

TOWN OF MORRISTOWN, VERMONT

**FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020**

AND AUDITOR'S REPORT

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Glenna L. Pound

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Selectboard of the Town of Morristown, Vermont:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Morristown, Vermont as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Morristown, Vermont as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8, the Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual– General Fund on pages 49-52, the Schedule of Changes to the Proportionate Share of the Net Pension Liability on page 53 and the Schedule of the Town's Pension Contributions on page 54 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Morristown, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 24, 2020, on my consideration of the Town of Morristown, Vermont's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Morristown, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Morristown, Vermont's internal control over financial reporting and compliance.



Glenna L. Pound, CPA
Stowe, VT
November 24, 2020

TOWN OF MORRISTOWN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The following is a discussion and analysis of the Town of Morristown's (*Town*) financial performance, including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. Readers should consider this information in conjunction with the financial statements, which are located after this analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$19,604,983 (*net assets*). Of this amount, \$476,624 (*unrestricted net assets*) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's total net assets decreased by \$245,529.
- As of the close of the current fiscal year, the Town of Morristown's governmental funds reported combined ending fund balance of \$5,860,745, a decrease of \$124,391 in comparison with the prior year. Of this total amount, \$505,176 is *available for spending* at the government's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Table 1 summarizes the major features of the basic financial statements with further explanations below:

<i>Major Features of the Town's Government-Wide and Fund Financial Statements</i>			
	<i>Government-Wide Financial Statements</i>	<i>Fund Financial Statements</i>	
		<i>Governmental Funds</i>	<i>Fiduciary Funds</i>
Scope	Entire Town government except fiduciary funds, and any applicable discretely presented component units	The activities of the Town that are not proprietary or fiduciary, such as General Government, Public Safety and Public Works	Instances in which the Town is the trustee or agent for someone else's resources
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position (if applicable)
Measurement focus and basis of accounting	Economic resources measurement focus and accrual basis of accounting	Current financial resources measurement focus and modified accrual basis of accounting	Economic resources measurement focus and accrual basis of accounting
Type of asset/liability information presented	All assets and liabilities, both financial and capital, and both short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and both short-term and long-term
Type of inflow/outflow information presented	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid.

- **Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Morristown's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Morristown is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Both of the government-wide financial statements distinguish functions of the Town of Morristown that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Town include general government, public safety, public works, recreation, cultural and public improvements.

The government-wide financial statements can be found on pages 9 and 10 of this report.

- **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 Morristown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds, and fiduciary funds.

Governmental Funds: Most of the basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

The Town reports four (4) individual governmental funds. Information is presented separately for the General Fund, Development Fund, Infrastructure Fund and Alexander Hamilton Copley Trust Fund, which are all considered major funds. The General Fund column combines the General, Health Reimbursement Account (HRA), Forest Land Maintenance, EV Charging, Uncompensated Absences, Recreation and General Designations funds together. Data from the other twelve (12) governmental funds are aggregated into a single column on the fund statements.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Fiduciary Fund: The Town reports two (2) fiduciary funds (Scholarship Fund and Trustee of Public Funds), but does not include the fiduciary balances and activity in the government-wide financial statements because the resources of these funds are not available to support the Town's programs. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government.

The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

- **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 fund financial statements.

The notes to the financial statements can be found immediately following the basic financial statements in this report.

- **Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

- **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net Position as of June 30, 2019 and 2020

	2019 Governmental Activities	2020 Governmental Activities
Current and Other Assets	\$ 6,445,149	\$ 6,587,275
Noncurrent Assets	17,058,300	16,858,488
Total Assets	<u>\$ 23,503,449</u>	<u>\$ 23,445,763</u>
Deferred Outflows of Resources	<u>\$ 548,959</u>	<u>\$ 500,707</u>
Current Liabilities	\$ 580,999	\$ 623,629
Noncurrent Liabilities	3,546,396	3,612,505
Total Liabilities	<u>\$ 4,127,395</u>	<u>\$ 4,236,134</u>
Deferred Inflows of Resources	<u>\$ 74,501</u>	<u>\$ 105,353</u>
Net Position		
Net Invested in Capital Assets	\$ 14,519,452	\$ 14,422,545
Restricted Nonexpendable	457,452	457,452
Restricted Expendable	4,569,349	4,248,362
Unrestricted	<u>304,259</u>	<u>476,624</u>
Total Net Position	<u>\$ 19,850,512</u>	<u>\$ 19,604,983</u>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Morristown, assets and deferred outflows exceeded liabilities and deferred inflows by \$19,604,983 at the close of June 30, 2020, a 1.24% decrease over the prior year.

The largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, equipment, construction in progress, and infrastructure); less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents restricted net assets. These resources are subject to external restrictions or constitutional provisions specifying how they may be used.

Changes in Net Position for the Fiscal Year Ended June 30,

	2019 Governmental Activities	2020 Governmental Activities
Revenues		
Program Revenues		
Charges for Services	\$ 434,062	\$ 431,388
Operating Grants and Contributions	316,782	501,460
Capital Grants and Contributions	<u>353,069</u>	<u>686</u>
	<u>1,103,913</u>	<u>933,534</u>
General Revenues		
Taxes - Town	5,984,541	6,225,333
Other	<u>1,589</u>	<u>(175,656)</u>
	<u>5,986,130</u>	<u>6,049,677</u>
Total Revenues	<u>7,090,043</u>	<u>6,983,211</u>
Expenses		
General Government	1,704,748	1,762,397
Public Safety	1,577,680	1,629,674
Health and Welfare	472,737	500,634
Highways and Streets	2,566,434	2,575,871
Culture and Recreation	436,978	487,090
Cemetery	37,492	37,064
Community Development	36	15
Special Articles	105,969	122,469
Interest on Debt	<u>58,466</u>	<u>113,526</u>
Total Expenses	<u>6,960,540</u>	<u>7,228,740</u>
Increase in Net Position	129,503	(245,529)
Beginning Net Position, July 1	<u>19,721,009</u>	<u>19,850,512</u>
Ending Net Position, June 30	\$ <u>19,850,512</u>	\$ <u>19,604,983</u>

Total governmental activities decreased the Town of Morristown's net assets by \$245,529 during the current fiscal year.

Total governmental activities expenses were \$7,228,740 at the close of June 30, 2020. The largest expenses were incurred for general government (including grant expenses), public works, and public safety.

The expenses do not include capital outlays, which are now reflected as capital assets in the government-wide financial statements.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$933,534 in 2020. Governmental program revenues come from charges for services, which include licenses and permits, planning fees, forfeitures, and several other revenues. Program revenues in the grants and contributions category include federal, state and local grants that are restricted for program use.

General revenues are all other revenues not categorized as program revenues and include property taxes and investment earnings. Total general revenues from governmental activities were \$6,049,677 for the period ending June 30, 2020. Approximately 87% of the Town's total revenues come from taxes.

Capital Assets. The Town had \$16,789,575 invested in capital assets, net of depreciation, on June 30, 2020. Net decrease (including additions and deductions) between the prior fiscal year amounted to \$197,162.

	Governmental Activities	
	2019	2020
Land	\$ 471,000	\$ 471,000
Works of Art	161,623	161,623
Land improvements	86,288	86,288
Buildings and improvements	5,016,723	5,015,738
Vehicles, machinery and equipment	6,296,257	6,434,762
Infrastructure	11,025,677	11,278,098
Gravel pit	800,000	800,000
Construction in progress	43,978	44,353
Total capital assets	<u>23,901,546</u>	<u>24,291,862</u>
Less accumulated depreciation	<u>(6,914,809)</u>	<u>(7,502,287)</u>
Total capital assets, net	\$ <u>16,986,737</u>	\$ <u>16,789,575</u>

This year's major capital events included:

- Work in Progress increased by \$375. The current total represents work on, B Street to BJAMS Sidewalk Scoping Study, the Business Enterprise District, and Oxbow Bathroom construction.
- Buildings & Improvements decreased by \$985. Funds were returned to the Copley Fund for an overpayment in a prior year for Art Walk Signage.
- Equipment increased by \$138,505. The EMS Department took their 2008 Ford Ambulance out of service (\$145,861); the Police Department took their obsolete Morpho Track Livescan out of service (\$30,285); the Highway Department took their 2009 International (\$139,304) and their 2009 Bobcat Toolcat (\$47,527) out of service. The Highway Department purchased a 2020 International Tandem for \$201,978, a 2020 International Dump Truck for \$165,250 and a 2019 Bobcat Toolcat for \$56,745. The Police Department leased a new Livescan for \$22,631, and a 2015 Chevy Malibu for \$10,000; The EMS Department purchased a 2013 ambulance for \$44,879.
- The Road and Bridge Network account increased by \$252,421. This included the paving of some Town roads: Brigham Street Parking Lot - \$20,526; Lower Bridge Street - \$25,659; Randolph Road - \$128,158; Pleasant Street - \$24,282; and a new sidewalk on Congress Street - \$53,796.

Debt

At the end of the fiscal year, the Town had \$2,367,030 in long-term debt outstanding compared to \$2,467,285 in the prior year, an approximate 4% decrease. A list of outstanding long-term debt follows:

	Governmental Activities	
	<u>2019</u>	<u>2020</u>
General Obligation Bonds Payable		
Bridge Street Bridge	\$ 634,257	\$ 566,395
Oxbow Bathrooms	60,290	45,817
Tegu Building Purchase	508,861	482,674
EMS Vehicle and Equipment	189,420	141,147
Highway Truck	36,817	142,888
Highway Equipment	-	175,589
Quint Pumper-Ladder Truck	296,257	262,934
Cady Falls Water Project	205,289	182,175
Paving Capital Improvement	304,107	204,815
Fire Rescue Truck	130,326	110,076
	<u>2,365,624</u>	<u>2,314,510</u>
Capital Leases Payable		
Police - 2017 Chevy Silverado	10,087	-
Police - 2019 Chevy Tahoe	34,168	23,561
Police - LiveScan Station	-	17,563
Police - 2017 Chevy Silverado	22,081	11,396
Hwy - 2016 Holder Sidewalk Machine	35,325	-
	<u>101,661</u>	<u>52,520</u>
Total Long Term Debt	\$ <u>2,467,285</u>	\$ <u>2,367,030</u>

At the end of the fiscal year, Capital Leases totaled \$52,520 compared to \$101,661 in 2019.

At the end of the fiscal year, the Town had \$271,885 in compensated absences outstanding compared to \$281,668 in the prior year.

Fiscal Year 2021 Budget

The FY 2021 total voted budget is \$7,113,596. The FY 2020 total operating voted budget was \$6,791,342. The increase is \$322,254 or 4.74% from the previous year. The FY 2021 net budget (less anticipated revenues) is \$6,079,785. The FY 2020 net budget was \$5,826,683. The difference of \$253,102 in the Town net budget includes department operating increases totaling \$250,652. There was an increase in budgeted revenues of approximately \$69,152.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town of Morristown, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director or the Town Administrator at 43 Portland Street; PO Box 748; Morrisville, VT 05661.

TOWN OF MORRISTOWN, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 1,640,623
Investments	4,154,999
Deposits with insurance company	5,932
Receivables, net of allowance for uncollectibles	749,606
Loan receivables, net of allowance for uncollectibles	68,913
Prepaid expenses	36,115
Capital assets	24,291,862
less - accumulated depreciation	<u>(7,502,287)</u>
Net capital assets	<u>16,789,575</u>
Deferred outflows - pension	<u>500,707</u>
Total Assets and Deferred Outflows	<u>\$ 23,946,470</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Current liabilities	
Accounts payable	\$ 87,110
Accrued payroll and benefits payable	75,025
Accrued interest payable	5,575
Current portion of capital lease	26,782
Current portion of long term debt	429,137
Total current liabilities	<u>623,629</u>
Noncurrent liabilities	
Accrued compensation	271,885
Long term portion of capital lease	25,738
Long term debt payable over one year	1,885,373
Net pension liability	1,429,509
Total noncurrent liabilities	<u>3,612,505</u>
Deferred inflows -	
Prepaid taxes	22,277
Pension	83,076
Total Liabilities and Deferred Inflows	<u>4,341,487</u>
NET POSITION	
Invested in capital assets, net of related debt	14,422,545
Restricted nonexpendable	457,452
Restricted expendable	4,248,362
Unrestricted	476,624
Total Net Position	<u>19,604,983</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 23,946,470</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2020

					Net (Expense)
					Revenue and Changes
					in Net Position
Program Revenues					
Functions/Programs	Expenses	Charges for	Operating	Capital	
		Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Total
Governmental activities:					
General government	\$ 1,762,397	132,318	42,719	-	\$ (1,587,360)
Highways and streets	2,575,871	4,981	408,176	-	(2,162,714)
Public safety	1,629,674	49,237	12,232	-	(1,568,205)
Health and welfare	500,634	227,364	-	-	(273,270)
Cemeteries	37,064	1,000	-	-	(36,064)
Culture and recreation	487,090	16,444	38,333	686	(431,627)
Community Development	15	44	-	-	29
Special articles	122,469	-	-	-	(122,469)
Interest on long-term debt	113,526	-	-	-	(113,526)
Total government activities	\$ 7,228,740	431,388	501,460	686	\$ (6,295,206)
General revenues:					
					6,225,333
					(157,070)
					19,271
					(37,857)
					6,049,677
					(245,529)
					19,850,512
					\$ 19,604,983

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Morristown Development Fund	Alexander Hamilton Copley Trust Fund	Infrastructure Fund	Non-Major Governmental Fund	Total Governmental Fund
ASSETS						
Cash and cash equivalents	\$ 816,181	\$ 64,373	\$ 135,037	\$ 44,809	\$ 580,223	\$ 1,640,623
Investments	1,257,567	489,354	1,635,933	24,809	747,336	4,154,999
Deposits with insurance company	5,932	-	-	-	-	5,932
Receivables (net of allowance for uncollectibles)	560,184	7,247	-	-	-	567,431
Loans receivables (net of allowance for uncollectibles)	-	68,913	-	-	-	68,913
Special assessments receivables	-	-	-	182,175	-	182,175
Due from other funds	-	-	-	-	-	-
Prepaid expenses	36,115	-	-	-	-	36,115
Total Assets	<u>\$ 2,675,979</u>	<u>\$ 629,887</u>	<u>\$ 1,770,970</u>	<u>\$ 251,793</u>	<u>\$ 1,327,559</u>	<u>\$ 6,656,188</u>
LIABILITIES						
Accounts payable	\$ 86,535	-	-	-	575	\$ 87,110
Accrued payroll and benefits payable	75,025	-	-	-	-	75,025
Total Liabilities	<u>161,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575</u>	<u>162,135</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid property taxes	22,277	-	-	-	-	22,277
Unavailable property taxes, penalties and interest	156,475	-	-	-	-	156,475
Unavailable ambulance fees	9,000	-	-	-	-	9,000
Unavailable grants	194,468	-	-	-	-	194,468
Unavailable loans receivable	-	68,913	-	-	-	68,913
Unavailable special assessments receivable	-	-	-	182,175	-	182,175
Total Deferred Inflows of Resources	<u>382,220</u>	<u>68,913</u>	<u>-</u>	<u>182,175</u>	<u>-</u>	<u>633,308</u>
FUND BALANCES:						
Nonspendable	36,115	-	257,452	-	200,000	493,567
Restricted	1,267,104	560,974	1,513,518	-	837,853	4,179,449
Committed	-	-	-	-	261,507	261,507
Assigned	323,804	-	-	69,618	27,624	421,046
Unassigned	505,176	-	-	-	-	505,176
Total Fund Balances	<u>2,132,199</u>	<u>560,974</u>	<u>1,770,970</u>	<u>69,618</u>	<u>1,326,984</u>	<u>5,860,745</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,675,979</u>	<u>\$ 629,887</u>	<u>\$ 1,770,970</u>	<u>\$ 251,793</u>	<u>\$ 1,327,559</u>	<u>\$ 6,656,188</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 11)	\$	5,860,745
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Amounts reported for governmental activities in the statement of net position
are different because:

Net deferred outflows for pension liability. This is the amount by which projected and proportional pension contributions exceeded actual investment earnings.		417,631
Other assets are not available to pay for current expenditure and, therefore are reported as unavailable deferred inflows in governmental funds.		611,031
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		16,789,575
Accrued compensation is not due and payable in the current period and therefore is not reported in the governmental fund.		(271,885)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental fund.		(1,429,509)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental fund.		<u>(2,372,605)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 9)	\$	<u>19,604,983</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Morristown Development Fund	Alexander Hamilton Copley Trust Fund	Infrastructure Fund	Non-Major Governmental Fund	Total Governmental Fund
REVENUES:						
Property taxes	\$ 6,118,531	\$ -	\$ -	\$ 17,510	\$ -	\$ 6,136,041
Intergovernmental revenues	248,699	-	-	-	24,861	273,560
Penalties and interest	29,368	-	-	-	-	29,368
Permits, licenses and fees	96,811	-	-	-	20,294	117,105
Charges for services	302,892	-	-	-	1,000	303,892
Fines and forfeits	9,027	-	-	-	-	9,027
Loan repayments	-	2,650	-	23,114	-	25,764
Loan interest income	-	44	-	-	-	44
Investment income (loss)	(244,123)	17,424	35,377	976	33,276	(157,070)
Contributions and donations	24,954	-	-	-	10,484	35,438
Other revenue	19,271	-	-	-	-	19,271
Total Revenues	<u>6,605,430</u>	<u>20,118</u>	<u>35,377</u>	<u>41,600</u>	<u>89,915</u>	<u>6,792,440</u>
EXPENDITURES:						
Current:						
General government	1,453,548	-	-	-	10,919	1,464,467
Highways and streets	1,879,758	-	-	-	14,550	1,894,308
Public safety	1,472,686	-	-	-	-	1,472,686
Health and welfare	500,634	-	-	-	-	500,634
Cemeteries	2,245	-	-	-	33,794	36,039
Culture, recreation and conservation	449,526	-	12,325	-	25,239	487,090
Community Development	-	15	-	-	-	15
Special articles	122,469	-	-	-	-	122,469
Debt service:						
Principal	427,935	-	-	23,114	35,325	486,374
Interest	106,884	-	-	5,884	858	113,626
Capital outlay:						
Machinery and equipment	444,738	-	-	-	49,745	494,483
Buildings and improvements	-	-	-	-	375	375
Infrastructure	227,424	-	-	-	24,996	252,420
Total Expenditures	<u>7,087,847</u>	<u>15</u>	<u>12,325</u>	<u>28,998</u>	<u>195,801</u>	<u>7,324,986</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(482,417)</u>	<u>20,103</u>	<u>23,052</u>	<u>12,602</u>	<u>(105,886)</u>	<u>(532,546)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds of operating notes	363,489	-	-	-	-	363,489
Proceeds of lease	22,631	-	-	-	-	22,631
Sale of capital assets	21,000	-	985	-	50	22,035
Transfers In	15,000	-	-	-	286,362	301,362
Transfers Out	(287,362)	-	-	-	(14,000)	(301,362)
Total Other Financing Sources and Uses	<u>134,758</u>	<u>-</u>	<u>985</u>	<u>-</u>	<u>272,412</u>	<u>408,155</u>
Net Change in Fund Balance	<u>(347,659)</u>	<u>20,103</u>	<u>24,037</u>	<u>12,602</u>	<u>166,526</u>	<u>(124,391)</u>
Fund Balance - beginning	<u>2,479,858</u>	<u>\$ 540,871</u>	<u>\$ 1,746,933</u>	<u>\$ 57,016</u>	<u>\$ 1,160,458</u>	<u>\$ 5,985,136</u>
Fund Balance - ending	<u>\$ 2,132,199</u>	<u>\$ 560,974</u>	<u>\$ 1,770,970</u>	<u>\$ 69,618</u>	<u>\$ 1,326,984</u>	<u>\$ 5,860,745</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS (page 13) \$ (124,391)

Amounts reported for governmental activities in the Government-Wide Statement of Activities (page 9) are different because:

Property tax and other revenues are reported on the accrual basis in the statement of net position. Governmental funds report only "available" property tax and other revenues on a modified accrual basis. This amount is the net change in unavailable property taxes, interest and other revenues.	59,924
The issuance of loans receivables uses current financial resources in the governmental funds, while repayment of the principal of loans receivable provides current financial resources to governmental funds. The loan activity has no effect on net position. This amount is the difference in the treatment of loans receivable.	(25,764)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$884,548 exceeded capital outlays of \$747,278, net of disposals, in the current period.	(137,270)
The net effect of various transactions involving capital assets including sales with losses on the disposal of assets reduces net position.	(59,892)
Other assets are not available to pay for current expenditure and, therefore are reported as unavailable deferred inflows in governmental funds. The change does not effect net assets.	194,468
Payments of compensated absences and pension expense are reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of activities, items are reported as they are accrued. The following is the (increase) or decrease in these liabilities.	
Decrease in accrued compensated absences	9,783
Increase in accrued pension expense	(262,741)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is paid. In the statement of activities, interest expense is recognized as interest accrues. Accrued interest decreased by this amount.	100
Borrowing of long-term debt is an other financing source in the governmental funds, but the borrowing increases long-term liabilities in the statement of net position.	(386,120)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>486,374</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 10)	\$ <u>(245,529)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Private Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 879
Investments - temporarily restricted	<u>47,874</u>
Total Assets	\$ <u>48,753</u>
LIABILITIES	
Total Liabilities	\$ <u>-</u>
NET POSITION	
Restricted:	
Held in Trust for Individuals and Organizations	<u>48,753</u>
Total Net Position	<u>48,753</u>
Total Liabilities and Net Position	\$ <u>48,753</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Morristown, Vermont was chartered in Lamoille County in 1781. The Town of Morristown, Vermont operates under a Selectboard form of government and provides the following services: general administrative, highways and streets, public safety, health and welfare, cemeteries, culture and recreation, community/economic development and public improvements.

A. Reporting Entity

The Town of Morristown, Vermont is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The reporting criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Morristown, Vermont.

This report includes all of the activity of the Town of Morristown, Vermont (the "Town"). The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

The accounting policies adopted by the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The GASB periodically updates its codification of the existing *Governmental Accounting and Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

B. Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide and fund financial statements. The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of inter fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide statement of net position, the financial position of the Town is consolidated and incorporates capital assets, as well as, all long-term debt and obligations. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports on the following major governmental funds:

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

Morristown Development Fund – This fund accounts for the Town's community development activity which provides loans to local businesses.

Alexander Hamilton Copley Trust Fund – This fund accounts for the resources held in trust to be used for creating works of public utility and beauty for the benefit of the inhabitants of the Village of Morrisville, within the Town of Morristown.

Infrastructure Fund – This fund accounts for the infrastructure expansion projects of the Town.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

B. Government-Wide and Fund Financial Statements (continued)

Additionally, the Town reports the following fund type:

Private-Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of individuals. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

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

The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

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

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

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

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

D. Use of Estimates

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. 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. The Town may invest in investments as allowed by State Statute. Investments are carried at fair market value. Unrealized gains and losses are included in revenue.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Receivables and Payables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables. At June 30, 2020, management has determined that all property taxes receivable were collectible.

Accounts payable represent the liabilities and expenditures recognized and reported on the accrual basis of accounting in both the government-wide and the fund financial statements. These liabilities are paid in a timely manner and in full from current financial resources.

3. Inventory and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or inventory in both government-wide and fund financial statements. Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Town had no inventory and \$36,115 of prepaid items at June 30, 2020.

4. Capital Assets

Generally accepted accounting principles require that the Town report and depreciate capital assets in the government-wide financial statements. Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively. Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

The Town's capitalization policy defines capital assets using the following criteria. Equipment and vehicles with a minimum estimated useful life of one year and an initial, individual cost of \$5,000 or more are capitalized. Capital improvements, land, building acquisitions and infrastructure with an initial, individual cost of \$10,000 and a minimum estimated useful life of one year are capitalized.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

4. Capital Assets (continued)

Estimated useful lives of capital assets are as follows:

	<u>Estimated Service Life</u>
Land	Not Depreciated
Works of Art	Not Depreciated
Land Improvements	20 Years
Buildings and Building Improvements	50-100 Years
Vehicles, Machinery and Equipment	2-30 Years
Infrastructure	20-50 Years
Gravel Pit	100 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

5. Due to/from Other Funds

In the governmental funds, activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/other funds".

6. Accrued compensation

It is the Town's policy to permit employees to accumulate earned but unused earned time off (ETO) up to 240 hours. On an annual basis in June, employees may elect to convert 96 hours of ETO into sick leave or may be paid for this time at 50%. Employees are not entitled to payment for unused sick leave upon termination; however, an employee will be paid for 75% of their unused sick leave up to 320 hours upon retirement from the Town (100% to the spouse upon death of an employee). The sick leave cap has some employees that were grandfathered in with higher cap limits prior to the Town policy change in 2009. Upon retirement, members of the Police union will be paid for 90% of their unused sick leave if hired before July 1, 2005 and 100% of their unused sick leave if hired after July 1, 2005. The Town defines retirement as being of retirement age based upon which group the employee is in for VMERS (Group B is age 62 and Groups C and D are age 55). An employee is not considered retired if they continue to work for another participating entity within the VMERS. The Town begins to accrue the sick leave liability once the employee is within 7 years of retirement eligibility. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements. The liability for unused accrued compensation is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. The governmental fund financial statements do not include any long-term liabilities as the governmental funds uses the current financial resources measurement focus and only includes current assets and liabilities on the balance sheets.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes 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 the future event. The Town had deferred outflows related to pension expense as discussed in note V.A. Pension Plans.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items in this category. Unavailable revenue which arises under the modified accrual basis of accounting and the difference between projected and actual earnings on pension plan investments are reported as deferred inflows of resources. Accordingly, the items of unavailable revenue (unavailable property taxes and interest and other receivables) are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other deferred inflow on the government-wide statement of net position is related to pension expense as discussed in note V.A. Pension Plans.

9. Net Position and Fund Balances

Government-wide net position represents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by their use by Town legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, distinguishes fund balances between amounts considered nonspendable, because they are not available for current use, and amounts that are available for use, but are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. It is the Town's policy to apply expenditures to fund balance in the order of restricted, committed, assigned, and unassigned unless the Selectboard specifies otherwise. The following are the classifications and descriptions of available fund balances.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

9. Net Position and Fund Balances (continued)

Restricted fund balances require that inflows and outflows of resources be constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed fund balances are those balances with constraints imposed by the government using the highest decision-making authority. The Town's highest decision-making authority are the Voters.

Assigned fund balances are amounts intended for a specific purpose by the Selectboard and are also appropriations of existing fund balances.

Unassigned fund balances are amounts available for any purpose.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds for the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Information

An annual budget for the Town's general fund is approved at the Town meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The tax rate is determined by the Selectboard based on the education and municipal grand lists, the approved budget and the State education property tax liability. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget presented herein is for the Town's "General Fund" only and does not include the General Designations Fund, the Compensated Absences Fund, the Forest Land Fund, the Electric Charging Station Fund, the Recreation Fund or the HRA Fund activity, unbudgeted capital purchases and related funding, unbudgeted grant revenue and related expenditures and expenditures and related charges to the Village for administration that is included with the General Fund actual amounts.

IV. DETAILED NOTES ON FUNDS:

A. Cash and Investments

The Town's cash and investments as of June 30, 2020 consisted of the following:

	<u>Governmental Funds</u>
Cash	
Deposits with Financial Institutions	\$ 1,450,096
Deposits with Investment Company	190,022
Cash on Hand	<u>505</u>
Total cash	<u>\$ 1,640,623</u>
	<u>Governmental Funds</u>
Investments	
Certificates of Deposit	\$ 220,071
Corporate Bonds	109,520
Corporate Stock - domestic	788,224
Municipal Bonds	54,955
Government and Agency Security Bonds	7,015
Unit Investment Trusts	17,470
Mutual Funds – Mixed Holdings	<u>2,957,744</u>
Total investments	<u>\$ 4,154,999</u>

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Cash and Investments (continued)

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 1,059,717	\$ 1,214,050
Uninsured, Uncollateralized	800,977	\$ 798,376
Total	<u>\$ 1,860,694</u>	<u>\$ 2,012,426</u>

Town balances may be different from bank balances for reconciling items such as deposits in transit and outstanding checks. \$641,799 of uninsured, uncollateralized cash may be offset by debt at the respective bank. The book balance is comprised of the following:

Cash - Deposits with Financial Institutions	\$ 1,450,096
Cash - Deposits with Investment Company	190,022
Cash on Hand	505
Investments - Certificates of Deposit	220,071
	<u>\$ 1,860,694</u>

Custodial credit risk - investments. Custodial credit risk for investments is the risk that, in event of a failure of the counterparty to a transaction, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of another party. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are exempt from credit risk analysis. The unit investment trusts and mutual funds are open-ended and are, therefore, also excluded from the credit risk analysis. Mutual funds invested in U.S. government obligations are not rated by Standard & Poor's. The credit ratings for the municipal bonds, corporate bonds, and government and agency securities are as follows:

Standard and Poor's Rating as of June 30, 2020

Investment Type	AA+	AA	AA-	A+	A-	BBB+	BBB	BBB-	Total
Municipal Bonds	\$ -	\$ 20,457	\$ 5,179	\$ 12,714	\$ 6,579	\$ -	\$ 10,026	\$ -	\$ 54,955
Corporate Bonds	-	-	-	-	41,318	35,291	22,821	10,090	109,520
Government and Agency Security Bonds	<u>7,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,015</u>
	<u>\$ 7,015</u>	<u>\$ 20,457</u>	<u>\$ 5,179</u>	<u>\$ 12,714</u>	<u>\$ 47,897</u>	<u>\$ 35,291</u>	<u>\$ 32,847</u>	<u>\$ 10,090</u>	<u>\$ 171,490</u>

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Cash and Investments (continued)

Interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town's certificates of deposit are exempt from interest rate risk disclosure. The unit investment trusts and mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. Municipal bonds, corporate bonds and government and agency security bonds are shown at their actual maturity as of June 30, 2020.

Investment Type	<u>Remaining Maturity</u>				Total
	Less than 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years	
Municipal Bonds	\$ -	\$ 25,238	\$ -	\$ 29,717	\$ 54,955
Corporate Bonds	39,734	31,714	5,043	33,029	109,520
Government and Agency Security Bonds	-	-	-	7,015	7,015
Total	\$ 39,734	\$ 56,952	\$ 5,043	\$ 69,761	\$ 171,490

Concentration of credit risk - Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town's certificates of deposit are exempt from concentration of credit risk analysis. The unit investment trusts and mutual funds are open ended and are, therefore, excluded from the concentration of credit risk analysis. As of June 30, 2020, the Town's investment in Union Bankshares, Inc. with a market value of \$327,600 represents 42% of the Town's total investments. All other individual investments held by the Town represent less than 5% of combined total investments. As of November 24, 2020, unrealized investment gain for the change in market value from June 30, 2020 to November 24, 2020 was estimated at \$92,625.

The Town reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. GASB Statement No. 72, *Fair Value Measurement and Application*, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Cash and Investments (continued)

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The Town measures fair value using level 1 inputs because they are available and generally provide the most reliable evidence of fair value for the Town's measurement of investments.

The Town's investment policy permits the following investments.

1. U.S. Treasury Bills
2. Short-term U.S. Governments/Agency Obligations
3. Certificates of Deposit
4. Bankers Acceptances
5. Investment Grade Obligations of State and Local Governments and Public Authorities
6. Repurchase Agreements of U.S. Government of Agency Securities
7. Money Market Funds
8. Local Government Investment Pools

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

B. Receivables

Receivables at June 30, 2020, as reported in the government-wide statement of net assets and the governmental fund balance sheet, net of applicable allowances for uncollectible accounts, are as follows.

	<u>Governmental Activities</u>
Delinquent taxes receivable	\$ 295,641
Penalties and interest receivable	11,782
Ambulance receivable	55,774
Allowance for doubtful accounts- ambulance receivable	(26,000)
Grants receivable	201,547
Accounts receivable	28,687
Special assessments receivable	<u>182,175</u>
Total receivables	\$ <u>749,606</u>

The special assessments receivable represents the balance that will be paid to the Town from parcel owners receiving the benefit of a new water line in the Cady's Falls Co-operative Water Supply System to pay the note described in long term debt.

Loan receivables as of June 30, 2020, are as follows:

Loan receivable, Lamoille View Housing Limited Partnership, interest at 0%, deferred until July, 2043 at which time all principal is due, secured by second mortgage	\$ 475,000
Loan receivable, Arthur's Main Street Housing Limited Partnership, interest at 0%, deferred until May, 2044 at which time all principal is due, secured by second mortgage	600,000
Loans receivable, Small Business Loan, secured by business assets and second mortgage	68,913
Less: Allowance for Doubtful Loans Receivable	<u>(1,075,000)</u>
Loan receivables, net of allowance for uncollectibles	\$ <u>68,913</u>

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

C. Capital Assets

In the Statement of Activities for June 30, 2020, depreciation expense of \$44,972 was included in general government activities expense, \$681,563 was included in highways and streets expense, \$156,988 was included in public safety expense and \$1,025 was included in cemetery expenses. The following table reflects the activity for the period ended June 30, 2020.

	July 1, 2019	Increases	Decreases	June 30, 2020
Governmental activities				
Land	\$ 471,000	-	-	\$ 471,000
Works of Art	161,623	-	-	161,623
Land improvements	86,288	-	-	86,288
Buildings and improvements	5,016,723	-	985	5,015,738
Vehicles, machinery and equipment	6,296,257	501,482	362,977	6,434,762
Infrastructure	11,025,677	252,421	-	11,278,098
Gravel pit	800,000	-	-	800,000
Construction in progress	43,978	44,353	43,978	44,353
Total capital assets	<u>23,901,546</u>	<u>798,256</u>	<u>407,940</u>	<u>24,291,862</u>
Accumulated depreciation				
Land improvements	10,979	-	-	10,979
Buildings and improvements	824,935	81,643	-	906,578
Vehicles, machinery and equipment	2,653,521	330,338	297,070	2,686,789
Infrastructure	3,248,521	466,077	-	3,714,598
Gravel pit	176,853	6,490	-	183,343
Total accumulated depreciation	<u>6,914,809</u>	<u>884,548</u>	<u>297,070</u>	<u>7,502,287</u>
Total capital assets, net	<u>\$ 16,986,737</u>	<u>(86,292)</u>	<u>110,870</u>	<u>\$ 16,789,575</u>

D. Unearned Revenue

For the year ended June 30, 2020, no unearned revenue was reported in the General Fund for grant revenue received in advance.

E. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$185,207 from the difference between the expected and actual experience, \$47,728 from changes in assumptions, \$97,365 from the difference between the projected and actual investment earnings and \$170,407 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$500,707 at June 30, 2020.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

F. Interfund Balances and Activity

At June 30, 2020, no funds were due to or from other funds. Interfund transfers during the year ended June 30, 2020 were as follows.

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund Transfer To:		
Morristown Centennial Library	\$ -	\$ 174,578
Summer Recreation Program	-	20,000
Health Reimbursement Account	-	136,340
Highway Paving Account	-	190,000
Community Event Fund	-	3,694
Sidewalk Fund	-	61,305
Pleasant View Cemetery	-	16,000
Uncompensated absences reserves	-	15,000
Fire Capital Equipment Fund	-	64,545
Highway Capital Equipment Fund	-	64,545
Noyes House Museum Fund	-	32,273
Transfer to Highway Bridge Reserve	-	30,000
General Fund	174,578	-
General Fund	20,000	-
General Fund	136,340	-
General Fund	190,000	-
General Fund	3,694	-
General Fund	61,305	-
General Fund	16,000	-
General Fund	15,000	-
General Fund	64,545	-
General Fund	64,545	-
General Fund	32,273	-
General Fund	30,000	-
	\$ <u>808,280</u>	\$ <u>808,280</u>

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

G. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$22,277 of prepaid property taxes, \$12,356 from the difference between the expected and actual pension experience, and \$70,720 from changes in the Town's proportional share of contributions related to the Town's participation in VMERS. Total deferred inflows of resources in the governmental activities is \$105,353.

Deferred inflows of resources in the General Fund consists of \$156,475 of delinquent property taxes, penalties and interest on those taxes, \$9,000 of ambulance fees, \$194,468 of grants receivables not collected within sixty (60) days after year-end and \$22,277 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$382,220.

Deferred inflows of resources in the Morristown Development Fund consists of \$68,913 of loan receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Infrastructure Fund consists of \$182,175 of special assessment receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

H. Long term Liabilities

The Town has notes payable to finance various capital projects and equipment purchases through local banks.

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases.

The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water and sewer projects.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements.

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

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

H. Long Term Liabilities (continued)

Long term debt outstanding as of June 30, 2020 was as follows:

	July 1, 2019	Additions	Deletions	June 30, 2020
Governmental activities				
Note Payable, Community National Bank, Bridge Street Bridge, Principal and Interest Payments of \$41,683 Payable on June 7 and December 7 Semi-Annually, Interest at 2.52%, Due December, 2027	\$ 634,257	-	67,862	\$ 566,395
Note Payable, Community National Bank, Oxbow Bathrooms, Principal and Interest Payments of \$8,011 Payable on May 20 and November 20 Semi-Annually, Interest at 2.75%, Due May, 2023	60,290	-	14,473	45,817
Note Payable, Community Bank, Tegu Building at 43 Portland Street, Principal and Interest Payments of \$19,582 Payable on June 15 and December 15 Semi-Annually, Interest at 2.6%, Due June, 2035	508,861	-	26,187	482,674
Note Payable, Union Bank, EMS 2019 Ford F450, Principal and Interest Payments of \$26,690 Payable On May 20 and November 20 Semi-Annually, Interest at 2.89%, Due May, 2023	189,420	-	48,273	141,147
Note Payable, Union Bank, 2018 Highway Truck, Principal and Interest Payments of \$18,691 Payable on May 20 and November 20 Semi-Annually, Interest at 2.12% Due May, 2020	36,817	-	36,817	-

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

H. Long Term Liabilities (continued)

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Note Payable, Community National Bank, Quint Pumper-Ladder Truck, Principal and Interest Payments of \$20,968 Payable on May 10 and November 10 Semi-Annually, Interest at 3%, Due May, 2027	296,257	-	33,323	262,934
Note Payable, Union Bank, Cady Falls Project, Principal and Interest Payments of \$14,499 Payable on May 20 and November 20 Semi-Annually, Interest at 2.96%, Due May, 2027	205,289	-	23,114	182,175
Note Payable, Community National Bank, Capital Improvement, Principal and Interest Payments of \$52,346 Payable on May 20 and November 20 Semi-Annually, Interest at 1.95%, Due May, 2022	304,107	-	99,292	204,815
Note Payable, Community National Bank, 2018 Fire Rescue Truck, Principal and Interest Payments of \$11,905 Payable on July 2 and December 2 Semi-Annually, Interest at 2.875%, Due July, 2025	130,326	-	20,250	110,076
Note Payable, Union Bank, 2020 Highway Equipment, Principal and Interest Payments of \$26,115 Payable on May 20 and November 20 Semi-Annually, Interest at 2.08%, Due November, 2023	-	200,406	24,817	175,589
Note Payable, Union Bank, 2020 Highway Equipment Dump Truck, Principal and Interest Payments of \$21,255 Payable on May 20 and November 20 Semi-Annually, Interest at 2.08%, Due November, 2023	-	163,083	20,195	142,888

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

H. Long Term Liabilities (continued)

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Capital Lease Payable, Ally Financial, 2017 Chevrolet Silverado, Principal and Interest Payments of \$10,732 Payable on November 22 Annually, Interest at 6.39%, Due November, 2019	10,087	-	10,087	-
Capital Lease Payable, Ford Credit, 2019 Chevrolet Tahoe, Principal and Interest Payments of \$13,067 Payable on January 22 Annually, Interest at 7.20%, Due January, 2022	34,168	-	10,607	23,561
Capital Lease Payable, Santander Bank, 2014 Holder Sidewalk Machine, Principal and Interest Payments of \$36,184 Payable on July 22 Annually, Interest at 2.43%, Due July, 2019	35,325	-	35,325	-
Capital Lease Payable, Municipal Leasing Consultants, Inc., Police LiveScan Station Cabinet, Principal and Interest Payments of \$5,068 Payable on September 12 Annually, Interest at 5.99%, Due September 2023	-	22,631	5,068	17,563
Capital Lease Payable, Ally Financial, 2017 Chevrolet Silverado, Principal and Interest Payments of \$12,152 Payable on August 15 Annually, Interest at 6.64%, Due August, 2021	22,081	-	10,685	11,396
Total long term liabilities	\$ <u>2,467,285</u>	<u>386,120</u>	<u>486,375</u>	\$ <u>2,367,030</u>

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

H. Long Term Liabilities (continued)

Anticipated maturities are as follows for the long term debt of Governmental activities:

	<u>Principal</u>	<u>Interest</u>	<u>Capital Leases</u>
2021	\$ 429,137	\$ 56,964	\$ 30,287
2022	440,086	46,506	18,136
2023	334,304	36,257	5,067
2024	236,795	27,848	5,067
2025	195,169	22,067	-
2026-2030	498,016	48,248	-
2031-2035	<u>181,003</u>	<u>13,315</u>	<u>-</u>
			<u>58,557</u>
Less: Imputed Interest			(6,037)
Total	\$ <u>2,314,510</u>	\$ <u>251,205</u>	\$ <u>52,520</u>

I. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts must be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

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

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

I. Fund Balances (continued)

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

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

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

Major Funds-

General Fund:

Nonspendable Prepaid Expenses	\$ 36,115
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Alexander Hamilton Copley Trust Fund:

Nonspendable Alexander Hamilton Copley Trust Fund Principal	257,452
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Non-Major Funds-

Permanent Fund:

Nonspendable Pleasant View Cemetery Endowment Fund Principal - Estimated	<u>200,000</u>
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Total Nonspendable Fund Balances	\$ <u>493,567</u>
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The fund balances in the following funds are restricted as follows:

Major Funds-

General Fund:

Restricted for Morristown Centennial Library (Source of Revenue is Donations)	\$ 1,267,104
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Morristown Development Fund:

Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue/Loan Repayments)	560,974
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Alexander Hamilton Copley Trust Fund:

Restricted for Alexander Hamilton Copley Trust Fund Expenses by Trust Agreement (Source of Revenue is Donations)	1,513,518
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TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

I. Fund Balances (continued)

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

Non-Major Funds -

Special Revenue Funds:

Restricted for DEA Expenditures by Statute (Source of Revenue is Grant)	5,387
Restricted for Reappraisal Fund Expenditures by Statute (Source of Revenue is State Grant)	325,692
Restricted for Restoration Fund Expenditures by Statute (Source of Revenue is Restoration Fees)	144,621
Restricted for Garden Fund Expenditures (Source of Revenue is Donations)	2,201
Restricted for Community Event Fund Expenditures (Source of Revenue is Donations)	4,948

Capital Projects Funds:

Restricted for Highway Capital Equipment Expenditures by Statute (Source of Revenue is Highway Property Taxes)	75,283
Restricted for Bridge Expenditures by Statute (Source of Revenue is Highway Property Taxes)	165,511

Permanent Fund-

Restricted for Pleasant View Cemetery Endowment Fund Expenses by Trust Agreement - Expendable Portion	<u>114,210</u>
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Total Restricted Fund Balances	\$	<u>4,179,449</u>
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The fund balances in the following funds are committed as follows:

Non-Major Funds-

Capital Projects Funds:

Committed for Fire Capital Equipment Fund Expenditures by the Voters	\$ 74,596
Committed for Conservation Fund Expenditures by the Voters	33,654
Committed for Oxbow Park Bathrooms Fund Expenditures by the Voters	73,985
Committed for Noyes House Fund Expenditures by the Voters	17,886
Committed for Sidewalk Fund Expenditures by the Voters	<u>61,386</u>

Total Committed Fund Balances	\$	<u>261,507</u>
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TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

I. Fund Balances (continued)

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

Major Funds-

General Fund:

Assigned for Paving Expenditures	\$ 82,379
Assigned for Highway Equipment	20,000
Assigned for Compensated Absences Expenses	4
Assigned for Forest Land Expenditures	17,013
Assigned for Electric Charging Station Expenses	2,123
Assigned for Recreation Expenditures	15,789
Assigned for HRA Expenses	186,496

Infrastructure Fund:

Assigned for Infrastructure Fund Expenditures	69,618
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Non-Major Funds-

Special Revenue Funds:

Assigned for Pleasant View Cemetery Expenditures	4,752
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Capital Projects Funds:

Assigned for Municipal Office Building Expenditures	<u>22,872</u>
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Total Assigned Fund Balances	\$ <u>421,046</u>
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J. Restricted Net Position

The restricted net position of the Town as of June 30, 2020 consisted of the following:

Governmental Activities:

Restricted for Morristown Centennial Library by Donations	\$ 1,267,104
Restricted for Community Development by Grant Agreements	629,887
Restricted for Alexander Hamilton Copley Trust Fund Expenses by Trust Agreement - Nonexpendable Portion	257,452
Restricted for Alexander Hamilton Copley Trust Fund Expenses by Trust Agreement - Expendable Portion	1,513,518
Restricted for DEA Fund Expenses by Statute	5,387
Restricted for Reappraisal Fund Expenses by Statute	325,692
Restricted for Restoration Fund Expenses by Statute	144,621
Restricted for Garden Fund Expenses by Donations	2,201
Restricted for Community Event Fund Expenses by Donations	4,948
Restricted for Highway Capital Equipment Expenses by Statute	75,283
Restricted for Bridge Expenses by Statute	165,511

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

J. Restricted Net Position (continued)

Restricted for Pleasant View Cemetery Endowment Fund Expenses by Trust Agreement - Nonexpendable Portion	200,000
Restricted for Pleasant View Cemetery Endowment Fund Expenses by Trust Agreement - Expendable Portion	<u>114,210</u>
Total Governmental Activities	\$ <u>4,705,814</u>

The net position held in Trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2020 consisted of the following:

Private-Purpose Trust Funds:	
Restricted for Scholarships by Trust Agreement	\$ 44,958
Restricted for Support of the Town School District by Trust Agreement	<u>3,795</u>
Total Private-Purpose Trust Funds	\$ <u>48,753</u>

V. OTHER INFORMATION:

A. Pension Plans

Vermont Municipal Employees' Retirement System

Defined Benefit Plan -

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

During the year ended June 30, 2019, the retirement system consisted of 379 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Pension plans (continued)

submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

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

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net pension liability of \$173,491,807. As of June 30, 2019, the Town's proportionate share of this was .82396% resulting in a net pension liability of \$1,429,509. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2019, the Town's proportion of .82396% was a decrease of 0.05634% from its proportion of .8803% % measured as of June 30, 2018. For the year ended June 30, 2019, the Town recognized pension expense of \$262,741.

As of June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportionate share of contributions	\$ -	\$ 70,720
Change in balance for changes in assumptions	47,728	-
Difference between projected and actual earnings on pension plan investments	282,572	12,356
Town's required employer contribution made subsequent to the measurement date	170,407	-
	\$ <u>500,707</u>	\$ <u>83,076</u>

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Pension plans (continued)

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date of June 30, 2019 in the amount of \$170,407 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	
2020	\$ 106,568
2021	47,242
2022	56,886
2023	36,528
	<u>\$ 247,224</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups B, C and D provisions.

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Pension plans (continued)

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three (3) minor children (or children up to age 23 if enrolled in full time studies) of a disabled Group D member.

Death Benefit:

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

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

Optional Benefit and Death after Retirement:

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

Refund of Contribution:

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

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Pension plans (continued)

Post-Retirement Adjustments:

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

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

Member Contributions – Group B – 5.125%. Group C – 10.25%. Group D – 11.6%.

Employer Contributions – Group B – 5.75%. Group C – 7.50%. Group D – 10.1%.

Significant Actuarial Assumptions and Methods

Investment rate of return: 7.50%, net of pension plan investment expenses, including inflation.

Salary increases - 5% per year.

Mortality:

Death in active service and healthy post-retirement, groups B and C 98% of RP-2006 Tables blended 60% Blue Collar and a 40% Healthy Employee with generational projection using scale SSA-2017. Group D, death in active service, 100% of RP-2006 Blue Collar Mortality Table with generation projection using scale SSA-2017.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.3% per annum for Group B, C and D members. The January 1, 2020 COLA is assumed to be 0.80% for all groups.

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

Actuarial Value of Assets: A smoothing method is used, 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%.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Pension plans (continued)

Inflation: 2.50%

Long-term Expected Rate of Return:

Long-term Expected Rate of Return: The long-term expected rate of return on investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29.00%	6.90%
US Equity-Large Cap	4.00%	5.94%
US Equity-Small/Mid Cap	3.00%	6.72%
Non-US Equity -Large Cap	5.00%	6.81%
Non-US Equity-Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

A. Pension plans (continued)

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate:

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,344,179	\$1,429,509	\$672,331

Additional Information: Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

B. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected two (2) times per year. During the tax year ended June 30, 2020, property taxes became due and payable on November 15, 2019 and May 15, 2020, which was extended to August 13, 2020. The Town assesses an 8% penalty after the August 13 payment. Interest is assessed at one percent (1%) per month for the first three months and one and one half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

C. Property Taxes (continued)

The tax rates for the year ended June 30, 2020 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	0.9063	0.9063
Education	<u>1.4479</u>	<u>1.5864</u>
Total	<u>2.3542</u>	<u>2.4927</u>

D. Contingent Liabilities

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

E. Short Term Debt

During the year, the Town borrowed and repaid \$2,070,308 on a 2.20% tax anticipation note which matured June 30, 2020. Interest expense related to the note was \$45,485.

Subsequent to year end, the Town obtained a 1.42% tax anticipation note in the amount of \$2,203,121 which matures June 30, 2021.

F. Special Assessment Tax District

At the 2015 Town Meeting, the voters authorized the creation of a Special Assessment Tax District whereby the Selectboard can levy an assessment to pay debt service to properties receiving benefit of a new water line in the Cady's Falls Co-operative Water Supply System. Additionally, the voters approved the Town to borrow up to \$250,000 for construction of the water line for a period not to exceed 10 years. The debt will be repaid equally amongst the parcels that benefit from the project. As of June 30, 2020, the Town had an outstanding balance of \$182,175.

G. Commitments and Subsequent Events

On July 6, 2020, the Selectboard approved contracts in an amount of \$284,999 for paving and \$126,600 for culvert replacement.

On July 20, 2020, the Selectboard approved \$214,000 for the purchase of a sweeper.

On July 27, 2020 the Selectboard approved the lease of the Fairfield Building with the Vermont Asbestos Group for a term of 5 years at an estimate amount of \$436,000.

TOWN OF MORRISTOWN, VERMONT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

G. Commitments and Subsequent Events (continued)

On August 3, 2020, the Selectboard approved the sweeper financing through Union Bank for \$164,000, for 5 years, maturing May 20, 2025 at 1.65% interest rate.

On October 5, 2020, the Selectboard approved a Purchase & Sale Agreement with O'Neal Demars Jr. for property located at 11 Old Creamery Rd. for a sales price of \$150,000.

On October 19, 2020, the Selectboard approved \$120,000 for the purchase of the Village Garage on Maple Street with the understanding that a DRB permit needs to be in place before closing.

On November 2, 2020, the Selectboard approved the 2021 Freightliner Dump Truck financing through Community National Bank for \$135,408, for 5 years, maturing November 20, 2025 at 1.59% interest rate.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets, and the local government landscape in general. The Town is closely monitoring the COVID-19 pandemic and its impact on the earnings of the Town and financial health of the community. No material adverse impacts have occurred to date, although the full impact of the COVID-19 pandemic and the scope of any potential adverse impact on the Town's finances and operations cannot be determined at this time.

The Town has evaluated subsequent events through November 24, 2020, the date on which the financial statements were available to be issued.

H. Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability and Schedule of the Town Contributions.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement No. 68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

TOWN OF MORRISTOWN, VERMONT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 5,826,683	\$ 5,765,390	\$ (61,293)
Current use revenue	292,323	299,878	7,555
PILOT revenue	39,000	53,263	14,263
Intergovernmental revenues	232,800	248,699	15,899
Penalties and interest	-	29,368	29,368
Licenses and permits	70,475	96,811	26,336
Charges for services	29,000	23,650	(5,350)
Fines and forfeits	46,800	9,027	(37,773)
Investment income (loss)	125,400	(244,123)	(369,523)
Contributions and donations	18,800	24,954	6,154
Emergency Medical Services	197,000	227,364	30,364
Highway other revenue	2,825	4,236	1,411
Police other revenue	18,000	35,207	17,207
Recreation revenues	83,000	12,435	(70,565)
Other revenue	4,736	19,271	14,535
Total Revenues	<u>6,986,842</u>	<u>6,605,430</u>	<u>(381,412)</u>
EXPENDITURES:			
General government			
Town administration	160,353	147,884	12,469
Town clerk/treasurer's office	243,151	211,397	31,754
Tax listing	101,213	102,057	(844)
Tax collector	7,005	7,005	-
Selectboard	7,500	7,375	125
Employee benefits-HRA	-	104,475	(104,475)
Accounting	152,393	145,247	7,146
Auditing	16,550	18,434	(1,884)
Computer/technology	107,587	104,505	3,082
Board of civil authority	2,205	1,790	415
Planning and zoning	85,523	73,105	12,418
Advertising	5,500	3,908	1,592
Legal	8,000	22,575	(14,575)
Building and grounds	102,285	108,916	(6,631)
Insurance and legislating	330,567	332,799	(2,232)
Taxes and dues	62,219	62,076	143
Total general government	<u>1,392,051</u>	<u>1,453,548</u>	<u>(61,497)</u>
Highways and streets			
Highway Administration	979,125	958,079	21,046
Highway Administration for capital projects	-	(14,000)	14,000
Highway Trucks and Equipment	471,900	334,589	137,311
Highway Summer Maintenance	171,400	112,636	58,764
Highway Traffic Control	4,000	2,150	1,850

(continued)

TOWN OF MORRISTOWN, VERMONT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Highway Winter Maintenance	220,000	253,749	(33,749)
Highway Storm Drains	7,250	12,657	(5,407)
Highway Bridge Maintenance	4,000	-	4,000
Highway Storm Repair	-	151,122	(151,122)
Highway Building Operation and Maintenance	83,275	68,776	14,499
Total highway and streets	<u>1,940,950</u>	<u>1,879,758</u>	<u>61,192</u>
Public safety			
Police Department			
Police Administration	10,200	18,603	(8,403)
Police Personnel	1,079,563	1,063,202	16,361
Crime Investigation	3,000	2,345	655
Police Training	8,200	3,409	4,791
Police Communications	93,791	83,513	10,278
Police Building Operation and Maintenance	36,125	32,585	3,540
Police Equipment Maintenance	51,800	42,702	9,098
Police department total	<u>1,282,679</u>	<u>1,246,359</u>	<u>36,320</u>
Fire Department			
Fire Department Administration	7,100	5,957	1,143
Fire Department Personnel	102,950	77,541	25,409
Fire Fighting Supplies	21,000	11,813	9,187
Fire Department Communications	58,715	52,505	6,210
Fire Prevention	1,500	-	1,500
Fire Training	7,000	3,016	3,984
Fire Medical Services	3,300	1,069	2,231
Fire Building maintenance	19,391	16,660	2,731
Fire Equipment maintenance	68,125	51,642	16,483
Fire department total	<u>289,081</u>	<u>220,203</u>	<u>68,878</u>
Fire warden and works	<u>6,125</u>	<u>6,124</u>	<u>1</u>
Total public safety	<u>1,577,885</u>	<u>1,472,686</u>	<u>105,199</u>
Health and welfare			
Animal control	2,085	2,429	(344)
EMS Department			
EMS Administration	14,075	13,610	465
EMS Personnel	378,960	372,201	6,759
EMS Services	31,200	18,861	12,339
EMS Communications	58,343	54,642	3,701
EMS Training and services	11,000	3,518	7,482
EMS Building maintenance	14,050	13,739	311
EMS Vehicle maintenance	21,050	21,634	(584)
EMS department total	<u>528,678</u>	<u>498,205</u>	<u>30,473</u>
Total health and welfare	<u>530,763</u>	<u>500,634</u>	<u>30,129</u>

(continued)

TOWN OF MORRISTOWN, VERMONT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Cemeteries	46,500	2,245	44,255
Culture, recreation and conservation			
Morristown Centennial Library	283,778	305,862	(22,084)
Community event and conservation	74,933	65,616	9,317
Recreation	113,000	78,048	34,952
Culture, recreation and conservation	471,711	449,526	22,185
Debt service:			
Oxbox bathrooms note	16,100	14,473	1,627
Municipal building note	39,164	26,186	12,978
Bridge Street project	83,366	67,862	15,504
Paving loan	104,700	99,292	5,408
2017 Fire Truck note	42,000	33,323	8,677
2018 Fire Rescue Truck note	24,000	20,249	3,751
Highway Equipment notes	-	81,829	(81,829)
2019 Ambulance note	-	48,272	(48,272)
Capital lease payments	-	36,449	(36,449)
Interest expense	35,000	106,884	(71,884)
Total debt service	344,330	534,819	(190,489)
Capital outlay:			
Machinery and equipment - EMS	74,480	44,879	29,601
Machinery and equipment - Police	35,990	32,631	3,359
Machinery and equipment - Highway	-	367,228	(367,228)
Buildings and improvements - Fire	25,000	-	25,000
Buildings and improvements - Highway	26,500	-	26,500
Infrastructure	219,000	227,424	(8,424)
Total capital outlay	380,970	672,162	(291,192)
Total municipal expenditures before outside agencies support:	6,685,160	6,965,378	(280,218)
General agencies support:			
M' Alliance for Culture & Commerce	7,000	7,000	-
Morrisville Military Band	1,500	1,500	-
Total general agencies support	8,500	8,500	-
Outside agencies support:			
Central Vermont Adult Basic Education	2,900	2,900	-
Central Vermont Community Action Council	900	900	-
Central Vermont Council on Aging	2,500	2,500	-
Clarina Howard Nichols Center	1,750	1,750	-
Green Mountain Transit	5,763	5,763	-
Justice for Dogs	1,000	1,000	-
Lamoille Home Health and Hospice	15,681	15,681	-
Lamoille County Civic Association	2,500	2,500	-
Lamoille County Food Share	5,000	5,000	-

(continued)

TOWN OF MORRISTOWN, VERMONT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Outside agencies support continued:			
Lamoille County Mental Health/Community	3,900	3,900	-
Lamoille County Youth Center	12,000	12,000	-
Lamoille Day Services Out & About	4,000	4,000	-
Lamoille Economic Development Council	4,000	4,000	-
Lamoille Family Center	3,000	3,000	-
Lamoille Housing Partnership	1,000	1,000	-
Lamoille Restorative Center	1,500	1,500	-
Lamoille County Habitat for Humanity	1,000	1,000	-
Lamoille County Special Investigation Unit	3,375	3,375	-
Meals on Wheels of Lamoille County	10,000	10,000	-
Morristown Community Center	15,000	15,000	-
North Country Animal League	1,000	1,000	-
Rural Community Transport	5,200	5,200	-
Retired Senior Volunteer Program	1,000	1,000	-
River Arts	10,000	10,000	-
Total outside agencies support	113,969	113,969	-
Total Expenditures	6,807,629	7,087,847	(280,218)
Excess of Revenues over Expenditures	179,213	(482,417)	(661,630)
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	-	21,000	21,000
Proceeds from loan-Highway Equipment	-	363,489	363,489
Proceeds of lease Live Scan	-	22,631	22,631
Transfer to Community Event Fund	-	(3,694)	(3,694)
Transfer to Morristown Centennial Library	(174,578)	(174,578)	-
Transfer from Morristown to Centennial Library	174,578	174,578	-
Transfer to Pleasant View Cemetery Fund	(16,000)	(16,000)	-
Transfers from Morristown to Cemetery	16,000	-	(16,000)
Transfers from Endowment to Cemetery	24,700	-	(24,700)
Transfer to uncompensated absences reserves	(15,000)	(15,000)	-
Transfer from uncompensated absences reserves	-	15,000	15,000
Transfer to Sidewalk Fund	-	(61,305)	(61,305)
Transfer to Fire Capital Equipment Fund	(63,565)	(64,545)	(980)
Transfer to Highway Capital Equipment Fund	(63,565)	(64,545)	(980)
Transfer to Noyes House Museum Fund	(31,783)	(32,273)	(490)
Transfer to Highway Bridge Reserve	(30,000)	(30,000)	-
Total Other Financing Sources and Uses	(179,213)	134,758	313,971
Net Change in Fund Balance	\$ -	\$ (347,659)	\$ (347,659)

The notes to the financial statements are an integral part of this statement.
See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE TOWN'S PORPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	For the measurement period ended June 30,					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Plan Net Pension Liability	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's proportion of the net pension liability (asset)	0.8240%	0.8803%	0.9292%	0.9435%	0.9216%	0.9808%
Town's proportionate share of the net pension liability (asset)	\$ 1,429,509	\$ 1,238,379	\$ 1,125,777	\$ 1,214,196	\$ 710,549	\$ 89,512
Town's covered-employee payroll	\$ 2,285,322	\$ 2,175,529	\$ 2,138,207	\$ 2,088,445	\$ 1,963,064	\$ 1,809,488
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	62.55%	56.92%	52.65%	58.14%	36.20%	4.95%
Plan fiduciary net position as a percentage of the total pension liability	80%	83%	84%	81%	87%	98%

Notes to the Schedule

June 30, 2019 valuation date.

Changes to Benefits: None

Changes in Assumptions: None

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 170,407	\$ 158,312	\$ 154,192	\$ 151,747	\$ 143,391	\$ 128,832
Contributions in relation to the contractually required contribution	<u>170,407</u>	<u>158,312</u>	<u>154,192</u>	<u>151,747</u>	<u>143,391</u>	<u>128,832</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,285,322	\$ 2,175,529	\$ 2,138,207	\$ 2,088,445	\$ 1,963,064	\$ 1,809,488
Contributions as a percentage of covered-employee payroll	7%	7%	7%	7%	7%	7%

Notes to the Schedule

June 30, 2019 valuation date.

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Pleasant View Cemetery Endowment Fund	Total
ASSETS				
Cash and cash equivalents	\$ 138,413	\$ 433,263	\$ 8,547	\$ 580,223
Investments	349,763	91,910	305,663	747,336
Total Assets	<u>\$ 488,176</u>	<u>\$ 525,173</u>	<u>\$ 314,210</u>	<u>\$ 1,327,559</u>
LIABILITIES				
Accounts Payable	\$ 575	\$ -	\$ -	\$ 575
Due to Other Funds	-	-	-	-
Total Liabilities	<u>575</u>	<u>-</u>	<u>-</u>	<u>575</u>
FUND BALANCES				
Nonspendable	-	-	200,000	200,000
Restricted	482,849	240,794	114,210	837,853
Committed	-	261,507	-	261,507
Assigned	4,752	22,872	-	27,624
Unassigned	-	-	-	-
Total Fund Balances	<u>487,601</u>	<u>525,173</u>	<u>314,210</u>	<u>1,326,984</u>
Total Liabilities and Fund Balances	<u>\$ 488,176</u>	<u>\$ 525,173</u>	<u>\$ 314,210</u>	<u>\$ 1,327,559</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPEDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Pleasant View Cemetery Endowment Fund	Total
REVENUES:				
Intergovernmental	\$ 24,861	\$ -	\$ -	\$ 24,861
Charges for services	900	-	100	1,000
Permits, licenses and fees	20,294	-	-	20,294
Investment income (loss)	9,346	4,031	19,899	33,276
Donations	10,484	-	-	10,484
Total Revenues	<u>65,885</u>	<u>4,031</u>	<u>19,999</u>	<u>89,915</u>
EXPENDITURES:				
General government	951	9,968	-	10,919
Highways and streets	-	14,550	-	14,550
Culture and recreation	13,559	11,680	-	25,239
Cemetery	33,794	-	-	33,794
Capital outlay:				
Machinery and equipment	-	49,745	-	49,745
Buildings and improvements	-	375	-	375
Infrastructure	-	24,996	-	24,996
Debt service:				
Principal	-	35,325	-	35,325
Interest	-	858	-	858
Total Expenditures	<u>48,304</u>	<u>147,497</u>	<u>-</u>	<u>195,801</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>17,581</u>	<u>(143,466)</u>	<u>19,999</u>	<u>(105,886)</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	50	-	-	50
Transfers In	33,694	252,668	-	286,362
Transfers Out	-	-	(14,000)	(14,000)
Total Other Financing Sources ar	<u>33,744</u>	<u>252,668</u>	<u>(14,000)</u>	<u>272,412</u>
Net Change in Fund Balance	51,325	109,202	5,999	166,526
Fund Balance - July 1, 2019	<u>436,276</u>	<u>\$ 415,971</u>	<u>\$ 308,211</u>	<u>\$ 1,160,458</u>
Fund Balance - June 30, 2020	<u>\$ 487,601</u>	<u>\$ 525,173</u>	<u>\$ 314,210</u>	<u>\$ 1,326,984</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	DEA Fund	Reappraisal Fund	Restoration Fund	Garden Fund	Community Event & Park Fund	Pleasant View Cemetery Fund	Total
ASSETS							
Cash and cash equivalents	\$ 5,387	\$ 85,968	\$ 34,582	\$ 2,201	\$ 4,948	\$ 5,327	\$ 138,413
Investments	-	239,724	110,039	-	-	-	349,763
Total Assets	<u>\$ 5,387</u>	<u>\$ 325,692</u>	<u>\$ 144,621</u>	<u>\$ 2,201</u>	<u>\$ 4,948</u>	<u>\$ 5,327</u>	<u>\$ 488,176</u>
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 575
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575</u>	<u>575</u>
FUND BALANCES							
Restricted	5,387	325,692	144,621	2,201	4,948	-	482,849
Assigned	-	-	-	-	-	4,752	4,752
Total Fund Balances	<u>5,387</u>	<u>325,692</u>	<u>144,621</u>	<u>2,201</u>	<u>4,948</u>	<u>4,752</u>	<u>487,601</u>
Total Liabilities and Fund Balances	<u>\$ 5,387</u>	<u>\$ 325,692</u>	<u>\$ 144,621</u>	<u>\$ 2,201</u>	<u>\$ 4,948</u>	<u>\$ 5,327</u>	<u>\$ 488,176</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPEDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	DEA	Reappraisal	Restoration	Garden	Community Event	Pleasant View Cemetery	Total
	Fund	Fund	Fund	Fund	Fund	Fund	
REVENUES:							
Intergovernmental	\$ 1,320	\$ 23,541	\$ -	\$ -	\$ -	\$ -	\$ 24,861
Charges for services	-	-	-	-	-	900	900
Permits, licenses and fees	-	-	20,294	-	-	-	20,294
Investment income (loss)	8	8,085	1,243	3	7	-	9,346
Donations	-	-	-	1,085	9,399	-	10,484
Total Revenues	<u>1,328</u>	<u>31,626</u>	<u>21,537</u>	<u>1,088</u>	<u>9,406</u>	<u>900</u>	<u>65,885</u>
EXPENDITURES:							
General government	500	-	451	-	-	-	951
Culture and recreation	-	-	-	1,034	12,525	-	13,559
Cemetery	-	-	-	-	-	33,794	33,794
Total Expenditures	<u>500</u>	<u>-</u>	<u>451</u>	<u>1,034</u>	<u>12,525</u>	<u>33,794</u>	<u>48,304</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>828</u>	<u>31,626</u>	<u>21,086</u>	<u>54</u>	<u>(3,119)</u>	<u>(32,894)</u>	<u>17,581</u>
OTHER FINANCING SOURCES (USES):							
Sale of capital assets	-	-	-	-	-	50	50
Transfers In	-	-	-	-	3,694	30,000	33,694
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,694</u>	<u>30,050</u>	<u>33,744</u>
Net Change in Fund Balance	828	31,626	21,086	54	575	(2,844)	51,325
Fund Balance - July 1, 2019	<u>4,559</u>	<u>\$ 294,066</u>	<u>\$ 123,535</u>	<u>\$ 2,147</u>	<u>\$ 4,373</u>	<u>\$ 7,596</u>	<u>\$ 436,276</u>
Fund Balance - June 30, 2020	<u>\$ 5,387</u>	<u>\$ 325,692</u>	<u>\$ 144,621</u>	<u>\$ 2,201</u>	<u>\$ 4,948</u>	<u>\$ 4,752</u>	<u>\$ 487,601</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2020

	Fire Capital Equipment Fund	Highway Capital Equipment Fund	Conservation Fund	Oxbow Bathroom Fund	Noyes House Fund	Bridge Reserve Fund	Sidewalk Reserve Fund	Municipal Office Building Fund	Total
ASSETS									
Cash and cash equivalents	\$ 74,596	\$ 75,283	\$ 2,594	\$ 73,985	\$17,886	\$104,661	\$61,386	\$ 22,872	\$433,263
Investments	-	-	31,060	-	-	60,850	-	-	91,910
Total Assets	<u>\$ 74,596</u>	<u>\$ 75,283</u>	<u>\$ 33,654</u>	<u>\$ 73,985</u>	<u>\$ 17,886</u>	<u>\$ 165,511</u>	<u>\$ 61,386</u>	<u>\$ 22,872</u>	<u>\$ 525,173</u>
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted	-	75,283	-	-	-	165,511	-	-	240,794
Committed	74,596	-	33,654	73,985	17,886	-	61,386	-	261,507
Assigned	-	-	-	-	-	-	-	22,872	22,872
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>74,596</u>	<u>75,283</u>	<u>33,654</u>	<u>73,985</u>	<u>17,886</u>	<u>165,511</u>	<u>61,386</u>	<u>22,872</u>	<u>525,173</u>
Total Liabilities and Fund Balances	<u>\$ 74,596</u>	<u>\$ 75,283</u>	<u>\$ 33,654</u>	<u>\$ 73,985</u>	<u>\$ 17,886</u>	<u>\$ 165,511</u>	<u>\$ 61,386</u>	<u>\$ 22,872</u>	<u>\$ 525,173</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPEDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Fire Capital Equipment Fund	Highway Capital Equipment Fund	Conservation Fund	Oxbow Bathroom Fund	Noyes House Fund	Bridge Reserve Fund	Sidewalk Reserve Fund	Municipal Office Building Fund	Total
REVENUES:									
Investment income (loss)	\$ 170	\$ 316	\$ 675	\$ 235	\$ 60	\$ 2,422	\$ 81	\$ 72	\$ 4,031
Total Revenues	<u>170</u>	<u>316</u>	<u>675</u>	<u>235</u>	<u>60</u>	<u>2,422</u>	<u>81</u>	<u>72</u>	<u>4,031</u>
EXPENDITURES:									
General government	-	-	698	-	-	-	-	9,270	9,968
Highways and streets	-	-	-	-	-	14,550	-	-	14,550
Culture and recreation	-	-	-	-	11,680	-	-	-	11,680
Capital outlay:									
Machinery and equipment	-	49,745	-	-	-	-	-	-	49,745
Buildings and improvements	-	-	-	375	-	-	-	-	375
Infrastructure	-	-	-	-	-	-	24,996	-	24,996
Debt service:									
Principal	-	35,325	-	-	-	-	-	-	35,325
Interest	-	858	-	-	-	-	-	-	858
Total Expenditures	<u>-</u>	<u>85,928</u>	<u>698</u>	<u>375</u>	<u>11,680</u>	<u>14,550</u>	<u>24,996</u>	<u>9,270</u>	<u>147,497</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>170</u>	<u>(85,612)</u>	<u>(23)</u>	<u>(140)</u>	<u>(11,620)</u>	<u>(12,128)</u>	<u>(24,915)</u>	<u>(9,198)</u>	<u>(143,466)</u>
OTHER FINANCING SOURCES (USES):									
Transfers In	64,545	64,545	-	-	32,273	30,000	61,305	-	252,668
Total Other Financing Sources and Uses	<u>64,545</u>	<u>64,545</u>	<u>-</u>	<u>-</u>	<u>32,273</u>	<u>30,000</u>	<u>61,305</u>	<u>-</u>	<u>252,668</u>
Net Change in Fund Balance	64,715	(21,067)	(23)	(140)	20,653	17,872	36,390	(9,198)	109,202
Fund Balance - July 1, 2019	<u>\$ 9,881</u>	<u>\$ 96,350</u>	<u>\$33,677</u>	<u>\$ 74,125</u>	<u>\$ (2,767)</u>	<u>\$147,639</u>	<u>\$24,996</u>	<u>\$ 32,070</u>	<u>\$415,971</u>
Fund Balance - June 30, 2020	<u>\$ 74,596</u>	<u>\$ 75,283</u>	<u>\$33,654</u>	<u>\$ 73,985</u>	<u>\$17,886</u>	<u>\$165,511</u>	<u>\$61,386</u>	<u>\$ 22,872</u>	<u>\$525,173</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2020

	Scholarship <u>Fund</u>	Trustee of <u>Public Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 879	\$ -	\$ 879
Investments - temporarily restricted	<u>44,079</u>	<u>3,795</u>	<u>47,874</u>
Total Assets	\$ <u>44,958</u>	\$ <u>3,795</u>	\$ <u>48,753</u>
LIABILITIES			
Total Liabilities	\$ -	\$ -	\$ -
NET POSITION			
Restricted:			
Held in Trust for Individuals and Organizations	<u>44,958</u>	<u>3,795</u>	<u>48,753</u>
Total Net Position	<u>44,958</u>	<u>3,795</u>	<u>48,753</u>
Total Liabilities and Net Position	\$ <u>44,958</u>	\$ <u>3,795</u>	\$ <u>48,753</u>

See the disclaimer in the accompanying Independent Auditor's Report.

TOWN OF MORRISTOWN, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Scholarship Fund	Trustee of Public Funds	Total
ADDITIONS			
Investment Income	\$ 1,881	\$ 46	\$ 1,927
Total Additions	<u>1,881</u>	<u>\$ 46</u>	<u>\$ 1,927</u>
DEDUCTIONS			
Scholarships	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	\$ 1,881	46	1,927
Net Position - July 1, 2019	<u>43,077</u>	<u>\$ 3,749</u>	<u>46,826</u>
Net Position - June 30, 2020	\$ <u>44,958</u>	\$ <u>3,795</u>	\$ <u>48,753</u>

See the disclaimer in the accompanying Independent Auditor's Report.

Glenna L. Pound

CERTIFIED PUBLIC ACCOUNTANT

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*

To the Selectboard for the Town of Morristown, Vermont:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Morristown, Vermont, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Morristown, Vermont's basic financial statements and have issued my report thereon dated November 24, 2020.

Internal Control over Financial Reporting

In planning and performing the audit of the financial statements, I considered the Town of Morristown, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Morristown, Vermont's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Morristown, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Morristown, Vermont's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of the tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, I have noted below certain other matters during the audit as an opportunity for strengthening internal control and operating efficiency.

- The Selectboard approves the fiscal year's Compensation Pay Plan with the approved schedule retained on the computer. This may result in unintended edits occurring after the approved process. It was recommended that the approved document be signed by an authorized Selectboard member and retained for substantiating documentation.
- It was noted that Highway timecards were not signed by the employee or supervisor. Signatures are necessary to record attestation, authorization, and approval. It was recommended that all timecards be remitted with employee and supervisor signatures.

These recommendations were discussed with Management and subsequently implemented in the new year.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Glenna L. Pound, CPA
Stowe, VT
November 24, 2020