



# PEISCH

CPAs & Advisors Since 1920

**TOWN OF FAIRFAX, VERMONT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**



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## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of Fairfax, Vermont  
Fairfax, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairfax, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Fairfax, Vermont's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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*

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.

### *Summary of Opinions*

<u><i>Opinion Unit</i></u>	<u><i>Type of Opinion</i></u>
Governmental Activities	Adverse
Business-Type Activities	Unmodified
Governmental Fund – General Fund	Unmodified
Governmental Fund – Reappraisal Fund	Unmodified
Enterprise Fund – Water and Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

A.M. PEISCH & COMPANY, LLP

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 1 to the financial statements, management has not recorded capital assets acquired prior to 2014 in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that the capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Fairfax, Vermont, as of June 30, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairfax, Vermont, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison schedule - General Fund 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 Schedule of the Town’s Proportional Share of the Net Pension Liability and the Schedule of the Town’s Contributions and notes to the required supplementary information – Pension plan on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairfax, Vermont’s basic financial statements. The Detail Statement of Cash Receipts and Disbursements – Budget and Actual (Budgetary basis)-General Fund and the combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Detail Statement of Cash Receipts and Disbursements – Budget and Actual (Budgetary basis)-General Fund and the combining nonmajor governmental funds financial statements 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 Detail Statement of Cash Receipts and Disbursements – Budget and Actual (Budgetary basis)-General Fund and the combining nonmajor governmental funds financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022, on our consideration of the Town of Fairfax, 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 effectiveness of the Town of Fairfax, 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 Fairfax, Vermont's internal control over financial reporting and compliance.

Saint Albans, Vermont  
January 6, 2022  
VT No. 92-0000102

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 571,137	\$ 293,538	\$ 864,675
Accounts receivable	-	68,644	68,644
Delinquent taxes receivable	131,359	-	131,359
Delinquent interest receivable	3,455	-	3,455
Delinquent penalty receivable	10,509	-	10,509
Grants receivable	69,629	-	69,629
Internal balances	(61,577)	61,577	-
Prepaid expenses	15,378	-	15,378
Total current assets	<u>739,890</u>	<u>423,759</u>	<u>1,163,649</u>
Capital assets:			
Land	192,981	-	192,981
Deposits on equipment	90,000	-	90,000
Infrastructure	2,877,762	1,284,874	4,162,636
Buildings and improvements	819,320	1,169,916	1,989,236
Road equipment and vehicles	1,143,008	-	1,143,008
Machinery and equipment	90,309	155,884	246,193
Less: accumulated depreciation	<u>(1,171,806)</u>	<u>(1,765,073)</u>	<u>(2,936,879)</u>
Total capital assets - Net	<u>4,041,574</u>	<u>845,601</u>	<u>4,887,175</u>
Total assets	<u>4,781,464</u>	<u>1,269,360</u>	<u>6,050,824</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - Pension	<u>178,708</u>	<u>27,737</u>	<u>206,445</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	115,843	4,777	120,620
Accrued payroll and expenses	9,800	1,462	11,262
Grant anticipation note payable	258,268	-	258,268
Amounts held in escrow	6,123	-	6,123
Due to State	930	-	930
Total current liabilities	<u>390,964</u>	<u>6,239</u>	<u>397,203</u>
<b>Noncurrent liabilities</b>			
Portion due or payable within one year	103,382	66,366	169,748
Portion due or payable after one year	809,214	585,167	1,394,381
Net pension liability	<u>397,475</u>	<u>59,985</u>	<u>457,460</u>
Total noncurrent liabilities	<u>1,310,071</u>	<u>711,518</u>	<u>2,021,589</u>
Total liabilities	<u>1,701,035</u>	<u>717,757</u>	<u>2,418,792</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - Pension	<u>1,267</u>	<u>198</u>	<u>1,465</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,128,978	194,068	3,323,046
Restricted for:			
Reappraisal	194,274	-	194,274
Other purposes	72,975	-	72,975
Unrestricted	<u>(138,357)</u>	<u>385,074</u>	<u>246,717</u>
Total net position	<u>\$ 3,257,870</u>	<u>\$ 579,142</u>	<u>\$ 3,837,012</u>

See accompanying notes.

# TOWN OF FAIRFAX, VERMONT

## STATEMENT OF ACTIVITIES For the Year Ended June 30, 2021

Funds/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 1,158,806	\$ 243,715	\$ 168,898	\$ -	\$ (746,193)	\$ -	\$ (746,193)
Highway and streets	1,406,630	9,607	161,115	320,533	(915,375)	-	(915,375)
Sanitation	684,558	4,084	-	-	(680,474)	-	(680,474)
Public safety	328,536	25,184	-	-	(303,352)	-	(303,352)
Education	-	12,760	-	-	12,760	-	12,760
Parks, recreation, library, and cemeteries	238,404	42,570	2,220	-	(193,614)	-	(193,614)
Debt service - Interest	35,222	-	-	-	(35,222)	-	(35,222)
Total governmental activities	3,852,156	337,920	332,233	320,533	(2,861,470)	-	(2,861,470)
Business-type activities:							
Water and sewer	298,815	305,883	-	17,131	-	24,199	24,199
Total	<u>\$ 4,150,971</u>	<u>\$ 643,803</u>	<u>\$ 332,233</u>	<u>\$ 337,664</u>	<u>(2,861,470)</u>	<u>24,199</u>	<u>(2,837,271)</u>
General revenues:							
Property taxes					3,426,937	-	3,426,937
Interest income					24,753	1,613	26,366
Miscellaneous					100	-	100
Transfers in (out)					(61,577)	61,577	-
Total general revenues					<u>3,390,213</u>	<u>63,190</u>	<u>3,453,403</u>
Change in net position					528,743	87,389	616,132
Net position - Beginning of year					<u>2,729,127</u>	<u>491,753</u>	<u>3,220,880</u>
Net position - End of year					<u>\$ 3,257,870</u>	<u>\$ 579,142</u>	<u>\$ 3,837,012</u>

See accompanying notes.



# TOWN OF FAIRFAX, VERMONT

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2021

	GOVERNMENTAL FUNDS				
	GENERAL FUND	REAPPRAISAL FUND	SIDEWALK FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 569,517	\$ -	\$ -	\$ 1,620	\$ 571,137
Delinquent taxes receivable	131,359	-	-	-	131,359
Interest receivable	3,455	-	-	-	3,455
Penalty receivable	10,509	-	-	-	10,509
Grants receivable	-	-	-	69,629	69,629
Due from other funds	-	194,274	1,633	482,739	678,646
Prepaid expenses	15,378	-	-	-	15,378
Total assets	<u>\$ 730,218</u>	<u>\$ 194,274</u>	<u>\$ 1,633</u>	<u>\$ 553,988</u>	<u>\$ 1,480,113</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 100,206	\$ -	\$ 7,585	\$ 8,052	\$ 115,843
Grant anticipation note payable	258,268	-	-	-	258,268
Accrued payroll and expenses	9,800	-	-	-	9,800
Due to State	930	-	-	-	930
Due to other funds	678,646	-	-	61,577	740,223
Amounts held in escrow	6,123	-	-	-	6,123
Total liabilities	<u>1,053,973</u>	<u>-</u>	<u>7,585</u>	<u>69,629</u>	<u>1,131,187</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - Taxes	100,190	-	-	-	100,190
Unavailable revenue - Interest	1,870	-	-	-	1,870
Unavailable revenue - Penalty	8,015	-	-	-	8,015
Total deferred inflows of resources	<u>110,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,075</u>
<b>FUND BALANCES</b>					
Fund balances:					
Nonspendable	15,378	-	-	-	15,378
Restricted	-	194,274	-	72,975	267,249
Committed	-	-	-	326,373	326,373
Assigned	-	-	-	85,011	85,011
Unassigned	(449,208)	-	(5,952)	-	(455,160)
Total fund balances (deficit)	<u>(433,830)</u>	<u>194,274</u>	<u>(5,952)</u>	<u>484,359</u>	<u>238,851</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 730,218</u>	<u>\$ 194,274</u>	<u>\$ 1,633</u>	<u>\$ 553,988</u>	<u>\$ 1,480,113</u>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2021**

Total fund balances - governmental funds		\$ 238,851
Amount reported for governmental activities in the statement of net position is different because:		
Delinquent taxes and interest are recognized as revenue when levied in the government-wide financial statements, but amounts not collected within 60 days are reported as a deferred inflow in the governmental funds.		110,075
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost	5,213,380	
Accumulated depreciation	<u>(1,171,806)</u>	4,041,574
Current year pension contributions are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds.		178,708
Deferred inflows of resources relating to changes in the Town's proportionate share of changes in the defined benefit plan's net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(1,267)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Notes payable	(912,596)	
Net pension liability	<u>(397,475)</u>	<u>(1,310,071)</u>
Total net position - governmental activities		<u>\$ 3,257,870</u>

See accompanying notes.

# TOWN OF FAIRFAX, VERMONT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

**For the Year Ended June 30, 2021**

	GOVERNMENTAL FUNDS				
	GENERAL FUND	REAPPRAISAL FUND	SIDEWALK FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Property taxes, less amounts paid to school district	\$ 3,419,991	\$ -	\$ -	\$ -	\$ 3,419,991
Licenses, permits, and fees	211,885	-	-	-	211,885
Intergovernmental	268,071	18,591	-	352,778	639,440
Charges for services	15,241	-	-	5,490	20,731
Impact fees	-	-	-	37,760	37,760
Donated services	-	-	-	7	7
Interest	18,958	1,377	117	2,631	23,083
Miscellaneous	690	-	-	88,815	89,505
Total revenues	3,934,836	19,968	117	487,481	4,442,402
<b>EXPENDITURES</b>					
General government	852,071	96,745	18,649	16,994	984,459
Highways and streets	1,376,769	-	-	334,552	1,711,321
Sanitation	684,558	-	-	-	684,558
Public safety	328,536	-	-	3,711	332,247
Parks, recreation, library, and cemeteries	175,382	-	-	24,798	200,180
Warned items:					
Fairfax Rescue	111,700	-	-	-	111,700
Social Service appropriations	23,427	-	-	-	23,427
Debt service - Town hall principal	47,500	-	-	-	47,500
Debt service - Town hall interest	10,000	-	-	-	10,000
Debt service - Interest	11,965	-	-	14,950	26,915
Total expenditures	3,621,908	96,745	18,649	395,005	4,132,307
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	312,928	(76,777)	(18,532)	92,476	310,095
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long term debt	161,148	-	-	-	161,148
Operating transfers in	-	-	-	49,000	49,000
Operating transfers out	(40,000)	-	-	(70,577)	(110,577)
Total other financing sources (uses)	121,148	-	-	(21,577)	99,571
Excess (deficiency) of revenues over expenditures	434,076	(76,777)	(18,532)	70,899	409,666
Fund balances (deficit), beginning of year as previously stated	(875,406)	271,051	12,580	420,960	(170,815)
Prior period adjustment	7,500	-	-	-	7,500
Fund balances (deficit), beginning of year, as restated	(867,906)	271,051	12,580	420,960	(163,315)
Fund balances (deficit), end of year	\$ (433,830)	\$ 194,274	\$ (5,952)	\$ 491,859	\$ 246,351

See accompanying notes.

# TOWN OF FAIRFAX, VERMONT

## RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 409,666
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Amounts reported for governmental activities in the Statement of Activities are different because:

Delinquent taxes are recognized as revenue when levied in the government-wide financial statements, but are not reported as income in governmental funds until available.	8,816
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	534,948	
Net loss on sale of vehicle	(8,742)	
Depreciation expense	(279,283)	
Capital asset additions, net of depreciation		246,923

Pension expense for the defined benefit plan (VMERS) is recognized in the governmental funds based on current year employer matching contributions. Pension expense in the government-wide statements is based on the net change in the net pension liability, as well as the changes in the deferred inflows and deferred outflows

Deferred inflows - Pension	1,058	
Deferred outflows - Pension	83,306	
Net pension liability	(146,827)	
Net pension activity		(62,463)

Proceeds of long term debt is a revenue in the governmental funds, but the proceeds increases long-term liabilities in the Statement of Net Position:

Proceeds of long term debt	(161,148)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on notes payable	86,949
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Change in net position of governmental activities	\$ 528,743
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See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(BUDGETARY BASIS)  
For the Year Ended June 30, 2021**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CASH RECEIPTS</b>			
Property taxes	\$ 3,207,130	\$ 3,410,199	\$ 203,069
Licenses, permits, and fees	123,845	211,187	87,342
Intergovernmental	189,123	251,814	62,691
Charges for services	1,900	26,232	24,332
Interest	13,650	18,032	4,382
Miscellaneous	11,300	12,326	1,026
	<u>3,546,948</u>	<u>3,929,790</u>	<u>382,842</u>
Total cash receipts			
<b>CASH DISBURSEMENTS</b>			
General government	825,160	819,384	5,776
Highways and streets	1,229,784	1,620,169	(390,385)
Sanitation	678,831	684,558	(5,727)
Public safety	390,051	368,461	21,590
Parks, recreation, library, and cemeteries	220,495	209,653	10,842
Miscellaneous	192,627	192,627	-
Debt service	10,000	10,272	(272)
	<u>3,546,948</u>	<u>3,905,124</u>	<u>(358,176)</u>
Total cash disbursements			
Excess of cash receipts over cash disbursements	<u>\$ -</u>	<u>\$ 24,666</u>	<u>\$ 24,666</u>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

**June 30, 2021**

	<b>ENTERPRISE FUND Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 293,538
Due from other funds	61,577
Accounts receivable	68,644
	<hr/>
Total current assets	423,759
	<hr/>
Capital assets:	
Building, machinery & equipment	2,515,221
Construction in progress	95,453
Accumulated depreciation	(1,765,073)
	<hr/>
Total non-current assets	845,601
	<hr/>
Total assets	1,269,360
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - Pension	27,737
	<hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	4,777
Accrued expenses	1,462
Bonds payable - Current portion	66,366
	<hr/>
Total current liabilities	72,605
	<hr/>
Noncurrent liabilities:	
Net pension liability	59,985
General obligation bond payable	585,167
	<hr/>
Total noncurrent liabilities	645,152
	<hr/>
Total liabilities	717,757
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - Pension	198
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	194,068
Unrestricted	385,074
	<hr/>
Total net position	\$ 579,142
	<hr/>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2021**

	<b>ENTERPRISE FUND Water and Sewer Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for sales and services:	
Sewer allocations and permits	\$ 2,700
Sewer service	107,950
Sewer connection fees	19,000
Sewer final fees	19,000
Water service	136,804
Water miscellaneous	1,625
Other income	1,680
Penalties	5,590
Capital improvements	11,534
	<hr/>
Total operating revenues	305,883
	<hr/>
<b>OPERATING EXPENSES:</b>	
Payroll expenses - FICA and retirement	23,735
	<hr/>
Sewer Department:	
Wages	66,902
Bank fee	153
Chlorine	842
Computer program upgrades	474
Education and training	42
Insurance	4,281
Lab supplies	254
Legal fees	2,345
Membership	255
Mileage	1,349
Office supplies	366
Permit	1,083
Postage	338
Repairs and maintenance	3,670
Shipping charges	202
Shop supplies	2,428
Sub-contracted labor	915
Tools	518
Uniforms	820
Utilities	18,530
Waste water testing	4,850
	<hr/>
Total sewer expenses	110,617
	<hr/>
Water Department:	
Wages	45,881
Chlorine	842
Computer program upgrades	474
Education and training	122
Heating	2,243
Insurance	4,281

Continued

# TOWN OF FAIRFAX, VERMONT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND For the Year Ended June 30, 2021

	<b>ENTERPRISE FUND</b>
	<b>Water and Sewer Fund</b>
<b>OPERATING EXPENSES (Continued)</b>	
Lab supplies	317
Membership	255
Mileage	2,114
Miscellaneous	1,127
Office supplies	308
Postage	338
Professional fees	6,089
Reimbursements	815
Repairs and maintenance	3,674
Shipping charges	241
Shop supplies	187
Sub-contracted labor	160
Tools	518
Uniforms	820
Utilities	9,932
Water samples	1,495
Total water expenses	82,233
Depreciation	78,228
Total operating expenses	294,813
<b>NET INCOME FROM OPERATIONS</b>	11,070
<b>NONOPERATING REVENUES/(EXPENSES):</b>	
Asset management	(1,440)
Interest expenses	(2,562)
State water revolving grant	17,131
Interest income	1,613
Total nonoperating revenues/(expenses)	14,742
<b>NET INCOME FROM OPERATIONS BEFORE TRANSFERS</b>	25,812
<b>TRANSFERS</b>	
Transfers in	61,577
Total transfers	61,577
Change in net position	87,389
Total net position - Beginning of year	491,753
Total net position - End of year	\$ 579,142

See accompanying notes.



**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2021**

	<b>ENTERPRISE FUND Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 322,902
Cash payments for salaries and benefits	(126,226)
Cash payments to suppliers for goods and services	(81,519)
Net cash provided by operating activities	<u>115,157</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Net cash from noncapital financing activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds of long term debt	20,956
Purchase of capital assets	(80,250)
Interest paid	(2,562)
Retirement of bonds	(51,041)
Net cash used by capital and related financing activities	<u>(112,897)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on cash	1,613
Asset management fees	(1,440)
Net cash provided by investing activities	<u>173</u>
Net increase in cash and cash equivalents	2,433
Cash and cash equivalents - Beginning of year	<u>291,105</u>
Cash and cash equivalents - End of year	<u><u>\$ 293,538</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net Income from operations	\$ 11,070
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	78,228
Pension expense recognized	9,883
Changes in operating assets and liabilities:	
Decrease in accounts receivable	17,019
Decrease in accounts payable	(1,452)
Increase in accrued payroll	409
Net cash provided by operating activities	<u><u>\$ 115,157</u></u>
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>	
Capital related debt payments made by the State of Vermont and included in income as capital grant revenue is \$17,131.	

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2021**

	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
<b>Total assets</b>	<hr/> <b>\$ -</b> <hr/>	<hr/> <b>\$ -</b> <hr/>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
<b>Total liabilities</b>	<hr/> <b>\$ -</b> <hr/>	<hr/> <b>\$ -</b> <hr/>
<b>NET POSITION</b>		
<b>Total net position</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>-</b> <hr/>
<b>Total liabilities and net position</b>	<hr/> <b>\$ -</b> <hr/>	<hr/> <b>\$ -</b> <hr/>

See accompanying notes.

**TOWN OF FAIRFAX, VERMONT**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FIDUCIARY FUNDS  
June 30, 2021**

	<b>Custodial Fund</b>	<b>Total Fiduciary Funds</b>
<b>REVENUES</b>		
Taxes collected for local school districts	\$ 5,757,860	\$ 5,757,860
<b>Total revenues</b>	<u>5,757,860</u>	<u>5,757,860</u>
<b>EXPENDITURES</b>		
Taxes remitted to local school districts	<u>5,757,860</u>	<u>5,757,860</u>
<b>Total expenditures</b>	<u>5,757,860</u>	<u>5,757,860</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-
<b>Fund balance, July 1</b>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies

Town of Fairfax, Vermont operates under a Town Manager form of government with an elected Selectboard. The Town provides the following services: public safety, highways and streets, recreation, health and social services, public improvements, planning and zoning, and general administrative services. The accounting policies of Town of Fairfax, Vermont are in conformity with U. S. generally accepted accounting principles as applicable to governments as described in the basis of accounting section, except for the capitalization of fixed assets prior to January 1, 2014 and infrastructure from January 1, 2004 to December 31, 2012. The Town receives the principal amount of its revenue from property taxes assessed on its residential and business properties. The following is a summary of the more significant policies.

#### Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, and GASB Statement 14 as amended by GASB Statements 39 and 61.

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

#### Basis of Presentation

The Town's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

#### Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. The Town has elected not to fully adopt Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This standard was required to be implemented by the Town of Fairfax, Vermont for the fiscal year ended December 31, 2004. If the Standard was implemented, the financial statements would include all capital assets in the government-wide statement of net position and also include depreciation expense related to these assets in the statement of activities. These statements would also include management's discussion and analysis. The Town has only included the governmental activities' capital assets acquired since January 1, 2013. These statements report financial information for the Town as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of a primary government are not included in the government-wide financial statements.

The statement of net position presents the financial position of the governmental and business-type activities of the Town at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Town does not allocate indirect expenses to functions in the statement of activities.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions on program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not included with program revenues are reported as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

### **Fund Financial Statements**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental funds and the proprietary fund.

Major individual governmental funds are reported in separate columns.

### **Fund Accounting**

The Town uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Town uses two categories of funds: governmental and proprietary.

**Governmental Funds** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance.

**Proprietary Funds** – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The applicable generally accepted accounting principles are those similar to businesses in the private sector. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

The following are the Town's major governmental funds:

### ***Major Governmental Funds***

**General Fund** - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the Town for any purpose provided it is expended or transferred according to the general laws of the State of Vermont.

**Reappraisal Fund** – The reappraisal fund accounts for the proceeds from state grants received to be used for property tax reappraisals.

**Sidewalk Fund** – The sidewalk fund accounts for the proceeds from state grants received to be used for sidewalk expansion.

### ***Major Proprietary Fund***

**Water and Sewer Fund** – Established to account for the water and wastewater utility systems for the Town.

### **Measurement Focus**

#### ***Government-wide Financial Statements***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, all liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operation of the Town are included on the statement of net position. The statement of activities reports revenues and expenses.

#### ***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus and the accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and deferred inflows and outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting on both financial reporting levels. All assets and all liabilities associated with the operations of these funds are included on the statements of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

**Revenues - Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

**Revenues - Non-exchange Transactions** - Non-exchange transactions in which the Town receives value without directly giving equal value in return, includes property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes and federal and state grants.

**Unearned Revenue** - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

### **Cash and Cash Equivalents**

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with an initial maturity of ninety (90) days or less.

### **Capital Assets**

#### **Business-type activities**

Capital assets are recorded in the proprietary fund and are reported at historical cost or estimated historical cost. The capitalization threshold for capital assets is \$5,000. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. The Town's policy is to capitalize interest costs during the construction of fixed assets.

There was no interest capitalized in the Water and Sewer Fund during the current fiscal year. Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund statement of net position.

#### **Governmental activities**

Capital assets are reported at historical cost or estimated historical cost. The capitalization threshold for infrastructure projects is \$25,000. The capitalization threshold for other capital assets is \$5,000. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 34 requires the Town to report and depreciate new general infrastructure assets prospectively starting July 1, 2004. General infrastructure assets include roads, bridges, underground pipe, traffic signals, etc. Governmental capital assets acquired prior to 2014 have not been capitalized and infrastructure assets acquired from 2004 to 2012 have not been capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives used are as follows:

	Years
Wellfields, reservoirs, mains and pipe	67
Treatment plants and pump stations	40
Meters and hydrants	10 – 67
Chlorinating and pumping facilities	50
Equipment	5 – 20
Infrastructure	8 – 25
Buildings, machinery, and equipment	10 – 75
Road equipment and vehicles	3 - 10

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds.

### **Deferred Outflows/Inflows of Resources**

The Town reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent 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 applicable period. Deferred outflows consist of (1) the Town's current year pension contributions subsequent to the measurement date, (2) the change in the Town's proportionate share of pension contributions, (3) the Town's proportionate share of the difference between projected and actual investment earnings, (4) the Town's proportionate share of change in the net pension liability due to changes in assumptions, and (5) the Town's proportionate share of differences between expected and actual experience.

The Town reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent 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 future period. Deferred inflows on the statement of net position consist of the changes in the Town's proportionate shares of pension contributions and the difference between expected and actual experience. Deferred inflows on the governmental fund balance sheet consist of unavailable revenue - taxes and interest that were not collected within 60 days of year end.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance



## **Note 1. Summary of Significant Accounting Policies (Continued)**

deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **Fund Balances**

Fund balances of governmental fund type financial statements are classified as **non-spendable** (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 at town meeting); **assigned** (reflecting the select board's intended use of the resources); and **unassigned** (indicates the portion of fund equity that is available for appropriation and expenditure in future periods).

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, and then unrestricted resources-committed, assigned and unassigned-in order as needed.

### **Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/interfund payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

### **Receivables**

The Town utilizes the allowance method for uncollectible accounts. They have determined that all accounts are collectible, and the allowance is zero.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 expenses during the reporting period. Actual results could differ from those estimates.

### **Budgetary Information**

The gross expenditure budget, not including state and federal grants and gifts, is approved at the annual Town Meeting in March. Any increase in the voted amount requires voter approval. The voters do not approve a revenue budget. The Budgetary Comparison Schedule reflects the revenues anticipated and presented to the voters in the annual report. At tax rate setting time, revenues are re-estimated and the Selectboard decides on how much of the prior-year unassigned fund balance will be used, if any.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Implementation of new accounting principles**

The Town is reviewing the following GASB Statements for possible implementation and to determine the effects they will have on the Town's financial reporting.

GASB Statement No. 87, *Leases*  
GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*  
GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*  
GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*  
GASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*  
GASB Statement No. 92, *Omnibus 2020*  
GASB Statement No. 93, *Replacement of Interbank Offered Rates*  
GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*  
GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*  
GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*  
GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

**Note 2. Cash and Investments**

**Cash and Custodial Credit Risk – Deposits**

Cash belonging to the Town is placed in the custody of the Town Treasurer who is appointed. The Town does not have a policy for custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2021, the Town of Fairfax, Vermont's deposits had a carrying amount of \$864,675 and a bank balance of \$1,494,048. As of June 30, 2021, the government's bank balance of \$1,494,048 was exposed to custodial credit risk as follows:

Insured (FDIC)	\$ 1,494,048
Uninsured and collateral held by pledging institution's Trust Department not in the Town's name	-
	<u>\$ 1,494,048</u>

**Note 3. Receivables and Revenues**

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied in August of 2020, and were payable on November 15, 2020, February 15, 2021 and May 15, 2021. The Town bills and collects its own property taxes and also collects taxes for the Fairfax School District. Collections of school taxes and their remittance to the Town School District are accounted for in the General Fund. The State of Vermont sets both the state and local school tax rates. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town Water and Sewer Department bills are on a cyclical basis quarterly. This billing method does not capture all amounts receivable by the Town at the end of each year. The estimated unbilled water and sewer fund

**Note 3. Receivables and Revenues (Continued)**

utility service receivables and revenue are recorded at year end. Capital contributions are recorded in proprietary funds that have received capital grants or contributions from grants, developers, customers or other funds. Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized at the time of receipt or earlier if measurable and available. Intergovernmental grants which are restricted for certain purposes are recognized at the same time the related expenditures are recognized. Any excess of grant revenues or expenditures as of the fiscal year end is recognized as unearned revenue or accounts receivable, respectively.

Receivables consisted of the following as of June 30, 2021:

	Gross Receivable	Allowance for Uncollectible	Net Receivables
General Fund:			
Delinquent property taxes	\$131,359	\$ -	\$ 131,359
Interest receivable	3,455	-	3,455
Penalty receivable	10,509	-	10,509
Water and sewer fund:			
Services billed	3,968	-	3,968
Estimated unbilled services	64,676	-	64,676

**Note 4. Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
<b>Governmental Activities</b>			
Capital assets not being depreciated			
Land	\$ 192,981	\$ -	\$ 192,981
Total capital assets, not being depreciated	192,981	-	192,981
Capital assets, being depreciated			
Deposits on equipment	-	90,000	90,000
Infrastructure	2,593,962	283,800	2,877,762
Buildings and improvements	819,320	-	819,320
Road equipment and vehicles	994,756	148,252	1,143,008
Machinery and equipment	90,309	-	90,309
Total capital assets being depreciated	4,498,347	522,052	5,020,399
Less accumulated depreciation	(896,677)	(275,129)	(1,171,806)
Total capital assets being depreciated, net	3,601,670	246,923	3,848,593
Governmental Activities capital assets, net	\$ 3,794,651	\$ 246,923	\$ 4,041,574
<b>Enterprise Fund</b>			
Wellfields, reservoirs, mains and pipes	\$ 1,093,120	\$ 8,117	\$ 1,101,237
Roads and sidewalks	115,297	-	115,297
Miscellaneous	68,340	-	68,340
Treatment plants and pump stations	1,047,866	-	1,047,866
Construction in progress	23,320	72,133	95,453
Improvements	26,597	-	26,597
Equipment	155,884	-	155,884
Total capital assets being depreciated	2,530,424	80,250	2,610,674
Less accumulated depreciation	(1,686,845)	(78,228)	(1,765,073)
Enterprise fund capital assets, net	\$ 843,579	\$ 2,022	\$ 845,601

**Note 4. Changes in Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 29,919
Highways and streets	249,364
Total	<u>\$ 279,283</u>

Depreciation expense for business-type activities was \$78,228 for the year ended June 30, 2021.

**Note 5. Short Term Debt**

The short term debt activity for the Town as of June 30, 2021 is as follows:

	Balance Beginning of Year	Additions	Principal Paid	Balance End of Year
Tax anticipation note	\$ -	\$ 871,600	\$ (871,600)	\$ -
Current expense note	52,898	56,600	(109,498)	-
Grant anticipation note - FEMA	294,247	-	(35,979)	258,268
Grant anticipation note - Bridge	-	235,000	(235,000)	-
	<u>\$ 347,145</u>	<u>\$ 1,163,200</u>	<u>\$ (1,252,077)</u>	<u>\$ 258,268</u>

Total interest expense on short term debt amounted to \$10,272 for the year ended June 30, 2021.

The Town has a \$1,174,100 tax anticipation revolving line of credit, of which \$871,600 was used and \$871,600 was re-paid as of June 30, 2021. Bank advances on the credit line are payable on demand, carry an interest rate of 1.32% per annum, and is due July 21, 2021. On July 1, 2021, this agreement was updated to \$1,304,153, due on or before June 30, 2022.

**Note 6. Long-Term Debt****Water & Sewer**

Although recorded as obligations of the Water and Sewer Fund, in the event of default, the Town remains ultimately liable for payment of debt. During 2000, the Town financed its municipal bond with a Drinking Water State Revolving Loan, whereby the State recognized the Town as a disadvantaged community. The loan carries an interest rate of 0.00% with a 3.00% subsidy on the \$2,150,000 bond, for a total subsidy of \$854,578, subject to certain covenants. The State will forgive a portion of the debt each year in the event that the Town does not default on the loan. If the Town defaults on the loan, the State will no longer pay the subsidy and the Town will be obligated for the remaining balance due.

## Note 6. Long-Term Debt (Continued)

Purpose	Amount of Issue	Date of Issue	Interest Rate	Date of Final Payment	Town Debt 6/30/2020	Additions	Retirements	Town Debt 6/30/2021	Due Within One Year
RF3-021	\$ 2,145,537	7/10/2000	0.00%	4/1/31	\$ 571,021	\$ -	\$ (60,172)	\$ 510,849	\$ 58,366
2019 Series 2 Bond	120,000	7/31/2019	0.00%	11/1/48	118,264	-	(8,000)	110,264	8,000
RF1-256-1-0	17,850	8/22/2019	0.00%	10/1/28	9,464	20,956	-	30,420	-
Total General obligation debt					698,749	20,956	(68,172)	651,533	66,366
Net Pension liability					37,642	37,805	(15,462)	59,985	-
Total					<u>\$ 736,391</u>	<u>\$ 58,761</u>	<u>\$ (83,634)</u>	<u>\$ 711,518</u>	<u>\$ 66,366</u>

Long-term debt of the water and sewer department with scheduled payments, including interest, matures as follows:

	Town Portion Principal	State Revolving Loan Fund Subsidy	Interest	Total
2022	\$ 51,041	\$ 15,325	\$ 2,453	\$ 68,819
2023	51,040	13,575	2,342	66,957
2024	51,041	11,876	2,230	65,147
2025	69,292	10,229	2,114	81,635
2026	54,082	8,631	1,990	64,703
2027-2031	264,328	20,809	7,530	292,667
2032-2036	30,264	-	2,013	32,277
	<u>\$ 571,088</u>	<u>\$ 80,445</u>	<u>\$ 20,672</u>	<u>\$ 672,205</u>

## Governmental Activities

A Public Improvement Bond was approved by the voters and set up to pay the existing municipal construction line of credit. The interest rate of this bond is 3.75% with an original balance of \$950,000.

Purpose	Amount of Issue	Date of Issue	Interest Rate	Date of Final Payment	Town Debt 6/30/2020	Additions	Retirements	Town Debt 6/30/2021	Due Within One Year
Public Improvement Bond	\$ 950,000	2/13/2014	3.75%	2/13/2034	\$ 665,000	\$ -	\$ (47,500)	\$ 617,500	\$ 47,500
2021 International HV507 Truck	133,948	4/1/2020	2.69%	4/1/2025	133,948	-	-	133,948	25,371
2019 International HX 620 Truck	86,124	11/26/2018	3.79%	7/27/2020	39,449	-	(39,449)	-	-
2021 International HX 620 Truck	161,148	9/22/2020	2.74%	10/14/2025	-	161,148	-	161,148	30,511
Total General Obligation debt					838,397	161,148	(86,949)	912,596	103,382
Net Pension Liability					250,648	242,229	(95,402)	397,475	-
Total					<u>\$ 1,089,045</u>	<u>\$ 403,377</u>	<u>\$ (182,351)</u>	<u>\$ 1,310,071</u>	<u>\$ 103,382</u>

**Note 6. Long-Term Debt (Continued)**

Long-term debt of the governmental activities matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 103,382	\$ 31,215	\$ 134,597
2023	104,908	27,908	132,816
2024	106,476	24,559	131,035
2025	108,087	21,167	129,254
2026	109,743	17,729	127,472
2027-2031	237,500	53,438	290,938
2032-2036	<u>142,500</u>	<u>10,688</u>	<u>153,188</u>
	<u>\$ 912,596</u>	<u>\$ 186,704</u>	<u>\$ 1,099,300</u>

Interest expense on long-term debt for the year ended June 30, 2021 was \$26,621.

**Note 7. Employee Retirement Plan****Vermont Municipal Employee's Retirement Plan**

All eligible employees of the Town are enrolled for coverage by the Vermont Municipal Employees' Retirement System (VMERS) immediately upon employment. VMERS is a defined benefit plan that the Town participates in as follows.

***Plan Description***

The Vermont Municipal Employees' Retirement System 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 school districts and other municipal 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, 2021, the retirement system consisted of 423 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 governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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

## **Note 7. Employee Retirement Plan (Continued)**

### ***Summary of System Provisions***

There are four levels of contributions and benefits available under the system, Group A, Group B, Group C, and Group D. The District's employees are covered under Group B. The following is a summary of system provisions under Group B.

<b>Membership</b>	Full time employees of participating municipalities.
<b>Creditable service</b>	Service as a member plus purchased service.
<b>Average Final Compensation (AFC)</b>	Average annual compensation during highest 3 consecutive years.
<b>Service Retirement Allowance</b>	
Eligibility:	The earlier of age 62 with 5 years of service or age 55 with 30 years of service.
Amount:	1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC.  Maximum benefit is 60% of AFC. The above amounts include the portion of the allowance provided by member contributions.
<b>Early Retirement Allowance</b>	
Eligibility:	Age 55 with 5 years of service.
Amount:	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age.
<b>Vested Retirement Allowance</b>	
Eligibility:	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" described below.
<b>Disability Retirement Allowance</b>	
Eligibility:	5 years of service and disability as determined by Retirement Board.
Amount:	Immediate allowance based on AFC and service to date of disability.
<b>Death Benefit</b>	
Eligibility:	Death after 5 years of service.
Amount:	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.
<b>Optional Benefit And Death after Retirement</b>	Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.
<b>Refund of Contribution</b>	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
<b>Post-Retirement Adjustments</b>	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%.
<b>Member Contributions</b>	5.375%
<b>Employer Contributions</b>	6.000%

## Note 7. Employee Retirement Plan (Continued)

### Retirement Stipend

\$25 per month payable at the option of the Board of retirees.

### Contributions

The contribution requirements of VMERS members and the Town are established by the VMERS Board of Trustees. The contribution rates are reviewed annually by the VMERS Board as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund. The employees' contributions are deducted from the employee's wages or salary and remitted by the Town to VMERS on a quarterly basis. Of the Town's total current period payroll of \$718,501, \$657,503 was covered under the defined benefit plan. The total current period employer contributions to the Plan were \$39,450, \$37,478, and \$31,927 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively.

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

At June 30, 2021, the Town reported a liability of \$457,460 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Town's proportion was .18085%, which was an increase of .1466% from its proportion of .16617% measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense for this plan of \$94,884. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Differences between projected and actual investment earnings	\$ 43,752	\$ -
Changes in assumptions	61,332	-
Differences between expected and actual experience	41,199	1,356
Change in proportion and differences between employer contributions and proportionate share of contributions	20,712	109
Employer contributions made subsequent to the measurement date	39,450	-
Total	<u>\$ 206,445</u>	<u>\$ 1,465</u>

The \$39,450 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2022	\$ 85,800
2023	48,178
2024	41,289
2025	29,713
Thereafter	-
Total	<u>\$ 204,980</u>



## **Note 7. Employee Retirement Plan (Continued)**

### **Significant Actuarial Assumptions and Methods**

**Investment rate of return:** 7.00% per annum, net of pension plan investment expenses, including inflation.

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

#### **Mortality:**

*Pre-Retirement:* 40% PubG-2010 General Employee below median.

*Healthy Post-Retirement - Retirees:* 104% of 40% PubG-2010 Health Retiree below-median

*Health Post-Retirement – Beneficiaries:* 70% Pub-2010 Contingent Survivor below-median

*Disabled Post-Retirement:* PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

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

**Cost-of-Living Adjustments:** 1.20% for Group B. The January 1, 2020 and January 1, 2021 COLAs are .80% and .40%, respectively, for Group B.

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

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

**Inflation:** 2.30%

#### ***Long-term expected rate of return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate 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 target asset allocation as of June 30, 2020 are summarized in the following table:

**Note 7. Employee Retirement Plan (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastrucutre/Farmland	2.00%	5.44%
	<u>100%</u>	

***Discount rate***

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

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

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$698,906	\$457,460	\$258,801

Detailed information about the plan's fiduciary net position is available in the separately issued State of Vermont Comprehensive Annual Financial Report. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

#### **Note 8. Interfund Balances and Activity**

Interfund transfers represent advances between funds which are intended to be liquidated by the payable fund within the next fiscal year.

The composition of interfund transfers at June 30, 2021, is as follows:

Fund	Transfers In	Transfers	Reason for transfer
		Out	
General Fund	\$ -	\$ 40,000	Voter approved transfer
Fire Replacement Fund	40,000	-	Voter approved transfer
Settlement Fund	-	9,000	Board approved transfer
Utility extension fund	-	61,577	Board approved transfer
Zoning and Planning Fund	9,000	-	Board approved transfer
Totals - Governmental	49,000	110,577	
Water and Sewer Fund	61,577	-	Board approved transfer
Totals	\$ 110,577	\$ 110,577	

#### **Note 9. Risk Management**

Town of Fairfax, Vermont is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Town of Fairfax, Vermont 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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In addition, Town of Fairfax, Vermont is a member of Vermont League of Cities and Towns Insurance Programs (VLCT). VLCT is a nonprofit corporation formed to provide insurance and risk management programs for Vermont municipalities and is owned by the participating members. To provide health insurance coverage, VLCT has established a self-funded fully insured program in conjunction with Blue Cross Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCT has established a separate trust of funds from member contributions to pay administrative costs and unemployment claims. Contributions are based on payroll expense and the previous unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCT is unable to meet its required obligations, the Program will be allowed to assess each member their proportioned share of the deficit.

#### **Note 10. Fund Deficit**

The general fund had an unassigned fund deficit of \$451,223 at June 30, 2021. This will be liquidated through future tax assessments. The sidewalk fund also has an unassigned fund deficit of \$5,952. This will be liquidated through future tax assessments and grants.

#### **Note 11. Commitments**

On February 5, 2020, the Town extended its solid waste and recycling contract with All Cycle Waste, Inc. (Casella) for the period May 1, 2020 to May 1, 2025. All Cycle is responsible for providing solid waste and recycling removal within the Town. They charge flat fees based on a projected annual baseline collection of 1,965 residents for disposal for a cost of \$56,569 per month for year 1, \$58,266 per month for year 2, \$60,014 per month for year 3, \$61,815 per month for year 4, and \$63,669 a month for year 5. Charges for these services for the years ended are:

Years ended June 30,	
2022	\$ 699,196
2023	720,172
2024	741,777
2025	764,030
Thereafter	-
Total	<u>\$ 2,925,175</u>

On June 3, 2020 the Town extended an agreement with the Franklin County Sheriff's Office to provide law enforcement services through June 30, 2021. The monthly rate for the period ending June 30, 2021 is \$11,284, respectively. There is also an annual administration fee of \$6,770 included in each contract. Charges for these services for the year ended June 30, 2021 was \$135,408.

The Town was awarded two grants for water and wastewater extension projects, the first awarded on July 25, 2018 for \$263,055 was awarded by the Northern Board Regional Commission with all matching costs to be paid by private investors. The second, awarded on September 11, 2018 for \$463,000 was awarded by the Economic Development Administration for the water and wastewater extension for the Runamok Maple facility with all matching costs incurred by private investors. The Town has contracted with Aldridge and Elliot Water Resource Engineers for pre engineering and design plans as of the report date.

#### **Note 12. Net Position / Fund Balances**

Net position in the governmental activities is restricted as follows:

##### **Governmental Activities**

Reappraisal fund - restricted by agreement	\$ 194,274
Zoning and planning - restricted by statute	4,571
Cemetery and Genealogy Fund - restricted by statute	10,015
Grants fund - restricted by statute	6,326
Highway grants fund - restricted by statute	18
FEMA fund - restricted by statute	49,862
Recreation pavilion - restricted by agreement	2,183
Total Governmental Activities	<u>\$ 267,249</u>

**Note 12. Net Position / Fund Balances (Continued)**

The analysis of the fund balances at June 30, 2021 are as follows:

	<b>Balance</b>				<b>Balance</b>
	<b>6/30/2020</b>	<b>Increase</b>	<b>Decrease</b>	<b>Transfers</b>	<b>6/30/2021</b>
Nonspendable fund balances					
General fund	\$ 14,726	\$ 652	\$ -	\$ -	\$ 15,378
Total nonspendable fund balances	<u>\$ 14,726</u>	<u>\$ 652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,378</u>
Restricted fund balances					
Zoning and planning	\$ 652	\$ 5,870	\$ 10,951	\$ 9,000	\$ 4,571
Cemetery trusts	12,460	55	2,500	-	10,015
Reappraisal fund	271,051	19,968	96,745	-	194,274
Grants fund	-	6,326	-	-	6,326
Highway Grants fund	18	243,052	243,052	-	18
FEMA	13,744	36,118	-	-	49,862
Recreation pavilion	2,070	113	-	-	2,183
Total restricted fund balances	<u>\$ 299,995</u>	<u>\$ 311,502</u>	<u>\$ 353,248</u>	<u>\$ 9,000</u>	<u>\$ 267,249</u>
Committed fund balances					
Impact fees	\$ 106,734	\$ 38,436	\$ 16,450	\$ -	\$ 128,720
Library rollover	5,993	1,773	200	-	7,566
Records reserve	35,427	31,356	3,543	-	63,240
Utility extension fund	-	-	61,577	61,577	-
Fire replacement fund	133,946	42,901	90,000	40,000	126,847
Total committed fund balances	<u>\$ 282,100</u>	<u>\$ 114,466</u>	<u>\$ 171,770</u>	<u>\$ 101,577</u>	<u>\$ 326,373</u>
Assigned fund balances					
History book	\$ 6,918	\$ 42	\$ -	\$ -	\$ 6,960
Recreation	9,512	55	700	-	8,867
Settlement fund	36,315	199	3,711	(9,000)	23,803
Recreation park	49,778	16,140	20,537	-	45,381
Total assigned fund balances	<u>\$ 102,523</u>	<u>\$ 16,436</u>	<u>\$ 24,948</u>	<u>\$ (9,000)</u>	<u>\$ 85,011</u>
Unassigned fund balances					
General fund	\$ (882,632)	\$ 4,095,984	\$ 3,622,560	\$ (40,000)	\$ (449,208)
Sidewalk fund	12,580	117	18,649	-	(5,952)
Recreation community center	(107)	3,468	3,361	-	-
Total unassigned fund balances	<u>\$ (870,159)</u>	<u>\$ 4,099,569</u>	<u>\$ 3,644,570</u>	<u>\$ (40,000)</u>	<u>\$ (455,160)</u>
Total fund balances	<u>\$ (170,815)</u>	<u>\$ 4,542,625</u>	<u>\$ 4,194,536</u>	<u>\$ 61,577</u>	<u>\$ 238,851</u>

### **Note 13. Reconciliation of Budgetary Basis and Reporting Basis**

The Budgetary Comparison Schedule presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with the reporting basis, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues over expenditures for the year ended June 30, 2021 is presented below:

#### **General Fund**

Excess of cash receipts over cash disbursements - (Budgetary basis)	\$ 24,666
Adjustments:	
To adjust revenues for changes in delinquent taxes and interest	13,011
To adjust for changes in grants, other receivable and prepaids	652
To adjust revenues for changes in unearned taxes and interest	(8,816)
To adjust expenditures for changes in salary and grant accruals and accounts payable	404,563
To adjust for purchase of equipment with long term debt	(161,148)
To adjust for operating transfers reported as expenses for budgetary basis	<u>40,000</u>
Excess of revenues over expenditures before other financing sources (uses) - (Fund basis)	<u>\$ 312,928</u>

### **Note 14. Tax Abatements**

The Town enters into property tax abatement agreements with local charitable and fraternal organizations pursuant to Vermont Statutes Annotated, Title 32, Chapter 125 §3840, as approved by the voters during town meeting. This statute states that fraternal organizations, volunteer fire, and ambulance or rescue companies who own real estate exclusively for such purposes, may be exempted from real estate taxation, either in whole or in part, for a period not exceeding 10 years, if the town so votes. Upon the expiration of the exemption, the town may vote additional periods of exemption not exceeding five years each. During the 2013 Town Meeting, the voters approved an initial ten year exemption of real estate taxes for the Fairfax EMS, Inc. The real property value exempted from taxes was \$422,100, which amounted to \$9,083 in taxes during the year ended June 30, 2021.

### **Note 15. Risk and Uncertainties**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net position. However, the related financial impact and duration cannot be reasonably estimated at this time.

### **Note 16. Prior Period Adjustment**

The Town has adjusted the fund balance by \$7,500 to account for an incorrect transfer in prior year between the general fund and the impact fee fund. This change caused an increase in fund balance in the general fund and a decrease in fund balance in the impact fee fund.

### **Note 16. Subsequent Events**

The Town has evaluated all subsequent events through January 6, 2022, the date the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

# Town of Fairfax, Vermont

## Schedules of Required Supplementary Information Vermont Municipal Employees Retirement System

### Schedule of the Town's Proportionate Share of the Net Pension Liability

	Last 8 Fiscal Years							
	2020	2019	2018	2017	2016	2015	2014	2013
Town's proportion of the net pension liability	0.18083%	0.16617%	0.16050%	0.1555%	0.1564%	0.1415%	0.1411%	0.1432%
Town's proportionate share of the net pension liability	\$ 457,460	\$ 288,290	\$ 225,821	\$ 188,407	\$ 201,230	\$ 109,096	\$ 12,880	\$ 52,127
Town's covered-employee payroll	\$ 657,503	\$ 651,802	\$ 567,589	\$ 461,744	\$ 432,082	\$ 368,012	\$ 355,195	\$ 343,726
Town's portion of the net pension liability as a percentage of the covered-employee payroll	69.58%	44.23%	39.79%	40.80%	46.57%	29.64%	3.63%	15.17%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%	92.71%

### Schedule of the Town's Contributions

	Last 8 Fiscal Years							
	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 37,478	\$ 31,927	\$ 28,117	\$ 25,396	\$ 23,764	\$ 19,781	\$ 18,204	\$ 17,186
Contributions in relation to the statutorily required contribution	37,478	31,927	28,117	25,396	23,764	19,781	18,204	17,186
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 657,503	\$ 651,802	\$ 567,589	\$ 461,744	\$ 432,082	\$ 368,012	\$ 355,195	\$ 343,726
Contributions in relation to the statutory required contribution as a percentage of the covered-employee payroll	5.70%	4.90%	5.750%	5.500%	5.500%	5.375%	5.125%	5.000%

### Notes to the Required Supplementary Information - Pension

**Changes in actuarial assumptions and methods:**

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA Assumption was lowered from 1.30% to 1.20% for Group B members.
- The mortality assumptions were updated as follows:  
Pre-Retirement: Group B - 40% PubG General Employee below-median  
Health Post-Retirement - Retirees: Group B - 104% of 40% PubG-2010 General healthy Retiree below-median  
Health Post-Retirement - Beneficiaries: Group B - 70% PubG-2010 Contingent Survivor below-median  
Disabled Retirees: PubNS-2010 Non-Safety Disabled Retiree Mortality table with generational projection using scale MP-2019.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%
- The active retirement rates were updated as follows, Group B: For females, slightly decreased the rates at younger ages and then increased the rates at later ages. For males, slightly decreased the rates at most ages.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability load of accumulated contributions for inactive members was removed. Liabilities for inactive members are now based on 100% of the accumulated contributions. Inactive members who are vested immediately become deferred members, and the liabilities for all deferred members are based on the accrued benefit.
- The termination rates were updated as follows: Simplified female rates to one set of slightly reduced rates for all females.

The changes increased the total pension liability as of June 30, 2020 by \$22.6 million and increased the service cost as of June 30, 2020 by \$2.0 million.

**Changes in Plan Provisions:**

There have been no changes in plan provisions since the last measurement date.

Note: This schedule will eventually present 10 years of information; however it currently only provides information on fiscal years for which it is available.



# TOWN OF FAIRFAX, VERMONT

## DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND For the Year Ended June 30, 2021

	Preliminary and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
<b>Property Taxes</b>			
Property taxes - Town	\$ 3,207,130	\$ 3,159,871	\$ (47,259)
Delinquent taxes - Town	-	250,328	250,328
Total property taxes	<u>3,207,130</u>	<u>3,410,199</u>	<u>203,069</u>
<b>Licenses, Permits and Fees</b>			
1st and 2nd class licenses	695	580	(115)
Dog licenses	4,500	4,073	(427)
Building permits	41,500	44,500	3,000
Fees on delinquent taxes	-	19,552	19,552
Zoning fees	8,500	11,079	2,579
Office recordings	44,000	85,813	41,813
Copy fees	10,500	30,866	20,366
Trash bag stickers account	-	50	50
Vehicle registrations	150	-	(150)
Marriage licenses	300	350	50
Library fees	2,500	55	(2,445)
Fire department receipts	10,000	12,934	2,934
Highway access permit	300	330	30
Weight permits and land posted permits	900	1,005	105
Total licenses and permits	<u>123,845</u>	<u>211,187</u>	<u>87,342</u>
<b>Intergovernmental</b>			
State highway aid	123,500	161,115	37,615
Hold harmless	65,000	72,316	7,316
Land use change tax	-	5,918	5,918
COVID LGER grant	-	5,222	5,222
Election grants	-	5,000	5,000
Library grant	600	2,220	1,620
Pilot program	23	23	-
Total intergovernmental	<u>189,123</u>	<u>251,814</u>	<u>62,691</u>
<b>Charges for Services</b>			
Recreation summer camp fees	-	22,175	22,175
Fines	1,900	4,057	2,157
Total charges for services	<u>1,900</u>	<u>26,232</u>	<u>24,332</u>
<b>Interest</b>			
Interest from delinquent taxes	13,250	13,658	408
Interest income	400	4,374	3,974
Total interest	<u>13,650</u>	<u>18,032</u>	<u>4,382</u>
<b>Miscellaneous</b>			
Cemetery funds	250	455	205
Land rent	-	100	100
School district treasurer reimbursement	7,000	7,000	-
Highway miscellaneous	-	587	587
General miscellaneous	-	100	100
Reimbursement hazardous waste	650	675	25
Hazardous waste management	3,400	3,409	9
Total miscellaneous	<u>11,300</u>	<u>12,326</u>	<u>1,026</u>
Total cash receipts	<u>3,546,948</u>	<u>3,929,790</u>	<u>382,842</u>

Continued

# TOWN OF FAIRFAX, VERMONT

## DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND For the Year Ended June 30, 2021

	Preliminary and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CASH DISBURSEMENTS</b>			
<b>GENERAL GOVERNMENT</b>			
<b>Town Clerk's Office</b>			
Town clerk treasurer's salary	50,933	50,939	(6)
Treasurer assistant	45,264	45,468	(204)
Office assistant salaries	605	2,045	(1,440)
Town clerk treasurer assistant	3,075	2,069	1,006
Delinquent tax collector	-	19,203	(19,203)
Employee obligation - Retirement	35,096	34,248	848
Employee obligation - Social security and medicare	53,231	57,320	(4,089)
Computer services	18,000	14,966	3,034
Electricity	4,608	4,919	(311)
Equipment and lease	3,500	3,258	242
Fuel	1,500	1,275	225
Land records	14,017	12,400	1,617
Office maintenance and repairs	10,500	11,951	(1,451)
Office supplies	4,500	4,755	(255)
Postage and box rent	6,500	8,147	(1,647)
Telephone	4,500	4,703	(203)
Lawn care	2,400	4,645	(2,245)
Water and sewer	500	470	30
Publications	2,000	979	1,021
Total town clerk's office	260,729	283,760	(23,031)
<b>Board Meetings and Elections</b>			
Town meeting payroll	1,200	3,143	(1,943)
Civil Board payroll	1,200	-	1,200
Elections payroll	2,000	3,225	(1,225)
Elections	1,000	586	414
Election ballots	4,000	1,843	2,157
Election grant expense	-	5,000	(5,000)
Town reports/postcards	1,500	1,025	475
Total board meetings and elections	10,900	14,822	(3,922)
<b>Officer Training and Expenses</b>			
Appreciation	500	463	37
Training and seminars	800	123	677
Mileage	600	-	600
Total officer training and expenses	1,900	586	1,314
<b>Safety</b>			
Stipend	1,000	1,000	-
Training	3,000	-	3,000
Mileage	100	-	100
Total safety	4,100	1,000	3,100
<b>Assessors Office</b>			
Training	575	220	355
License	650	1,818	(1,168)
Mileage	1,160	152	1,008
Expenses and mapping	2,017	1,903	114
Payroll	30,500	30,800	(300)
Total assessors office	34,902	34,893	9
<b>Planning and Zoning Office</b>			
Salaries	41,362	39,050	2,312
Expenses	500	510	(10)
Mileage	450	95	355
Mapping service	1,017	-	1,017
Training	200	40	160
Equipment	250	1,675	(1,425)
State Grant Excess Matching	2,586	2,586	-
Miscellaneous	75	-	75
Attorney fees	2,500	910	1,590
Zoning and Planning Board	6,000	5,600	400

Continued

# TOWN OF FAIRFAX, VERMONT

## DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND For the Year Ended June 30, 2021

	Preliminary and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CASH DISBURSEMENTS (Continued)</b>			
Publishing and notices	500	1,308	(808)
Total planning and zoning office	55,440	51,774	3,666
<b>Town Manager</b>			
Town Manager	75,240	72,955	2,285
Training	1,300	773	527
Supplies	300	-	300
Town Manager - Mileage	750	318	432
Total town manager	77,590	74,046	3,544
<b>Selectboard</b>			
Salaries - Assistant	5,000	2,252	2,748
Salaries - Selectboard	11,250	11,437	(187)
Total selectboard	16,250	13,689	2,561
<b>Administration</b>			
Attorney fees	3,500	2,127	1,373
Auditing fees	18,000	14,310	3,690
Bank charges and direct deposit fee	600	600	-
Franklin County Chamber of Commerce	89	89	-
Miscellaneous	-	1,215	(1,215)
Northwest Regional Planning Commission	4,886	4,885	1
Signs	300	-	300
Street lights	4,500	4,840	(340)
Tax appeal	-	578	(578)
Vermont League of Cities and Towns	6,347	6,416	(69)
Web and email hosting	1,700	1,910	(210)
Website direct payroll	3,500	3,500	-
County tax	43,913	43,924	(11)
Total administration	87,335	84,394	2,941
<b>Insurances</b>			
Medical insurance	176,714	180,720	(4,006)
Property insurance	26,708	33,390	(6,682)
HRA contributions	10,000	10,000	-
Cyber coverage	2,086	-	2,086
Flood covered bridge	18,000	-	18,000
Choice Cobra	435	435	-
HRA to IRS fee	19	209	(190)
Short-term disability	1,300	1,105	195
Public official insurance	1,734	-	1,734
Unemployment & training	-	204	(204)
Workmen's compensation	39,018	34,357	4,661
Total insurances	276,014	260,420	15,594
Total general government	825,160	819,384	5,776
<b>HIGHWAY DEPARTMENT</b>			
<b>Winter Maintenance</b>			
Salaries	97,335	106,951	(9,616)
Sand	65,000	154,852	(89,852)
Material	16,000	35,398	(19,398)
State aid - Deicing salt	50,000	66,636	(16,636)
Deicing salt	50,000	66,636	(16,636)
Total winter maintenance	278,335	430,473	(152,138)
<b>Summer Maintenance</b>			
Chloride and salt	30,000	58,024	(28,024)
Gravel and stone	90,000	226,239	(136,239)
Roadside mowing	6,500	6,000	500
Save the Lake	3,000	-	3,000
Labor	107,899	132,558	(24,659)
Special projects	230,000	212,069	17,931
Cold patch	10,000	10,676	(676)
Total summer maintenance	477,399	645,566	(168,167)
Continued			

# TOWN OF FAIRFAX, VERMONT

## DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND For the Year Ended June 30, 2021

	Preliminary and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CASH DISBURSEMENTS (Continued)</b>			
<b>Town Garage</b>			
Heat	2,500	4,073	(1,573)
Electricity	2,000	2,282	(282)
Propane and oxygen	1,000	305	695
Small tools and supplies	5,500	9,347	(3,847)
Telephone	1,400	2,765	(1,365)
Maintenance	6,000	20,708	(14,708)
Uniforms	5,000	5,943	(943)
Total town garage	23,400	45,423	(22,023)
<b>Other Expenses</b>			
Culverts	12,500	28,607	(16,107)
Covered bridge	600	-	600
Gas	52,000	39,191	12,809
Maintenance	85,000	114,317	(29,317)
Guardrails	3,500	5,678	(2,178)
Signs	5,000	11,605	(6,605)
Stormwater MRGP	1,350	1,590	(240)
Tree removal	10,000	24,500	(14,500)
Radios	700	2,077	(1,377)
Equipment	50,000	41,142	8,858
Total other expenses	220,650	268,707	(48,057)
Blacktopping	230,000	230,000	-
Total highway department	1,229,784	1,620,169	(390,385)
<b>SANITATION</b>			
Trucking	678,831	684,558	(5,727)
Total sanitation	678,831	684,558	(5,727)
<b>PUBLIC SAFETY</b>			
<b>Animal Control</b>			
Salaries	4,368	4,004	364
Dog tags	350	313	37
Mileage	300	126	174
Boarding	150	173	(23)
Miscellaneous	400	-	400
Total animal control	5,568	4,616	952

Continued

# TOWN OF FAIRFAX, VERMONT

## DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND For the Year Ended June 30, 2021

	Preliminary and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CASH DISBURSEMENTS (Continued)</b>			
<b>Fire Department</b>			
Salaries	78,825	70,840	7,985
Utilities	600	553	47
Electricity	1,400	1,478	(78)
Fire truck replacement fund	40,000	40,000	-
Telephone and dispatch	60,000	59,314	686
Training and seminars	2,600	1,678	922
Insurance	2,000	1,783	217
OSHA mandated health checks	1,000	-	1,000
Equipment and supplies	15,000	12,299	2,701
Maintenance - General	5,000	1,175	3,825
Maintenance - Truck	23,500	20,121	3,379
Mileage	500	364	136
Fuel oil and gasoline	9,400	6,167	3,233
Turn out gear replacement	5,000	5,551	(551)
Total fire department	244,825	221,323	23,502
<b>General Public Safety Expenditures</b>			
Health officer salary	1,500	1,500	-
Health officer mileage	100	-	100
Law enforcement	135,408	138,584	(3,176)
Emergency management	2,650	2,438	212
Total general public safety expenditures	139,658	142,522	(2,864)
Total public safety	390,051	368,461	21,590
<b>PARKS, RECREATION, LIBRARY, AND CEMETERIES</b>			
<b>Recreation Park</b>			
Groundskeeper	4,000	2,066	1,934
Recreation director	36,000	36,000	-
Water and sewer	2,000	466	1,534
Groundskeeper 2	3,000	3,000	-
Rec assistant	10,000	10,366	(366)
Camp payroll	-	2,976	(2,976)
Summer camp expenses	-	203	(203)
Field maintenance	23,000	24,676	(1,676)
Membership and conferences	700	295	405
Mileage	750	-	750
Office expense	500	1,953	(1,453)
Electricity	650	-	650
Printing	500	902	(402)
Digital media	500	771	(271)
Events	6,000	6,916	(916)
Total recreation park	87,600	90,590	(2,990)
<b>Fairfax Community Library</b>			
Payroll	82,775	78,806	3,969
Books and supplies	2,250	1,918	332
Telephone	2,000	834	1,166
Professional development	1,345	124	1,221
Subscriptions	16,549	13,531	3,018
Technology and software	2,500	1,434	1,066
Programs	5,376	3,173	2,203
Fees	2,500	55	2,445
Library grant expense	600	2,220	(1,620)
Total Fairfax Community Library	115,895	102,095	13,800

Continued

# TOWN OF FAIRFAX, VERMONT

## DETAIL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND For the Year Ended June 30, 2021

	Preliminary and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CASH DISBURSEMENTS (Continued)</b>			
Cemeteries			
Mowing	10,000	7,843	2,157
Repairs	6,000	8,136	(2,136)
Supplies	50	-	50
Fairfax Plains Cemetery Association	250	250	-
Sanderson's Corner Cemetery Association	250	250	-
Memorial Day flags	450	489	(39)
	<u>17,000</u>	<u>16,968</u>	<u>32</u>
Total cemeteries			
	<u>17,000</u>	<u>16,968</u>	<u>32</u>
Total parks, recreation, library, and cemeteries	<u>220,495</u>	<u>209,653</u>	<u>10,842</u>
<b>MISCELLANEOUS</b>			
<b>Warned Items</b>			
New Town Office	57,500	57,500	-
Fairfax Rescue	111,700	111,700	-
Social Service	23,427	23,427	-
	<u>192,627</u>	<u>192,627</u>	<u>-</u>
Total warned items			
	<u>192,627</u>	<u>192,627</u>	<u>-</u>
Total miscellaneous	<u>192,627</u>	<u>192,627</u>	<u>-</u>
<b>DEBT SERVICE</b>			
Principal	-	-	-
Interest	10,000	10,272	(272)
	<u>10,000</u>	<u>10,272</u>	<u>(272)</u>
Total debt service			
	<u>10,000</u>	<u>10,272</u>	<u>(272)</u>
Total cash disbursements	<u>3,546,948</u>	<u>3,905,124</u>	<u>(358,176)</u>
Excess of cash receipts over cash disbursements	<u>\$ -</u>	<u>\$ 24,666</u>	<u>\$ 24,666</u>

**OTHER  
SUPPLEMENTARY INFORMATION**

**TOWN OF FAIRFAX, VERMONT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2021**

	Zoning and Planning Fund	Fairfax History Book Fund	Fairfax Recreation Fund	Cemetery & Genealogy Fund	Highway Grants Fund	FEMA Fund	Impact Fees	Records Reserve Fund	Fairfax Recreation Park Fund	Recreation Community Center	Recreation Pavilion	Fire Replacement Fund	Library Rollover Fund	Utility Extension Fund	Grants Fund	Settlement Fund	Total Current Year
<b>ASSETS</b>																	
Cash	\$ -	\$ -	\$ -	\$ 1,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,620
Grants Receivable	-	-	-	-	8,052	-	-	-	-	-	-	-	-	61,577	-	-	69,629
Due from other funds	4,571	6,960	8,867	8,395	18	49,862	128,720	63,240	45,381	-	2,183	126,847	7,566	-	6,326	23,803	482,739
Total assets	<u>\$ 4,571</u>	<u>\$ 6,960</u>	<u>\$ 8,867</u>	<u>\$ 10,015</u>	<u>\$ 8,070</u>	<u>\$ 49,862</u>	<u>\$ 128,720</u>	<u>\$ 63,240</u>	<u>\$ 45,381</u>	<u>\$ -</u>	<u>\$ 2,183</u>	<u>\$ 126,847</u>	<u>\$ 7,566</u>	<u>\$ 61,577</u>	<u>\$ 6,326</u>	<u>\$ 23,803</u>	<u>\$ 553,988</u>
<b>LIABILITIES AND FUND BALANCES</b>																	
<b>LIABILITIES</b>																	
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 8,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,052
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	61,577	-	-	61,577
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,577</u>	<u>-</u>	<u>-</u>	<u>69,629</u>
<b>FUND BALANCES</b>																	
Restricted	4,571	-	-	10,015	18	49,862	-	-	-	-	2,183	-	-	-	6,326	-	72,975
Committed	-	-	-	-	-	-	128,720	63,240	-	-	-	126,847	7,566	-	-	-	326,373
Assigned	-	6,960	8,867	-	-	-	-	-	45,381	-	-	-	-	-	-	23,803	85,011
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>4,571</u>	<u>6,960</u>	<u>8,867</u>	<u>10,015</u>	<u>18</u>	<u>49,862</u>	<u>128,720</u>	<u>63,240</u>	<u>45,381</u>	<u>-</u>	<u>2,183</u>	<u>126,847</u>	<u>7,566</u>	<u>-</u>	<u>6,326</u>	<u>23,803</u>	<u>484,359</u>
Total liabilities and fund balances	<u>\$ 4,571</u>	<u>\$ 6,960</u>	<u>\$ 8,867</u>	<u>\$ 10,015</u>	<u>\$ 8,070</u>	<u>\$ 49,862</u>	<u>\$ 128,720</u>	<u>\$ 63,240</u>	<u>\$ 45,381</u>	<u>\$ -</u>	<u>\$ 2,183</u>	<u>\$ 126,847</u>	<u>\$ 7,566</u>	<u>\$ 61,577</u>	<u>\$ 6,326</u>	<u>\$ 23,803</u>	<u>\$ 553,988</u>



# TOWN OF FAIRFAX, VERMONT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Zoning and Planning Fund	Fairfax History Book Fund	Fairfax Recreation Fund	Cemetery & Genealogy Fund	Highway Grants Fund	FEMA Fund	Impact Fees	Records Reserve Fund	Fairfax Recreation Park Fund	Recreation Community Center	Recreation Pavilion	Fire Replacement Fund	Library Rollover Fund	Utility Extension Fund	Grants Fund	Settlement Fund	Total Current Year
<b>REVENUES</b>																	
Intergovernmental																	
State revenues	\$ 5,870	\$ -	\$ -	\$ -	\$ 243,052	\$ 35,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,577	\$ 6,300	\$ -	\$ 352,778
Total intergovernmental	5,870	-	-	-	243,052	35,979	-	-	-	-	-	-	-	61,577	6,300	-	352,778
Impact fees																	
Transportation	-	-	-	-	-	-	8,640	-	-	-	-	-	-	-	-	-	8,640
Recreation	-	-	-	-	-	-	560	-	-	-	-	-	-	-	-	-	560
Town administration	-	-	-	-	-	-	11,680	-	-	-	-	-	-	-	-	-	11,680
Fire department	-	-	-	-	-	-	4,120	-	-	-	-	-	-	-	-	-	4,120
School and education	-	-	-	-	-	-	12,760	-	-	-	-	-	-	-	-	-	12,760
Total impact fees	-	-	-	-	-	-	37,760	-	-	-	-	-	-	-	-	-	37,760
Charges for services																	
Recreation fees	-	-	-	-	-	-	-	-	5,490	-	-	-	-	-	-	-	5,490
Total charges for services	-	-	-	-	-	-	-	-	5,490	-	-	-	-	-	-	-	5,490
Interest income	-	42	55	55	-	139	676	313	283	-	13	792	38	-	26	199	2,631
Donations	-	-	-	-	-	-	-	-	7	-	-	-	-	-	-	-	7
Miscellaneous income	-	-	-	-	-	-	-	31,043	10,360	3,468	100	42,109	1,735	-	-	-	88,815
Total revenues	5,870	42	55	55	243,052	36,118	38,436	31,356	16,140	3,468	113	42,901	1,773	61,577	6,326	199	487,481
<b>EXPENDITURES</b>																	
General government																	
Regional planning	10,951	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,951
Records preservation	-	-	-	2,500	-	-	-	3,543	-	-	-	-	-	-	-	-	6,043
Total general government	10,951	-	-	2,500	-	-	-	3,543	-	-	-	-	-	-	-	-	16,994
Highway	-	-	-	-	243,052	-	1,500	-	-	-	-	90,000	-	-	-	-	334,552
Parks, recreation and library	-	-	700	-	-	-	-	-	20,537	3,361	-	-	200	-	-	-	24,798
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,711	3,711
Water and Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - Interest	-	-	-	-	-	-	14,950	-	-	-	-	-	-	-	-	-	14,950
Total expenditures	10,951	-	700	2,500	243,052	-	16,450	3,543	20,537	3,361	-	90,000	200	-	-	3,711	395,005
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(5,081)	42	(645)	(2,445)	-	36,118	21,986	27,813	(4,397)	107	113	(47,099)	1,573	61,577	6,326	(3,512)	92,476
<b>OTHER FINANCING SOURCES</b>																	
Operating transfer in	9,000	-	-	-	-	-	-	-	-	-	-	40,000	-	-	-	-	49,000
Operating transfer out	-	-	-	-	-	-	-	-	-	-	-	-	-	(61,577)	-	(9,000)	(70,577)
Total other financing sources	9,000	-	-	-	-	-	-	-	-	-	-	40,000	-	(61,577)	-	(9,000)	(21,577)
Excess (deficiency) of revenues over expenditures and other financing sources	3,919	42	(645)	(2,445)	-	36,118	21,986	27,813	(4,397)	107	113	(7,099)	1,573	-	6,326	(12,512)	70,899
Fund balances at beginning of year, as previously stated	652	6,918	9,512	12,460	18	13,744	114,234	35,427	49,778	(107)	2,070	133,946	5,993	-	-	36,315	420,960
Prior period adjustment	-	-	-	-	-	-	(7,500)	-	-	-	-	-	-	-	-	-	(7,500)
Fund balances at beginning of year, as restated	652	6,918	9,512	12,460	18	13,744	106,734	35,427	49,778	(107)	2,070	133,946	5,993	-	-	36,315	413,460
Fund balances at end of year	\$ 4,571	\$ 6,960	\$ 8,867	\$ 10,015	\$ 18	\$ 49,862	\$ 128,720	\$ 63,240	\$ 45,381	\$ -	\$ 2,183	\$ 126,847	\$ 7,566	\$ -	\$ 6,326	\$ 23,803	\$ 484,359



# PEISCH

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**TOWN OF FAIRFAX, VERMONT**

**ADDITIONAL REQUIRED REPORT**

**JUNE 30, 2021**



## C O N T E N T S

Page

### **ADDITIONAL REQUIRED 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*

1 and 2

Schedule of Findings and Responses

3

**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  
Town of Fairfax, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Fairfax, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Fairfax, Vermont's basic financial statements, and have issued our report thereon dated December 21, 2021. In our report, our opinion with regard to the governmental activities was adverse as the Town of Fairfax, Vermont has not recorded capital assets acquired prior to 2014 in its governmental activities and has not recorded depreciation expense on those assets.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Fairfax, Vermont's internal control over financial reporting (internal control) as a basis for designing 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 Fairfax, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fairfax, 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 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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2021-001, that we consider to be a material weakness.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Fairfax, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

## **Town of Fairfax, Vermont's Response to Findings**

Town of Fairfax, Vermont's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Town of Fairfax, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

St. Albans, Vermont  
December 21, 2021  
VT Reg. No. 92-0000102

**TOWN OF FAIRFAX, VERMONT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2021**

**2021-001 Preparation of Financial Statements**

**Condition:** The Town does not prepare its financial statements completely but relies on its auditors to perform this function or to assist with performing this function.

**Criteria:** An entity is responsible for the internal control process which includes the preparation of year-end financial statements in accordance with the modified cash basis of accounting. This must be done by someone having sufficient expertise and ability so that there is only a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

**Causes:** Because of the complexity and annual issuance of new pronouncements, it is sometimes difficult for the financial reporting officer to obtain annual education on the new pronouncements to retain his/her expertise. Additionally, practice aids, such as current disclosure checklists, should be used to help insure compliance with the current standards.

**Effect:** A greater than inconsequential misstatement of the financial statements may occur and not be detected or prevented by the town.

**Additional Information:** Reliable financial reporting is a significant task which requires a significant investment in personnel. Most small entities elect to use the services of outside professionals to prepare the financial statements because it is not economically feasible to perform this function in-house.

**Response:** The Town will continue to rely on its auditor to prepare the financial statements. As noted above, it is not feasible for many small towns, including the Town of Fairfax, Vermont, to invest the time and money in training for and preparation of the financial statements in-house. The local emphasis is placed instead on ensuring that the entries into the local accounting system are accurate and timely, therefore providing good information for the accurate preparation of financial statements by others.