

# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



December 6, 2022

To the Selectboard Members  
Cindi Jones, Town Administrator  
Town of Warren  
Warren, Vermont

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2021. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Warren are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the Town of Warren's financial statements.

The financial statement disclosures are neutral, consistent and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The uncorrected misstatements of the financial statements were due to:

1. Unadjusted prepaid taxes
2. Uncashed stale checks

Management has determined, and we agree, that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 6, 2022.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We were engaged to report on Nonmajor Governmental Funds – Modified Cash Basis and Combining and Individual Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Modified Cash basis supplementary information in Schedules 1 and 2, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

This information is intended solely for the information and use of the Selectboard and management of the Town of Warren and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Fothergill Segale & Valley, CPAs*

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**TOWN OF WARREN, VERMONT**  
**AUDIT REPORT AND FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
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# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of Warren  
Warren, Vermont

### Qualified and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Vermont, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### Qualified Opinion on the Capital Fund and the Aggregate Remaining Fund Information

In our opinion, except for the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Capital Fund and the aggregate remaining fund information of the Town of Warren, Vermont, as of December 31, 2021, and the changes in modified cash basis financial position for the year then ended in conformity with the modified cash basis of accounting as described in Note 1.

#### Unmodified Opinions on Governmental Activities, Business-Type Activities and the General Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund other than the Capital Fund, and the aggregate remaining fund information of the Town of Warren, Vermont, as of December 31, 2021, and the respective changes in modified cash basis financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Warren, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

#### Matter Giving Rise to the Qualified Opinion on the Capital Fund and the Aggregate Remaining Fund Information

Management has combined the activity of all long-term projects in a fund called the Capital Fund. The fund includes activity that is required by accounting principles generally accepted in the United States of America to be accounted for in separate Capital Project and Special Revenue Funds. The amount by which this departure would impact the financial position and change in financial position of the major funds and the aggregate remaining fund information has not been determined.

### **Emphasis of Matter - Basis of Accounting**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Management has omitted the Management's Discussion and Analysis and the Schedule of Town's Proportionate Share of the Net Pension Liability and Schedule of Town Contributions 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 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.

### **Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements, as reflected on Schedule 1 and 2, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 December 6, 2022 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of 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'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's internal control over financial reporting and compliance.

Respectfully submitted,

*Fothergill Segale & Valley, CPAs*

FOTHERGILL SEGALE & VALLEY, CPAs  
Montpelier, Vermont  
Vermont Public Accountancy License #110

December 6, 2022



## TOWN OF WARREN, VERMONT

## STATEMENT OF NET POSITION - MODIFIED CASH BASIS

DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,973,731	\$ 96,266	\$ 9,069,997
Cash and cash equivalents - restricted	762,604	10,041	772,645
Investments - restricted	77,375	0	77,375
Internal balances	(5,450)	5,450	0
Total assets	<u>9,808,260</u>	<u>111,757</u>	<u>9,920,017</u>
<b>LIABILITIES</b>			
Due to State of Vermont - Property Taxes	3,828,532	0	3,828,532
Due to School District	1,549,520	0	1,549,520
Prepayment of unbilled property taxes	14,220	0	14,220
Total liabilities	<u>5,392,272</u>	<u>0</u>	<u>5,392,272</u>
<b>NET POSITION</b>			
Restricted	844,203	0	844,203
Unrestricted	<u>3,571,785</u>	<u>111,757</u>	<u>3,683,542</u>
Total net position	<u>\$ 4,415,988</u>	<u>\$ 111,757</u>	<u>\$ 4,527,745</u>

## TOWN OF WARREN, VERMONT

## EXHIBIT B

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 888,439	\$ 112,350	\$ 355,509	\$ 0	\$ (420,580)	\$ 0	\$ (420,580)
Highways and streets	936,965	2,625	131,301	0	(803,039)	0	(803,039)
Culture and recreation	162,127	0	11,683	0	(150,444)	0	(150,444)
Public safety	156,723	0	0	0	(156,723)	0	(156,723)
Appropriations	45,258	0	0	0	(45,258)	0	(45,258)
Records restoration	0	14,381	0	0	14,381	0	14,381
Cemeteries	28,787	2,535	0	0	(26,252)	0	(26,252)
Debt service	121,264	0	0	0	(121,264)	0	(121,264)
Capital outlay - general government	190,760	0	0	0	(190,760)	0	(190,760)
Capital outlay - highways and streets	691,329	0	0	22,063	(669,266)	0	(669,266)
Total governmental activities	3,221,652	131,891	498,493	22,063	(2,569,205)	0	(2,569,205)
Business-type activities							
Septic system	79,039	89,341	0	0	0	10,302	10,302
Total business-type activities	79,039	89,341	0	0	0	10,302	10,302
Total government	\$ 3,300,691	\$ 221,232	\$ 498,493	\$ 22,063	(2,569,205)	10,302	(2,558,903)
General Revenues and Other Sources:							
Property taxes and related revenues					3,162,653	0	3,162,653
Investment income					23,756	220	23,976
Lease proceeds					191,900	0	191,900
Other revenues					39,264	0	39,264
Total general revenues and other sources					3,417,573	220	3,417,793
Change in net position					848,368	10,522	858,890
Net position - January 1, 2021					3,567,620	101,235	3,668,855
Net position - December 31, 2021					\$ 4,415,988	\$ 111,757	\$ 4,527,745

See Notes to Financial Statements.

## BALANCE SHEET - GOVERNMENTAL FUNDS

## MODIFIED CASH BASIS

DECEMBER 31, 2021

	Major Funds		Other	Total
	General	Capital	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,358,426	\$ 2,615,305	\$ 0	\$ 8,973,731
Cash and cash equivalents - restricted	252,180	457,591	52,833	762,604
Investments - restricted	0	0	77,375	77,375
Due from other funds	0	0	257,118	257,118
Total assets	<u>\$ 6,610,606</u>	<u>\$ 3,072,896</u>	<u>\$ 387,326</u>	<u>\$ 10,070,828</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ 261,854	\$ 0	\$ 714	\$ 262,568
Due to State of Vermont	3,828,532	0	0	3,828,532
Due to School District	1,549,520	0	0	1,549,520
Prepayment of unbilled property taxes	14,220	0	0	14,220
Total liabilities	<u>5,654,126</u>	<u>0</u>	<u>714</u>	<u>5,654,840</u>
<b>FUND BALANCES</b>				
Restricted	0	457,591	386,612	844,203
Assigned	0	2,615,305	0	2,615,305
Unassigned	956,480	0	0	956,480
Total fund balances	<u>956,480</u>	<u>3,072,896</u>	<u>386,612</u>	<u>4,415,988</u>
Total liabilities and fund balances	<u>\$ 6,610,606</u>	<u>\$ 3,072,896</u>	<u>\$ 387,326</u>	<u>\$ 10,070,828</u>

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

MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Major Funds		Other	Total
	General	Capital	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>REVENUES</b>				
Property taxes and related revenues	\$ 3,162,653	\$ 0	\$ 0	\$ 3,162,653
Intergovernmental	219,062	49,314	252,180	520,556
Licenses, fees and fines	114,270	0	16,916	131,186
Investment income	11,478	5,637	6,641	23,756
Building rentals	705	0	0	705
Other	35,680	2,500	1,084	39,264
Total revenues	<u>3,543,848</u>	<u>57,451</u>	<u>276,821</u>	<u>3,878,120</u>
<b>EXPENDITURES</b>				
Current				
General Government	877,297	11,142	0	888,439
Highway and streets	936,965	0	0	936,965
Culture and recreation	160,354	0	1,773	162,127
Public safety	137,396	19,327	0	156,723
Appropriations	45,258	0	0	45,258
Cemeteries	24,430	1,700	2,657	28,787
Total current expenditures	<u>2,181,700</u>	<u>32,169</u>	<u>4,430</u>	<u>2,218,299</u>
Capital outlays	<u>190,760</u>	<u>691,329</u>	<u>0</u>	<u>882,089</u>
Debt service				
Principal	77,517	29,488	0	107,005
Interest	13,789	470	0	14,259
Total debt service	<u>91,306</u>	<u>29,958</u>	<u>0</u>	<u>121,264</u>
Total expenditures	<u>2,463,766</u>	<u>753,456</u>	<u>4,430</u>	<u>3,221,652</u>
EXCESS REVENUES (EXPENDITURES)	<u>1,080,082</u>	<u>(696,005)</u>	<u>272,391</u>	<u>656,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	0	191,900	0	191,900
Transfers in	0	781,500	0	781,500
Transfers out	(781,500)	0	0	(781,500)
Total other financing sources (uses)	<u>(781,500)</u>	<u>973,400</u>	<u>0</u>	<u>191,900</u>
NET CHANGE IN FUND BALANCE	298,582	277,395	272,391	848,368
FUND BALANCES - JANUARY 1, 2021	<u>657,898</u>	<u>2,795,501</u>	<u>114,221</u>	<u>3,567,620</u>
FUND BALANCES - DECEMBER 31, 2021	<u>\$ 956,480</u>	<u>\$3,072,896</u>	<u>\$ 386,612</u>	<u>\$ 4,415,988</u>

## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes and related revenues			
Property taxes - general	\$ 2,841,785	\$ 2,956,912	\$ 115,127
Interest on delinquent taxes	25,000	42,127	17,127
Penalties on delinquent taxes	0	80,465	80,465
State current use payment	78,833	83,149	4,316
Total taxes and related revenues	2,945,618	3,162,653	217,035
Intergovernmental			
State highway aid grant	139,897	131,301	(8,596)
National forest grant	20,621	20,621	0
Other state grants	56,809	57,884	1,075
Library grant	7,975	9,256	1,281
Total intergovernmental	225,302	219,062	(6,240)
Licenses, fees and fines			
Town clerk fees	40,000	56,366	16,366
Zoning - subdivision fees	38,000	44,066	6,066
Development review board	0	4,500	4,500
Photocopying	4,300	3,176	(1,124)
Dog licenses and fines	0	521	521
Other fees, permits & licenses	0	3,016	3,016
Local highway fines	3,800	2,625	(1,175)
Total licenses, fees and fines	86,100	114,270	28,170
Interest	35,000	11,478	(23,522)
Building rentals	200	705	505
Other revenues			
Reimbursements and refunds	0	4,956	4,956
Fourth of July celebration	11,000	5,336	(5,664)
Solar array	0	15,581	15,581
Insurance claims	1,109	1,000	(109)
Other grants	4,589	4,237	(352)
Miscellaneous	4,820	4,570	(250)
Total other revenues	21,518	35,680	14,162
Total revenues	3,313,738	3,543,848	230,110
<b>EXPENDITURES AND TRANSFERS</b>			
<b>Current Expenditures</b>			
Selectboard			
Salaries	7,500	7,500	0
Benefits	574	574	0
Dues, subscriptions and meetings	150	568	(418)
Legal	3,000	2,004	996
VLCT dues	3,191	3,191	0
Public notices	2,000	1,333	667
Total selectboard	16,415	15,170	1,245
Town administrator			
Salary	63,166	63,166	0
Benefits	31,736	29,903	1,833
Meetings	200	200	0
Total town administrator	95,102	93,269	1,833

## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Town clerk			
Salaries	52,970	52,970	0
Benefits	29,602	24,569	5,033
Dues, subscriptions and meetings	100	25	75
Election costs	500	849	(349)
Upgrade storage and equipment	200	0	200
Maintenance of land records and filming	2,000	109	1,891
Total town clerk	85,372	78,522	6,850
Treasurer			
Salaries	44,024	44,024	0
Benefits	27,749	25,145	2,604
Bank fees	200	148	52
Mileage	750	750	0
Dues, subscriptions and meetings	125	40	85
Other	125	61	64
Accounting and auditing	17,750	17,750	0
Total treasurer	90,723	87,918	2,805
Office assistant			
Salary	13,065	8,371	4,694
Benefits	2,629	641	1,988
Total office assistant	15,694	9,012	6,682
Auditors and human resources			
Salaries	10,300	9,960	340
Benefits	720	673	47
Printing and publications	2,699	2,855	(156)
Total auditors and human resources	13,719	13,488	231
Listers			
Salaries	56,656	52,242	4,414
Benefits	9,610	8,498	1,112
Office supplies and equipment	500	68	432
Dues, subscriptions and meetings	1,500	1,753	(253)
Other	300	0	300
Total listers	68,566	62,561	6,005
Town mapping	2,252	2,500	(248)
Zoning administration			
Salaries	47,317	47,317	0
Benefits	13,730	12,865	865
Mapping ZP/DRB applications	600	0	600
Legal opinions	500	499	1
DRB legal notices	1,750	1,383	367
DRB site visits	50	0	50
Zoning and site inspections	100	0	100
Software and hardware	1,500	780	720
Office supplies	1,500	894	606
Total zoning administration	67,047	63,738	3,309

## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Planning commission and board of adjustors			
Mapping planning	800	0	800
Municipal planning grant	4,589	0	4,589
Legal contingencies	750	0	750
Zoning and planning assistant	12,210	7,705	4,505
Planning assistant benefits	934	2,007	(1,073)
Planning commission supplies	750	0	750
Town plan zoning updates	501	4,590	(4,089)
Mad River Valley planning	44,067	45,317	(1,250)
Central Vermont Regional planning	2,139	2,139	0
Meetings and courses	500	0	500
Software	500	0	500
Public notices	750	394	356
Mileage / E911	150	0	150
Total planning commission and board of adjustors	68,640	62,152	6,488
Delinquent tax collector			
Commissions	0	40,417	(40,417)
Benefits	2,000	3,092	(1,092)
Total delinquent tax collector	2,000	43,509	(41,509)
Postage			
Postage	5,500	5,229	271
Postage meter lease	800	945	(145)
Post office box rental	92	92	0
Total postage	6,392	6,266	126
Computer			
Maintenance contracts	5,000	7,442	(2,442)
Software support	7,000	6,610	390
Software purchases	2,000	420	1,580
Hardware purchases	4,975	5,182	(207)
Network support	4,500	2,645	1,855
Total computer	23,475	22,299	1,176
Conservation committee			
Blueberry Lake Bush maintenance	100	0	100
Map printing	250	0	250
Dues, subscriptions and meetings	100	30	70
Public notices	250	0	250
Assessment & studies grant	4,000	500	3,500
Knot weed control	10,000	6,527	3,473
Total conservation committee	14,700	7,057	7,643
Copy machine maintenance and lease contract	4,500	2,652	1,848
Office supplies	7,000	6,875	125
Telephone and fax	8,000	7,300	700
Cemetery grounds and maintenance	24,430	24,430	0

## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Fire department			
Training	2,000	1,636	364
Remuneration	35,000	29,400	5,600
Benefits	3,000	2,249	751
Supplies	4,500	4,244	256
Dues and subscriptions	1,500	2,091	(591)
Repairs and maintenance	25,000	25,309	(309)
Fuel	3,000	2,037	963
Contracted services	11,000	7,922	3,078
Fire warden	600	600	0
Uniforms and safety equipment	4,000	2,694	1,306
Fire hose	4,000	2,622	1,378
Minor equipment	8,000	9,117	(1,117)
Radio dispatch	7,000	6,612	388
Medical exams	1,000	0	1,000
Admin supplies	1,500	1,328	172
Total fire department	111,100	97,861	13,239
Village wastewater treatment	3,450	2,997	453
Law enforcement			
Constable	10,080	10,308	(228)
Benefits	700	789	(89)
Public safety	6,750	3,891	2,859
Washington County patrol	32,000	20,712	11,288
Total law enforcement	49,530	35,700	13,830
Emergency management			
Salary	3,600	3,408	192
Benefits	325	261	64
Training	250	0	250
Mileage	500	0	500
Equipment	200	166	34
Membership	199	0	199
Total emergency management	5,074	3,835	1,239
Library			
Salaries	62,841	57,743	5,098
Benefits	36,421	31,298	5,123
Library expenditures	18,340	23,716	(5,376)
Total library	117,602	112,757	4,845
Recreation			
July 4th parade expense	15,000	17,597	(2,597)
Mad River Valley recreation district	30,000	30,000	0
Total recreation	45,000	47,597	(2,597)



## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Highways			
Salaries	311,086	311,664	(578)
Benefits	153,802	141,237	12,565
On call pay	11,000	9,494	1,506
Culverts and guardrails	32,000	37,523	(5,523)
Shop maintenance and supplies	18,000	11,810	6,190
Contractual	16,400	9,815	6,585
Salt	105,000	105,160	(160)
Meetings and subscriptions	350	0	350
Licenses and registration	250	194	56
Gasoline	200	357	(157)
Gravel and crushing	75,000	78,759	(3,759)
Paving	0	11,157	(11,157)
Sand	75,000	54,662	20,338
Chloride	15,000	4,005	10,995
Telephone	2,500	1,620	880
Vehicle repair and maintenance	40,000	31,260	8,740
Fuel - diesel	65,000	45,747	19,253
Safety - clothing	3,000	128	2,872
Oil	5,000	4,733	267
Fuel tank inspections and repairs	550	425	125
Grader blades and chains	14,000	14,787	(787)
Rentals	8,500	3,550	4,950
Tires	12,000	11,401	599
Signs and posts	2,500	3,462	(962)
State mandated signs	2,000	0	2,000
Urban forestry	4,000	3,800	200
Erosion control	25,000	31,965	(6,965)
Park maintenance	17,854	8,250	9,604
Total highways	1,014,992	936,965	78,027
Building maintenance			
Supplies	4,500	1,853	2,647
Heating oil	2,000	2,980	(980)
Propane gas	16,000	15,388	612
Electricity	11,000	8,505	2,495
Custodial salaries	10,000	8,073	1,927
Custodial benefits	820	349	471
Repairs and maintenance	35,000	33,304	1,696
Dump fees	3,500	3,067	433
Solid waste management	11,935	11,935	0
Total building maintenance	94,755	85,454	9,301
Other disbursements			
Fees and permits	4,850	7,845	(2,995)
Leased land	2	2	0
Solar Array maintenance	2,500	1,742	758
Contingency	2,500	1,200	1,300
Dogs	1,300	1,309	(9)
Village garden	9,300	1,412	7,888
Warren PTO	0	20,621	(20,621)
Total other disbursements	20,452	34,131	(13,679)

## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Special appropriations			
Central Vermont Economic Development	780	780	0
Central Vermont Council on Aging	900	900	0
Vermont Center for Independent Living	480	480	0
Washington County Youth Service Bureau	250	250	0
Central Vermont Community Action	300	300	0
Music and Arts Program	2,500	2,500	0
Central Vermont Home Health and Hospice, Inc.	4,000	4,000	0
Circle	755	755	0
Retired Senior Volunteer Program	200	200	0
Mad River Valley Senior Citizens	7,000	7,000	0
Northern Vermont Resource Conservation and Development	100	100	0
People's Health and Wellness Center	500	500	0
Washington County Diversion Program	200	200	0
Vermont Green Up	100	100	0
MRVTV 44	3,400	3,400	0
Warren Historical Society	200	200	0
Valley Transportation	943	943	0
Central Vermont Community Land Trust	750	750	0
Central Vermont Adult Basic Education	600	600	0
Family Center of Washington County	500	500	0
Mad River Valley Ambulance	15,000	15,000	0
Good Beginnings of Central Vermont	300	300	0
Prevent Child Abuse of Vermont	300	300	0
Washington County Mental Health	1,200	1,200	0
Mad River Housing	4,000	4,000	0
Total special appropriations	45,258	45,258	0
Insurance and taxes			
Unemployment compensation	903	904	(1)
Worker's compensation	30,611	22,363	8,248
County taxes	60,416	60,416	0
Insurance - multi-peril	35,132	29,225	5,907
Insurance - vehicles	16,870	17,720	(850)
Town officers' liability	3,018	3,018	0
Health reimbursement plan	21,171	25,502	(4,331)
Excess liability	4,806	5,700	(894)
Broker health insurance	2,400	2,160	240
EAP	1,806	1,806	0
Total insurance and taxes	177,133	168,814	8,319
Short term interest	0	1,613	(1,613)
Debt service			
Fire pond bond	15,000	15,000	0
Solar array bond	20,000	23,141	(3,141)
Wastewater bond	39,376	39,376	0
Interest expense	2,489	13,789	(11,300)
Total debt service	76,865	91,306	(14,441)

## TOWN OF WARREN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET -  
GENERAL FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Capital outlay			
Bridges	157,000	190,760	(33,760)
Total expenditures	2,532,238	2,463,766	68,472
EXCESS REVENUES (EXPENDITURES)	781,500	1,080,082	298,582
Capital budget transfers			
Highway department equipment reserve	(210,000)	(210,000)	0
Fire department equipment reserve	(110,000)	(110,000)	0
Conservation fund	(20,000)	(20,000)	0
Bridge repairs	(25,000)	(25,000)	0
Road paving reserve	(240,000)	(240,000)	0
Fire protection	(5,000)	(5,000)	0
Library building	(5,000)	(5,000)	0
Town building renovations	(25,000)	(25,000)	0
Town improvements	(25,000)	(25,000)	0
Town planning and development	(55,000)	(55,000)	0
Warren waste water system	(5,000)	(5,000)	0
Dam and covered bridge fund	(25,000)	(25,000)	0
Cemetery	(5,000)	(5,000)	0
Firefighter training	(25,000)	(25,000)	0
Major equipment	(1,500)	(1,500)	0
Total capital budget transfers	(781,500)	(781,500)	0
NET CHANGE IN FUND BALANCE	\$ 0	298,582	\$ 298,582
FUND BALANCE - JANUARY 1, 2021		657,898	
FUND BALANCE - DECEMBER 31, 2021		\$ 956,480	

## TOWN OF WARREN, VERMONT

## STATEMENT OF NET POSITION - PROPRIETARY FUND

## MODIFIED CASH BASIS

DECEMBER 31, 2021

	Village Septic System Fund
ASSETS	
Cash - certificate of deposit	\$ 96,266
Cash - money market	10,041
Due from other funds	5,450
Total assets	<u>111,757</u>
NET POSITION	
Unrestricted - designated for capital improvements	96,266
Unrestricted - undesignated	<u>15,491</u>
Total net position	<u>\$ 111,757</u>

## TOWN OF WARREN, VERMONT

## STATEMENT OF ACTIVITIES - PROPRIETARY FUND

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Village Septic System Fund
OPERATING REVENUES:	
Charges for usage	\$ 88,430
Interest and penalties on delinquent charges	911
Total operating revenues	<u>89,341</u>
OPERATING EXPENSES:	
Contract operations	43,335
Septic pumping	4,330
Engineering	2,985
Repairs and replacements	8,935
Administration	19,454
Total operating expenses	<u>79,039</u>
INCOME (LOSS) FROM OPERATIONS	10,302
NON-OPERATING REVENUES	
Interest income	<u>220</u>
NET CHANGE IN NET POSITION	10,522
NET POSITION - JANUARY 1, 2021	<u>101,235</u>
NET POSITION - DECEMBER 31, 2021	<u>\$ 111,757</u>

## STATEMENT OF FIDUCIARY NET POSITION

## MODIFIED CASH BASIS

DECEMBER 31, 2021

	Custodial Fund
ASSETS	
Cash	\$ 2,498
Certificate of deposit	<u>3,003</u>
Fiduciary Net Position - Warren Historical Society	<u>\$ 5,501</u>

## TOWN OF WARREN, VERMONT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2021

ADDITIONS	
Contributions	\$ 250
Interest income	<u>3</u>
CHANGE IN NET POSITION	253
NET POSITION - JANUARY 1, 2021	<u>5,248</u>
NET POSITION - DECEMBER 31, 2021	<u>\$ 5,501</u>

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

The Town of Warren, Vermont operates under a Selectboard/Town Clerk/Town Treasurer form of government and provides the following services: public safety, highways and streets, sewage treatment, recreation, public improvements, planning and zoning, and general administrative services.

The Town, for financial reporting purposes, includes all of the funds relevant to the operations of the Town of Warren. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Warren.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board pronouncements. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant policies employed in the preparation of these financials.

*Reporting Entity*

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

*Basis of Presentation*

The Town's financial statements include both government-wide and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide statement of net position and the statement of activities present information about the Town, as a whole. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, fees for service and other revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities reports both the direct gross and net cost of each of the Town's governmental and business-type functions. Direct expenses are those that are specifically associated with a function. The Statement of Activities reduces direct expenses by related program revenue, including operating and capital grants, contributions and charges for services. Program revenue must be directly associated with the governmental or business-type function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, and other revenues not specific to a function).

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds are reported by major fund within the financial statements.

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and enterprise, are presented.

The following is a description of the major funds of the Town. All remaining governmental funds are aggregated and reported as nonmajor funds.

**Governmental Funds**

*General Fund* – This is the main operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

*Capital Fund* – This accounts for the acquisition or construction of capital items as well as other long term projects that are funded with both outside sources and transfers from the General Fund.

**Business Type Activities Fund**

*Village Septic System Fund* – This accounts for the operations of the septic system of the Town.



TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The proprietary fund's operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

*Measurement Focus*

Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity is segregated into restricted and unrestricted net asset balances using the modified cash basis of accounting. Operating statements present increases and decreases in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Fund balances (modified cash basis) are considered a measure of available spendable resources and are segregated into restricted and unrestricted amounts. Operating statements of these funds present increases and decreases in modified cash basis fund balances.

*Fiduciary Funds*

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

*Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The Town prepares its financial statements using the modified cash basis of accounting. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the liability is incurred. Capital assets are expensed when purchased. Loan proceeds are recorded as other financing sources and loan repayments are recorded as expenses or expenditures. The modification to the cash basis is the Town records 1) investments as an asset at cost and 2) property taxes collected that are due to the State of Vermont, the local School District, and paid in advance as liabilities.

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Cash Equivalents*

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent with terms less than one year.

*Investments*

Investments are stated at cost. The Town invests as allowed by State statute.

*Net Position*

Net position represents the difference between assets and liabilities in the statement of net position. Net position is divided into three components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. On the modified cash basis of accounting, this category of net assets is not used. The Town expenses its capital assets when purchased thereby not having a net position component of invested in capital assets, net of related debt.

Restricted net position – consist of assets that are restricted by the Town's creditors, enabling legislation, by grantors, and by other contributors.

Unrestricted net position – all other net position is reported in this category.

*Fund Equity*

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provide fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the Town's highest decision making authority.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Select Board or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances – Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The Town does not have a fund balance policy identifying the Town's highest decision-making authority as required by GASB 54. Therefore, none of the Town's fund balances have been classified as committed in the financial statements.

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied first to committed, then assigned, then unassigned.

*Interfund Balances*

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

*Use of Estimates*

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Budget Adoption*

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

The Town is not legally required to adopt a budget for funds other than the General Fund. Therefore, a budgetary comparison is not presented for those funds.

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 2 - DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of December 31, 2021, the Town's bank balances were exposed to custodial credit risk as follows.

Insured - FDIC	\$ 500,976
Uninsured - collateralized	9,382,651
Total bank balances	<u>\$ 9,883,627</u>

The difference between the bank balances and the balances on the financial statements is due to outstanding items. The cash balance included certificates of deposits of \$396,517 that have interest rates of between 0.1 and 0.25% and mature within one year.

*Investments*

*Credit Risk – investments.* The Town has an investment policy that limits its investment choices to policies established by the Selectboard. Investments at December 31, 2021 are recorded at cost and are as follows:

	Cost	Fair Value	Unrealized Gain/(Loss)
Money market funds	\$ 976	\$ 976	\$ 0
Exchange traded funds	1,683	1,741	58
Mutual funds	75,692	87,807	12,115
Total	<u>\$ 78,351</u>	<u>\$ 90,524</u>	<u>\$ 12,173</u>

*Fair Value Measurements* – All of the Town's investments are considered Level 1 inputs, which are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are securities listed in active markets. The Town has valued their investments listed on national exchanges at the last sales price as of the day of valuation using the market valuation approach.

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer.

*Interest Rate Risk* – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF WARREN, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 3 - INTERFUND TRANSFERS AND INTERFUND BALANCES**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them in accordance with budgetary authorizations. \$781,500 was transferred to the Capital Fund from the General Fund.

As of December 31, 2021 the interfund balances were as follows:

Fund:	Receivable	Payable
General Fund	\$ 0	\$ 261,854
Village Septic System Fund	5,450	0
Restoration Fund	0	714
ARPA Fund	252,180	0
Library Fund	4,938	0
Total	<u>\$ 262,568</u>	<u>\$ 262,568</u>

**NOTE 4 – SHORT-TERM DEBT**

On May 12, 2021, the Town signed a tax anticipation note with Northfield Savings Bank for \$400,000 at 1.23% per annum. During the year, \$400,000 was drawn down from the Line of Credit. Principal and interest on the Line of Credit was paid in full on September 7, 2021.

The following is a summary of the changes in short-term debt:

Balance January 1, 2021	\$ 0
Loan proceeds	400,000
Principal payments	<u>(400,000)</u>
Balance December 31, 2021	<u>\$ 0</u>

Interest paid on short-term debt for the year ended December 31, 2021 was \$1,612.

**NOTE 5 - RISK MANAGEMENT**

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

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 6 - LONG-TERM LIABILITIES**

Long-term liabilities at December 31, 2021 consisted of the following:

	<u>Total</u>	<u>Due Within One Year</u>
Bond payable, State of Vermont Special Environmental Revolving Loan Fund, wastewater system improvements, interest at 0.0%, principal payments of \$39,376 due annually on August 1 through 2026.	\$ 196,883	\$ 39,376
Bond payable, Vermont Municipal Bond Bank, fire bond improvements, principal payments of \$15,000 due December 1 through 2025, various interest rates ranging from 3.0% to 4.7%, 3.91%, interest paid semi-annually on June 1 and December 1.	60,000	15,000
Note payable, Caterpillar Financial Services Corp, hydraulic excavator, interest at 2.99%, principal and interest payments of \$29,958 due annually on July 22 through 2027.	162,412	25,123
Bond payable, Vermont Municipal Bond Bank, solar array, principal payments of \$23,141 due November 15 through 2034, various interest rates ranging from .513% to 3.993%, interest paid semi-annually on May 15 and November 15.	300,841	23,141
Total long-term liabilities	<u>\$ 720,136</u>	<u>\$ 102,640</u>

Interest paid on long-term liabilities for the year ended December 31, 2021 was \$14,259.

During the fiscal year ended December 31, 2021 the following changes occurred in bonds and notes payable:

Long-term liabilities at January 1, 2021	\$ 635,241
Proceeds	191,900
Payments	<u>(107,005)</u>
Long-term liabilities at December 31, 2021	720,136
Due within one year	<u>(102,640)</u>
Due after one year	<u>\$ 617,496</u>

TOWN OF WARREN, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

Long-term liabilities will mature as follows:

	Principal	Interest	Total
2022	\$ 102,640	\$ 17,301	\$ 119,941
2023	103,388	15,207	118,595
2024	104,158	13,134	117,292
2025	104,951	11,314	116,265
2026	90,771	9,482	100,253
2027-2031	144,797	27,375	172,172
2032-2036	69,431	5,496	74,927
	<u>\$ 720,136</u>	<u>\$ 99,309</u>	<u>\$ 819,445</u>

**NOTE 7 - PENSION PLAN**

*VMERS Defined Benefit Plan*

*Plan description.* The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS) which 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 352 participating employers.

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

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

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

**Summary of System Provisions**

*Membership* is open to all full time employees of participating municipalities. The municipality elects coverage under Groups A, B, C, or D. The Town only has Group B members.

*Creditable service* is service as a member plus purchased service.

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 7 - PENSION PLAN (Continued)**

*Benefits provided and contributions*

Avg Final Compensation (AFC)	Group A Average annual compensation during highest 5 consecutive years	Group B Average annual compensation during highest 3 consecutive years	Group C Average annual compensation during highest 3 consecutive years	Group D Average annual compensation during highest 2 consecutive years
<b>Service Retirement Allowance</b>				
Eligibility	Earlier of age 65 with 5 years of service or age 55 with 35 years of service	Earlier of age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Amount	1.4% of AFC times service	1.7% of AFC times service as Group B member plus percentage earned as a Group A member times AFC	2.5% of AFC times service as Group C member plus percentage earned as a Group A or B member times AFC	2.5% of AFC times service as Group D member plus percentage earned as a Group A, B, or C member times AFC
Maximum Benefit	60% of AFC, including portion of allowance provided by member contributions		50% of AFC, including portion of allowance provided by member contributions	
<b>Early Retirement Allowance</b>				
Eligibility	Age 55 with 5 years of service		n/a	Age 50 with 20 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		n/a	Normal allowance based on service and AFC at early retirement, without reduction
<b>Vested Retirement Allowance</b>				
Eligibility	5 years of service	5 years of service	5 years of service	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 CPI, 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; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.			
<b>Death Benefit</b>				
Eligibility	After 5 years of service	After 5 years of service	After 5 years of service	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 the date of death.			70% of the unreduced accrued benefit plus children's benefit
<b>Optional Benefit and Death after Retirement</b>				
	Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contributions guarantee.			Lifetime allowance or 70% contingent annuitant option with no reduction
<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 CPI but not more than the following percentage:			
	2%	3%	3%	3%
<b>Member Contributions</b>	3.00% eff. 7/1/20 3.25% eff 7/1/21	5.375% eff. 7/1/20 5.625% eff 7/1/21	10.50% eff. 7/1/20 10.75% eff 7/1/21	11.85% eff. 7/1/20 12.10% eff 7/1/21
<b>Employer Contributions</b>	4.50% eff. 7/1/20 4.75% eff 7/1/21	6.00% eff. 7/1/20 6.25% eff 7/1/21	7.75% eff. 7/1/20 8.00% eff 7/1/21	10.35% eff. 7/1/20 10.60% eff 7/1/21
<b>Retirement Stipend</b>	\$25 per month payable at the option of the Board of Retirees			



TOWN OF WARREN, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 7 - PENSION PLAN (Continued)**

Covered wages paid under Group B of the plan were \$621,367 out of total wages of \$773,061. Employer contributions by the Town were \$38,011 for 2021. Employee contributions paid by the Town were \$34,127 for 2021. The Town pays for both the employer and employee share.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* Since the Town uses the modified cash basis of accounting, the pension liability and related deferred inflows/outflows are not recorded. This information is being provided for disclosure purposes only. At December 31, 2021, the Town reported a liability of \$239,428 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town's proportion was 0.16267%, which was a decrease of 0.00376% from its proportion measured as of June 30, 2020.

At June 30, 2021, the Town had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 44,625	\$ 0
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,456	14,603
Changes in assumptions	37,845	0
Difference between projected and actual investment earnings	0	141,173
Total	\$ 85,926	\$ 155,776

The amounts of deferred outflows of resources net of deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2022	\$ 6,306
2023	9,004
2024	15,109
2025	39,431

TOWN OF WARREN, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 7 - PENSION PLAN (Continued)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

*Interest rate of return* – 7.0%, net of pension plan investment expenses, including inflation.

*Salary increase* – Varying service-based rates from 0-10 years of service, then a single rate of 4.5% (includes assumed inflation rate of 2.30%) for all subsequent years.

**Mortality:**

*Pre-Retirement:*

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

Group D – PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

*Healthy Post-retirement – Retirees:*

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

Group D – PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

*Healthy Post-retirement – Beneficiaries:*

Groups A, B, C – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Group D – Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

*Disabled Post-retirement:*

All groups – PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

*Spouse's age* – females three years younger than males.

*Cost of Living Adjustments* – 1.1% for Group A members and 1.2% for Groups B, C and D members. The January 1, 2021 COLA is 0.4% for all groups. The January 1, 2022 COLA is 2.0% for Group A members and 2.3% for Groups B, C and D members.

*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.

# TOWN OF WARREN, VERMONT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### NOTE 7 - PENSION PLAN (Continued)

*Inflation* – 2.3% per year

#### Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed US Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
	100.00%	

*Discount Rate* – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2021. 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). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WARREN, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 7 - PENSION PLAN (Continued)**

The following presents the net pension liability calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) or 1 percent higher (8.0%) than the current rate:

<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
\$ 473,243	\$ 239,428	\$ 47,164

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the State of Vermont's Annual Comprehensive Financial Report (ACFR). The ACFR can be viewed on the State's Department of Finance and Management website.

**NOTE 8 - PROPERTY TAXES AND ABATEMENTS**

Property taxes are due August 10. Interest is assessed at 1% per month and a penalty of 8% is assessed when the taxes become delinquent on November 10<sup>th</sup>. The Town bills and collects its own property taxes and the education taxes for the State of Vermont. Town tax revenue is recognized when cash is received. For 2021, the tax rate was as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	\$ 1.7869	\$ 1.7446
Municipal	0.3700	0.3700
	<u>\$ 2.1569</u>	<u>\$ 2.1146</u>

The State of Vermont operates a Current Use Program and enters into tax abatement agreements directly with landowners. Enrolled landowners are required to manage their land in accordance with an approved plan, and the land is subject to a lien to recover taxes abated if the land is ever developed. In exchange, the landowners receive a reduction in assessed value on their property tax bills, which results in a reduction of property tax revenue to the Town. For 2021, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$70,000. In accordance with 32 V.S.A § 3760, the State of Vermont limits the total loss of revenue to zero by providing the Town with a Hold Harmless payment in the following year that is equivalent to the taxes previously foregone.

TOWN OF WARREN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**NOTE 9 – FUND BALANCES AND NET POSITION**

The fund balances and net position classifications are as follows:

	<u>Restricted</u>	<u>Assigned</u>
Capital Fund		
Highway Department equipment	\$ 0	\$ 465,033
Fire Department equipment	0	395,896
Town reappraisal	456,772	0
Town mapping	0	45,055
Conservation	0	175,902
Bridge repair	0	198,021
Paving	0	445,108
Fire protection/stand pipes	0	59,277
Firefighter training/equipment	0	63,385
Library building	0	62,137
Town building renovations	0	165,604
Town improvements	0	107,760
Town planning and development	0	175,617
Warren wastewater system	0	4,494
State lister training fund	819	0
Cemetery	0	25,886
Blueberry Lake Dam & Covered Bridge Maintenance	0	217,003
Major equipment	0	9,127
Total Capital Fund	<u>\$ 457,591</u>	<u>\$ 2,615,305</u>
Nonmajor Funds:		
Library	\$ 16,195	\$ 0
Cemetery	82,408	0
Records Restoration	35,829	0
ARPA	252,180	0
Total Nonmajor Funds	<u>\$ 386,612</u>	<u>\$ 0</u>

**NOTE 10 – SUBSEQUENT EVENT**

Management has evaluated subsequent events through December 6, 2022, the date the financial statements are available to be issued. A tax anticipation note was borrowed on June 30, 2022, for \$400,000, with an interest rate of 2.99% annually, compounded daily.

## TOWN OF WARREN, VERMONT

## COMBINING AND INDIVIDUAL FUND BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

## MODIFIED CASH BASIS

DECEMBER 31, 2021

	Library Fund	Cemetery Fund	Records Restoration Fund	ARPA Fund	Totals
<b>ASSETS</b>					
Cash and cash equivalents - restricted	\$ 11,257	\$ 5,033	\$ 36,543	\$ 0	\$ 52,833
Investments - restricted	0	77,375	0	0	77,375
Due from other funds	4,938	0	0	252,180	257,118
<b>Total assets</b>	<u>\$ 16,195</u>	<u>\$ 82,408</u>	<u>\$ 36,543</u>	<u>\$ 252,180</u>	<u>\$ 387,326</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 0	\$ 0	\$ 714	\$ 0	\$ 714
<b>FUND BALANCES</b>					
Restricted	<u>16,195</u>	<u>82,408</u>	<u>35,829</u>	<u>252,180</u>	<u>386,612</u>
<b>Total liabilities and fund balances</b>	<u>\$ 16,195</u>	<u>\$ 82,408</u>	<u>\$ 36,543</u>	<u>\$ 252,180</u>	<u>\$ 387,326</u>

## TOWN OF WARREN, VERMONT

COMBINING AND INDIVIDUAL FUND SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

## MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

	Library Fund	Cemetery Fund	Records Restoration Fund	ARPA Fund	Totals
REVENUES					
Grave site and burial fees	\$ 0	\$ 2,535	\$ 0	\$ 0	\$ 2,535
Intergovernmental	0	0	0	252,180	252,180
Town clerk fees	0	0	14,381	0	14,381
Investment income	31	6,589	21	0	6,641
Miscellaneous	1,084	0	0	0	1,084
Total revenues	<u>1,115</u>	<u>9,124</u>	<u>14,402</u>	<u>252,180</u>	<u>276,821</u>
EXPENDITURES					
Culture and recreation	613	0	1,160	0	1,773
Cemeteries	0	2,657	0	0	2,657
Total expenditures	<u>613</u>	<u>2,657</u>	<u>1,160</u>	<u>0</u>	<u>4,430</u>
EXCESS REVENUES (EXPENDITURES)	502	6,467	13,242	252,180	272,391
FUND BALANCES - JANUARY 1, 2021	<u>15,693</u>	<u>75,941</u>	<u>22,587</u>	<u>0</u>	<u>114,221</u>
FUND BALANCES - DECEMBER 31, 2021	<u>\$ 16,195</u>	<u>\$ 82,408</u>	<u>\$ 35,829</u>	<u>\$ 252,180</u>	<u>\$ 386,612</u>

# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



## **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***

Board of Selectboard  
Town of Warren, Vermont  
Warren, Vermont

We have audited, 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, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Vermont as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 6, 2022. We issued a qualified opinion due to not reporting the financial activity of the Capital Fund into separate Capital Project and Special Revenue Funds. We issued unmodified opinions related to the other opinion units.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **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.

Respectfully submitted,

*Fothergill Segale & Valley, CPAs*

FOTHERGILL SEGALE & VALLEY, CPAs

Montpelier, Vermont

Vermont Public Accountancy License #110

December 6, 2022

