

Federal Compliance Audit

**Town of Castleton, Vermont**

June 30, 2022



*Proven Expertise & Integrity*

TOWN OF CASTLETON, VERMONT

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JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Selectboard  
Town of Castleton  
Castleton, Vermont

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

## Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Castleton's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Castleton's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Castleton's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements

or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, on our consideration of the Town of Castleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the effectiveness of the Town of Castleton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Castleton's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
January 25, 2023

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Castleton's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town of Castleton's financial statements.

**Financial Statement Overview**

The Town of Castleton's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general and highway funds budgetary comparison schedules, pension information and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the different types of Town activities. The types of activities presented for the Town of Castleton are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, highway and streets, public safety, recreation and culture, solid waste, cemetery, education and other.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Castleton include the wastewater fund.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Castleton like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Castleton can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These

reconciliations are presented on the page immediately following each governmental fund's financial statement.

The Town of Castleton presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, and ARPA. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the highway fund are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

*Proprietary Funds:* The Town of Castleton maintains one proprietary fund, the wastewater fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability/(Asset), Schedule of Contributions - Pension and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds.

## Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$1,262,103 from \$6,677,899 to \$7,940,002. The Town's total business-type net position increased by \$210,593 from \$2,037,674 to \$2,248,267.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$1,780,925 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$684,408.

**Table 1**  
**Town of Castleton, Vermont**  
**Net Position**  
**June 30,**

	Governmental Activities		Business-type Activities	
	2022	2021 (Restated)	2022	2021
<b>Assets</b>				
Current Assets	\$ 4,694,121	\$ 3,659,379	\$ 775,668	\$ 762,931
Noncurrent Assets - Capital	5,457,673	4,862,009	1,841,195	1,639,638
Total Assets	10,151,794	8,521,388	2,616,863	2,402,569
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Related to Pensions	277,052	263,921	21,968	20,945
Total Deferred Outflows of Resources	277,052	263,921	21,968	20,945
<b>Liabilities</b>				
Current Liabilities	652,084	307,724	69,684	51,797
Noncurrent Liabilities	1,534,311	1,743,448	298,869	330,816
Total Liabilities	2,186,395	2,051,172	368,553	382,613
<b>Deferred Inflows of Resources</b>				
Prepaid Taxes	24,799	15,982	-	-
Deferred Inflows Related to Pensions	277,650	40,256	22,011	3,227
Total Deferred Inflows of Resources	302,449	56,238	22,011	3,227
<b>Net Position</b>				
Net Investment in Capital Assets	4,255,426	3,662,498	1,563,859	1,345,048
Restricted	1,903,651	1,415,421	-	-
Unrestricted	1,780,925	1,599,980	684,408	692,626
Total Net Position	\$ 7,940,002	\$ 6,677,899	\$2,248,267	\$2,037,674

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.29%, while total expenses decreased by 4.95%. The increase in revenues was primarily due to grants and contributions not restricted to specific purposes offset by a decrease in property taxes. The largest decreases in expenses were primarily in general government, public safety and education, offset by an increase in highway and streets. Revenues for the Town's business-type activities increased by 35.21% and expenses increased by 17.63%.

**Table 2**  
**Town of Castleton, Vermont**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
<i>Program revenues:</i>				
Charges for services	\$ 566,274	\$ 642,623	\$ 692,496	\$ 592,424
Operating grants and contributions	1,472,646	1,348,730	-	-
Capital grants and contributions	40,830	32,150	-	-
<i>General revenues:</i>				
Property taxes	8,671,028	9,312,870	-	-
Grants and contributions not restricted to specific programs	701,178	-	-	-
Miscellaneous	185,761	40,761	123,051	10,732
<b>Total revenues</b>	<b>11,637,717</b>	<b>11,377,134</b>	<b>815,547</b>	<b>603,156</b>
<b>Expenses</b>				
General government	810,746	1,132,140	-	-
Highway and streets	1,206,350	1,091,989	-	-
Public safety	567,693	809,237	-	-
Recreation and culture	297,495	199,083	-	-
Solid waste	286,636	315,789	-	-
Cemetery	29,719	38,000	-	-
Education	6,655,288	7,019,027	-	-
Other	334,676	128,735	-	-
Unallocated depreciation	247,916	245,593	-	-
Wastewater	-	-	505,254	613,359
Interest on long-term debt	38,795	41,472	-	-
<b>Total expenses</b>	<b>10,475,314</b>	<b>11,021,065</b>	<b>505,254</b>	<b>613,359</b>
Excess (deficiency) before transfers	1,162,403	356,069	310,293	(10,203)
Transfers	99,700	101,500	(99,700)	(101,500)
Change in net position	1,262,103	457,569	210,593	(111,703)
Net position - July 1, Restated	6,677,899	6,220,330	2,037,674	2,149,377
Net position - June 30	<b>\$ 7,940,002</b>	<b>\$ 6,677,899</b>	<b>\$ 2,248,267</b>	<b>\$ 2,037,674</b>

## Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Town of Castleton, Vermont**  
**Fund Balances - Governmental Funds**  
**June 30,**

	2022	2021 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 80,259	\$ 66,169	\$ 14,090
Restricted	-	658,996	\$ (658,996)
Committed	655,971	-	655,971
Assigned	-	425,295	(425,295)
Unassigned	280,536	153,403	127,133
Total General Fund	\$ 1,016,766	\$ 1,303,863	\$ (287,097)
ARPA			
Restricted	\$ 669,565	\$ -	\$ 669,565
Total ARPA	\$ 669,565	\$ -	\$ 669,565
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 382,214	\$ 32,686	\$ 349,528
Unassigned	-	297,885	(297,885)
Capital Projects Funds:			
Restricted	853,207	723,739	129,468
Committed	847,459	754,843	92,616
Assigned	54,016	64,850	(10,834)
Total Nonmajor Funds	\$ 2,136,896	\$ 1,874,003	\$ 262,893

The changes in total fund balances for the general fund and the aggregate nonmajor funds occurred due to the regular activity of operations. The ARPA balance change occurred due to the receipt of a one-time federal grant.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The wastewater fund had an increase in net position for the year of \$210,593.

## Budgetary Highlights

The difference between the original and final budget for the general fund was due to a reclassification of budget amounts for presentation purposes.

The general fund actual revenues exceeded budgeted amounts by \$122,834. This was the result of all revenues being receipted within or in excess of budgeted amounts with the exception of charges for services - police department, charges for services - recreation, interest income and interest on taxes/penalties.

The general fund actual expenditures exceeded budgeted amounts by \$39,702. All expenditure categories were within or under budgeted amounts with the exception of highway and streets.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$797,221. This increase was the result of net capital asset additions of \$1,138,860 less net disposals of \$19,365 and current year depreciation expense of \$322,274.

**Table 4**  
**Town of Castleton, Vermont**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<b>2022</b>	<b>2021 (Restated)</b>
Land and other assets not being depreciated	\$ 879,058	\$ 851,778
Buildings, building improvements and land improvements	2,358,286	2,413,669
Equipment, machinery and vehicles	1,101,808	961,226
Collection system	1,512,346	1,460,170
Infrastructure	1,447,370	814,804
Total	<u>\$ 7,298,868</u>	<u>\$ 6,501,647</u>

## **Debt**

At June 30, 2022, the Town had \$1,479,583 in bonds and notes from direct borrowings payable versus \$1,494,101 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information on debt.

## **Economic Factors and Next Year's Budgets and Rates**

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

The Town is working to maintain a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining significant reserve accounts for future capital and program needs.

## **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager or Finance Director at 263 Route 30 North, Bomoseen, Vermont 05732.

## TOWN OF CASTLETON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,583,619	\$ -	\$ 4,583,619
Investments	281,404	-	281,404
Accounts receivable (net of allowance for uncollectibles):			
Taxes	416,098	-	416,098
Other	10,105	42,532	52,637
Due from other governments	55,772	-	55,772
Prepaid items	80,259	-	80,259
Internal balances	(733,136)	733,136	-
Total current assets	<u>4,694,121</u>	<u>775,668</u>	<u>5,469,789</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	772,751	269,875	1,042,626
Depreciable assets, net of accumulated depreciation	<u>4,684,922</u>	<u>1,571,320</u>	<u>6,256,242</u>
Total noncurrent assets	<u>5,457,673</u>	<u>1,841,195</u>	<u>7,298,868</u>
<b>TOTAL ASSETS</b>	<u>10,151,794</u>	<u>2,616,863</u>	<u>12,768,657</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	277,052	21,968	299,020
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>277,052</u>	<u>21,968</u>	<u>299,020</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 10,428,846</u>	<u>\$ 2,638,831</u>	<u>\$ 13,067,677</u>

## TOWN OF CASTLETON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 462,486	\$ 47,931	\$ 510,417
Accrued payroll and expenses	29,450	954	30,404
Current portion of long-term obligations	160,148	18,095	178,243
Total current liabilities	<u>652,084</u>	<u>69,684</u>	<u>721,768</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	900,000	251,222	1,151,222
Notes from direct borrowings payable	151,873	8,600	160,473
Net pension liability	427,051	33,815	460,866
Accrued compensated absences	55,387	5,232	60,619
Total noncurrent liabilities	<u>1,534,311</u>	<u>298,869</u>	<u>1,833,180</u>
<b>TOTAL LIABILITIES</b>	<u>2,186,395</u>	<u>368,553</u>	<u>2,554,948</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	24,799	-	24,799
Deferred inflows related to pensions	277,650	22,011	299,661
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>302,449</u>	<u>22,011</u>	<u>324,460</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,255,426	1,563,859	5,819,285
Restricted	1,904,986	-	1,904,986
Unrestricted	1,779,590	684,408	2,463,998
<b>TOTAL NET POSITION</b>	<u>7,940,002</u>	<u>2,248,267</u>	<u>10,188,269</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 10,428,846</u>	<u>\$ 2,638,831</u>	<u>\$ 13,067,677</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total Government
Governmental activities:							
General government	\$ 810,746	\$ 85,564	\$ -	\$ -	\$ (725,182)	\$ -	\$ (725,182)
Public safety	567,693	29,863	-	-	(537,830)	-	(537,830)
Highway and streets	1,206,350	13,245	697,786	-	(495,319)	-	(495,319)
Recreation and culture	297,495	79,537	-	40,830	(177,128)	-	(177,128)
Solid waste	286,636	358,065	-	-	71,429	-	71,429
Cemetery	29,719	-	-	-	(29,719)	-	(29,719)
Education	6,655,288	-	-	-	(6,655,288)	-	(6,655,288)
Other	334,676	-	774,860	-	440,184	-	440,184
Interest on long-term debt	38,795	-	-	-	(38,795)	-	(38,795)
Unallocated depreciation (Note 5)*	247,916	-	-	-	(247,916)	-	(247,916)
Total governmental activities	<u>10,475,314</u>	<u>566,274</u>	<u>1,472,646</u>	<u>40,830</u>	<u>(8,395,564)</u>	<u>-</u>	<u>(8,395,564)</u>
Business-type activities:							
Wastewater	<u>505,254</u>	<u>692,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,242</u>	<u>187,242</u>
Total business-type activities	<u>505,254</u>	<u>692,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,242</u>	<u>187,242</u>
Total government	<u>\$ 10,980,568</u>	<u>\$ 1,258,770</u>	<u>\$ 1,472,646</u>	<u>\$ 40,830</u>	<u>(8,395,564)</u>	<u>187,242</u>	<u>(8,208,322)</u>

\* This amount excludes depreciation that is included in the direct expenses of various programs.

STATEMENT B (CONTINUED)

TOWN OF CASTLETON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(8,395,564)	187,242	(8,208,322)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,671,028	-	8,671,028
Grants and contributions not restricted to specific programs	701,178	-	701,178
Miscellaneous	185,761	123,051	308,812
Total general revenues	9,557,967	123,051	9,681,018
Transfers	99,700	(99,700)	-
Change in net position	1,262,103	210,593	1,472,696
NET POSITION - JULY 1, RESTATED	6,677,899	2,037,674	8,715,573
NET POSITION - JUNE 30	\$ 7,940,002	\$ 2,248,267	\$ 10,188,269

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	ARPA	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,754,533	\$ -	\$ 1,829,086	\$ 4,583,619
Accounts receivable (net of allowance for uncollectibles):				
Taxes	416,098	-	-	416,098
Other	10,105	-	-	10,105
Due from other governments	5,091	-	50,681	55,772
Prepaid items	80,259	-	-	80,259
Due from other funds	688,130	669,565	860,589	2,218,284
<b>TOTAL ASSETS</b>	<b>\$ 3,954,216</b>	<b>\$ 669,565</b>	<b>\$ 3,021,760</b>	<b>\$ 7,645,541</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 305,227	\$ -	\$ 157,259	\$ 462,486
Accrued payroll and expenses	28,390	-	1,060	29,450
Due to other funds	2,263,290	-	688,130	2,951,420
<b>TOTAL LIABILITIES</b>	<b>2,596,907</b>	<b>-</b>	<b>846,449</b>	<b>3,443,356</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	24,799	-	-	24,799
Deferred tax revenue	300,554	-	-	300,554
Deferred revenue	15,190	-	38,415	53,605
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>340,543</b>	<b>-</b>	<b>38,415</b>	<b>378,958</b>
<b>FUND BALANCES</b>				
Nonspendable	80,259	-	-	80,259
Restricted	-	669,565	1,235,421	1,904,986
Committed	655,971	-	847,459	1,503,430
Assigned	-	-	54,016	54,016
Unassigned	280,536	-	-	280,536
<b>TOTAL FUND BALANCES</b>	<b>1,016,766</b>	<b>669,565</b>	<b>2,136,896</b>	<b>3,823,227</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,954,216</b>	<b>\$ 669,565</b>	<b>\$ 3,021,760</b>	<b>\$ 7,645,541</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 3,823,227
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	5,457,673
Other long-term assets and liabilities are not available to pay for current period expenditures or revenues and therefore are deferred in the funds shown above:	
Taxes and liens receivable	300,554
Deferred revenue	53,605
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	277,052
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(975,000)
Notes from direct borrowings payable	(227,247)
Accrued compensated absences	(65,161)
Net pension liability	(427,051)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(277,650)</u>
Net position of governmental activities	<u>\$ 7,940,002</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

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

	General Fund	ARPA	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 8,678,545	\$ -	\$ -	\$ 8,678,545
Intergovernmental revenues	696,533	674,377	790,139	2,161,049
Charges for services	529,339	-	36,935	566,274
Interest income	2,583	488	3,170	6,241
Miscellaneous revenues	73,230	-	106,290	179,520
<b>TOTAL REVENUES</b>	<b>9,980,230</b>	<b>674,865</b>	<b>936,534</b>	<b>11,591,629</b>
<b>EXPENDITURES</b>				
Current:				
General government	788,472	-	-	788,472
Highway and streets	1,334,670	-	-	1,334,670
Public safety	567,693	-	-	567,693
Recreation and culture	93,003	-	204,492	297,495
Solid waste	286,636	-	-	286,636
Cemetery	29,719	-	-	29,719
Education	6,655,288	-	-	6,655,288
Other	-	5,300	329,376	334,676
Capital outlay	-	-	715,260	715,260
Debt service:				
Principal	75,000	-	75,264	150,264
Interest	35,625	-	3,170	38,795
<b>TOTAL EXPENDITURES</b>	<b>9,866,106</b>	<b>5,300</b>	<b>1,327,562</b>	<b>11,198,968</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>114,124</b>	<b>669,565</b>	<b>(391,028)</b>	<b>392,661</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	153,000	153,000
Transfers in	-	-	410,439	410,439
Transfers (out)	(310,739)	-	-	(310,739)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(310,739)</b>	<b>-</b>	<b>563,439</b>	<b>252,700</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(196,615)</b>	<b>669,565</b>	<b>172,411</b>	<b>645,361</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>1,213,381</b>	<b>-</b>	<b>1,964,485</b>	<b>3,177,866</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,016,766</b>	<b>\$ 669,565</b>	<b>\$ 2,136,896</b>	<b>\$ 3,823,227</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 645,361</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	922,020
Capital assets disposed	(78,440)
Depreciation expense	<u>(247,916)</u>
	<u>595,664</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	<u>13,131</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	(7,517)
Deferred grants	<u>53,605</u>
	<u>46,088</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	<u>(153,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	<u>150,264</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	<u>(237,394)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	1,507
Net pension liability	<u>200,482</u>
	<u>201,989</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,262,103</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022

	Enterprise Fund Wastewater
<b>ASSETS</b>	
Current assets:	
Accounts receivable (net of allowance for uncollectibles)	\$ 42,532
Due from other funds	733,136
Total current assets	<u>775,668</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	269,875
Buildings	826,249
Sewer buildings and improvements	2,617,725
Collection system	4,058,851
Machinery and equipment	228,614
Vehicles	69,770
Total capital assets	<u>8,071,084</u>
Less: accumulated depreciation	<u>(6,229,889)</u>
Net capital assets	<u>1,841,195</u>
Total noncurrent assets	<u>1,841,195</u>
<b>TOTAL ASSETS</b>	<u>2,616,863</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	21,968
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>21,968</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,638,831</u>

STATEMENT G (CONTINUED)  
TOWN OF CASTLETON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022

	<u>Enterprise Fund Wastewater</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 47,931
Accrued payroll and related liabilities	954
Unearned revenue	2,704
Current portion of long-term obligations	18,095
Total current liabilities	<u>69,684</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	251,222
Notes from direct borrowings payable	8,600
Accrued compensated absences	5,232
Net pension liability	33,815
Total noncurrent liabilities	<u>298,869</u>
<b>TOTAL LIABILITIES</b>	<u><b>368,553</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	22,011
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>22,011</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	1,563,859
Unrestricted	684,408
<b>TOTAL NET POSITION</b>	<u><b>2,248,267</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u><b>\$ 2,638,831</b></u></u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

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

	Enterprise Fund <u>Wastewater</u>
OPERATING REVENUES	
Charges for services	\$ 692,496
Other	120,723
TOTAL OPERATING REVENUES	<u>813,219</u>
OPERATING EXPENSES	
Payroll, taxes and benefits	188,881
Supplies	51,931
Utilities	74,840
Contracted services	79,309
Repairs and maintenance	13,904
Insurance	13,227
Other	8,804
Depreciation	74,358
TOTAL OPERATING EXPENSES	<u>505,254</u>
OPERATING INCOME (LOSS)	<u>307,965</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,328
Transfers (out)	(99,700)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(97,372)</u>
CHANGE IN NET POSITION	210,593
NET POSITION - JULY 1	<u>2,037,674</u>
NET POSITION - JUNE 30	<u>\$ 2,248,267</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Fund Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 825,008
Internal activity - receipts (payments) from/to other funds	(24,526)
Payments to employees	(185,675)
Payments to suppliers	(224,266)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>390,541</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	2,328
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,328</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(275,915)
Principal paid on capital debt	(17,254)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(293,169)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 307,965
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	74,358
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	11,789
(Increase) decrease in due from other funds	(24,526)
(Increase) decrease in deferred outflows of resources	(1,023)
Increase (decrease) in accounts payable	16,544
Increase (decrease) in payroll and related liabilities	(702)
Increase (decrease) in unearned revenue	1,205
Increase (decrease) in accrued compensated absences	1,860
Increase (decrease) in net pension liability	(15,713)
Increase (decrease) in deferred inflows of resources	18,784
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 390,541</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Castleton, Vermont was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, highway, public safety, recreation and culture, solid waste, cemetery and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. In accordance with Governmental Accounting Standards Board Statement No. 14 (as amended by Number 39 and 61), the Town has evaluated all potential component units. The financial statements include the Castleton Free Public Library as a blended component unit. This component unit does not have separately issued financial statements.

**Implementation of New Accounting Standards**

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

interest that previously was accounted for in accordance with the requirements of *Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's wastewater fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The ARPA fund is used to account for the proceeds of ARPA grants and are legally restricted to expenditures for specified purposes. The major revenue source for this fund is federal grant revenue.

Nonmajor Funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Fund:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

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

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. In the half of the year, the Town prepares a budget for the next fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. The Selectboard approves the proposed budget in December or January.
2. A meeting of the voters of the Town is called for the purpose of adopting the proposed budget after public notice of the meeting is given.
3. The budget is adopted subsequent to passage by the voters of the Town.

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$14,500 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$108,409 for the year ended June 30, 2022.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	10 - 75 years (pre 2015)
Buildings and improvements	50 years (post 2015)
Infrastructure	20 - 50 years
Machinery, equipment and vehicles	3 - 25 years (pre 2015)
Machinery, equipment and vehicles	5 years (post 2015)

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Pension**

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance would need to be given annually by vote of the taxpayers in order to be expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenue and deferred revenue, which arises only under a modified accrual basis of accounting, qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2022 were payable in four equal installments due on August 31<sup>st</sup>, November 30<sup>th</sup>, February 28<sup>th</sup> and May 31<sup>st</sup>.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF.

At June 30, 2022, the Town's cash balances amounting to \$4,493,656 were comprised of deposits of \$4,565,917. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$500,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$3,497,045 were collateralized by securities held by the financial institution in the client's name. The remaining deposits of \$568,872 were collateralized with a letter of credit through the Bank of New York Mellon, with the Town named as designated beneficiary.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 4,565,917</u>

TOWN OF CASTLETON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2022, the Town's has \$0 in investments.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in various savings accounts and certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 766,479	\$ 2,251,157
ARPA	669,565	-
Enterprise funds	733,136	-
Nonmajor special revenue funds	43,794	131,376
Nonmajor capital projects funds	804,662	635,103
Totals	<u>\$ 3,017,636</u>	<u>\$ 3,017,636</u>

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers In	Transfers Out
	<u>          </u>	<u>          </u>
General fund	\$ -	\$ 310,739
Enterprise funds	-	99,700
Nonmajor special revenue funds	122,180	-
Nonmajor capital projects funds	288,259	-
Totals	<u>\$ 410,439</u>	<u>\$ 410,439</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2022 is as follows:

	Balance 7/1/21 (Restated)	Additions	Disposals/ Transfers	Balance 6/30/22
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 660,166	\$ 20,833	\$ -	\$ 680,999
Construction in progress	87,119	63,708	(59,075)	91,752
	<u>747,285</u>	<u>84,541</u>	<u>(59,075)</u>	<u>772,751</u>
Depreciated assets:				
Buildings and improvements	2,823,331	-	-	2,823,331
Machinery and equipment	2,598,237	174,000	(96,822)	2,675,415
Infrastructure	882,173	663,479	-	1,545,652
	<u>6,303,741</u>	<u>837,479</u>	<u>(96,822)</u>	<u>7,044,398</u>
Less: accumulated depreciation	(2,189,017)	(247,916)	77,457	(2,359,476)
	<u>4,114,724</u>	<u>589,563</u>	<u>(19,365)</u>	<u>4,684,922</u>
Net capital assets	<u>4,862,009</u>	<u>674,104</u>	<u>(78,440)</u>	<u>5,457,673</u>
 <u>Business-type activities:</u>				
Non-depreciated assets:				
Land	104,493	-	-	104,493
Construction in progress	-	165,382	-	165,382
	<u>104,493</u>	<u>165,382</u>	<u>-</u>	<u>269,875</u>
Depreciated assets:				
Buildings	826,249	-	-	826,249
Sewer buildings and improvements	2,617,725	-	-	2,617,725
Collection system	3,948,318	110,533	-	4,058,851
Machinery and equipment	228,614	-	-	228,614
Vehicles	69,770	-	-	69,770
	<u>7,690,676</u>	<u>110,533</u>	<u>-</u>	<u>7,801,209</u>
Less: accumulated depreciation	(6,155,531)	(74,358)	-	(6,229,889)
	<u>1,535,145</u>	<u>36,175</u>	<u>-</u>	<u>1,571,320</u>
Net capital assets	<u>1,639,638</u>	<u>201,557</u>	<u>-</u>	<u>1,841,195</u>
 Total government	 <u>\$ 6,501,647</u>	 <u>\$ 875,661</u>	 <u>\$ (78,440)</u>	 <u>\$ 7,298,868</u>

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<i>Governmental Activities:</i>					
Bonds payable	\$ 1,050,000	\$ -	\$ (75,000)	\$ 975,000	\$ 75,000
Notes from direct borrowings payable	149,511	153,000	(75,264)	227,247	75,374
	<u>\$ 1,199,511</u>	<u>\$ 153,000</u>	<u>\$ (150,264)</u>	<u>\$ 1,202,247</u>	<u>\$ 150,374</u>
<i>Business-type Activities:</i>					
Bonds payable	\$ 277,390	\$ -	\$ (12,954)	\$ 264,436	\$ 13,214
Notes from direct borrowings payable	17,200	-	(4,300)	12,900	4,300
	<u>\$ 294,590</u>	<u>\$ -</u>	<u>\$ (17,254)</u>	<u>\$ 277,336</u>	<u>\$ 17,514</u>

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

	Governmental Activities	Business-type Activities	Total
Bonds payable:			
2014 - \$1,500,000 General Obligation Bond. Annual principal payments of \$75,000 with a fixed interest rate ranging from 0.513% to 3.993%. The bond matures in November of 2034.	\$ 975,000	\$ -	\$ 975,000
2019 - \$615,000 General Obligation Bond. Principal forgiveness of \$307,500 occurred at closing with the remaining \$307,500 due in annual principal payments ranging from \$12,656 to \$18,437. Fixed interest rate is 0.00% with a 2.00% annual administrative fee. The bond matures in December of 2038.	-	264,436	264,436
Total bonds payable:	<u>\$ 975,000</u>	<u>\$ 264,436</u>	<u>\$ 1,239,436</u>
Notes from direct borrowings payable:			
2022 - Capital equipment note with People's United Bank, NA for a loader. Annual principal payments in the amount of \$38,250 and interest is charged a fixed rate of 2.35% per annum. The capital equipment note matures in February of 2026.	\$ 153,000	\$ -	\$ 153,000
2019 - Capital equipment note with People's United Bank, NA for a dump truck. Annual principal payment ranging from \$37,124 and interest is charged a fixed rate of 2.50% per annum. The capital equipment note matures in July of 2023.	74,247	-	74,247
2016 - Note with Vermont Municipal Bond Bank for a 10-year sewer system planning study. Annual principal payments in the amount of \$4,300 and interest is charged at 0.00% per annum. The note matures in December of 2024.	-	12,900	12,900
Total notes from direct borrowings payable	<u>\$ 227,247</u>	<u>\$ 12,900</u>	<u>\$ 240,147</u>

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities				
	Bonds Payable		Notes from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 75,000	\$ 33,531	\$ 75,374	\$ 5,268	\$ 189,173
2024	75,000	31,271	75,373	3,532	185,176
2025	75,000	28,899	38,250	1,798	143,947
2026	75,000	26,444	38,250	899	140,593
2027	75,000	23,910	-	-	98,910
2028-2032	375,000	79,295	-	-	454,295
2033-2037	225,000	13,379	-	-	238,379
	<u>\$ 975,000</u>	<u>\$ 236,729</u>	<u>\$ 227,247</u>	<u>\$ 11,497</u>	<u>\$ 1,450,473</u>

	Business-type Activities				
	Bonds Payable		Note from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 13,214	\$ 5,289	\$ 4,300	\$ -	\$ 22,803
2024	13,478	5,024	4,300	-	22,802
2025	13,748	4,755	4,300	-	22,803
2026	14,023	4,480	-	-	18,503
2027	14,303	4,199	-	-	18,502
2028-2032	75,922	16,590	-	-	92,512
2033-2037	83,824	8,688	-	-	92,512
2038-2042	35,924	1,081	-	-	37,005
	<u>\$ 264,436</u>	<u>\$ 50,106</u>	<u>\$ 12,900</u>	<u>\$ -</u>	<u>\$ 327,442</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2022 was \$0.

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes or water/sewer user fees levied on all taxable property within the Town.

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

	Balance, 7/1/21 (Restated)	Additions	Deletions	Balance, 6/30/22	Current Portion
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 66,668	\$ 4,881	\$ (6,388)	\$ 65,161	\$ 9,774
Net pension liability	627,533	100,869	(301,351)	427,051	-
	<u>\$ 694,201</u>	<u>\$ 105,750</u>	<u>\$ (307,739)</u>	<u>\$ 492,212</u>	<u>\$ 9,774</u>
<i>Business-type Activities:</i>					
Accrued compensated absences	\$ 3,953	\$ 1,860	\$ -	\$ 5,813	\$ 581
Net pension liability	49,528	8,179	(23,892)	33,815	-
	<u>\$ 53,481</u>	<u>\$ 10,039</u>	<u>\$ (23,892)</u>	<u>\$ 39,628</u>	<u>\$ 581</u>

Please see Notes 8 and 15 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. Generally, the liability for these compensated absences are recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Town's liability for compensated absences is \$70,974.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022.

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 7,817,149	\$ 8,071,084
Accumulated depreciation	(2,359,476)	(6,229,889)
Outstanding capital related debt	(1,202,247)	(277,336)
	<u>\$ 4,255,426</u>	<u>\$ 1,563,859</u>

TOWN OF CASTLETON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the Town had the following restricted net position and fund balances:

ARPA	\$ 669,565
Special revenue fund:	
Castleton Free Public Library	366,999
Donations	12,133
Recreation multiple	1,567
4th of July	1,515
Capital projects fund:	
Municipal records preservation	68,155
Wastewater treatment facility	643,403
Reappraisal	141,649
	<u>\$ 1,904,986</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	<u>\$ 80,259</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General fund:	
Use for FY 2023 budget	\$ 153,000
Highways and streets	502,971
Nonmajor capital projects funds (Schedule E)	847,459
	<u>\$ 1,503,430</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

Nonmajor capital projects funds (Schedule E)	<u>\$ 54,016</u>
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TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071, or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2020 (the most recent data available), the retirement system consisted of 15,548 participating members.

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 Schools and the Vermont Selectboards Association.

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

**Benefits Provided**

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Groups B and C. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

\*\* A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2021 are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2022 totaled \$82,682. The Town contributed \$77,335 for the year ended June 30, 2022. The Town's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$1,134,095.

**Pension Liabilities**

At June 30, 2022, the Town reported a liability of \$460,866 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2021, the Town's proportion was 0.31312% for VMERS, which was an increase of 0.05208% from its proportion measured as of June 30, 2020 for VMERS.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the Town recognized pension expense of \$23,781 for the VMERS plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,897	\$ -
Changes of assumptions	72,847	-
Net difference between projected and actual earnings on pension plan investments	-	271,739
Changes in proportion and differences between contributions and proportionate share of contributions	62,941	27,922
Contributions subsequent to the measurement date	77,335	-
<b>Total</b>	<b>\$ 299,020</b>	<b>\$ 299,661</b>

\$77,335 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2022	\$ 4,195
2023	(5,012)
2024	(19,477)
2025	(57,682)
2026	-
Thereafter	-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2021 measurement date was determined by rolling forward the total pension liability as of June 30, 2020 to June 30, 2021. The total pension liability was calculated using the following actuarial assumptions:

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Inflation:* 2.30%

*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.

*Deaths After Retirement:* Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

*Pre-Retirement:*

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

*Healthy Post-Retirement - Retirees:*

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

*Disabled Post-Retirement:*

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

*Inactive Members:* Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Future Administrative Expenses:* An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

*Unknown Data for Participants:* The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

*Percent Married:* 85% of male members and 50% of female members are assumed to be married.

*Spouse's Age:* Husbands are assumed to be three years older than their wives.

*Cost-of-Living Adjustments:* Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members.

*Actuarial Cost Method:* The Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Non-US Equity - Small Cap	0.00%	0.00%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

TOWN OF CASTLETON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 910,927	\$ 460,866	\$ 90,784

**Pension Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://AnnualComprehensiveFinancialReport|DepartmentofFinanceandManagement.vermont.gov).

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability and natural disasters. The Town manages these risks through commercial insurance policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of insurance coverage in any of the past three years.

NOTE 16 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF CASTLETON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - BLENDED COMPONENT UNIT

The Town presents the following as a blended component unit in the financial statements:

The Castleton Free Public Library ("Library") is a nonprofit organization created in 2010 to provide services free public library services to the constituents of Castleton, Vermont. The Library is governed by a five-person Board of Trustees elected to individual five-year terms. The Library does not produce its own financial statements.

NOTE 18 - JOINT VENTURE

The Town of Castleton is a member of the Rutland County Solid Waste District that exists to address the solid waste management interests of its 18 member towns. The District is governed by a Board of Supervisors which are appointed to represent the communities from its member towns. The most recent financial statements may be obtained from the Rutland County Solid Waste District, 2 Greens Hill Lane, Rutland, Vermont 05701.

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 20 - RESTATEMENTS

In 2022, the Town determined that certain transactions were recorded incorrectly in the previous year, therefore restatements were required. Restatement were made to the governmental activities and to the nonmajor special revenue funds total fund balance to reclassify the Castleton Free Public Library financial information from a discretely presented component unit to a blended component unit in accordance with Governmental Accounting Standards Board Statement No. 14 (as amended by Number 39 and 61). Additionally, the total nonmajor special revenue funds total fund balance and the general fund total fund balance were restated by \$90,482 to classify FEMA expenses that were not approved. The resulting restatements increased governmental activities by \$412,871 from \$6,265,028 to \$6,677,899, increased the nonmajor special revenue funds total fund balance by \$497,655 from a deficit balance of \$76,602 to a balance of \$421,053 and decreased the general fund total fund balance by \$90,482 from \$1,303,863 to \$1,213,381.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability/(Asset)
- Schedule of Contributions - Pension
- Notes to Required Supplementary Information

## TOWN OF CASTLETON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 1,213,381	\$ 1,213,381	\$ 1,213,381	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,649,532	8,649,532	8,678,545	29,013
Intergovernmental revenues:				
State aid	144,000	144,000	162,608	18,608
State PILOT	448,295	448,295	465,119	16,824
Current use	30,000	30,000	33,897	3,897
Equalization grant	2,400	2,400	2,437	37
Railroad tax	100	100	472	372
Other	32,000	32,000	32,000	-
Charges for services:				
Licenses/permits	54,500	54,500	83,148	28,648
Highway	1,000	1,000	13,245	12,245
Transfer station	345,277	345,277	358,065	12,788
Police department	35,400	35,400	29,863	(5,537)
Recreation	44,792	44,792	42,602	(2,190)
Miscellaneous	1,200	1,200	2,416	1,216
Interest income	3,000	3,000	2,583	(417)
Interest on taxes/penalties	60,000	60,000	50,728	(9,272)
Miscellaneous	5,900	5,900	22,502	16,602
Amounts Available for Appropriation	<u>11,070,777</u>	<u>11,070,777</u>	<u>11,193,611</u>	<u>122,834</u>
Charges to Appropriations (Outflows):				
General government	871,156	853,597	788,472	65,125
Highway and streets	1,168,940	1,088,940	1,334,670	(245,730)
Public safety	718,760	639,260	567,693	71,567
Recreation and culture	233,097	112,097	93,003	19,094
Solid waste	345,277	338,777	286,636	52,141
Cemetery	34,000	34,000	29,719	4,281
Education	6,655,288	6,655,288	6,655,288	-
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	35,625	35,625	35,625	-
Transfers to other funds	-	304,559	310,739	(6,180)
Total Charges to Appropriations	<u>10,137,143</u>	<u>10,137,143</u>	<u>10,176,845</u>	<u>(39,702)</u>
Budgetary Fund Balance, June 30	<u>\$ 933,634</u>	<u>\$ 933,634</u>	<u>\$ 1,016,766</u>	<u>\$ 83,132</u>
Utilization of assigned fund balance	<u>\$ 279,747</u>	<u>\$ 279,747</u>	<u>\$ -</u>	<u>\$ (279,747)</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Proportion of the net pension liability/(asset)	0.31%	0.26%	0.28%	0.30%	0.31%	0.33%	0.35%	0.30%
Proportionate share of the net pension liability/(asset)	\$ 460,866	\$ 677,061	\$ 493,832	\$ 425,674	\$ 377,971	\$ 422,417	\$ 267,571	\$ 27,741
Covered payroll	\$ 1,033,807	\$ 862,041	\$ 879,669	\$ 884,076	\$ 850,236	\$ 837,059	\$ 817,047	\$ 613,661
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	44.58%	78.54%	56.14%	48.15%	44.45%	50.46%	32.75%	4.52%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF CASTLETON, VERMONT

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>								
Contractually required contribution	\$ 77,335	\$ 69,618	\$ 55,469	\$ 55,976	\$ 53,001	\$ 50,948	\$ 49,886	\$ 48,514
Contributions in relation to the contractually required contribution	(77,335)	(69,618)	(55,469)	(55,976)	(53,001)	(50,948)	(49,886)	(48,514)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,134,095	\$ 1,033,807	\$ 862,041	\$ 879,669	\$ 884,076	\$ 850,236	\$ 837,059	\$ 817,047
Contributions as a percentage of covered payroll	6.82%	6.73%	6.43%	6.36%	6.00%	5.99%	5.96%	5.94%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF CASTLETON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

**Changes of Assumptions**

VMERS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

See accompanying independent auditor's report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds

## TOWN OF CASTLETON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 89,963	\$ 1,739,123	\$ 1,829,086
Investments	281,404	-	281,404
Due from other governments	50,681	-	50,681
Due from other funds	55,927	804,662	860,589
<b>TOTAL ASSETS</b>	<b><u>\$ 477,975</u></b>	<b><u>\$ 2,543,785</u></b>	<b><u>\$ 3,021,760</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,259	\$ 154,000	\$ 157,259
Accrued payroll and expenses	1,060	-	1,060
Due to other funds	53,027	635,103	688,130
<b>TOTAL LIABILITIES</b>	<b><u>57,346</u></b>	<b><u>789,103</u></b>	<b><u>846,449</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	38,415	-	38,415
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>38,415</u></b>	<b><u>-</u></b>	<b><u>38,415</u></b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	382,214	853,207	1,235,421
Committed	-	847,459	847,459
Assigned	-	54,016	54,016
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>382,214</u></b>	<b><u>1,754,682</u></b>	<b><u>2,136,896</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 477,975</u></b>	<b><u>\$ 2,543,785</u></b>	<b><u>\$ 3,021,760</u></b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 790,139	\$ -	\$ 790,139
Charges for services	36,935	-	36,935
Interest income	79	3,091	3,170
Other	74,826	31,464	106,290
TOTAL REVENUES	<u>901,979</u>	<u>34,555</u>	<u>936,534</u>
EXPENDITURES			
Recreation and culture	204,492	-	204,492
Debt service:			
Principal	-	75,264	75,264
Interest	-	3,170	3,170
Capital outlay	540,426	174,834	715,260
Other	318,080	11,296	329,376
TOTAL EXPENDITURES	<u>1,062,998</u>	<u>264,564</u>	<u>1,327,562</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(161,019)</u>	<u>(230,009)</u>	<u>(391,028)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	122,180	288,259	410,439
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>122,180</u>	<u>441,259</u>	<u>563,439</u>
NET CHANGE IN FUND BALANCES	(38,839)	211,250	172,411
FUND BALANCES - JULY 1, RESTATED	<u>421,053</u>	<u>1,543,432</u>	<u>1,964,485</u>
FUND BALANCES - JUNE 30	<u>\$ 382,214</u>	<u>\$ 1,754,682</u>	<u>\$ 2,136,896</u>

See accompanying independent auditor's report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF CASTLETON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Castleton Free Public Library	FEMA	SOV DUI Grant	SOV PD Grants	SOV Paving Grant	SOV TE Grant	SOV/TAP Ped Connection	RRPC/DEC GIA Highway
<b>ASSETS</b>								
Cash and cash equivalents	\$ 89,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	281,404	-	-	-	-	-	-	-
Due from other governments	-	-	-	12,221	-	-	774	8,685
Due from other funds	-	38,415	-	-	1,887	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 371,367</b>	<b>\$ 38,415</b>	<b>\$ -</b>	<b>\$ 12,221</b>	<b>\$ 1,887</b>	<b>\$ -</b>	<b>\$ 774</b>	<b>\$ 8,685</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 275	\$ -	\$ -	\$ -	\$ 1,887	\$ -	\$ 480	\$ -
Accrued payroll and expenses	1,060	-	-	-	-	-	-	-
Due to other funds	3,033	-	-	12,221	-	-	294	8,685
<b>TOTAL LIABILITIES</b>	<b>4,368</b>	<b>-</b>	<b>-</b>	<b>12,221</b>	<b>1,887</b>	<b>-</b>	<b>774</b>	<b>8,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred revenue	-	38,415	-	-	\$ -	\$ -	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>38,415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	366,999	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>366,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 371,367</b>	<b>\$ 38,415</b>	<b>\$ -</b>	<b>\$ 12,221</b>	<b>\$ 1,887</b>	<b>\$ -</b>	<b>\$ 774</b>	<b>\$ 8,685</b>

TOWN OF CASTLETON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Restricted Donations	SOV/TAP Stormwater	PD/SRO SVUUSD	PD Special Detail	USDA-PD Equipment	Recreation Multiple	OJP Grant PD Vests	4th of July	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,963
Investments	-	-	-	-	-	-	-	-	281,404
Due from other governments	-	26,285	2,358	358	-	-	-	-	50,681
Due from other funds	12,133	-	-	-	-	1,944	-	1,548	55,927
<b>TOTAL ASSETS</b>	<b>\$ 12,133</b>	<b>\$ 26,285</b>	<b>\$ 2,358</b>	<b>\$ 358</b>	<b>\$ -</b>	<b>\$ 1,944</b>	<b>\$ -</b>	<b>\$ 1,548</b>	<b>\$ 477,975</b>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ 207	\$ -	\$ -	\$ 377	\$ -	\$ 33	\$ 3,259
Accrued payroll and expenses	-	-	-	-	-	-	-	-	1,060
Due to other funds	-	26,285	2,151	358	-	-	-	-	53,027
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>26,285</b>	<b>2,358</b>	<b>358</b>	<b>-</b>	<b>377</b>	<b>-</b>	<b>33</b>	<b>57,346</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred revenue	-	-	-	-	-	-	-	-	38,415
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,415</b>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	12,133	-	-	-	-	1,567	-	1,515	382,214
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>12,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567</b>	<b>-</b>	<b>1,515</b>	<b>382,214</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,133</b>	<b>\$ 26,285</b>	<b>\$ 2,358</b>	<b>\$ 358</b>	<b>\$ -</b>	<b>\$ 1,944</b>	<b>\$ -</b>	<b>\$ 1,548</b>	<b>\$ 477,975</b>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF CASTLETON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Castleton Free Public Library	FEMA	SOV DUI Grant	SOV PD Grants	SOV Paving Grant	SOV TE Grant	SOV/TAP Ped Connection	RRPC/DEC GIA Highway
<b>REVENUES</b>								
Intergovernmental	\$ 5,000	\$ 4,220	\$ 27,669	\$ 39,693	\$ 107,140	\$ 450,600	\$ 26,118	\$ 17,240
Charges for services	-	-	-	-	-	-	-	-
Interest income	79	-	-	-	-	-	-	-
Other	60,421	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>65,500</b>	<b>4,220</b>	<b>27,669</b>	<b>39,693</b>	<b>107,140</b>	<b>450,600</b>	<b>26,118</b>	<b>17,240</b>
<b>EXPENDITURES</b>								
Recreation and culture	164,146	-	-	-	-	-	-	-
Capital outlay	63,708	-	-	-	-	450,600	26,118	-
Other	-	4,220	27,669	39,693	107,140	-	-	17,240
<b>TOTAL EXPENDITURES</b>	<b>227,854</b>	<b>4,220</b>	<b>27,669</b>	<b>39,693</b>	<b>107,140</b>	<b>450,600</b>	<b>26,118</b>	<b>17,240</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(162,354)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	122,180	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>122,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(40,174)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>407,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 366,999</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

TOWN OF CASTLETON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Restricted Donations	SOV/TAP Stormwater	PD/SRO SVUUSD	PD Special Detail	USDA-PD Equipment	Recreation Multiple	OJP Grant PD Vests	4th of July	Total
REVENUES									
Intergovernmental	\$ -	\$ 25,417	\$ 81,858	\$ -	\$ 3,909	\$ -	\$ 1,275	\$ -	\$ 790,139
Charges for services	-	-	-	-	-	36,935	-	-	36,935
Interest income	-	-	-	-	-	-	-	-	79
Other	-	-	-	6,419	-	4,978	200	2,808	74,826
TOTAL REVENUES	-	25,417	81,858	6,419	3,909	41,913	1,475	2,808	901,979
EXPENDITURES									
Recreation and culture	-	-	-	-	-	40,346	-	-	204,492
Capital outlay	-	-	-	-	-	-	-	-	540,426
Other	1,747	25,417	81,858	6,419	3,909	-	1,475	1,293	318,080
TOTAL EXPENDITURES	1,747	25,417	81,858	6,419	3,909	40,346	1,475	1,293	1,062,998
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,747)	-	-	-	-	1,567	-	1,515	(161,019)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	122,180
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	122,180
NET CHANGE IN FUND BALANCES	(1,747)	-	-	-	-	1,567	-	1,515	(38,839)
FUND BALANCES - JULY 1, RESTATED	13,880	-	-	-	-	-	-	-	421,053
FUND BALANCES - JUNE 30	\$ 12,133	\$ -	\$ -	\$ -	\$ -	\$ 1,567	\$ -	\$ 1,515	\$ 382,214

See accompanying independent auditor's report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF CASTLETON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	Municipal Records Preservation	Wastwater Treatment Facility	Reappraisal	Public Buildings	Castleton Emergency Response	Recreation Crystal Beach	Recreation Dewey Field
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 920,251	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	68,155	2,500	141,649	12,516	9,517	19,655	935
<b>TOTAL ASSETS</b>	<b>\$ 68,155</b>	<b>\$ 922,751</b>	<b>\$ 141,649</b>	<b>\$ 12,516</b>	<b>\$ 9,517</b>	<b>\$ 19,655</b>	<b>\$ 935</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	279,348	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>279,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	68,155	643,403	141,649	-	-	-	-
Committed	-	-	-	12,516	9,517	19,655	935
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>68,155</b>	<b>643,403</b>	<b>141,649</b>	<b>12,516</b>	<b>9,517</b>	<b>19,655</b>	<b>935</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 68,155</b>	<b>\$ 922,751</b>	<b>\$ 141,649</b>	<b>\$ 12,516</b>	<b>\$ 9,517</b>	<b>\$ 19,655</b>	<b>\$ 935</b>

TOWN OF CASTLETON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	<u>Sidewalks</u>	<u>Transfer Station</u>	<u>Vehicles and Equipment Fire</u>	<u>Vehicles and Equipment Highway</u>	<u>Vehicles and Equipment Police</u>	<u>Weed Harvesting</u>	<u>Capital Improvements</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 818,872	\$ -	\$ -	\$ -	\$ -	\$ 1,739,123
Due from other funds	70,169	108,428	-	270,853	27,243	19,026	54,016	804,662
<b>TOTAL ASSETS</b>	<u>\$ 70,169</u>	<u>\$ 108,428</u>	<u>\$ 818,872</u>	<u>\$ 270,853</u>	<u>\$ 27,243</u>	<u>\$ 19,026</u>	<u>\$ 54,016</u>	<u>\$ 2,543,785</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 154,000	\$ -	\$ -	\$ -	\$ 154,000
Due to other funds	-	-	355,755	-	-	-	-	635,103
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>355,755</u>	<u>154,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789,103</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	853,207
Committed	70,169	108,428	463,117	116,853	27,243	19,026	-	847,459
Assigned	-	-	-	-	-	-	54,016	54,016
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>70,169</u>	<u>108,428</u>	<u>463,117</u>	<u>116,853</u>	<u>27,243</u>	<u>19,026</u>	<u>54,016</u>	<u>1,754,682</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 70,169</u>	<u>\$ 108,428</u>	<u>\$ 818,872</u>	<u>\$ 270,853</u>	<u>\$ 27,243</u>	<u>\$ 19,026</u>	<u>\$ 54,016</u>	<u>\$ 2,543,785</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF CASTLETON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Municipal Records Preservation	Wastwater Treatment Facility	Reappraisal	Public Buildings	Castleton Emergency Response	Recreation Crystal Beach	Recreation Dewey Field
REVENUES							
Interest income	\$ -	\$ 3,091	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	20,714	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>3,091</u>	<u>20,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	8,096	-	-	-	-	3,200	-
TOTAL EXPENDITURES	<u>8,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,096)</u>	<u>3,091</u>	<u>20,714</u>	<u>-</u>	<u>-</u>	<u>(3,200)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	-	-
Transfers in	14,059	99,700	-	3,500	-	5,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,059</u>	<u>99,700</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,963	102,791	20,714	3,500	-	1,800	-
FUND BALANCES - JULY 1	<u>62,192</u>	<u>540,612</u>	<u>120,935</u>	<u>9,016</u>	<u>9,517</u>	<u>17,855</u>	<u>935</u>
FUND BALANCES - JUNE 30	<u>\$ 68,155</u>	<u>\$ 643,403</u>	<u>\$ 141,649</u>	<u>\$ 12,516</u>	<u>\$ 9,517</u>	<u>\$ 19,655</u>	<u>\$ 935</u>

TOWN OF CASTLETON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Sidewalks	Transfer Station	Vehicles and Equipment Fire	Vehicles and Equipment Highway	Vehicles and Equipment Police	Weed Harvesting	Capital Improvements	Total
<b>REVENUES</b>								
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,091
Other	-	-	-	250	500	-	10,000	31,464
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>500</u>	<u>-</u>	<u>10,000</u>	<u>34,555</u>
<b>EXPENDITURES</b>								
Capital outlay	-	-	-	154,000	-	-	20,834	174,834
Debt service:								
Principal	-	-	-	75,264	-	-	-	75,264
Interest	-	-	-	3,170	-	-	-	3,170
Other	-	-	-	-	-	-	-	11,296
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,434</u>	<u>-</u>	<u>-</u>	<u>20,834</u>	<u>264,564</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,184)</u>	<u>500</u>	<u>-</u>	<u>(10,834)</u>	<u>(230,009)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt proceeds	-	-	-	153,000	-	-	-	153,000
Transfers in	-	6,500	62,500	80,000	17,000	-	-	288,259
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>6,500</u>	<u>62,500</u>	<u>233,000</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>441,259</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	6,500	62,500	816	17,500	-	(10,834)	211,250
<b>FUND BALANCES - JULY 1</b>	<u>70,169</u>	<u>101,928</u>	<u>400,617</u>	<u>116,037</u>	<u>9,743</u>	<u>19,026</u>	<u>64,850</u>	<u>1,543,432</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 70,169</u>	<u>\$ 108,428</u>	<u>\$ 463,117</u>	<u>\$ 116,853</u>	<u>\$ 27,243</u>	<u>\$ 19,026</u>	<u>\$ 54,016</u>	<u>\$ 1,754,682</u>

See accompanying independent auditor's report and notes to financial statements.

## Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- 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*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF CASTLETON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Education Passed through Vermont AfterSchool:				
Education Stabilization Fund	84.425	N/A	\$ 28,571	\$ -
Total U.S. Department of Education			<u>28,571</u>	<u>-</u>
U.S. Environmental Protection Agency Passed through State of Vermont Agency of Natural Resources:				
Clean Water State Revolving Fund	66.458	06140-RF1-262-1.0	<u>137,813</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>137,813</u>	<u>-</u>
U.S. Department of Housing and Urban Development Passed through State of Vermont Agency of Commerce and Community Development:				
Community Development Block Grant/State Programs	14.228	07110-IG-2016-CASTLETON	<u>191,167</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>191,167</u>	<u>-</u>
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	N/A	<u>1,275</u>	<u>-</u>
Total U.S. Department of Justice			<u>1,275</u>	<u>-</u>
U.S. Department of Transportation Passed through State of Vermont Agency of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	08126-EH0020 & BP20(2)	450,600	
Highway Planning and Construction	20.205	CA0585 Castleton TAP TA19(3)	25,417	
Highway Planning and Construction	20.205	CA0632 Castleton TAP TA20(2)	26,118	
Total Highway Planning and Construction Cluster			<u>502,135</u>	<u>-</u>
Highway Safety Cluster:				
State and Community Highway Safety	20.600	GR1321	<u>20,453</u>	
Total Highway Safety Cluster			<u>20,453</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A	<u>27,669</u>	<u>-</u>
Total U.S. Department of Transportation			<u>550,257</u>	<u>-</u>
U.S. Department of Treasury Passed through State of Vermont Agency of Administration:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRFVT0044	<u>5,300</u>	<u>-</u>
Total U.S. Department of Treasury			<u>5,300</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 914,383</u>	<u>\$ -</u>

# TOWN OF CASTLETON, VERMONT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

### 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Castleton, Vermont under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Castleton, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Castleton, Vermont.

### 2. Summary of Significant Accounting Policies

a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

b. The Town of Castleton, Vermont has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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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 Castleton  
Bomoseen, Vermont

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, business-type activities, each major fund and the aggregate remaining fund information of Town of Castleton, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Town of Castleton's basic financial statements and have issued our report thereon dated January 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Castleton'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Castleton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Castleton'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
www.rhrsmith.com

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 Town of Castleton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Castleton in a separate letter dated January 25, 2023.

### 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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 25, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Selectboard  
Town of Castleton  
Bomoseen, Vermont

Report on Compliance for Each Major Federal Program

We have audited Town of Castleton's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Castleton's major federal programs for the year ended June 30, 2022. Town of Castleton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Castleton's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Castleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Town of Castleton's compliance.

## Opinion on Each Major Federal Program

In our opinion, Town of Castleton, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

## Report on Internal Control Over Compliance

Management of Town of Castleton is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Castleton internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Castleton's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 25, 2023

TOWN OF CASTLETON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

**Section II - Financial Statement Findings**

None

**Section III - Federal Awards Findings and Questioned Costs**

None