

TOWN OF MONKTON, VERMONT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
DECEMBER 31, 2019

TOWN OF MONKTON, VERMONT

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Select Board
Town of Monkton, VT

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monkton, Vermont, as of and for the year ended December 31, 2019, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our 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 Monkton, Vermont, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Monkton's basic financial statements. The combining schedules of nonmajor governmental funds and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of nonmajor governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedules of budgetary comparison information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, May 5, 2020, on our consideration of the Town of Monkton, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Monkton, Vermont's internal control over financial reporting and compliance.

Pace & Hawley, LLC

Berlin, VT
May 5, 2020

TOWN OF MONKTON, VERMONT
Statement of Net Position - Modified Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash	\$ 409,404
Noncurrent assets:	
Capital Assets	2,691,848
(Accumulated depreciation)	<u>(951,649)</u>
Total noncurrent assets	<u>1,740,199</u>
Total assets	<u>2,149,603</u>
Liabilities	
Current liabilities:	
Property taxes due to school district	13,262
Other liabilities	324
Notes and capital lease payable, current portion	<u>86,448</u>
Total current liabilities	<u>100,034</u>
Noncurrent liabilities:	
Notes and capital lease payable, less current portion	<u>43,411</u>
Total liabilities	<u>143,445</u>
Deferred inflows of resources	
Property taxes received in advance	<u>4,720</u>
Net position	
Net investment in capital assets	1,610,340
Restricted	70,640
Unrestricted	<u>320,458</u>
Total net position	\$ <u>2,001,438</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MONKTON, VERMONT
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 296,149	\$ 62,905	\$ 70,047	\$ -	\$ (163,197)
Highway	879,539	1,365	147,486	38,560	(692,128)
Library	28,287	-	3,883	-	(24,404)
Recreation	9,153	3,735	-	-	(5,418)
Appropriations	72,899	-	-	-	(72,899)
Interest on long-term debt	3,130	-	-	-	(3,130)
Total governmental activities	\$ <u>1,289,157</u>	\$ <u>68,005</u>	\$ <u>221,416</u>	\$ <u>38,560</u>	<u>(961,176)</u>
General revenues					
					1,044,102
					23,246
					59
					18,665
					1,669
					<u>1,087,741</u>
					126,565
					<u>1,874,873</u>
					\$ <u>2,001,438</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MONKTON, VERMONT
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2019

	General Fund	Highway Fund	Agricultural and Natural Area Conservation Fund	Municipal Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 2,252	\$ -	\$ 172,553	\$ 100,012	\$ 134,587	\$ 409,404
Due from other funds	<u>27,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,623</u>	<u>59,129</u>
Total assets	<u>\$ 29,758</u>	<u>\$ -</u>	<u>\$ 172,553</u>	<u>\$ 100,012</u>	<u>\$ 166,210</u>	<u>\$ 468,533</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Property taxes due to school district	\$ 13,262	\$ -	\$ -	\$ -	\$ -	\$ 13,262
Other liabilities	324	-	-	-	-	324
Due to other funds	<u>-</u>	<u>59,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,129</u>
Total liabilities	<u>13,586</u>	<u>59,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,715</u>
Deferred inflows of resources:						
Property taxes received in advance	<u>4,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,720</u>
Fund balances:						
Restricted	-	-	-	-	70,640	70,640
Committed	-	-	172,553	100,012	95,570	368,135
Assigned	10,469	-	-	-	-	10,469
Unassigned	<u>983</u>	<u>(59,129)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,146)</u>
Total fund balances	<u>11,452</u>	<u>(59,129)</u>	<u>172,553</u>	<u>100,012</u>	<u>166,210</u>	<u>391,098</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,758</u>	<u>\$ -</u>	<u>\$ 172,553</u>	<u>\$ 100,012</u>	<u>\$ 166,210</u>	<u>\$ 468,533</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MONKTON, VERMONT
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds
to the Statement of Net Position - Modified Cash Basis
December 31, 2019

Total fund balances - governmental funds	\$	391,098
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Amounts reported for governmental activities in the government-wide statement of net position are different because:

Capital assets used in governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet:

Capital assets		2,691,848
Accumulated depreciation		(951,649)

Long-term liabilities, including notes and capital leases payable, are not due and payable in the current year and therefore are not reported in the governmental funds balance sheet		<u>(129,859)</u>
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Net position - governmental activities	\$	<u><u>2,001,438</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF MONKTON, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balances
Modified Cash Basis - Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Highway Fund	Agricultural and Natural Area Conservation Fund	Municipal Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 243,628	\$ 674,291	\$ 50,000	\$ 20,000	\$ 56,183	\$ 1,044,102
Penalties and interest on delinquent taxes	23,246	-	-	-	-	23,246
Intergovernmental	61,642	186,046	-	-	8,669	256,357
Licenses, permits and fines	23,456	1,365	-	-	4,248	29,069
Charges for services	35,203	-	-	-	3,734	38,937
Interest on cash deposit	36	-	12	8	3	59
Donations	-	-	-	-	3,618	3,618
Miscellaneous	1,026	643	-	-	-	1,669
Total revenues	<u>388,237</u>	<u>862,345</u>	<u>50,012</u>	<u>20,008</u>	<u>76,455</u>	<u>1,397,057</u>
Expenditures						
Current:						
General government	285,250	-	-	-	265	285,515
Highways, streets and bridges	-	818,222	-	-	-	818,222
Library	-	-	-	-	27,631	27,631
Recreation	-	-	-	-	9,153	9,153
Appropriations	72,899	-	-	-	-	72,899
Capital outlay	6,248	54,502	-	-	68,600	129,350
Debt service - principal	15,600	70,260	-	-	-	85,860
Debt service - interest	959	2,171	-	-	-	3,130
Total expenditures	<u>380,956</u>	<u>945,155</u>	<u>-</u>	<u>-</u>	<u>105,649</u>	<u>1,431,760</u>
Net change in fund balances	7,281	(82,810)	50,012	20,008	(29,194)	(34,703)
Fund balances, beginning of year	<u>4,171</u>	<u>23,681</u>	<u>122,541</u>	<u>80,004</u>	<u>195,404</u>	<u>425,801</u>
Fund balances, end of year	\$ <u>11,452</u>	\$ <u>(59,129)</u>	\$ <u>172,553</u>	\$ <u>100,012</u>	\$ <u>166,210</u>	\$ <u>391,098</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MONKTON, VERMONT
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2019

Net change in fund balances - governmental funds	\$	(34,703)
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Amounts reported for governmental activities in the government-wide statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives:

Capital outlay		129,350
Current year depreciation		(72,607)
Gain on disposal of capital assets		18,665

Note and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of notes and capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position:

Repayment of notes and capital lease payable		<u>85,860</u>
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Change in net position - governmental activities	\$	<u>126,565</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

1. Summary of significant accounting policies

The Town of Monkton, Vermont (herein the "Town") operates under a Select Board form of government and provides the following services: highways and streets, health and social services, community/economic development, recreation, public improvements, planning and zoning and administrative services.

As discussed further in Note 1.C., these financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial reporting entity - The Town is a primary unit of government under reporting criteria established by the GASB. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units and evaluated them against the criteria established by the GASB. Based on these criteria, there are no other entities that are considered to be component units of the Town that should be included in these financial statements.

B. Basis of presentation

Fund accounting: The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Government-wide statements: The statement of net position and the statement of activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. The effect of interfund activity has been removed from these statements.

Fund financial statements: Fund financial statements are presented according to each fund category; governmental and fiduciary. Separate financial statements are provided for each of these categories. Major governmental funds are reported as separate columns in the fund financial statements. Non-major governmental funds are reported aggregate as a single column in the fund financial statements.

The Town reports the following major governmental funds:

General Fund - The General Fund is used to account for the primary activity of the Town. Property taxes and other revenue sources used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Highway Fund - The Highway Fund is a special revenue fund which accounts for activities related to the highway department.

The Municipal Building Fund - The Municipal Building Fund is a capital project fund which accounts for resources to be used for acquisition and construction of the Town's municipal building.

Reappraisal Fund - The Reappraisal Fund is a special revenue fund which accounts for resources restricted and/or committed for the purpose of conducting town-wide reappraisals.

Agricultural and Natural Area Conservation Fund - The ANAC Fund is a special revenue fund which accounts for resources committed for the purpose of preserving agricultural and natural areas.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

1. Summary of significant accounting policies (continued)

- C. Measurement focus and basis of accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus refers to what items are reported on the financial statements. Basis of accounting refers to when cash receipts and cash disbursements are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of measurement made, regardless of the measurement focus applied.

Measurement focus: The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of changes in net position and net financial position. All assets, deferred outflows, liabilities, deferred inflows associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources for a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of accounting: The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by the GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position, or balance sheets, cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include amounts due to the State of Vermont or local school district, payroll withholdings, property taxes received in advance and amounts outstanding on its lines of credit, interfund receivables and payables. Capital assets and long-term debt arising from cash and cash equivalent transactions are reported on the statement of net position. Additionally, the Town reports capital leases as liabilities and the related equipment received as assets even though the transactions are not based on cash.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses or expenditures are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

- D. Governmental fund equity - In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

1. Summary of significant accounting policies (continued)

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. For the purposes of defining the committed fund balance category, the Town considers the taxpayers, through voted Town articles, its highest level of decision-making authority.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Select Board, or a body or official to which the Select Board has delegated the authority, to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include any negative residual balance resulting from expenditures exceeding amounts restricted, committed, or assigned for a specific purpose.

For the classification of governmental fund balances, the Town does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the Town has generally considered an expenditure to be made from the most restrictive first when more than one classification is available.

- E. Budgetary accounting - The Town uses the following procedure in establishing the General Fund budget presented in the financial statements:

Budgets are approved at the annual Town Meeting. Any budget changes require voter approval. There were no budget amendments during the year.

- F. Estimates - The preparation of the financial statements require 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, expenditures, or expenses, during the reported period. Actual results could differ from those estimates.
- G. Cash - Cash consists of deposit accounts held at financial institutions. The Town pools cash of multiple funds in order to enhance operating efficiency and physical custody and controls. Each fund's share of its pooled cash is included in cash.
- H. Capital assets - Capital assets, which include land, infrastructure, buildings, furniture, and equipment, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are reported in the government-wide financial statements and depreciated in order for their costs to be charged as expenses over their estimated useful lives. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the Town are depreciated using the straight-line method over the following useful lives:

Infrastructure	50 years
Buildings and improvements	50 years
Equipment	15 years

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

1. Summary of significant accounting policies (continued)

- I. Interfund balances and transfers - Interfund receivables and payables represent transactions incurred within the fund for other funds. These accounts are expected to be eliminated in the normal course of operations. Interfund transfers represent flows of cash or goods from one fund to another without a requirement for repayment.
- J. Education property taxes - The Town serves as an agent for the State of Vermont. As required by State statute, the Town bills, collects and remits education property taxes. Amounts received for such purposes are considered an agency function and are not recorded as Town revenues.
- K. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources, if applicable, are reported as separate sections in the statement of net position and balance sheet. Deferred outflows of resources represent a consumption of net assets that applies to a future period. Deferred inflows of resources represent the current acquisition of net assets that is applicable to a future reporting period.

2. Cash

As of December 31, 2019, the Town reported cash of \$409,404.

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2019, the Town's bank balance was \$495,217. Of this amount, \$250,000 was insured by the FDIC. The remaining amount of \$245,217 was collateralized with securities held by the pledging bank's trust department but not in the Town's name.

3. Reserve funds

Through various taxpayer approved Articles, voters have established "reserve funds", as defined by 24 V.S.A. § 2804, in order to set aside money for specific purposes. The Town has pooled this money into its general operating account for the purposes of coordinating cash flow needs. The Town has not established a formal borrowing agreement or terms for repayment.

4. Property taxes

Property taxes become an enforceable lien upon Town of Monkton property holders as of April 1st of each year. Property taxes were payable in one installment due November 15, 2019. Taxes not paid by the due date were listed as delinquent taxes and were assessed related penalties and interest. For the year ended December 31, 2019, the assessed property tax rates were as follows:

	<u>Nonresidential</u>	<u>Residential</u>
Education	1.6267	1.6547
Municipal	<u>0.4119</u>	<u>0.4119</u>
Total tax rate per \$100 of assessed valuation	<u>2.0386</u>	<u>2.0666</u>

The Town serves as agent for the State of Vermont for the purpose of collecting and distributing education property taxes for those taxpayers residing in the Town of Monkton. As instructed by the State of Vermont, the Town billed \$4,175,393 for education property taxes during the year ended December 31, 2019 for the state's 2019/2020 fiscal year. A liability was recorded as of December 31, 2019, for the remaining unpaid balance of education property taxes due to the local school district.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

5. 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, and injuries to employees. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

6. Capital assets

Changes in capital assets consisted of the following:

	Balance January 1, <u>2019</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2019</u>
Governmental activities				
Capital assets, not depreciated:				
Land	\$ <u>287,312</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>287,312</u>
Capital assets, depreciated:				
Infrastructure	472,909	47,581	-	520,490
Buildings & improvements	694,766	-	-	694,766
Equipment, machinery and vehicles	<u>1,222,188</u>	<u>133,769</u>	<u>166,677</u>	<u>1,189,280</u>
	<u>2,389,863</u>	<u>181,350</u>	<u>166,677</u>	<u>2,404,536</u>
Less accumulated depreciation for:				
Infrastructure	36,864	10,410	-	47,274
Buildings & improvements	312,853	12,952	-	325,805
Equipment, machinery and vehicles	<u>662,667</u>	<u>49,245</u>	<u>133,342</u>	<u>578,570</u>
	<u>1,012,384</u>	<u>72,607</u>	<u>133,342</u>	<u>951,649</u>
Total capital assets depreciated, net	<u>1,377,479</u>	<u>108,743</u>	<u>33,335</u>	<u>1,452,887</u>
Capital assets, net, governmental activities	\$ <u><u>1,664,791</u></u>	\$ <u><u>108,743</u></u>	\$ <u><u>33,335</u></u>	\$ <u><u>1,740,199</u></u>

Depreciation expense in the governmental activities totaling \$72,607 was allocated to the following functions: general government \$10,634, highway \$61,317, and library \$656.

7. Long-term liabilities

The Town issues general obligation bonds to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year. The town's debt obligations for less costly projects (e.g. road equipment) are notes and capital leases payable.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

7. Long-term liabilities (continued)

The following is a summary of notes and capital leases payable at December 31, 2019:

Deere Credit, Inc., lease purchase agreement, 2014 John Deere 75G excavator, interest at 3.00%. Annual payment of \$13,894 through April 15, 2021. Total borrowed was \$89,060.	\$ 26,672
Community Bank, 2016 Ford F550 dump truck note payable, interest at 2.05%. Annual principal reduction payment of \$14,327 through May 10, 2021. Total borrowed was \$71,635.	28,654
Community Bank, 2016 fire station addition note payable, interest at 2.05%. Annual principal reduction payment of \$15,600, through August 23, 2021. Total borrowed was \$78,000.	31,200
Community Bank, 2018 Western Star dump truck, note payable, interest at 1.95%. Annual principal reduction payment of \$43,333 through September 25, 2020. Total borrowed was \$130,000.	43,333
	<u>\$ 129,859</u>

The John Deere 75G excavator acquired under the capital lease is recorded in the governmental activities statement of net position at a cost of \$89,060 and accumulated depreciation of \$29,687 as of December 31, 2019.

Changes in long-term liabilities for the year ended December 31, 2019 were as follows:

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
Governmental activities:					
Capital lease payable, 2014 excavator	\$ 39,271	\$ -	\$ 12,599	\$ 26,672	\$ 13,188
Note payable, 2016 dump truck	42,981	-	14,327	28,654	14,327
Note payable, fire station addition	46,800	-	15,600	31,200	15,600
Note payable, 2018 dump truck	86,667	-	43,334	43,333	43,333
	<u>\$ 215,719</u>	<u>\$ -</u>	<u>\$ 85,860</u>	<u>\$ 129,859</u>	<u>\$ 86,448</u>

Annual maturities of long-term debt at December 31, 2019 were as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending December 31,		
2020	\$ 86,448	\$ 2,779
2021	43,411	1,024
	<u>\$ 129,859</u>	<u>\$ 3,803</u>

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

8. Retirement plan

Vermont Municipal Employees Retirement System - The Town contributes to the Vermont Municipal Employees Retirement System (VMERS), a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contributions plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Title 24, V.S.A., Chapter 125, govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the operation of VMERS is vested in the Board of Trustees. VMERS issues annual financial information which is available at the VMERS' office, 133 State Street, Montpelier, Vermont 05602.

Employees meeting certain eligibility requirements are covered under the VMERS defined benefit plan. Town employees participating in this plan (Group B) are required to contribute 5.000% (5.125% starting 7/1/2019) of gross wages, and the Town contributes 5.625% (5.750% starting 7/1/2019) of the employees' gross wages to the plan. The Town's contributions to VMERS for the years ended December 31, 2019, 2018, and 2017 were \$12,037, \$8,501, and \$7,137, respectively.

Because of the use of a modified cash basis of accounting, the Town's proportionate share of the VMERS's net pension liability is not reported in the Town's financial statements as a liability. Pension expense or expenditures are only reported when contributions are paid by the Town to VMERS.

9. Addison County Solid Waste Management District

The Town is a participating member in the Addison County Solid Waste Management District (the District); which is a union municipal district that exists to cooperatively and comprehensively address the solid waste management interest of its 20-member towns. The District is governed by a Board of Supervisors composed of one representative from each of the participating municipalities. The District has primary liability for its future obligations, including operating costs and debt service. Municipalities have contingent liability through membership in the District. Financial information concerning the District can be found on their website at www.addisoncountyclecyles.org, or by contacting the District Office at 802-388-2333.

10. Contingencies

The Town receives significant financial assistance from the State of Vermont through grants and other forms of state aid. Entitlement to these resources is generally based on compliance with terms and conditions of grant agreements and applicable state regulations, including the expenditure of the resources for eligible purposes. These funds are subject to audit by the granting authority in order to ensure compliance. Any disallowance as a result of these audits becomes a liability of the Town. Management believes that there are no significant contingent liabilities relating to compliance with grant agreements and applicable state regulations.

11. Interfund balances

Interfund receivable and payable balances at December 31, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities:		
General Fund	\$ 27,506	\$ -
Highway Fund	-	59,129
Nonmajor Governmental Funds	<u>31,623</u>	<u>-</u>
	<u>\$ 59,129</u>	<u>\$ 59,129</u>

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

12. Tax stabilization agreement

On March 4, 2017, the voters of the Town approved a \$60,000 tax stabilization fund. The voters did not identify specific requirements for additions to the stabilization amount or conditions under which stabilization amounts may be spent. As of December 31, 2019, the \$60,000 stabilization amount was reported as unassigned general fund balance.

13. Governmental fund equity

As of December 31, 2019, governmental fund balances consisted of the following:

	General Fund	Highway Fund	Agricultural and Natural Area Conservation Fund	Municipal Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted						
Reappraisal	\$ -	\$ -	\$ -	\$ -	\$ 63,249	\$ 63,249
Wildlife crossing	-	-	-	-	2,467	2,467
PVR Education	-	-	-	-	676	676
Record restoration	-	-	-	-	4,248	4,248
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,640</u>	<u>70,640</u>
Committed						
Capital projects	-	-	-	-	39,407	39,407
Municipal building	-	-	-	100,012	-	100,012
Community Center	-	-	-	-	3,343	3,343
Land conservation	-	-	172,553	-	-	172,553
Library	-	-	-	-	33,812	33,812
Recreation	-	-	-	-	19,008	19,008
	<u>-</u>	<u>-</u>	<u>172,553</u>	<u>100,012</u>	<u>95,570</u>	<u>368,135</u>
Assigned						
Planning and zoning	10,469	-	-	-	-	10,469
Unassigned	<u>983</u>	<u>(59,129)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,146)</u>
Total fund balances \$	\$ 11,452	\$ (59,129)	\$ 172,553	\$ 100,012	\$ 166,210	\$ 391,098

14. Subsequent events

On March 3, 2020 the taxpayers of the Town of Monkton approved issuing general obligation bonds in an amount not to exceed \$1,700,000, subject to reduction from the receipt of available state and federal grants-in-aid and other sources of funding, for the purpose of financing the cost of constructing Town Offices and Library, the estimated cost being \$1,926,800.

Subsequent to year-end, the Town obtained a highway equipment note payable in the amount of \$76,765 at an interest rate of 2.75%.

15. Excess expenditures over budget

For the year ended December 31, 2019 Highway Fund expenditures exceeded budget appropriations by \$38,983. This was primarily due to additional spending on property maintenance, culvert repair, salt, and winter sand.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2019

16. Budgetary basis of accounting

Actual General Fund revenues and expenditures reported on the budgetary basis vary from the modified cash basis of accounting reported in the fund statements as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis	\$ 409,920	\$ 402,639
Property taxes - RML Appropriation	<u>(21,683)</u>	<u>(21,683)</u>
Fund statements	\$ <u>388,237</u>	\$ <u>380,956</u>

17. Prior period restatement

The Town has restated the beginning net position of governmental activities from \$1,780,173 to \$1,874,873 due to recording three land parcels totaling \$94,700 which were previously unreported on the statement of net position.

TOWN OF MONKTON, VERMONT
Schedule of Revenues and Expenditures - Modified Cash Basis
Budget and Actual - General Fund
For the Year Ended December 31, 2019
(Page 1 of 3)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 372,891	\$ 372,891	\$ 265,311	\$ (107,580)
Penalties and interest on delinquent taxes	24,101	24,101	23,246	(855)
Intergovernmental	53,500	53,500	61,642	8,142
Licenses, permits and fines	31,570	31,570	23,456	(8,114)
Charges for services	33,700	33,700	35,203	1,503
Interest on cash deposits	50	50	36	(14)
Miscellaneous	-	-	1,026	1,026
Total revenues	<u>515,812</u>	<u>515,812</u>	<u>409,920</u>	<u>(105,892)</u>
Expenditures				
General government payroll:				
Town Clerk	35,000	35,000	35,000	-
Assistant Town Clerk	11,850	11,850	11,895	(45)
Treasurer	35,000	35,000	34,707	293
Assistant Treasurer	7,500	7,500	7,800	(300)
Delinquent Tax Collector	3,500	3,500	3,500	-
Webmaster	300	300	300	-
Select Board	7,700	7,700	6,465	1,235
Select Board administrative	1,200	1,200	707	493
Auditors	6,000	6,000	4,081	1,919
BCA - Election Officials	1,500	1,500	517	983
Custodian	1,000	1,000	993	7
Constable	250	250	250	-
Fire Warden	250	250	250	-
Health Officer	600	600	600	-
Animal Control Officer	1,200	1,200	-	1,200
FICA	10,800	10,800	10,592	208
Appraisal	16,000	16,000	15,638	362
Zoning Administrator	15,000	15,000	8,309	6,691
DRB - board members	1,500	1,500	420	1,080
DRB - clerical	1,500	1,500	-	1,500
DRB - recording secretary	1,500	1,500	561	939
Planning Commission - board members	1,680	1,680	1,320	360
Planning Commission - clerical	400	400	13	387
ANAC clerical	400	400	-	400
Total general government payroll	<u>161,630</u>	<u>161,630</u>	<u>143,918</u>	<u>17,712</u>
Town office:				
Copier rental	3,500	3,500	2,241	1,259
Office and general supplies	4,700	4,700	3,421	1,279
Postage	3,200	3,200	2,570	630
Equipment and furniture	700	700	400	300
Computer equipment and software	5,500	5,500	4,825	675
Computer contract service	2,900	2,900	2,789	111

continued

TOWN OF MONKTON, VERMONT
Schedule of Revenues and Expenditures - Modified Cash Basis
Budget and Actual - General Fund
For the Year Ended December 31, 2019
(Page 2 of 3)

	Amended Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Conferences and training	700	700	240	460
Mileage reimbursement	500	500	123	377
Telephone	2,100	2,100	2,024	76
Heat	2,750	2,750	2,966	(216)
Electricity	1,500	1,500	1,373	127
Total Town office	<u>28,050</u>	<u>28,050</u>	<u>22,972</u>	<u>5,078</u>
General expenditures:				
Sheriff's department	28,000	28,000	27,279	721
Insurance - worker's compensation	16,496	16,496	14,653	1,843
Insurance - property and liability	10,410	10,410	1,214	9,196
Appraisal	600	600	577	23
PVR education	300	300	145	155
Printing and advertising	7,300	7,300	5,734	1,566
Property maintenance and upgrade	11,600	11,600	8,302	3,298
Consultant fees	3,250	3,250	3,674	(424)
Association dues and fees	3,800	3,800	5,241	(1,441)
Legal fees	6,000	6,000	768	5,232
BCA - election	2,000	2,000	953	1,047
Property tax appeal settled	300	300	416	(116)
Recycling	8,500	8,500	8,314	186
Animal expense	2,300	2,300	2,694	(394)
Restoration of records	2,500	2,500	2,590	(90)
State fees - marriage licenses	700	700	550	150
Park-n-ride	330	330	295	35
Town Hall committee	20,000	20,000	20,125	(125)
Cemetery maintenance	5,000	5,000	4,000	1,000
County taxes	10,556	10,556	10,556	-
Tax maps	1,800	1,800	1,770	30
Tax sales	-	-	481	(481)
Miscellaneous	-	-	55	(55)
Debt payments - interest	959	959	959	-
Debt payments - principal	15,600	15,600	15,600	-
Total general expenditures	<u>158,301</u>	<u>158,301</u>	<u>136,945</u>	<u>21,356</u>
Development Review Board:				
Supplies and postage	300	300	212	88
Advertising	700	700	333	367
Conferences and training	100	100	-	100
Mileage reimbursement	50	50	-	50
Legal fees	1,000	1,000	151	849
Total Development Review Board	<u>2,150</u>	<u>2,150</u>	<u>696</u>	<u>1,454</u>
Planning Commission:				
Supplies and postage	800	800	259	541
Printing	500	500	144	356
<i>continued</i>				

TOWN OF MONKTON, VERMONT
Schedule of Revenues and Expenditures - Modified Cash Basis
Budget and Actual - General Fund
For the Year Ended December 31, 2019
(Page 3 of 3)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Advertising	1,000	1,000	213	787
Mileage reimbursement	400	400	74	326
Consultants	1,000	1,000	-	1,000
Legal fees	1,000	1,000	-	1,000
Addison County Regional Planning Commission	2,600	2,600	2,687	(87)
Total Planning Commission	7,300	7,300	3,377	3,923
Energy Committee:				
Mileage reimbursement	-	-	69	(69)
Miscellaneous	-	-	80	(80)
Total Energy Committee	-	-	149	(149)
Appropriations:				
Addison Cty Community Action	1,250	1,250	1,250	-
Addison Cty Counseling Services, Inc.	1,600	1,600	1,600	-
Addison Cty Home Health & Hospice	1,946	1,946	1,946	-
Addison Cty Parent / Child	1,600	1,600	1,600	-
Bristol Recreation Department	2,000	2,000	2,000	-
Bristol Rescue Squad	7,500	7,500	7,500	-
Agewell	1,100	1,100	1,100	-
Elderly Services	800	800	800	-
Hospice Volunteer Service	300	300	300	-
Lewis Creek Association	550	550	550	-
Open Door Clinic	500	500	500	-
Otter Creek Natural Resources CD	198	198	198	-
Retired & Senior Volunteer Program	460	460	460	-
Vergennes Rescue Squad	600	600	600	-
Vermont Adult Learning	700	700	700	-
Women Safe	1,250	1,250	1,250	-
Vermont Center for Independent Living	195	195	195	-
Addison Cty Transit Resources	850	850	850	-
Bristol Family Center	250	250	250	-
Green Up Vermont	150	150	150	-
John W Graham Emergency Shelter	1,000	1,000	1,000	-
Homeward Bound	250	250	250	-
Addison Cty Court Diversion	550	550	550	-
Addison Cty Readers, Inc.	450	450	450	-
Rural Fire Protection Program	100	100	100	-
Monkton Mentors	500	500	500	-
American Red Cross	250	250	250	-
Monkton Volunteer Fire Department, Inc.	45,000	45,000	45,000	-
Russell Memorial Library	21,683	21,683	21,683	-
Monkton Museum Historical Society	1,000	1,000	1,000	-
Total appropriations	94,582	94,582	94,582	-
Total expenditures	452,013	452,013	402,639	49,374
Net change in fund balances	\$ 63,799	\$ 63,799	\$ 7,281	\$ (56,518)

TOWN OF MONKTON, VERMONT
Schedule of Revenues and Expenditures - Modified Cash Basis
Budget and Actual - Highway Fund
For the Year Ended December 31, 2019
(Page 1 of 2)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 674,291	\$ 674,291	\$ 674,291	\$ -
Intergovernmental	207,000	207,000	186,046	(20,954)
Licenses, permits and fines	1,000	1,000	1,365	365
Miscellaneous	200	200	643	443
Total revenues	<u>882,491</u>	<u>882,491</u>	<u>862,345</u>	<u>(20,146)</u>
Expenditures				
Highway payroll:				
Regular employees	209,103	209,103	211,777	(2,674)
Part-time employees	10,800	10,800	12,960	(2,160)
FICA	16,823	16,823	16,800	23
VMERS retirement contribution	11,500	11,500	12,037	(537)
Health insurance	54,554	54,554	54,460	94
Dental insurance	2,356	2,356	2,756	(400)
Short-term disability insurance	400	400	186	214
Unemployment insurance	396	396	222	174
Life insurance	100	100	57	43
HRA reimbursements	-	-	2,897	(2,897)
HRA fees	-	-	479	(479)
Total highway payroll	<u>306,032</u>	<u>306,032</u>	<u>314,631</u>	<u>(8,599)</u>
Highway garage:				
Equipment, tools and supplies	8,000	8,000	10,801	(2,801)
Conferences and training	500	500	-	500
Telephone	1,700	1,700	1,766	(66)
Heat	4,800	4,800	4,395	405
Electricity	2,000	2,000	2,223	(223)
Trash removal	2,325	2,325	2,466	(141)
Capital equipment	12,000	12,000	6,524	5,476
Property maintenance and upgrade	5,000	5,000	20,621	(15,621)
Total highway garage	<u>36,325</u>	<u>36,325</u>	<u>48,796</u>	<u>(12,471)</u>
Highway general:				
Insurance - property and liability	11,071	11,071	11,973	(902)
Grease and oil	5,000	5,000	4,096	904
Equipment fuel	42,000	42,000	34,545	7,455
Repairs, parts and blades	45,000	45,000	62,793	(17,793)
Tires	-	-	14,887	(14,887)
Oxygen and acetylene	500	500	452	48
Debt service - interest	3,866	3,866	2,171	1,695
Debt service - principal	70,260	70,260	70,260	-
Miscellaneous	18,000	18,000	8,147	9,853
Total highway general	<u>195,697</u>	<u>195,697</u>	<u>209,324</u>	<u>(13,627)</u>
Highway road maintenance:				
Rental equipment	6,000	6,000	1,391	4,609
Gravel	82,400	82,400	78,109	4,291
Salt	42,000	42,000	59,393	(17,393)
Winter sand	25,000	25,000	34,827	(9,827)
<i>continued</i>				

TOWN OF MONKTON, VERMONT
Schedule of Revenues and Expenditures - Modified Cash Basis
Budget and Actual - Highway Fund
For the Year Ended December 31, 2019
(Page 2 of 2)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Chloride	27,300	27,300	17,042	10,258
Hot mix	105,000	105,000	108,450	(3,450)
Cold patch	520	520	1,173	(653)
Culverts	42,198	42,198	55,581	(13,383)
Signs, painting	12,500	12,500	13,861	(1,361)
911 signs	200	200	82	118
Highway upgrade and paving	25,000	25,000	2,495	22,505
Total highway road maintenance	<u>368,118</u>	<u>368,118</u>	<u>372,404</u>	<u>(4,286)</u>
Total expenditures	<u>906,172</u>	<u>906,172</u>	<u>945,155</u>	<u>(38,983)</u>
Net change in fund balances	\$ <u>(23,681)</u>	\$ <u>(23,681)</u>	\$ <u>(82,810)</u>	\$ <u>(59,129)</u>

TOWN OF MONKTON, VERMONT
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue Funds						Capital Project Funds			
	Recreation Fund	PVR Education Fund	Wildlife Crossing Fund	Russell Memorial Library Fund	Reappraisal Fund	Record Restoration Fund	Russell Memorial Library Capital Fund	Community Center Building Fund	Highway Capital Project Fund	Total Nonmajor Governmental Funds
Assets										
Cash	\$ 19,008	\$ 676	\$ 2,467	\$ 20,622	\$ 63,249	\$ 4,248	\$ 13,190	\$ 3,343	\$ 7,784	\$ 134,587
Due from other funds	-	-	-	-	-	-	-	-	31,623	31,623
Total assets	<u>\$ 19,008</u>	<u>\$ 676</u>	<u>2,467</u>	<u>\$ 20,622</u>	<u>\$ 63,249</u>	<u>\$ 4,248</u>	<u>\$ 13,190</u>	<u>\$ 3,343</u>	<u>39,407</u>	<u>\$ 166,210</u>
Liabilities and fund balances										
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:										
Restricted										
PVR Education	-	676	-	-	-	-	-	-	-	676
Wildlife crossing	-	-	2,467	-	-	-	-	-	-	2,467
Reappraisal	-	-	-	-	63,249	-	-	-	-	63,249
Record restoration	-	-	-	-	-	4,248	-	-	-	4,248
Committed										
Community Center	-	-	-	-	-	-	-	3,343	-	3,343
Library	-	-	-	20,622	-	-	13,190	-	-	33,812
Highway capital projects	-	-	-	-	-	-	-	-	39,407	39,407
Recreation	19,008	-	-	-	-	-	-	-	-	19,008
Total fund balances	<u>19,008</u>	<u>676</u>	<u>2,467</u>	<u>20,622</u>	<u>63,249</u>	<u>4,248</u>	<u>13,190</u>	<u>3,343</u>	<u>39,407</u>	<u>166,210</u>
Total liabilities and fund balances	<u>\$ 19,008</u>	<u>\$ 676</u>	<u>\$ 2,467</u>	<u>\$ 20,622</u>	<u>\$ 63,249</u>	<u>\$ 4,248</u>	<u>\$ 13,190</u>	<u>\$ 3,343</u>	<u>\$ 39,407</u>	<u>\$ 166,210</u>

See Independent Auditor's Report

TOWN OF MONKTON, VERMONT
Combining Schedule of Revenues,
Expenditures and Changes in Fund Balances
Modified Cash Basis - Other Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds						Capital Project Funds			
	Recreation Fund	PVR Education Fund	Wildlife Crossing Fund	Russell Memorial Library Fund	Reappraisal Fund	Record Restoration Fund	Russell Memorial Library Capital Fund	Community Center Building Fund	Highway Capital Project Fund	Total Nonmajor Governmental Funds
Revenues										
Property taxes	\$ 4,500	\$ -	\$ -	\$ 11,683	\$ -	\$ -	\$ 10,000	\$ -	\$ 30,000	\$ 56,183
Intergovernmental	-	-	-	450	8,219	-	-	-	-	8,669
Licenses, permits and fines	-	-	-	-	-	4,248	-	-	-	4,248
Charges for services	3,734	-	-	-	-	-	-	-	-	3,734
Interest on cash deposits	2	-	-	1	-	-	-	-	-	3
Donations	185	-	-	243	-	-	3,190	-	-	3,618
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>8,421</u>	<u>-</u>	<u>-</u>	<u>12,377</u>	<u>8,219</u>	<u>4,248</u>	<u>13,190</u>	<u>-</u>	<u>30,000</u>	<u>76,455</u>
Expenditures										
Current:										
General	-	-	-	-	-	-	-	265	-	265
Library	-	-	-	27,631	-	-	-	-	-	27,631
Recreation	9,153	-	-	-	-	-	-	-	-	9,153
Capital outlay	-	-	-	-	-	-	-	-	68,600	68,600
Total expenditures	<u>9,153</u>	<u>-</u>	<u>-</u>	<u>27,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265</u>	<u>68,600</u>	<u>105,649</u>
Net change in fund balances	(732)	-	-	(15,254)	8,219	4,248	13,190	(265)	(38,600)	(29,194)
Fund balances,										
Beginning of year	<u>19,740</u>	<u>676</u>	<u>2,467</u>	<u>35,876</u>	<u>55,030</u>	<u>-</u>	<u>-</u>	<u>3,608</u>	<u>78,007</u>	<u>195,404</u>
Fund balances,										
End of year	<u>\$ 19,008</u>	<u>\$ 676</u>	<u>\$ 2,467</u>	<u>\$ 20,622</u>	<u>\$ 63,249</u>	<u>\$ 4,248</u>	<u>\$ 13,190</u>	<u>\$ 3,343</u>	<u>\$ 39,407</u>	<u>\$ 166,210</u>

See Independent Auditor's Report

**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**

The Select Board
Town of Monkton, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Monkton, Vermont, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Monkton, Vermont's basic financial statements and have issued our report thereon dated May 5, 2020.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

The Select Board
Town of Monkton, Vermont

Purpose of this Report

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

Pace & Hawley, LLC

Berlin, VT
May 5, 2020