000
Library Sal/WH/Prop Ins/WC Reim	71,206	65,187	(6,019)
Municipal Tax Adjustment	20,000	29,312	9,312
329 Route 2 Rent	4,200	4,554	354
Discounts Taken	(175,000)	(187,047)	(12,047)
In Town Beach Stickers	2,000	3,180	1,180
Out-of-Town Beach Stickers	2,000	2,340	340
Good Neighbor Agreement	10,000	0	(10,000)
Miscellaneous Income	0	2,698	2,698
Transfers from Other Funds	0	9,442	9,442
Total Cash Receipts	1,207,061	1,335,373	128,312
Cash Disbursements:			
Town Officers Salaries:			
Selectmen	5,300	5,300	0
Town Clerk and Treasurer	57,200	68,744	(11,544)
Assistant Town Clerk and Treasurer	32,000	34,482	(2,482)
Listers	15,000	2,899	12,101
Zoning Administrator	45,500	51,961	(6,461)
Mowing Town Properties	2,600	1,916	684
Board's Secretary	2,400	2,487	(87)
Tax Collector Salary	13,000	8,544	4,456
Animal Control Officer	2,000	302	1,698
Zoning Assistant	8,320	1,807	6,513
DRB Board Secretary	1,440	904	536
Total Town Officers Salaries	184,760	179,346	5,414

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Other Salaries:			
Library Sal/WH/Prop Ins	\$ 65,482	\$ 60,119	\$ 5,363
Total Other Salaries	65,482	60,119	5,363
General Town Expense:			
Social Security	14,144	13,566	578
Workers Compensation	328	1,814	(1,486)
Unemployment Compensation	128	486	(358)
Retirement	5,764	6,454	(690)
Election Expenses	3,200	5,579	(2,379)
Legal Advertising	1,500	1,790	(290)
Legal Fees	35,000	20,901	14,099
Postage	4,500	4,571	(71)
Supplies	4,000	4,452	(452)
Trash Removal	720	934	(214)
NW Solid Waste	1,611	1,611	0
Dog Tags and Expense	1,500	129	1,371
VLCT	3,099	3,099	0
Northwest Regional Planning	1,859	1,859	0
Bank Service Charge	400	29	371
Island Arts Activities	1,950	1,950	0
Home Health and Hospice UVM	8,645	8,645	0
Lake Champlain Economic Development	1,600	1,600	0
Green-Up Vermont	1,200	1,214	(14)
Printing and Copies	4,000	3,761	239
Town Report	1,515	1,464	51
School and Ministerial Lots	115,067	110,000	5,067
County Tax	157,313	157,313	0
Land Record Books	1,500	0	1,500
Office Furniture and Equipment	2,000	365	1,635
Telephone and Internet	3,200	3,947	(747)
Website	0	1,609	(1,609)
GIC Emergency Communication	25,000	8,200	16,800
Micro Film Town Records	800	0	800
I-Car Fire Works	500	500	0
Sheriffs Department Contract	143,988	143,425	563
Computer Programming & Maint.	3,500	4,283	(783)
Mapping	3,000	215	2,785
Paydata	1,700	2,193	(493)
C.A.R.I.N.G.	1,500	0	1,500
VLCT PACIF	11,565	13,243	(1,678)
Health and Dental Insurance	7,244	9,893	(2,649)
Life Insurance	750	612	138
NEMRC	8,000	5,000	3,000
Generator Maintenance	2,000	1,511	489
Small Gift Recognition	600	283	317
Other Town Buildings	5,000	150	4,850

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
General Town Expense: (Cont'd)			
Bi-Centennial Memorial Building	\$ 6,200	\$ 6,200	\$ 0
Town Audit	12,000	12,000	0
C.I.D.E.R.	1,000	1,000	0
Champlain Island Parent Child	1,000	0	1,000
Grant Expense	0	60,200	(60,200)
Northwestern Counseling	1,000	0	1,000
Miscellaneous	0	2,442	(2,442)
Total General Town Expense	<u>612,090</u>	<u>630,492</u>	<u>(18,402)</u>
Town Office Building:			
Fuel	2,000	2	1,998
Electricity	5,200	4,779	421
Repairs and Supplies	10,000	6,034	3,966
Water Rent	600	600	0
Maintenance and Contracted Services	6,000	2,385	3,615
Total Town Office Building	<u>23,800</u>	<u>13,800</u>	<u>10,000</u>
Town Officer Expense:			
Health Officer	750	0	750
Animal Control Expenses	750	1,078	(328)
Planning Commission	750	750	0
Development Review Board	1,350	1,350	0
Meeting/Workshop	1,000	599	401
Mileage and Sustenance	1,500	284	1,216
Dues	0	35	(35)
Total Town Officer Expense	<u>6,100</u>	<u>4,096</u>	<u>2,004</u>
Administrative Officer Expense:			
Computer Service	0	656	(656)
Total Administrative Officer Expense	<u>0</u>	<u>656</u>	<u>(656)</u>

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department:			
Workers Compensation	\$ 1,300	\$ 1,217	\$ 83
Training	4,500	4,431	69
Supplies and Repairs	5,000	4,512	488
Administrative and Software	1,500	109	1,391
Vehicle Fuel	3,000	1,769	1,231
SCBA Lease 4 Years	15,000	15,000	0
Equipment Insurance	5,000	5,030	(30)
Auto Insurance	3,800	3,708	92
Truck Repair and Maintenance	7,000	4,334	2,666
Dry Hydrant Donation	100	0	100
Equipment Replacement Fund	35,000	35,000	0
Equipment	15,000	14,977	23
	<u>96,200</u>	<u>90,087</u>	<u>6,113</u>
Total Fire Department			
Rescue:			
Rescue Personnel	55,000	33,512	21,488
Worker's Comp	1,220	0	1,220
Insurance Ambulance	3,175	3,830	(655)
Insurance Equipment	3,000	3,198	(198)
Ambulance Maintenance	1,500	0	1,500
Equipment Replacement Fund	25,000	25,000	0
	<u>88,895</u>	<u>65,540</u>	<u>23,355</u>
Total Rescue			
Fire and Rescue Building:			
Fuel	3,500	1,521	1,979
Electricity	4,000	4,561	(561)
Insurance Building	3,200	3,176	24
Bond Payment	130,000	130,000	0
Bond Interest	25,084	25,083	1
Condo Fees	8,250	7,922	328
Telephone and Internet	4,500	5,795	(1,295)
Supplies and Maintenance	5,000	4,281	719
Water Rent	600	600	0
	<u>184,134</u>	<u>182,939</u>	<u>1,195</u>
Total Fire and Rescue Building			
Tax Abatements	0	34,932	(34,932)

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Transfers:			
Transfer to Town Restoration/Digitization Fund	\$ 0	\$ 15,804	\$ (15,804)
Transfer to Landfill Fund	0	35,000	(35,000)
Transfer to Town EAB Fund	0	10,000	(10,000)
Total Transfers	0	60,804	(60,804)
Total Cash Disbursements	1,261,461	1,322,811	(61,350)
Excess/(Deficiency) of Budgeted Cash Receipts Over Cash Disbursements	\$ (54,400)	12,562	\$ 66,962
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Recreation Fund Revenues		19,120	
Recreation Fund Transfer Out		(9,442)	
Recreation Fund Expenses		(4,685)	
Net Change in Fund Balance		17,555	
Fund Balance - June 30, 2020		9,457	
Fund Balance - June 30, 2021		\$ 27,012	

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Highway Tax/Articles	\$ 810,830	\$ 810,835	\$ 5
State Aid/Grants	53,000	69,833	16,833
Grant - Station Road	0	6,710	6,710
Other	2,000	851	(1,149)
Total Cash Receipts	865,830	888,229	22,399
Cash Disbursements:			
Labor	152,000	146,270	5,730
Tree Warden	3,500	3,713	(213)
Road Commissioner	1,500	1,500	0
Social Security	11,628	11,304	324
Workman's Compensation	13,260	10,974	2,286
Retirement	9,120	8,776	344
Health and Dental	34,500	36,533	(2,033)
Tires	4,500	6,934	(2,434)
Telephone and Radios	900	921	(21)
Dumpster Expenses	1,300	1,554	(254)
Contracted Services	500	695	(195)
Fuel and Oil - Equipment	21,000	18,365	2,635
Heating Oil - Building	4,000	4,144	(144)
Electricity	2,200	2,442	(242)
Property and Liability Insurance	10,472	10,664	(192)
Gravel and Stone	25,000	28,069	(3,069)
Small Hand Tools	1,000	2,757	(1,757)
Materials and Supplies	11,000	10,579	421
Uniform Expense	2,000	1,882	118
Repairs and Maintenance	18,000	18,044	(44)
Resurfacing	250,000	228,479	21,521
New Construction Roads	10,000	0	10,000
Cold Patch	500	0	500
Culverts	1,500	1,650	(150)
Chloride	10,000	0	10,000
Salt	22,500	22,601	(101)
Grader Blades	750	0	750
Signs	1,500	1,723	(223)
Equipment Rental	1,200	0	1,200
Small Tools/Equip>\$500	2,000	2,574	(574)
Equipment Replacement Fund	35,000	35,000	0
Truck Plow Parts	2,500	2,880	(380)
Winter Sand	8,000	8,010	(10)

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TOWN OF SOUTH HERO, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Disbursements/(Cont'd):			
Town Garage Improvements	\$ 1,000	\$ 2,494	\$ (1,494)
Septic System	1,500	0	1,500
Stormwater Permit Fee	500	500	0
Floor/Apron Art.7	40,000	44,555	(4,555)
Paving Article 10	150,000	150,000	0
Grant - Station Road Expense	0	4,381	(4,381)
Sunset View Grant Expense	0	8,160	(8,160)
Total Cash Disbursements	865,830	839,127	26,703
Excess of Cash Receipts Over Cash Disbursements	\$ 0	49,102	\$ 49,102
Fund Balance - June 30, 2020		367,652	
Fund Balance - June 30, 2021		\$ 416,754	

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH
 BASIS ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash	\$ 13,923	\$ 72,956	\$ 65,005	\$ 151,884
Investments	0	0	24,381	24,381
Due from Other Funds	142,259	22,361	0	164,620
Total Assets	\$ 156,182	\$ 95,317	\$ 89,386	\$ 340,885
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Nonspendable	0	0	25,303	25,303
Restricted	20,022	95,317	64,083	179,422
Committed	36,854	0	0	36,854
Assigned	99,306	0	0	99,306
Total Fund Balances	156,182	95,317	89,386	340,885
Total Liabilities and Fund Balances	\$ 156,182	\$ 95,317	\$ 89,386	\$ 340,885

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Cash Receipts:				
Property Taxes	\$ 120,600	\$ 0	\$ 0	\$ 120,600
Charges for Services	3,558	0	0	3,558
Intergovernmental	35,271	0	0	35,271
Fees	4,776	0	0	4,776
Donations	5,538	0	400	5,938
Investment Income	1,005	83	2,397	3,485
Other	425	0	0	425
	<u>171,173</u>	<u>83</u>	<u>2,797</u>	<u>174,053</u>
Total Cash Receipts				
Cash Disbursements:				
General Government	32,126	0	0	32,126
Culture and Recreation	128,292	0	0	128,292
Cemetery	13,384	0	2,245	15,629
Sanitation	9,806	0	0	9,806
Capital Outlay:				
Highway and Streets	0	29,220	0	29,220
	<u>183,608</u>	<u>29,220</u>	<u>2,245</u>	<u>215,073</u>
Total Cash Disbursements				
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(12,435)</u>	<u>(29,137)</u>	<u>552</u>	<u>(41,020)</u>
Other Financing Sources				
Transfers In	<u>60,804</u>	<u>35,000</u>	<u>0</u>	<u>95,804</u>
	<u>60,804</u>	<u>35,000</u>	<u>0</u>	<u>95,804</u>
Total Other Financing Sources				
Net Change in Fund Balances	48,369	5,863	552	54,784
Fund Balances - July 1, 2020, As Restated	<u>107,813</u>	<u>89,454</u>	<u>88,834</u>	<u>286,101</u>
Fund Balances - June 30, 2021	<u>\$ 156,182</u>	<u>\$ 95,317</u>	<u>\$ 89,386</u>	<u>\$ 340,885</u>

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TOWN OF SOUTH HERO, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
LIABILITIES AND FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Cemetery Fund	Landfill Fund	Judicial Fines Fund	Planning Fund	Fishing Pier Fund	Reappraisal Fund	White Meeting House Outreach Fund
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,240	\$ 0	\$ 0
Due From Other Funds	<u>6,240</u>	<u>33,109</u>	<u>5,753</u>	<u>594</u>	<u>0</u>	<u>52,554</u>	<u>17,931</u>
Total Assets	<u>\$ 6,240</u>	<u>\$ 33,109</u>	<u>\$ 5,753</u>	<u>\$ 594</u>	<u>\$ 1,240</u>	<u>\$ 52,554</u>	<u>\$ 17,931</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:							
Restricted	0	0	0	594	0	0	0
Committed	6,240	0	0	0	0	0	17,931
Assigned	<u>0</u>	<u>33,109</u>	<u>5,753</u>	<u>0</u>	<u>1,240</u>	<u>52,554</u>	<u>0</u>
Total Fund Balances	<u>6,240</u>	<u>33,109</u>	<u>5,753</u>	<u>594</u>	<u>1,240</u>	<u>52,554</u>	<u>17,931</u>
Total Liabilities and Fund Balances	<u>\$ 6,240</u>	<u>\$ 33,109</u>	<u>\$ 5,753</u>	<u>\$ 594</u>	<u>\$ 1,240</u>	<u>\$ 52,554</u>	<u>\$ 17,931</u>

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TOWN OF SOUTH HERO, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
LIABILITIES AND FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Broadband Grant Fund	EAB Fund	Library Fund	Digitization Grant Fund	Restoration/ Digitization Fund	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 12,683	\$ 0	\$ 0	\$ 13,923
Due From Other Funds	1,500	6,650	0	0	17,928	142,259
Total Assets	<u>\$ 1,500</u>	<u>\$ 6,650</u>	<u>\$ 12,683</u>	<u>\$ 0</u>	<u>\$ 17,928</u>	<u>\$ 156,182</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:						
Restricted	1,500	0	0	0	17,928	20,022
Committed	0	0	12,683	0	0	36,854
Assigned	0	6,650	0	0	0	99,306
Total Fund Balances	<u>1,500</u>	<u>6,650</u>	<u>12,683</u>	<u>0</u>	<u>17,928</u>	<u>156,182</u>
Total Liabilities and Fund Balances	<u>\$ 1,500</u>	<u>\$ 6,650</u>	<u>\$ 12,683</u>	<u>\$ 0</u>	<u>\$ 17,928</u>	<u>\$ 156,182</u>

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TOWN OF SOUTH HERO, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Cemetery Fund	Landfill Fund	Judicial Fines Fund	Planning Fund	Fishing Pier Fund	Reappraisal Fund	White Meeting House Outreach Fund
Cash Receipts:							
Property Taxes	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000
Charges for Services	3,250	0	0	0	0	0	0
Intergovernmental	0	0	5,638	0	0	10,685	0
Fees	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0
Investment Income	994	0	0	0	0	0	0
Other	425	0	0	0	0	0	0
Total Cash Receipts	9,669	0	5,638	0	0	10,685	20,000
Cash Disbursements:							
General Government	0	0	0	0	0	868	2,158
Culture and Recreation	0	0	0	0	0	0	0
Cemetery	13,384	0	0	0	0	0	0
Sanitation	0	9,806	0	0	0	0	0
Total Cash Disbursements	13,384	9,806	0	0	0	868	2,158
Excess/(Deficiency) of Cash Receipts							
Over Cash Disbursements	(3,715)	(9,806)	5,638	0	0	9,817	17,842
Other Financing Sources:							
Transfers In	0	35,000	0	0	0	0	0
Total Other Financing Sources	0	35,000	0	0	0	0	0
Net Change in Fund Balances	(3,715)	25,194	5,638	0	0	9,817	17,842
Fund Balances -							
July 1, 2020	9,955	7,915	115	594	1,240	42,737	89
Fund Balances - June 30, 2021	\$ 6,240	\$ 33,109	\$ 5,753	\$ 594	\$ 1,240	\$ 52,554	\$ 17,931

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TOWN OF SOUTH HERO, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Broadband Grant Fund	EAB Fund	Library Fund	Digitization Grant Fund	Restoration/ Digitization Fund	Total
Cash Receipts:						
Property Taxes	\$ 0	\$ 0	\$ 95,600	\$ 0	\$ 0	\$ 120,600
Charges for Services	0	0	308	0	0	3,558
Intergovernmental	0	0	0	18,948	0	35,271
Fees	0	0	0	0	4,776	4,776
Donations	0	0	5,538	0	0	5,538
Investment Income	0	0	11	0	0	1,005
Other	0	0	0	0	0	425
	<u>0</u>	<u>0</u>	<u>101,457</u>	<u>18,948</u>	<u>4,776</u>	<u>171,173</u>
Total Cash Receipts						
Cash Disbursements:						
General Government	0	7,500	0	18,948	2,652	32,126
Culture and Recreation	0	0	128,292	0	0	128,292
Cemetery	0	0	0	0	0	13,384
Sanitation	0	0	0	0	0	9,806
	<u>0</u>	<u>7,500</u>	<u>128,292</u>	<u>18,948</u>	<u>2,652</u>	<u>183,608</u>
Total Cash Disbursements						
Excess/(Deficiency) of Cash Receipts						
Over Cash Disbursements	<u>0</u>	<u>(7,500)</u>	<u>(26,835)</u>	<u>0</u>	<u>2,124</u>	<u>(12,435)</u>
Other Financing Sources:						
Transfers In	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>15,804</u>	<u>60,804</u>
	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>15,804</u>	<u>60,804</u>
Total Other Financing Sources						
Net Change in Fund Balances	0	2,500	(26,835)	0	17,928	48,369
Fund Balances -						
July 1, 2020	<u>1,500</u>	<u>4,150</u>	<u>39,518</u>	<u>0</u>	<u>0</u>	<u>107,813</u>
Fund Balances - June 30, 2021	<u>\$ 1,500</u>	<u>\$ 6,650</u>	<u>\$ 12,683</u>	<u>\$ 0</u>	<u>\$ 17,928</u>	<u>\$ 156,182</u>

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2021

	South Street Fund	Highway Equipment Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 72,956	\$ 72,956
Due From Other Funds	<u>22,361</u>	<u>0</u>	<u>22,361</u>
Total Assets	<u>\$ 22,361</u>	<u>\$ 72,956</u>	<u>\$ 95,317</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Restricted	<u>22,361</u>	<u>72,956</u>	<u>95,317</u>
Total Fund Balances	<u>22,361</u>	<u>72,956</u>	<u>95,317</u>
Total Liabilities and Fund Balances	<u>\$ 22,361</u>	<u>\$ 72,956</u>	<u>\$ 95,317</u>

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	South Street Fund	Highway Equipment Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Receipts:			
Investment Income	\$ 0	\$ 83	\$ 83
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	0	83	83
	<u> </u>	<u> </u>	<u> </u>
Cash Disbursements:			
Capital Outlay:			
Highway and Streets	370	28,850	29,220
	<u> </u>	<u> </u>	<u> </u>
Total Cash Disbursements	370	28,850	29,220
	<u> </u>	<u> </u>	<u> </u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(370)	(28,767)	(29,137)
	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources:			
Transfers In	0	35,000	35,000
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources	0	35,000	35,000
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	(370)	6,233	5,863
Fund Balances - July 1, 2020	22,731	66,723	89,454
	<u> </u>	<u> </u>	<u> </u>
Fund Balances - June 30, 2021	\$ 22,361	\$ 72,956	\$ 95,317
	<u> </u>	<u> </u>	<u> </u>

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TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR PERMANENT FUNDS
 JUNE 30, 2021

	<u>Library Trust Funds</u>	<u>Cemetery Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 65,005	\$ 65,005
Investments	<u>7,248</u>	<u>17,133</u>	<u>24,381</u>
Total Assets	<u>\$ 7,248</u>	<u>\$ 82,138</u>	<u>\$ 89,386</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Nonspendable	6,093	19,210	25,303
Restricted	<u>1,155</u>	<u>62,928</u>	<u>64,083</u>
Total Fund Balances	<u>7,248</u>	<u>82,138</u>	<u>89,386</u>
Total Liabilities and Fund Balances	<u>\$ 7,248</u>	<u>\$ 82,138</u>	<u>\$ 89,386</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF SOUTH HERO, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Library Trust Funds	Cemetery Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Receipts:			
Donations	\$ 0	\$ 400	\$ 400
Investment Income	<u> 19</u>	<u> 2,378</u>	<u> 2,397</u>
Total Cash Receipts	<u> 19</u>	<u> 2,778</u>	<u> 2,797</u>
Cash Disbursements:			
Cemetery	<u> 0</u>	<u> 2,245</u>	<u> 2,245</u>
Total Cash Disbursements	<u> 0</u>	<u> 2,245</u>	<u> 2,245</u>
Net Change in Fund Balances	19	533	552
Fund Balances - July 1, 2020, As Restated	<u> 7,229</u>	<u> 81,605</u>	<u> 88,834</u>
Fund Balances - June 30, 2021	<u><u> 7,248</u></u>	<u><u> 82,138</u></u>	<u><u> 89,386</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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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 South Hero, Vermont
P.O. Box 175
South Hero, Vermont 05486

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, each major fund, and the aggregate remaining fund information of the Town of South Hero, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of South Hero, Vermont's basic financial statements, and have issued our report thereon dated (DATE). The report on the financial statements of the General Fund and aggregate remaining fund information was qualified because the Town did not adopt all provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of South Hero, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of South Hero, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of South Hero, 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 South Hero, 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain other matters that we reported to the management of the Town of South Hero, Vermont in a separate letter dated December 22, 2021.

Town of South Hero, Vermont's Response to Deficiencies in Internal Control

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

Purpose of this Report

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

December 22, 2021
Montpelier, Vermont
VT Lic. #92-000180

