

**TOWN OF BERLIN, VERMONT  
AUDIT REPORT AND FINANCIAL STATEMENTS  
JUNE 30, 2021**

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# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of Berlin  
Berlin, 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 Berlin, Vermont, as of and for the year ended June 30, 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.

### 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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, Vermont, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the 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 management's discussion and analysis and the schedules of Town's proportionate share of the net pension liability and Town contributions in Schedule 3 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.

### *Other 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 (Schedules 1 and 2) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1 and 2 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, Schedules 1 and 2 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 February 8, 2022 on our consideration of the Town'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 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 SEGAL & VALLEY, CPAs  
Montpelier, Vermont  
Vermont Public Accountancy License #110

February 8, 2022

TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021

Our discussion and analysis of the Town of Berlin, Vermont's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2021. Please read it in conjunction with the Town's financial statements which begin on page 10.

### **Financial Highlights**

#### *Government-Wide Statements*

- Net position of our governmental activities increased by \$444,571 or about 13%, compared to an increase of \$151,631 in the prior year. The net position of our business-type activities increased by \$308,395 or about 8%, compared to an increase of \$180,954 in the prior year.
- The cost of all of the Town's programs was \$4,282,434 in fiscal year 2021, compared to \$4,282,654 in fiscal year 2020, with no new programs added this year.

#### *Fund Statements*

- The General Fund reported an increase in fund balance this year of \$554,257, which was \$655,857 better than what was budgeted. This compares to an increase of \$366,707 in fiscal year 2020.
- The General Fund restricted fund balance was \$236,365 and is restricted for lister training, reappraisal, record restoration, and recreation. The committed fund balance of \$305,693 is for the items noted in Note 10. The assigned fund balance of \$99,414 is for highway equipment, capital budget, and highway materials. The nonspendable fund balance of \$149,226 consists of \$101,457 of prepaids and \$47,769 of highway inventory. The unassigned fund balance was \$1,344,224, which represents the amount of resources available for future budgets.
- The nonmajor funds, as a whole, reported a net increase in fund balance this year of \$2,575 compared to a decrease of \$14,797 in fiscal year 2020. This brings the combined fund balance from \$97,743 to \$100,318.
- The Cemetery Funds reported an increase in fund balance this year of \$7 from a balance of \$14,036 to \$14,043.
- The Water Pollution Fund reported an increase in net position of \$368,902 in fiscal year 2021, compared to an increase of \$234,402 in fiscal year 2020, resulting in an ending net position of \$2,327,025.
- The Water Division Fund reported a decrease in net position of \$60,507 in fiscal year 2021, compared to a decrease of \$53,448 in fiscal year 2020, resulting in an ending net position of \$1,662,107.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Continued)

*Reporting the Town as a Whole*

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and change in net position. You can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall financial health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – The Town's basic services are reported in the General Fund, including the highway department, general administration, and police. Property taxes, charges for services and state and federal grants finance most of these activities.
- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water pollution and water division are reported here.

*Reporting the Town's Most Significant Funds*

Our analysis of the Town's major funds begins on Exhibit C and provides detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. The Town's three categories of funds – governmental, proprietary and fiduciary – use different accounting approaches.

- Governmental fund – The Town's basic services are reported in the governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using a measurement focus called current financial resources, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and F that are included in the financial statements.

TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Continued)

- **Proprietary fund** – When the Town charges customers for the services it provides – whether to outside customers or to other funds of the Town – these services are generally reported in a proprietary fund. A proprietary fund is reported in the same way that all business-type activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a type of proprietary fund) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as the statement of cash flows.
- **Fiduciary fund** – Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town's fiduciary fund consists of the Cemetery Funds.

**The Town as a Whole**

The Town's combined net position increased by \$752,966 from a year ago – increasing from a balance of \$7,053,516 to \$7,806,482. Net position for the governmental activities increased from a balance of \$3,372,779 to \$3,817,350. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,558,439	\$ 1,963,473	\$ 1,720,298	\$ 1,274,279	\$ 4,278,737	\$ 3,237,752
Capital assets, net of depr	2,463,188	2,253,659	8,256,617	6,375,588	10,719,805	8,629,247
Total assets	<u>5,021,627</u>	<u>4,217,132</u>	<u>9,976,915</u>	<u>7,649,867</u>	<u>14,998,542</u>	<u>11,866,999</u>
Deferred outflows of resources	292,273	182,989	0	0	292,273	182,989
Long-term liabilities	533,028	334,594	5,898,323	3,873,393	6,431,351	4,207,987
Net pension liability	698,107	512,225	0	0	698,107	512,225
Other liabilities	235,145	165,012	89,460	95,737	324,605	260,749
Total liabilities	<u>1,466,280</u>	<u>1,011,831</u>	<u>5,987,783</u>	<u>3,969,130</u>	<u>7,454,063</u>	<u>4,980,961</u>
Deferred inflows of resources	30,270	15,511	0	0	30,270	15,511
Net position:						
Invested in capital assets, net of debt	1,997,877	1,961,960	2,338,244	2,490,599	4,336,121	4,452,559
Restricted	336,683	322,343	0	0	336,683	322,343
Unrestricted	1,482,790	1,088,476	1,650,888	1,190,138	3,133,678	2,278,614
Total net position	<u>\$ 3,817,350</u>	<u>\$ 3,372,779</u>	<u>\$ 3,989,132</u>	<u>\$ 3,680,737</u>	<u>\$ 7,806,482</u>	<u>\$ 7,053,516</u>

Net position of the Town's governmental activities increased by about 13% in fiscal year 2021 (\$3,817,350 compared to a balance of \$3,372,779). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$1,088,476 to \$1,482,790. Restricted net position increased from \$322,343 to \$336,683 in fiscal year 2021. The net position of our business-type activities increased by \$308,395 in fiscal year 2021 (\$3,989,132 compared to \$3,680,737).

TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Continued)

Table 2  
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 113,274	\$ 110,165	\$ 3,109	\$ 1,087,956	\$ 1,028,570	\$ 59,386
Operating grants and contributions	315,358	258,290	57,068	0	0	0
Capital grants and contributions	69,507	0	69,507	20,413	3,608	16,805
General revenues:						
Property taxes	3,258,497	3,091,025	167,472	0	0	0
Interest/penalty on del. taxes	50,779	46,068	4,711	15,077	6,478	8,599
Investment income	1,661	4,874	(3,213)	10,262	11,394	(1,132)
Insurance proceeds	27,616	0	27,616	0	0	0
Gain on asset disposal	65,000	54,767	10,233	0	0	0
Total revenues	<u>3,901,692</u>	<u>3,565,189</u>	<u>336,503</u>	<u>1,133,708</u>	<u>1,050,050</u>	<u>83,658</u>
<b>PROGRAM EXPENSES</b>						
General government	975,638	926,897	48,741	0	0	0
Highway	985,378	1,078,429	(93,051)	0	0	0
Police	1,096,524	1,061,236	35,288	0	0	0
Appropriations	393,465	342,415	51,050	0	0	0
Interest on debt	6,116	4,581	1,535	0	0	0
Water division	0	0	0	318,288	323,675	(5,387)
Water pollution	0	0	0	507,025	545,421	(38,396)
Total program expenses	<u>3,457,121</u>	<u>3,413,558</u>	<u>43,563</u>	<u>825,313</u>	<u>869,096</u>	<u>(43,783)</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ 444,571</u></u>	<u><u>\$ 151,631</u></u>	<u><u>\$ 292,940</u></u>	<u><u>\$ 308,395</u></u>	<u><u>\$ 180,954</u></u>	<u><u>\$ 127,441</u></u>

*Governmental Activities*

The increase in net position for governmental activities was \$444,571 in fiscal year 2021, compared to an increase of \$151,631 in fiscal year 2020.

The cost of all governmental activities this year was \$3,457,121. However, as shown in the Statement of Activities on Exhibit B, the amount that our taxpayers ultimately financed for these activities through Town taxes and other revenue was only \$2,958,982 because some of the cost was paid by those who directly benefited from the programs (\$113,274) or by other governments and organizations that subsidized certain programs with grants and contributions (\$384,865).

TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Continued)

Table 3 presents the cost of each of the Town's three largest programs – general government, highway, and police – as well as each program's net cost (total cost less program revenues). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 975,638	\$ 926,897	\$ 729,275	\$ 726,148
Highway	985,378	1,078,429	770,058	962,875
Police	1,096,524	1,061,236	1,060,068	1,009,084
All others	399,581	346,996	399,581	346,996
Totals	<u>\$3,457,121</u>	<u>\$3,413,558</u>	<u>\$2,958,982</u>	<u>\$3,045,103</u>

*Business-Type Activities*

The net position for business type activities increased by \$308,395 in fiscal year 2021, compared to an increase of \$180,954 in fiscal year 2020.

The cost of all business-type activities this year was \$825,313. However, these costs were covered by those who directly benefited from the programs (\$1,087,956) and by other governments and organizations that subsidized certain programs with grants and contributions (\$20,413).

**The Town's Funds**

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$2,235,240, which is greater than last year's total fund balance of \$1,678,408. Included in this year's total increase in fund balance of \$556,832, was an increase of \$554,257 in the General Fund and an increase of \$2,575 in the nonmajor governmental funds.

*General Fund Budgetary Highlights*

The Town's General Fund activity compared to budget is reported on Exhibit G. Some of the larger variances were as follows:

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State of Vermont	\$ 215,500	\$ 351,848	\$ 136,348
Taxes	3,216,996	3,290,496	73,500
Expenditures:			
Police	1,079,656	1,041,354	38,302
Highway	930,775	798,228	132,547
Capital outlays	454,000	556,967	(102,967)
Other Financing Sources (Uses)			
Loan proceeds	0	247,900	247,900



TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Continued)

State of Vermont revenue was greater than budget due to having received unbudgeted grants and appraisal assistance. Taxes exceeded budget due mostly to a decrease in deferred taxes and unbudgeted property tax adjustments the State. Police expenses were under budget due to lower than anticipated salary and related costs due to staff shortage. Highway was under budget due to some planned projects not getting done due to Covid-19, mild winter and lower than anticipated fuel costs. Capital outlays were over budget due to trade in value of disposed vehicle and capitalized grant costs that were not budgeted. Loan proceeds were not budgeted.

**Capital Assets and Debt Administration**

*Capital Assets*

At June 30, 2021, the Town had \$10,719,805 invested in a broad range of capital assets, including land, buildings and improvements, vehicles, infrastructure, plant, machinery and equipment, and infrastructure, net of accumulated depreciation. (See Table 4 below) This amount represents a net increase (including additions and deductions) of \$2,090,558.

Table 4  
Capital Assets at Year-End  
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 52,400	\$ 52,400	\$ 134,435	\$ 134,435	\$ 186,835	\$ 186,835
Construction in progress	230,175	61,096	173,380	307,745	403,555	368,841
Land improvements	22,367	24,567	0	0	22,367	24,567
Plant	0	0	7,948,802	5,933,408	7,948,802	5,933,408
Buildings and impr.	146,421	156,864	0	0	146,421	156,864
Infrastructure	1,348,382	1,403,749	0	0	1,348,382	1,403,749
Machinery and equip.	30,518	23,267	0	0	30,518	23,267
Vehicles	632,925	531,716	0	0	632,925	531,716
Totals	<u>\$ 2,463,188</u>	<u>\$ 2,253,659</u>	<u>\$ 8,256,617</u>	<u>\$ 6,375,588</u>	<u>\$ 10,719,805</u>	<u>\$ 8,629,247</u>

This year's major additions for governmental activities were doors, storm water planning, paving, culvert projects, Down Town designation, new highway equipment and a police vehicle. The major additions to the business-type activities was work done on the sewer extension projects, a storage tank, and asset management grant related expenses.

*Debt Administration*

At June 30, 2021, the Town had \$6,363,634 in notes and bonds outstanding versus \$4,165,092 on June 30, 2020 – an increase of \$2,198,542 – as shown in Table 5.

TOWN OF BERLIN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Continued)

Table 5  
Outstanding Debt at Year-End

	Governmental Activities	Business-Type Activities	Total
Balance - June 30, 2020	\$ 291,699	\$ 3,873,393	\$ 4,165,092
Proceeds	247,900	2,110,322	2,358,222
Loan forgiveness	0	(20,413)	(20,413)
Principal payments	(74,288)	(64,979)	(139,267)
Balance - June 30, 2021	<u>\$ 465,311</u>	<u>\$ 5,898,323</u>	<u>\$ 6,363,634</u>

Proceeds received in fiscal year 2021 were for new highway equipment and the sewer extension project.

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

When adopting the budget for fiscal year 2022, the Selectboard based their figures on previous year spending and departmental budget requests. The tax rate is set based on the voter approved budget amount for taxes divided by the Grand List.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer at Town of Berlin, 108 Shed Road, Berlin, Vermont 05602.

TOWN OF BERLIN, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,149,180	\$ 1,083,072	\$ 3,232,252
Investments - CDs	0	415,515	415,515
Accounts receivable - State	75,467	0	75,467
Accounts receivable - other, net of allowance	0	19,093	19,093
Unbilled user fees	0	252,042	252,042
Taxes, interest and penalty receivable, net of allowance	130,669	0	130,669
Internal balances	53,897	(53,897)	0
Prepaid expenses	101,457	4,473	105,930
Inventory	47,769	0	47,769
Capital Assets			
Land	52,400	134,435	186,835
Construction in process	230,175	173,380	403,555
Other capital assets, (net of accumulated depreciation)	2,180,613	7,948,802	10,129,415
Total assets	5,021,627	9,976,915	14,998,542
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	292,273	0	292,273
Total assets and deferred outflows of resources	5,313,900	9,976,915	15,290,815
<u>LIABILITIES</u>			
Accounts payable	123,008	59,359	182,367
Construction and retainage payable	0	20,050	20,050
Accrued interest payable	0	10,051	10,051
Accrued payroll and benefits payable	36,112	0	36,112
Prepaid property taxes	76,025	0	76,025
Bonds and notes payable due within one year	99,945	120,754	220,699
Accrued compensated absences	67,717	0	67,717
Net pension liability	698,107	0	698,107
Bonds and notes payable due after one year	365,366	5,777,569	6,142,935
Total liabilities	1,466,280	5,987,783	7,454,063
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	30,270	0	30,270
Total liabilities and deferred inflows of resources	1,496,550	5,987,783	7,484,333
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,997,877	2,338,244	4,336,121
Restricted	336,683	0	336,683
Unrestricted	1,482,790	1,650,888	3,133,678
Total net position	\$ 3,817,350	\$ 3,989,132	\$ 7,806,482

See Notes to Financial Statements.

TOWN OF BERLIN, VERMONT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
<b>Governmental Activities:</b>							
General Government	\$ 975,638	\$ 94,916	\$ 142,397	\$ 9,050	\$ (729,275)	\$ 0	\$ (729,275)
Highway	985,378	0	154,863	60,457	(770,058)	0	(770,058)
Police	1,096,524	18,358	18,098	0	(1,060,068)	0	(1,060,068)
Appropriations	393,465	0	0	0	(393,465)	0	(393,465)
Interest on Long-Term Debt	6,116	0	0	0	(6,116)	0	(6,116)
Total Governmental Activities	<u>3,457,121</u>	<u>113,274</u>	<u>315,358</u>	<u>69,507</u>	<u>(2,958,982)</u>	<u>0</u>	<u>(2,958,982)</u>
<b>Business-Type Activities:</b>							
Water division	318,288	277,831	0	0	0	(40,457)	(40,457)
Water pollution	507,025	810,125	0	20,413	0	323,513	323,513
Total Business-Type Activities	<u>825,313</u>	<u>1,087,956</u>	<u>0</u>	<u>20,413</u>	<u>0</u>	<u>283,056</u>	<u>283,056</u>
Total	<u>\$ 4,282,434</u>	<u>\$ 1,201,230</u>	<u>\$ 315,358</u>	<u>\$ 89,920</u>	<u>(2,958,982)</u>	<u>283,056</u>	<u>(2,675,926)</u>
<b>General Revenues:</b>							
Property taxes					3,258,497	0	3,258,497
Interest and penalties on delinquent taxes/user charges					50,779	15,077	65,856
Net investment income					1,661	10,262	11,923
Insurance proceeds					27,616	0	27,616
Gain (loss) on asset disposal					65,000	0	65,000
Total general revenues					<u>3,403,553</u>	<u>25,339</u>	<u>3,428,892</u>
Change in Net Position					444,571	308,395	752,966
Net Position - July 1, 2020					<u>3,372,779</u>	<u>3,680,737</u>	<u>7,053,516</u>
Net Position - June 30, 2021					<u>\$ 3,817,350</u>	<u>\$ 3,989,132</u>	<u>\$ 7,806,482</u>

See Notes to Financial Statements.

TOWN OF BERLIN, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Major Fund General Fund	Nonmajor Funds Other Governmental Funds	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,064,396	\$ 84,784	\$ 2,149,180
Taxes, interest and penalty receivable, net of allowance	130,669	0	130,669
Accounts receivable - State	75,467	0	75,467
Prepaid expenses	101,457	0	101,457
Inventory	47,769	0	47,769
Due from other funds	38,363	15,534	53,897
Total assets	<u>\$ 2,458,121</u>	<u>\$ 100,318</u>	<u>\$ 2,558,439</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 123,008	\$ 0	\$ 123,008
Accrued wages & taxes	36,112	0	36,112
Property tax overpayments	76,025	0	76,025
Total liabilities	<u>235,145</u>	<u>0</u>	<u>235,145</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	88,054	0	88,054
<b>Fund Balances</b>			
Nonspendable:			
Prepays	101,457	0	101,457
Inventory	47,769	0	47,769
Restricted	236,365	100,318	336,683
Committed	305,693	0	305,693
Assigned	99,414	0	99,414
Unassigned	1,344,224	0	1,344,224
Total fund balances	<u>2,134,922</u>	<u>100,318</u>	<u>2,235,240</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,458,121</u>	<u>\$ 100,318</u>	<u>\$ 2,558,439</u>

TOWN OF BERLIN, VERMONT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	2,235,240
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.		2,463,188
Unavailable revenue for property taxes is recognized on an accrual basis in the statement of net position, not for the modified cash basis.		88,054
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Net pension liability		(698,107)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		262,003
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements. Long-term liabilities at year end consist of:		
Bond and notes payable		(465,311)
Accrued compensated absences		(67,717)
		(533,028)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	3,817,350

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021

	Major Fund General Fund	Other Governmental Funds	Totals
Revenues			
Property taxes	\$ 3,290,496	\$ 0	\$ 3,290,496
Delinquent tax penalties & interest	50,779	0	50,779
Licenses, fees & permits	90,416	0	90,416
Interest income	1,618	43	1,661
Intergovernmental	351,848	0	351,848
Charges for services - police	10,991	0	10,991
Other	66,569	5,931	72,500
Total revenues	<u>3,862,717</u>	<u>5,974</u>	<u>3,868,691</u>
Expenditures			
Current:			
General government	685,942	3,399	689,341
Highways	798,228	0	798,228
Police	1,041,354	0	1,041,354
Appropriations	393,465	0	393,465
Total current	<u>2,918,989</u>	<u>3,399</u>	<u>2,922,388</u>
Debt service:			
Principal	74,288	0	74,288
Interest	6,116	0	6,116
Total debt service	<u>80,404</u>	<u>0</u>	<u>80,404</u>
Capital outlays:			
Highways	491,579	0	491,579
Police	18,338	0	18,338
General government	47,050	0	47,050
Total capital outlays	<u>556,967</u>	<u>0</u>	<u>556,967</u>
Total expenditures	<u>3,556,360</u>	<u>3,399</u>	<u>3,559,759</u>
Excess Revenues (Expenditures)	<u>306,357</u>	<u>2,575</u>	<u>308,932</u>
Other Financing Sources (Uses)			
Loan proceeds	247,900	0	247,900
Total other financing sources (uses)	<u>247,900</u>	<u>0</u>	<u>247,900</u>
Net Change in Fund Balances	554,257	2,575	556,832
Fund Balances - July 1, 2020	<u>1,580,665</u>	<u>97,743</u>	<u>1,678,408</u>
Fund Balances - June 30, 2021	<u>\$ 2,134,922</u>	<u>\$ 100,318</u>	<u>\$ 2,235,240</u>

TOWN OF BERLIN, VERMONT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 556,832

Amounts reported for governmental activities in the statement of activities are different because:

Some revenues are not collected for several months after the Town's year end; they are not considered "available" revenue in the fund statements.

Unavailable property taxes decreased by \$31,999. (31,999)

Repayment of principal on notes and bonds is an expenditure in the governmental funds; but the repayment reduces long-term liabilities in the statement of net position. 74,288

Loan proceeds are an other financing source in the governmental funds; but increases in long-term liabilities in the statement of net position. (247,900)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense:

Town pension contributions	63,933	
Cost of benefits earned, net of employee contributions	<u>(155,290)</u>	(91,357)

In the statement of activities, accrued compensated absences are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year compensated absences accrued was more than what was paid by \$24,822. (24,822)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$621,967) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$412,438). This is the amount by which depreciation expense exceeds capital outlays in the current period. 209,529

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 444,571



TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 3,031,996	\$ 3,068,335	\$ 36,339
PILOT	185,000	222,161	37,161
Total taxes	<u>3,216,996</u>	<u>3,290,496</u>	<u>73,500</u>
State of Vermont			
Current use	40,000	59,086	19,086
Highways	112,500	117,452	4,952
State hospital	25,000	25,000	0
Appraisal assistance	0	13,166	13,166
Railroad levy	4,000	4,761	761
Police - highway fines	12,000	7,367	(4,633)
Town Center designation	22,000	9,050	(12,950)
Storm water planning grant	0	60,457	60,457
Covid highway grant	0	30,332	30,332
Better Roads grant	0	7,079	7,079
Public safety grants	0	18,098	18,098
Total State of Vermont	<u>215,500</u>	<u>351,848</u>	<u>136,348</u>
Fees, Licenses and Permits			
Animal licenses	1,200	1,294	94
Beverage and entertainment licenses	1,100	1,435	335
Copier fees	6,000	7,496	1,496
Zoning fees	10,000	17,576	7,576
Town Clerk fees	30,000	58,293	28,293
Records restoration	2,000	2,992	992
Excess weight permits	1,000	1,004	4
Peddlers' permits	300	0	(300)
Marriage licenses	100	0	(100)
Land posting permits	50	0	(50)
Other miscellaneous	0	326	326
Total fees, licenses and permits	<u>51,750</u>	<u>90,416</u>	<u>38,666</u>
Police			
Contract wages	0	5,072	5,072
Other miscellaneous	3,000	5,919	2,919
Total police	<u>3,000</u>	<u>10,991</u>	<u>7,991</u>
Interest and Penalties			
Investment income	2,000	1,618	(382)
Interest on delinquent taxes	15,000	19,474	4,474
Penalties on delinquent taxes	18,000	31,305	13,305
Total interest and penalties	<u>35,000</u>	<u>52,397</u>	<u>17,397</u>
Other Revenues			
Insurance proceeds	0	27,616	27,616
Federal LGERS Covid grant	0	34,203	34,203
Water pollution control	4,500	4,500	0
Berlin Historical Society	300	250	(50)
Total other revenues	<u>4,800</u>	<u>66,569</u>	<u>61,769</u>
Total revenues	<u>3,527,046</u>	<u>3,862,717</u>	<u>335,671</u>

See Notes to Financial Statements.

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>			
General Government			
Administration			
Town Clerk	48,076	48,474	(398)
Town Treasurer	57,750	64,160	(6,410)
Assistant Clerk	19,215	27,839	(8,624)
Selectboard	3,750	3,750	0
Assistant Town Administrator	44,150	55,396	(11,246)
Town Administrator	68,240	68,058	182
Board of Civil Authority	500	0	500
Office supplies	12,000	7,564	4,436
Training	1,200	0	1,200
Computers and equipment	2,300	0	2,300
Copier	1,200	936	264
Records restoration	2,500	2,729	(229)
Postage	6,500	8,148	(1,648)
Postage meter rental	800	782	18
Telephone	3,000	3,143	(143)
Software and support	1,000	0	1,000
Total administration	<u>272,181</u>	<u>290,979</u>	<u>(18,798)</u>
Listers			
Contract - assessor	20,800	20,340	460
Supplies	100	366	(266)
Software and support	250	0	250
Legal	500	0	500
Tax maps	3,000	1,907	1,093
License	1,500	1,337	163
Total listers	<u>26,150</u>	<u>23,950</u>	<u>2,200</u>
Meetings and Elections			
Town meetings and elections	7,000	6,196	804
Town reports	1,500	1,503	(3)
Legal notices and advertising	500	1,308	(808)
Total meetings and elections	<u>9,000</u>	<u>9,007</u>	<u>(7)</u>
Insurance			
Workers' compensation	1,339	1,333	6
Health insurance	28,020	19,065	8,955
Social Security	19,900	20,213	(313)
Unemployment	100	198	(98)
Disability	865	829	36
Life insurance	720	607	113
Health insurance buyback	9,750	10,875	(1,125)

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Insurance (continued)			
Deductible	700	0	700
Pension	14,250	17,151	(2,901)
General insurance	17,406	17,831	(425)
Total insurance	<u>93,050</u>	<u>88,102</u>	<u>4,948</u>
Zoning			
Training	500	109	391
Mileage	500	0	500
Telephone	1,200	294	906
Legal fees	2,000	0	2,000
Total zoning	<u>4,200</u>	<u>403</u>	<u>3,797</u>
Development Review Board			
Secretary	5,000	1,290	3,710
Legal fees	2,000	0	2,000
Advertising	1,800	820	980
Total development review board	<u>8,800</u>	<u>2,110</u>	<u>6,690</u>
Planning			
Supplies, mileage and training	500	128	372
Advertising and printing	500	366	134
Total planning	<u>1,000</u>	<u>494</u>	<u>506</u>
Other			
Cemeteries	10,000	7,000	3,000
Recreation	0	1,555	(1,555)
Conservation Commission	2,000	1,110	890
Green Up Day	400	652	(252)
Emergency management commission	2,000	2,069	(69)
Total other	<u>14,400</u>	<u>12,386</u>	<u>2,014</u>
Taxes and Assessments			
Animal control officer	1,000	40	960
Washington county assessment	40,000	38,867	1,133
Ambulance service	105,250	106,256	(1,006)
Central Vermont Humane Society	1,500	0	1,500
Central Vermont Solid Waste Mgmt District	2,799	1,399	1,400
Central Vermont Economic Development	500	500	0
Vermont League of Cities and Towns	4,669	4,033	636
Central Vermont Regional Planning Commission	3,509	3,509	0
Total taxes and assessments	<u>159,227</u>	<u>154,604</u>	<u>4,623</u>

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Town Office			
Janitorial	8,500	4,841	3,659
Supplies	3,000	3,611	(611)
Training	1,500	0	1,500
Copier	1,550	1,280	270
Advertising	1,000	2,289	(1,289)
Software and support	11,500	10,759	741
Web page	1,500	0	1,500
Cloud backup	1,800	2,210	(410)
Backup storage fees	500	1,428	(928)
Maintenance	10,000	8,977	1,023
Vehicle	2,000	51	1,949
Heat and utilities	5,000	3,424	1,576
Internet	2,400	2,456	(56)
Equipment contracts	7,000	8,867	(1,867)
Total town office	<u>57,250</u>	<u>50,193</u>	<u>7,057</u>
General			
Legal	15,000	10,975	4,025
Auditing and accounting	16,800	13,600	3,200
Payroll services	2,300	2,327	(27)
Selectboard minutes	2,400	890	1,510
Emergency generator	2,000	896	1,104
Tax refunds and abatements	5,000	116	4,884
LGERS grant	0	24,430	(24,430)
Miscellaneous	500	480	20
Total general	<u>44,000</u>	<u>53,714</u>	<u>(9,714)</u>
Total general government	<u>689,258</u>	<u>685,942</u>	<u>3,316</u>
Police			
Wages	356,253	302,936	53,317
Wages - night shift	196,942	149,960	46,982
Wages - part time	22,000	46,968	(24,968)
Wages - clerical	42,000	45,579	(3,579)
Wages - overtime	20,000	53,150	(33,150)
Wages - on call	4,000	7,527	(3,527)
Wages - education	1,100	750	350
Wages - longevity	500	500	0
Workers' compensation	46,940	48,981	(2,041)
Health insurance	177,456	160,275	17,181
Social Security	52,500	47,123	5,377
Unemployment	1,400	726	674
Disability insurance	3,000	1,938	1,062

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Police (continued)			
Life insurance	2,600	1,818	782
Health insurance buyback	5,200	3,000	2,200
Employee benefits	4,300	1,387	2,913
Pension	38,700	35,067	3,633
Vehicle and liability insurance	19,915	22,391	(2,476)
Supplies	4,000	6,007	(2,007)
Uniforms	9,000	15,077	(6,077)
Guns and ammo	2,250	1,074	1,176
Copier lease	1,550	1,422	128
Equipment	5,850	398	5,452
VIBRS	5,000	5,550	(550)
Media and data	5,700	12,219	(6,519)
Advertising	200	60	140
Training	5,000	11,279	(6,279)
Telephone	8,000	5,040	2,960
Legal	2,000	175	1,825
Equipment maintenance	13,000	20,112	(7,112)
Vehicle fuel	20,000	13,364	6,636
Lodging prisoners	1,000	1,004	(4)
Policing grants	0	14,858	(14,858)
Special investigation unit	2,300	2,300	0
Other	0	1,419	(1,419)
Berlin Community Fund	0	(80)	80
Total police	1,079,656	1,041,354	38,302
Highways			
Summer roads			
Wages	100,740	113,102	(12,362)
Roadside mowing	10,000	8,944	1,056
Chloride	28,000	28,146	(146)
Culverts and materials	10,000	6,401	3,599
Equipment maintenance	30,000	27,570	2,430
Better Roads grant	0	7,079	(7,079)
Fuel	20,000	8,829	11,171
Total summer roads	198,740	200,071	(1,331)
Winter roads			
Wages	134,840	97,395	37,445
Sand	70,000	57,200	12,800
Salt	90,000	42,223	47,777
Equipment maintenance	40,000	42,480	(2,480)
Fuel	30,000	18,279	11,721
Total winter roads	364,840	257,577	107,263

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
General			
Paving	20,000	7,452	12,548
Resurfacing - gravel	140,000	129,109	10,891
Bridge maintenance	1,500	0	1,500
Road signs and fencing	4,000	3,491	509
Guardrails	10,000	1,310	8,690
Total general	<u>175,500</u>	<u>141,362</u>	<u>34,138</u>
Other			
Workers' compensation	18,029	18,396	(367)
Health insurance	62,568	84,815	(22,247)
Social Security	18,200	15,568	2,632
Unemployment	200	198	2
Disability insurance	925	836	89
Life insurance	860	634	226
Health insurance buyback	4,875	0	4,875
Deductible	1,400	175	1,225
Pension	14,150	12,778	1,372
General insurance	10,488	11,881	(1,393)
Storm water permit	3,600	2,922	678
Erosion control	1,000	656	344
Municipal road permit	1,350	1,350	0
Supplies	6,000	3,071	2,929
Advertising	500	504	(4)
Training	500	0	500
Telephone	2,550	3,581	(1,031)
Garage	16,000	17,617	(1,617)
Garage - energy improv	5,000	0	5,000
Street lights	10,500	9,221	1,279
Traffic lights	5,000	3,777	1,223
Miscellaneous	500	459	41
Uniforms	7,500	10,779	(3,279)
Total other	<u>191,695</u>	<u>199,218</u>	<u>(7,523)</u>
Total highways	<u>930,775</u>	<u>798,228</u>	<u>132,547</u>
Appropriations			
Battered Women Services	975	975	0
Berlin Volunteer Fire Department	308,818	308,818	0
Berlin Corner Cemetery	10,000	10,000	0
Central Vermont Adult Basic Education	1,200	1,200	0
Capstone Community Action	700	700	0
Community Harvest	500	500	0
Central Vermont Home Health and Hospice	6,450	6,450	0

TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021

EXHIBIT G

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Appropriations (continued)			
Central Vermont Memorial Civic	1,000	1,000	0
Family Center of Washington County	800	800	0
Good Samaritan Haven	600	600	0
Green Mountain Transit Agency	10,920	10,920	0
Kellogg-Hubbard Library	30,402	30,402	0
Good Beginnings of Central Vermont	300	300	0
Montpelier Senior Center	15,000	15,000	0
People's Health & Wellness Clinic	500	500	0
Prevent Child Abuse VT	800	800	0
Mosaic Vermont	500	500	0
Vermont Assoc. for the Blind & Visually Impaired	500	500	0
Vermont Center for Independent Living	1,000	1,000	0
Washington County Mental Health	2,000	2,000	0
Washington County Youth Service Bureau	500	500	0
Total appropriations	393,465	393,465	0
Debt service			
Principal	74,229	74,288	(59)
Interest	7,263	6,116	1,147
Total debt service	81,492	80,404	1,088
Capital outlays			
Highway	389,000	491,579	(102,579)
Police	45,000	18,338	26,662
General government	20,000	47,050	(27,050)
Total capital outlays	454,000	556,967	(102,967)
Total expenditures	3,628,646	3,556,360	72,286
Excess Revenues (Expenditures)	(101,600)	306,357	407,957
Other Financing Sources (Uses)			
Loan proceeds	0	247,900	247,900
Total other financing sources (uses)	0	247,900	247,900
Net Change in Fund Balance	\$ (101,600)	554,257	\$ 655,857
Fund Balance - July 1, 2020		1,580,665	
Fund Balance - June 30, 2021		\$ 2,134,922	

TOWN OF BERLIN, VERMONT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

EXHIBIT H

	Water Pollution Fund	Water Division Fund	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,083,072	\$ 0	\$ 1,083,072
Investments - CDs	415,515	0	415,515
Accounts receivable, net of allowance	18,773	320	19,093
Unbilled user fees	182,816	69,226	252,042
Prepays	4,473	0	4,473
Total current assets	<u>1,704,649</u>	<u>69,546</u>	<u>1,774,195</u>
<b>Non-Current Assets</b>			
Land	0	134,435	134,435
Construction in progress	27,375	146,005	173,380
Plant and equipment, net of depreciation	2,704,198	5,244,604	7,948,802
Total non-current assets	<u>2,731,573</u>	<u>5,525,044</u>	<u>8,256,617</u>
Total assets	<u>4,436,222</u>	<u>5,594,590</u>	<u>10,030,812</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	55,665	3,694	59,359
Construction and retainage payable	20,050	0	20,050
Accrued interest payable	0	10,051	10,051
Due to other funds	22,435	31,462	53,897
Advances from (to) other funds	(119,578)	119,578	0
Bond and note payable due within one year	54,048	66,706	120,754
Total current liabilities	<u>32,620</u>	<u>231,491</u>	<u>264,111</u>
<b>Noncurrent Liabilities</b>			
Bond and note payable due after one year	2,076,577	3,700,992	5,777,569
Total noncurrent liabilities	<u>2,076,577</u>	<u>3,700,992</u>	<u>5,777,569</u>
Total liabilities	<u>2,109,197</u>	<u>3,932,483</u>	<u>6,041,680</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	580,898	1,757,346	2,338,244
Unrestricted	1,746,127	(95,239)	1,650,888
Total net position	<u>\$ 2,327,025</u>	<u>\$ 1,662,107</u>	<u>\$ 3,989,132</u>



TOWN OF BERLIN, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

EXHIBIT I

	<u>Water Pollution Fund</u>	<u>Water Division Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
User charges and fees	\$ 810,125	\$ 277,831	\$ 1,087,956
Interest and penalties	13,127	1,950	15,077
	<u>823,252</u>	<u>279,781</u>	<u>1,103,033</u>
<b>OPERATING EXPENSES</b>			
Wages and related	17,522	10,288	27,810
Professional services	307	100	407
Maintenance, operations and services	453,932	57,488	511,420
Administrative expenses	6,773	2,955	9,728
Depreciation	28,491	149,804	178,295
	<u>507,025</u>	<u>220,635</u>	<u>727,660</u>
<b>OPERATING INCOME</b>	<u>316,227</u>	<u>59,146</u>	<u>375,373</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Loan forgiveness	20,413	0	20,413
Interest expense	0	(97,653)	(97,653)
Interest income	10,262	0	10,262
Net nonoperating revenues (expenses)	<u>30,675</u>	<u>(97,653)</u>	<u>(66,978)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	346,902	(38,507)	308,395
<b>TRANSFERS IN (OUT)</b>	<u>22,000</u>	<u>(22,000)</u>	<u>0</u>
<b>CHANGE IN NET POSITION</b>	368,902	(60,507)	308,395
<b>NET POSITION - JULY 1, 2020</b>	<u>1,958,123</u>	<u>1,722,614</u>	<u>3,680,737</u>
<b>NET POSITION - JUNE 30, 2021</b>	<u>\$ 2,327,025</u>	<u>\$ 1,662,107</u>	<u>\$ 3,989,132</u>

TOWN OF BERLIN, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

EXHIBIT J

	Water Pollution Fund	Water Division Fund
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 816,492	\$ 298,141
Cash payments to suppliers for goods and services	(496,004)	(67,366)
Net cash from operating activities	320,488	230,775
<b>CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES</b>		
Cash payments from (to) other funds	(98,422)	(62,390)
<b>CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from long-term debt and grants	2,110,322	0
Principal paid on capital debt	0	(64,979)
Additions of capital assets, net of change in related payables	(2,039,274)	(11,596)
Interest paid on capital debt	0	(97,830)
Net cash from (to) capital and related financing activities	71,048	(174,405)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	382	0
Net cash from investing activities	382	0
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	293,496	(6,020)
<b>CASH, CASH EQUIVALENTS - JULY 1, 2020</b>	789,576	6,020
<b>CASH, CASH EQUIVALENTS - JUNE 30, 2021</b>	\$ 1,083,072	\$ 0
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Income from operations	\$ 316,227	\$ 59,146
Adjustments to reconcile income from operations to net cash flow from operating activities		
Depreciation	28,491	149,804
(Increase) decrease in accounts receivable	(6,760)	18,360
(Increase) decrease in prepaids	306	243
Increase (decrease) in accounts payable	(17,776)	3,222
Net cash from operating activities	\$ 320,488	\$ 230,775
<b>SUPPLEMENTAL DISCLOSURE</b>		
Schedule of Noncash Financing Transactions		
Loan forgiveness	\$ 20,413	\$ 0

TOWN OF BERLIN, VERMONT  
STATEMENT OF NET POSITION - FIDUCIARY FUND  
JUNE 30, 2021

	<u>Cemetery Funds</u>
ASSETS	
Cash and cash equivalents	\$ 14,043
LIABILITIES	
	<u>0</u>
NET POSITION	
Restricted	<u>\$ 14,043</u>

TOWN OF BERLIN, VERMONT  
STATEMENT OF CHANGE IN NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2021

	<u>Cemetery Funds</u>
ADDITIONS	
Interest	\$      7
DEDUCTIONS	<u>          0</u>
CHANGE IN NET POSITION	7
NET POSITION - July 1, 2020	<u>14,036</u>
NET POSITION - June 30, 2021	<u><u>\$  14,043</u></u>

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

The Town of Berlin (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five member Select Board. The Town provides various services as authorized and funded by State government or Town voters.

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

*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 GASB 14 as amended by GASB 39, and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

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

*Basic Financial Statements – Government-Wide Statements*

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (focusing on the Town's major funds). The government-wide financial statements categorize primary activities as either governmental or business type.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants and contributions. Program revenue must be directly associated with the governmental function (public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary grants while capital grants and contribution column reflects capital specific grants and contributions.

The net costs (by governmental function or business-type activity) are normally covered by general revenues (property taxes, intergovernmental revenues, interest income, etc.).

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

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

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

*Basic Financial Statements - Fund Financial Statements*

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, revenues and expenditures/expenses. The various funds are reported by major fund within the financial statements.

The Town's major funds consist of the General Fund, the Water Pollution Fund and the Water Division Fund. The non-major funds of the Town consist of the Conservation Fund, Asset Forfeiture, Montpelier Filtration Fund, and the Bike Path Fund. The General Fund is the main operating fund of the Town. The Water Pollution Fund accounts for the activity of the water pollution system. The Water Division Fund accounts for the activities of the Town's water supply system.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. 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 expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

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

**Fiduciary Funds**

Fiduciary funds account for assets held in a trustee capacity (trust funds) for the benefit of parties outside of the Town. The Town's fiduciary fund is the Cemetery Fund, which is a trust fund.

*Measurement Focus*

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

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

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

*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.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when transactions occur and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end for property taxes and six months for other revenue (grants and loans). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, compensated absences, claims and judgments, and certain prepaids, which are recognized when due/paid.

*Government-wide and Proprietary Fund 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.

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.

*Unavailable Revenue*

Unavailable revenue consists of the following:

General Fund – Delinquent taxes not collected within sixty (60) days after year end and other receivables not collected within six months after year end.

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

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

*Pensions*

GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

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

*Deferred Outflows of Resources*

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflows of resources reported in this year's financial statements are for 1) the difference between expected and actual experience 2) changes in assumptions 3) contributions made subsequent to the measurement date 4) differences between projected and actual investment earnings and 5) changes in proportion and differences between employer contributions and proportionate share of contributions. No deferred outflows of resources affect the governmental funds financial statements in the current year.

*Deferred Inflows of Resources*

The Town's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s).

Deferred inflows of resources are reported in the Town's statement of net position for differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions. The deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year.

In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Town has one item which occurs because governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Town's fiscal year for property taxes, and six months for all other revenues) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable property tax revenue is reported in the governmental funds balance sheet. The Town did not have deferred inflows of resources to report in its proprietary fund financial statements for the current year.



TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

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

*Fund Equity*

GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined 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, prepaids and long-term receivables) 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).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the Town’s highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Meetings.

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 Selectboard. 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.

When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:

1. Committed
2. Assigned
3. Unassigned

*Cash and Cash Equivalents*

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

*Inventory*

Inventory in the General Fund consists of expendable supplies held for consumption by the Highway Department and is valued at cost, using the first-in/first-out method. Inventory is recorded as an expenditure when consumed rather than when purchased.

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

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

*Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. 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. Net interest costs are capitalized on projects during the construction period.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 years
Infrastructure	15 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	4 - 10 years

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets prospectively starting July 1, 2003. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

*Accrued Compensated Absences*

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements - Vested or accumulated vacation leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

*Budgetary Accounting*

The Town employs a formal budgetary process as a management control device during the year for the General Fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual, presents comparisons of the budget with actual data. The budget numbers shown are on the same basis as the financial statements.

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.

*Interfund Activities*

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e.,

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

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

the current portion) or “advances to/from other funds” (i.e., the non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

*Prepaid Expenses*

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - DEPOSITS**

The Treasurer is authorized to invest excess deposits and investments according to policies set by the Selectboard.

*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 June 30, 2021, \$3,342,149 of the government’s bank balance of \$3,869,788 was exposed to custodial credit risk. A summary of the Town’s custodial credit risk is as follows:

	Bank Balance
Insured by FDIC	\$ 527,639
Uninsured, collateralized by securities held by the pledging financial institution	3,342,149
Total	\$ 3,869,788

Of the Town’s \$3,869,788 bank balance, \$415,516 were CDs recorded as investments. Interest rates on the CDs range from .95% to 2.5% and mature between January 2022 and June 2025.

**NOTE 3 - PROPERTY TAXES**

Property taxes in the Town of Berlin support the School District as well as Town operations. Property taxes attach as an enforceable lien on property owned as of April 1<sup>st</sup>. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Taxes are payable in four installments, in August, November, February and May. All late payments are subject to an 8% penalty, and interest.

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 4 - INTERFUND LOAN**

During fiscal year 2021, the Water Pollution Fund loaned the Water Division Fund \$141,578 at 0% interest with monthly payments due of \$1,500. During the year, \$22,000 was repaid on this loan. The total balance due at June 30, 2021 was \$119,578 which is recorded as an advance from (to) other funds on Exhibit H.

**NOTE 5 - INTERFUND ACTIVITY**

The composition of due from/(to) other funds at June 30, 2021 are as follows:

	Due from other funds	Due to other funds
Governmental funds:		
General Fund	\$ 38,363	\$ 0
Conservation Fund	2,532	0
Asset Forfeiture Fund	11,722	0
Montpelier Filtration Fund	1,280	0
Proprietary funds:		
Water Pollution	0	22,435
Water Division	0	31,462
	\$ 53,897	\$ 53,897

**NOTE 6 - RECEIVABLES**

Receivable balances as of June 30, 2021 were as follows:

	Governmental Activities	Business-Type Activities	Total Receivables
Delinquent taxes, penalty & interest receivable, net of \$38,748 allowance	\$ 130,669	\$ 0	\$ 130,669
Unbilled user fees	0	252,042	252,042
Accts receivable - State	75,467	0	75,467
Accts receivable - other, net of \$6,500 allowance	0	19,093	19,093
	\$ 206,136	\$ 271,135	\$ 477,271

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 7 - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the year:

	Balance June 30, 2020	Additions	Disposals/ Reclassification	(Depreciation)	Balance June 30, 2021
<i>Governmental activities</i>					
Capital assets not depreciated					
Land	\$ 52,400	\$ 0	\$ 0	\$ 0	\$ 52,400
CIP - culverts	7,397	61,573	0	0	68,970
CIP - storm water planning	8,290	60,457	0	0	68,747
CIP - Down Town designation	12,951	47,049	0	0	60,000
CIP - Berlin Bike Path	32,458	0	0	0	32,458
Total capital assets not deprec.	<u>113,496</u>	<u>169,079</u>	<u>0</u>	<u>0</u>	<u>282,575</u>
Capital assets being depreciated					
Land improvements	33,000	0	0	0	33,000
Buildings and improvements	304,818	9,900	0	0	314,718
Infrastructure	2,514,771	113,635	0	0	2,628,406
Machinery and equipment	199,219	16,453	0	0	215,672
Vehicles	1,772,541	312,900	(241,000)	0	1,844,441
Total capital assets being deprec.	<u>4,824,349</u>	<u>452,888</u>	<u>(241,000)</u>	<u>0</u>	<u>5,036,237</u>
Less accumulated depreciation for:					
Land improvements	(8,433)	0	0	(2,200)	(10,633)
Buildings and improvements	(147,954)	0	0	(10,443)	(158,397)
Infrastructure	(1,111,022)	0	0	(178,902)	(1,289,924)
Machinery and equipment	(175,952)	0	0	(9,202)	(185,154)
Vehicles	(1,240,825)	0	241,000	(211,691)	(1,211,516)
Total accum. depreciation	<u>(2,684,186)</u>	<u>0</u>	<u>241,000</u>	<u>(412,438)</u>	<u>(2,855,624)</u>
Total capital assets, net of deprec.	<u>2,140,163</u>	<u>452,888</u>	<u>0</u>	<u>(412,438)</u>	<u>2,180,613</u>
Total gov't activities assets, net	<u>\$ 2,253,659</u>	<u>\$ 621,967</u>	<u>\$ 0</u>	<u>\$ (412,438)</u>	<u>\$ 2,463,188</u>
<i>Business-type activities</i>					
Capital assets not depreciated					
Land	\$ 134,435	\$ 0	\$ 0	\$ 0	\$ 134,435
CIP - water pollution	161,740	27,375	(161,740)	0	27,375
CIP - water division	146,005	0	0	0	146,005
Total capital assets not deprec.	<u>442,180</u>	<u>27,375</u>	<u>(161,740)</u>	<u>0</u>	<u>307,815</u>
Capital assets being depreciated					
Capital improvements	749,574	2,027,587	161,740	0	2,938,901
Water supply system	5,953,790	0	0	0	5,953,790
Main pump upgrades	88,701	0	0	0	88,701
Equipment	71,549	4,362	0	0	75,911
Total capital assets being deprec.	<u>6,863,614</u>	<u>2,031,949</u>	<u>161,740</u>	<u>0</u>	<u>9,057,303</u>
Less accumulated depreciation for:					
Capital improvements	(276,453)	0	0	(24,880)	(301,333)
Water supply system	(559,381)	0	0	(149,804)	(709,185)
Main pump upgrades	(22,823)	0	0	(2,957)	(25,780)
Equipment	(71,549)	0	0	(654)	(72,203)
Total accum. depreciation	<u>(930,206)</u>	<u>0</u>	<u>0</u>	<u>(178,295)</u>	<u>(1,108,501)</u>
Total capital assets, net of deprec.	<u>5,933,408</u>	<u>2,031,949</u>	<u>161,740</u>	<u>(178,295)</u>	<u>7,948,802</u>
Total business type activities assets, net	<u>\$ 6,375,588</u>	<u>\$ 2,059,324</u>	<u>\$ 0</u>	<u>\$ (178,295)</u>	<u>\$ 8,256,617</u>

Depreciation for the governmental activities was charged to general government for \$193,759, highway for \$186,203 and police for \$32,476. Depreciation for the proprietary funds consisted of \$28,491 for the Water Pollution Fund and \$149,804 for the Water Division Fund.

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 8 – UNAVAILABLE REVENUE**

Unavailable revenue in the General Fund consists of \$88,054 of property taxes not received within sixty days after year end.

**NOTE 9 – SHORT-TERM DEBT**

In July 2020, the Town obtained a bond anticipation line of credit from Community Bank, N.A. for the sewer extension project. The line of credit was for \$2,196,000 at 1.6% due July 21, 2021. The following is a summary of the changes in short-term debt:

Balance June 30, 2020	\$	0
Amounts drawn on line of credit		1,775,473
Principal payments		(1,775,473)
Balance June 30, 2021	\$	0

Interest paid on short-term debt for the year ended June 30, 2021 was \$12,126.

**NOTE 10 - LONG-TERM LIABILITIES**

Long-term liabilities at June 30, 2021 consisted of the following:

**Governmental Activities**

	Total	Due within one year
Bond payable to Vermont Bond Bank with yearly principal reduction of \$10,000 until 11/15/24, then \$5,000 due 11/15/25, variable interest due semiannually.	\$ 45,000	\$ 10,000
Note payable to Community National Bank for highway truck. Principal and interest payments of \$20,618 due annually through January 2022. Interest at 1.375%.	20,336	20,336
Note payable to Community Bank, N.A for highway grader. Principal payments of \$24,790 plus interest due annually through December 2030. Interest at 2.05%.	247,900	24,790
Note payable to Community Bank, N.A. for highway truck. Principal payments of \$15,433 plus interest due annually through August 2022. Interest at 1.95%.	30,868	15,434
Note payable to Community Bank, N.A. for highway truck. Principal and interest payments of \$31,870 due annually through December 2024. Interest at 2.05%.	121,207	29,385
Subtotal	465,311	\$ 99,945
Accrued compensated absences	67,717	
Total	533,028	
Amount due within one year	(99,945)	
Amount due after one year	\$ 433,083	

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

<u>Proprietary Funds</u>	Total	Due within one year
<u>Water Division Fund</u>		
Note payable with USDA, semiannual principal and interest payments of \$81,405 through November 2055, interest at 2.625%.	\$ 3,677,698	\$ 66,706
Note payable with Vermont Municipal Bond Bank for State Revolving Loan of \$90,000. Annual principal payments of \$18,000 due starting March 2023 through 2027.	90,000	0
Total water division	3,767,698	66,706
<u>Water Pollution Fund</u>		
Note payable with Vermont Municipal Bond Bank for State Revolving Loan of \$42,415. Annual principal payments of \$4,242 due starting July 2023 through 2027. One half of the loan is expected to be forgiven.	20,358	0
Note payable with USDA, semiannual principal and interest payments of \$45,371 through March 2051, interest at 1.75%.	2,110,267	54,048
Total water pollution fund	2,130,625	54,048
Total proprietary fund	5,898,323	\$ 120,754
Amount due within one year	(120,754)	
Amount due after one year	\$ 5,777,569	

Long-term debt will mature approximately as follows:

	Governmental			Proprietary		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 99,945	\$ 9,944	\$ 109,889	\$ 120,754	\$ 132,797	\$ 253,551
2023	80,211	7,820	88,031	141,467	130,085	271,552
2024	65,392	5,933	71,325	148,484	127,610	276,094
2025	66,020	4,355	70,375	151,322	124,469	275,791
2026	29,790	2,879	32,669	154,232	121,472	275,704
2027-2031	123,953	7,695	131,648	728,233	561,768	1,290,001
2032-2036	0	0	0	792,975	478,175	1,271,150
2037-2041	0	0	0	883,481	384,279	1,267,760
2042-2046	0	0	0	988,992	278,768	1,267,760
2047-2051	0	0	0	1,106,573	160,160	1,266,733
2052-2056	0	0	0	681,810	45,227	727,037
Total	\$ 465,311	\$ 38,626	\$ 503,937	\$ 5,898,323	\$ 2,544,810	\$ 8,443,133

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

The following is a summary of changes of long-term liabilities for the year ended June 30, 2021:

	Governmental	Proprietary	Total
Balance at June 30, 2020	\$ 334,594	\$ 3,873,393	\$ 4,207,987
Proceeds	247,900	2,110,322	2,358,222
Accrued vacation earned	44,427	0	44,427
Accrued vacation used	(19,605)	0	(19,605)
Loan forgiveness	0	(20,413)	(20,413)
Principal payments	(74,288)	(64,979)	(139,267)
Balance at June 30, 2021	<u>\$ 533,028</u>	<u>\$ 5,898,323</u>	<u>\$ 6,431,351</u>

Interest of \$103,770 was paid on long-term debt in fiscal year 2021.

**NOTE 11 – RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES AND NET POSITION**

Net position and fund balances are committed/restricted/assigned as follows:

	Restricted Net Position & Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund:			
Police Community Fund	\$ 0	\$ 6,044	\$ 0
Fire warden	0	120	0
Cemeteries	0	2,758	0
Bridges and culverts	0	246,097	0
Economic Dev. Board	0	1,515	0
Highway equipment	0	0	10,898
Bond build renovation	0	6,012	0
Water supply	0	2,166	0
Capital budget	0	0	51,233
Highway materials	0	0	37,283
Reappraisal	212,261	0	0
Listers education	821	0	0
Computer upgrade	0	17,300	0
Wall repair office	0	23,681	0
Recreation	6,512	0	0
Records restoration	16,771	0	0
Total General Fund	<u>236,365</u>	<u>305,693</u>	<u>99,414</u>
Other Nonmajor Funds:			
Conservation	49,714	0	0
Asset Forfeiture	11,722	0	0
Montpelier Filtration	1,280	0	0
Bike path	37,602	0	0
Total Other Nonmajor Funds	<u>100,318</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 336,683</u>	<u>\$ 305,693</u>	<u>\$ 99,414</u>



TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 12 - PENSION PLAN**

**DEFINED CONTRIBUTION PLAN**

The State of Vermont authorized VMERS to establish a new defined contribution (DC) plan available to members on July 1, 2000. The DC plan is a tax-sheltered money purchase plan under IRC 401(a). The plan includes a 5.0% employee contribution and a 5.125% employer contribution. 100% vesting occurs after one year of municipal service.

Of the Town's total payroll of \$1,139,579, \$20,736 was covered under the VMERS defined contribution plan. The total contributions to this plan by the employer were \$1,063 and by the employees were \$1,037.

**VMERS**

*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, 2020, the retirement system consisted of 353 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 BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 12 - PENSION PLANS (Continued)**

*Benefits provided and contributions*

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
<b>Avg Final Compensation (AFC)</b>	Average annual compensation during highest 5 consecutive years	Average annual compensation during highest 3 consecutive years	Average annual compensation during highest 3 consecutive years	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>	2.75% eff. 7/1/19 3.00% eff 7/1/20	5.125% eff. 7/1/19 5.375% eff 7/1/20	10.25% eff. 7/1/9 10.5% eff 7/1/20	11.6% eff. 7/1/19 11.85% eff 7/1/20
<b>Employer Contributions</b>	4.25% eff. 7/1/19 eff 7/1/20	4.5% 5.75% eff. 7/1/19 6.00% eff 7/1/20	7.5% eff. 7/1/19 7.75% eff 7/1/20	10.1% eff. 7/1/19 10.35% eff 7/1/20
<b>Retirement Stipend</b>	\$25 per month payable at the option of the Board of Retirees			

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 12 - PENSION PLANS (Continued)**

For the year ended June 30, 2021, the Town's contributions to the Plan were \$63,933.

*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 \$698,107 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 0.27596%, which was a decrease of 0.01928% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$155,290. At June 30, 2021, the Town reported 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	\$ 62,872	\$ 2,069
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,106	28,201
Changes in assumptions	93,594	0
Difference between projected and actual investment earnings	66,768	0
Member contributions subsequent to the measurement date	63,933	0
Total	\$ 292,273	\$ 30,270

Of the \$292,273 of deferred outflows of resources, \$63,933 was from the Town's contributions subsequent to the measurement date which will be recognized as pension expense in the year ending June 30, 2022. Other amounts (\$198,070) reported as deferred outflows of resources net of deferred inflows of resources will be recognized in pension expense as follows:

<b>Year ending June 30,</b>	
2022	\$ 55,422
2023	57,092
2024	51,452
2025	34,104

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 12 - PENSION PLANS (Continued)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 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, 2020 and January 1, 2021 COLAs are 0.8% and 0.4% respectively, for all groups.

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

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 12 - PENSION PLANS (Continued)**

*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* – 2.3% 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, 2020, is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	29.00%	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%
Infrastructure/Farmland	2.00%	5.44%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 7.0% as of 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 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, 2020. Therefore, the long-term expected rate

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 12 - PENSION PLANS (Continued)**

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability calculated using the discount rate of 7.0%, as well as what the proportionate share 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>
\$ 1,066,566	\$ 698,107	\$ 394,943

*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 13 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

**NOTE 14 - COMMITMENTS**

In September 2016, the Town entered into a three year contract for ambulance service with the Town of Barre. The contract fees are based on a per capita fee with ranges from \$29.52 for fiscal year 2017 up to \$33.79 per capita for fiscal year 2019. The contract was extended for two additional years at the per capita rates of \$36.15 and \$38.68. The amount paid in fiscal year 2021 under this contract was \$97,706. In February 2021, the Town entered into a new three year contract with per capital rates of \$41.58 to \$48.05. There is an option to extend for an additional two years at the per capita rates of \$51.89 and \$56.04.

**NOTE 15 - CONTINGENCY**

The Town participates in state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2021 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF BERLIN, VERMONT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021  
(Continued)

**NOTE 16 – BUDGET DEFICIT**

The Town elected to budget expenditures in excess of revenues by \$101,600 in the General Fund in order to reduce the prior year fund balance. This is reflected as a budgeted deficiency in revenues over expenditures on Exhibit G.

**NOTE 17 – TAX ABATEMENTS**

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 fiscal year 2021, the amount of Town property taxes forgone as a result of the Current Use Program was approximately \$59,500. 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.

**NOTE 18 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 8, 2022, the date which the financial statements were available for issue.

In October 2021, the Town entered into a 30 year loan agreement with the Vermont State Infrastructure Bank Program to finance the cost of the Fisher Road culvert project. The loan is for up to \$1,063,200 with interest at 1% to be paid semiannually over thirty (30) years of approximately \$20,518. As of February 8, 2022, \$618,017 has been drawn on the loan.

In October 2021, the Town entered into a loan agreement with the Vermont Municipal Bond Bank for a loan up to \$34,700. The loan has the potential to be fully forgiven if certain requirements are met. As of February 8, 2022, \$-0- has been draw on the loan.

In October 2021, the Town entered into a loan agreement with the Vermont Municipal Bond Bank for a loan of \$157,820 to fund three (3) stormwater projects. The loan has the potential to be fully forgiven if certain requirements are met. As of February 8, 20221, \$-0- has been drawn on the loan.

TOWN OF BERLIN, VERMONT  
 COMBINING AND INDIVIDUAL FUND BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 JUNE 30, 2021

	Special Revenue Funds			Projects Fund	Total
	Conservation Fund	Asset Forfeiture	Montpelier Filtration Fund	Bike Path Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,182	\$ 0	\$ 0	\$ 37,602	\$ 84,784
Due from other funds	2,532	11,722	1,280	0	15,534
Total assets	<u>\$ 49,714</u>	<u>\$ 11,722</u>	<u>\$ 1,280</u>	<u>\$ 37,602</u>	<u>\$ 100,318</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>FUND BALANCES</b>					
Restricted	<u>49,714</u>	<u>11,722</u>	<u>1,280</u>	<u>37,602</u>	<u>100,318</u>
Total fund balances	<u>49,714</u>	<u>11,722</u>	<u>1,280</u>	<u>37,602</u>	<u>100,318</u>
Total liabilities and fund balances	<u>\$ 49,714</u>	<u>\$ 11,722</u>	<u>\$ 1,280</u>	<u>\$ 37,602</u>	<u>\$ 100,318</u>



TOWN OF BERLIN, VERMONT  
 COMBINING AND INDIVIDUAL FUND SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2021

	<u>Special Revenue Funds</u>			<u>Projects Fund</u>	<u>Total</u>
	<u>Conservation Fund</u>	<u>Asset Forfeiture</u>	<u>Montpelier Filtration Fund</u>	<u>Bike Path Fund</u>	
REVENUES					
Interest	\$ 24	\$ 0	\$ 0	\$ 19	\$ 43
Other income	5,931	0	0	0	5,931
Total revenues	5,955	0	0	19	5,974
EXPENDITURES	3,399	0	0	0	3,399
EXCESS REVENUES (EXPENDITURES)	2,556	0	0	19	2,575
FUND BALANCES - July 1, 2020	47,158	11,722	1,280	37,583	97,743
FUND BALANCES - June 30, 2021	<u>\$ 49,714</u>	<u>\$ 11,722</u>	<u>\$ 1,280</u>	<u>\$ 37,602</u>	<u>\$ 100,318</u>

TOWN OF BERLIN, VERMONT  
SCHEDULES OF TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND TOWN CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
VERMONT EMPLOYEES MUNICIPAL RETIREMENT PLAN  
AS OF MEASUREMENT DATE JUNE 30,

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset)	0.27596%	0.29524%	0.28820%	0.31227%	0.30481%	0.29990%	0.26030%
Town's proportionate share of the net pension liability (asset)	\$ 698,107	\$ 698,107	\$ 405,476	\$ 378,335	\$ 392,273	\$ 231,207	\$ 23,756
Town's covered-employee payroll	\$ 994,678	\$ 1,008,474	\$ 917,932	\$ 927,215	\$ 842,285	\$ 779,921	\$ 655,141
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.18%	69.22%	44.17%	40.80%	46.57%	29.64%	3.63%
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%

SCHEDULE OF TOWN CONTRIBUTIONS  
VERMONT EMPLOYEES MUNICIPAL RETIREMENT PLAN  
YEARS ENDED JUNE 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 63,933	\$ 57,194	\$ 56,727	\$ 50,486	\$ 50,997	\$ 46,326	\$ 41,921	\$ 33,576	\$ 30,031
Contributions in relation to the contractually required contribution	<u>(63,933)</u>	<u>(57,194)</u>	<u>(56,727)</u>	<u>(50,486)</u>	<u>(50,997)</u>	<u>(46,326)</u>	<u>(41,921)</u>	<u>(33,576)</u>	<u>(30,031)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 1,065,543	\$ 994,678	\$ 1,008,474	\$ 917,932	\$ 927,215	\$ 842,285	\$ 779,921	\$ 655,141	\$ 600,620
Contributions as a percentage of covered-employee payroll	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%	5.125%	5.000%