

**TOWN OF HINESBURG, VERMONT**  
**Financial Statements**  
**Year Ended June 30, 2022**



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## Independent Auditor's Report

To the Selectboard  
Town of Hinesburg, Vermont  
Hinesburg, Vermont

### Report on the Audit of the Financial Statements

#### Opinions

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 Hinesburg, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hinesburg, Vermont's basic financial statements as listed in the table of contents.

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 Hinesburg, Vermont, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Hinesburg, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information on pages 4-10 and 47-48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hinesburg, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of Town of Hinesburg, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Hinesburg, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Hinesburg, Vermont's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman P.C.  
License # 092.0131564  
Middlebury, Vermont  
December 7, 2022

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**TOWN OF HINESBURG, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2022**

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As management of the Town of Hinesburg, Vermont, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements are divided into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, fire, building and facilities departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The Town charges a fees to customers to help it cover all or most of the cost of certain services it provides. The Town's water and wastewater systems are reported here.

#### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town uses three categories of funds - governmental, proprietary, and fiduciary.

##### Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town presents five columns in the governmental funds balance sheet and the governmental fund's statement of revenue, expenditures, and changes in fund balance. The Town's major governmental funds are the general fund, the capital projects fund, the VCDP fund, and the ARPA fund. All remaining governmental funds are aggregated and reported as non-major funds.

The general fund is the only fund which the Town legally adopts a budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

#### Proprietary funds

The Town use a proprietary fund to report functions of business-type activities in the government-wide financial statements. The Town maintains one proprietary fund that is an enterprise funds. Enterprise fund are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for the Water and Sewer Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

#### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

#### **Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The supplementary information can be found immediately after the notes to the financial statements.

#### **Other information**

Other information includes financial statements and schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The combining statements for non-major special revenue funds are presented following the required supplementary information.

## FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in the statement of net position by \$16,583,041 (i.e., net position), a change of \$201,375 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue in the statement of activities of \$4,685,500, a change of \$178,551 in comparison to the prior year.
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- As of the close of the current fiscal year, the business-type activities reported total revenue in the statement of activities of \$1,245,979, a change of \$148,225 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses in the statement of activities of \$4,672,349 a change of \$426,090 in comparison to the prior year.
- As of the close of the current fiscal year, the business-type activities reported total expenses in the statement of activities of \$1,057,755 a change of \$104,919 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$2,599,293, a change of \$261,073 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total revenue of \$4,686,320, a change of \$128,571 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total expenses of \$4,425,247, a change of \$(100,461) in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$960,092, a change of \$33,624 in comparison to the prior year.
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- As of the close of the current fiscal year, proprietary funds reported a combined ending net position of \$4,335,683, a change of \$188,224 in comparison to the prior year.
- As of the close of the current fiscal year, the proprietary funds reported total revenue of \$1,245,979, a change of \$148,225 in comparison to the prior year.
- As of the close of the current fiscal year, the proprietary funds reported total expenses of \$1,057,755, a change of \$104,919 in comparison to the prior year.
- When comparing budgeted revenues and other financing sources of \$4,436,190 and budgeted expenditures and other financing uses of \$4,436,190 in the general fund, the Town's received was \$4,344,114 and spent of \$4,381,146.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

#### Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 5,151,519	\$ 4,197,816	\$ 1,365,169	\$ 1,061,783	\$ 6,516,688	\$ 5,259,599
Capital assets	14,045,515	14,644,657	7,725,095	5,327,498	21,770,610	19,972,155
Total assets	<u>19,197,034</u>	<u>18,842,473</u>	<u>9,090,264</u>	<u>6,389,281</u>	<u>28,287,298</u>	<u>25,231,754</u>
Deferred outflows of resources	<u>222,294</u>	<u>299,111</u>	<u>59,091</u>	<u>77,889</u>	<u>281,385</u>	<u>377,000</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 19,419,328</u>	<u>\$ 19,141,584</u>	<u>\$ 9,149,355</u>	<u>\$ 6,467,170</u>	<u>\$ 28,568,683</u>	<u>\$ 25,608,754</u>
<b>Liabilities</b>						
Current liabilities	\$ 166,077	\$ 226,352	\$ 184,441	\$ 51,038	\$ 350,518	\$ 277,390
Long-term liabilities	5,978,322	6,622,441	4,565,525	2,266,483	10,543,847	8,888,924
Total liabilities	<u>6,144,399</u>	<u>6,848,793</u>	<u>4,749,966</u>	<u>2,317,521</u>	<u>10,894,365</u>	<u>9,166,314</u>
<b>Deferred inflows of resources</b>	<u>1,027,571</u>	<u>58,584</u>	<u>63,706</u>	<u>2,188</u>	<u>1,091,277</u>	<u>60,772</u>
<b>Net position</b>						
Net investment in capital assets	8,612,216	10,494,123	3,287,966	3,245,797	11,900,182	13,739,920
Restricted	815,466	551,413	-	-	815,466	551,413
Unrestricted	2,819,676	1,188,671	1,047,717	901,664	3,867,393	2,090,335
Total net position	<u>12,247,358</u>	<u>12,234,207</u>	<u>4,335,683</u>	<u>4,147,461</u>	<u>16,583,041</u>	<u>16,381,668</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 19,419,328</u>	<u>\$ 19,141,584</u>	<u>\$ 9,149,355</u>	<u>\$ 6,467,170</u>	<u>\$ 28,568,683</u>	<u>\$ 25,608,754</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$16,583,041, a change of \$201,375 from the prior year.

\$11,900,182 of net position, reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$815,466, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$3,867,393 is unrestricted net position, which is the part of net position that may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

	<u>Change in Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 352,331	\$ 312,004	\$ 1,232,555	\$ 1,084,538	\$ 1,584,886	\$ 1,396,542
Operating grants	463,123	600,300	-	-	463,123	600,300
General revenues:						
Property taxes	3,652,231	3,447,063	-	-	3,652,231	3,447,063
Investment income	4,058	24,484	13,424	13,206	17,482	37,690
Gain on disposal of assets	-	112,321	-	-	-	112,321
Miscellaneous	213,757	10,777	-	10	213,757	10,787
<b>Total revenues</b>	<u>4,685,500</u>	<u>4,506,949</u>	<u>1,245,979</u>	<u>1,097,754</u>	<u>5,931,479</u>	<u>5,604,703</u>
<b>Program expenses:</b>						
Governmental activities:						
General government	1,357,486	1,417,382	-	-	1,357,486	1,417,382
Public safety	1,231,822	1,044,897	-	-	1,231,822	1,044,897
Highway and streets	1,108,089	1,011,163	-	-	1,108,089	1,011,163
Culture and recreation	344,897	311,799	-	-	344,897	311,799
Health and cemetery	147,472	263,483	-	-	147,472	263,483
County tax	27,381	140,551	-	-	27,381	140,551
Agency request	317,444	41,218	-	-	317,444	41,218
Interest	137,758	15,766	-	-	137,758	15,766
Business-type activities						
Water	-	-	202,798	184,176	202,798	184,176
Wastewater	-	-	245,989	186,600	245,989	186,600
Shared expenses	-	-	608,968	582,060	608,968	582,060
<b>Total expenses</b>	<u>4,672,349</u>	<u>4,246,259</u>	<u>1,057,755</u>	<u>952,836</u>	<u>5,730,104</u>	<u>5,199,095</u>
Change in net position	13,151	260,690	188,224	144,918	201,375	405,608
Net position - beginning of year	<u>12,234,207</u>	<u>11,973,517</u>	<u>4,147,459</u>	<u>4,002,541</u>	<u>16,381,666</u>	<u>15,976,058</u>
Net position - end of year	<u>\$ 12,247,358</u>	<u>\$ 12,234,207</u>	<u>\$ 4,335,683</u>	<u>\$ 4,147,459</u>	<u>\$ 16,583,041</u>	<u>\$ 16,381,666</u>

**Governmental activities**

Governmental activities for the year resulted in a change in net position of \$13,151. Key elements of this change are as follows:

General fund operations	\$ (37,032)
Capital projects funds activities	246,284
VCDP fund activities	16,415
Nonmajor special revenue fund activities	35,406
Change in unavailable revenue	(820)
Acquisition of fixed assets	302,755
Depreciation expense	(910,618)
Amortization expense	(7,222)
Gain on disposal of assets	8,721
Long-term debt payments	365,340
Change in accrued interest	5,370
Change in compensated absences	8,471
Change in employee benefits	(19,919)
Total	<u>\$ 13,151</u>

**Business-type activities**

Business-type activities for the year resulted in a change in net position of \$188,224. The key element of this change is due to an increase in revenue of \$148,225.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The fund balance of the Town's governmental funds as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Major funds:			
General fund:			
Nonspendable	\$ 1,929	\$ 80,656	\$ (78,727)
Restricted	197,880	163,828	34,052
Assigned	196,842	222,823	(25,981)
Unassigned	960,092	926,468	33,624
Capital fund:			
Restricted	178,179	178,179	-
Assigned	624,964	378,680	246,284
VCDP fund:			
Restricted	164,603	148,188	16,415
Nonmajor funds:			
Special revenue funds			
Restricted	<u>274,804</u>	<u>239,398</u>	<u>35,406</u>
 Total fund balance – governmental funds	 \$ <u>2,599,293</u>	 \$ <u>2,338,220</u>	 \$ <u>261,073</u>

The general fund is the chief operating fund. At June 30, 2022 the general fund's total fund balance was \$1,356,743.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the Town reallocates funds within the General Fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the Town's original and final general fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

There was no difference between the original and final budget for the general fund.

Fiscal year 2022 revenues and other financing sources were \$92,076 under budget and expenditures were \$55,044 under budget. The combined effect was a change in the general fund's fund balance by \$37,032.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital assets

Total investment in capital assets for governmental and business-type activities at year end amounted to \$21,770,610 (net of accumulated depreciation) consisting of \$14,045,515 in governmental activities and \$7,725,095 in business-type activities. This investment in capital assets includes land, buildings and system improvements, construction in progress, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

#### Capital Asset Additions:

##### Governmental Activities

Sidewalk Plow	\$	34,900
Pond Road Paving		156,361
Mechanicsville Road Paving		71,184
Town Hall Heat Pump		10,765

##### Business-type Activities

Wastewater Upgrade	\$	2,551,408
Well		18,999

### Debt Administration

At June 30, 2022, the Town's long-term debt balance consisting of bonds payable, notes payable, and lease liabilities totaling \$5,443,924.

The Town's other long-term liabilities include accrued compensated absences and net pension liability.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

## FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was aware of the following existing circumstances that could affect its future financial health.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Todd Odit, Town Manager at Town of Hinesburg, Vermont at 10632 VT Route 116, Hinesburg VT 05843 or by phone at 802-482-2281.

**TOWN OF HINESBURG, VERMONT**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,606,104	\$ 1,010,759	\$ 3,616,863
Cash - restricted	585,488	-	585,488
Investments - restricted	54,020	-	54,020
Accounts receivable	8,693	354,410	363,103
Due from other governments	202,791	-	202,791
Delinquent taxes, net	83,861	-	83,861
Delinquent tax interest	20,673	-	20,673
Note receivable	1,516,702	-	1,516,702
Prepaid expenses	1,929	-	1,929
Due from other funds	60,633	-	60,633
Total current assets	<u>5,140,894</u>	<u>1,365,169</u>	<u>6,506,063</u>
Non-current assets:			
Capital assets, net of accumulated depreciation	14,045,515	7,725,095	21,770,610
Right to use lease assets, net accumulated amortization	<u>10,625</u>	<u>-</u>	<u>10,625</u>
Total assets	<u>19,197,034</u>	<u>9,090,264</u>	<u>28,287,298</u>
<b>Deferred outflows of resources</b>			
VMERS - pensions	<u>222,294</u>	<u>59,091</u>	<u>281,385</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 19,419,328</u>	<u>\$ 9,149,355</u>	<u>\$ 28,568,683</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 135,819	\$ 86,131	\$ 221,950
Accrued liabilities	30,258	37,677	67,935
Due to general fund	-	60,633	60,633
Bonds and notes payable, current portion	357,314	166,213	523,527
Lease liability, current portion	5,198	-	5,198
Total current liabilities	<u>528,589</u>	<u>350,654</u>	<u>879,243</u>
Long term liabilities:			
Bonds and notes payable, less current portion	5,075,985	4,270,916	9,346,901
Lease liability, less current portion	5,427	-	5,427
Compensated absences	133,661	21,871	155,532
Net pension liability - proportionate share	400,737	106,525	507,262
Total long-term liabilities	<u>5,615,810</u>	<u>4,399,312</u>	<u>10,015,122</u>
Total liabilities	<u>6,144,399</u>	<u>4,749,966</u>	<u>10,894,365</u>
<b>Deferred inflows of resources</b>			
Unearned grant revenue	754,940	-	754,940
Taxes collected in advance	32,976	-	32,976
VMERS - pension	239,655	63,706	303,361
Total deferred inflows of resources	<u>1,027,571</u>	<u>63,706</u>	<u>1,091,277</u>
<b>Net Position</b>			
Net investment in capital assets	8,612,216	3,287,966	11,900,182
Restricted	815,466	-	815,466
Unrestricted	<u>2,819,676</u>	<u>1,047,717</u>	<u>3,867,393</u>
Total net position	<u>12,247,358</u>	<u>4,335,683</u>	<u>16,583,041</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 19,419,328</u>	<u>\$ 9,149,355</u>	<u>\$ 28,568,683</u>

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

**TOWN OF HINESBURG, VERMONT**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Primary Government		Total
				Governmental Activities	Business-type Activities	
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 1,357,486	\$ 279,200	\$ -	\$ (1,078,286)	\$ -	\$ (1,078,286)
Public safety	1,231,822	73,131	-	(1,158,691)	-	(1,158,691)
Highway and streets	1,108,089	-	463,123	(644,966)	-	(644,966)
Culture and recreation	344,897	-	-	(344,897)	-	(344,897)
Health and cemetery	147,472	-	-	(147,472)	-	(147,472)
County tax	27,381	-	-	(27,381)	-	(27,381)
Agency request	317,444	-	-	(317,444)	-	(317,444)
Interest	137,758	-	-	(137,758)	-	(137,758)
<b>Total governmental activities</b>	<u>4,672,349</u>	<u>352,331</u>	<u>463,123</u>	<u>(3,856,895)</u>	<u>-</u>	<u>(3,856,895)</u>
<b>Business-type activities</b>						
Water	202,798	691,648	-	-	488,850	488,850
Sewer	245,989	540,907	-	-	294,918	294,918
Shared expenses	608,968	-	-	-	(608,968)	(608,968)
<b>Total business-type activities</b>	<u>1,057,755</u>	<u>1,232,555</u>	<u>-</u>	<u>-</u>	<u>174,800</u>	<u>174,800</u>
<b>Total primary government</b>	<u>\$ 5,730,104</u>	<u>\$ 1,584,886</u>	<u>\$ 463,123</u>	<u>(3,856,895)</u>	<u>174,800</u>	<u>(3,682,095)</u>
<b>General revenues</b>						
Real property taxes, penalties and interest				3,652,231	-	3,652,231
Investment earnings				4,058	13,424	17,482
Miscellaneous				213,757	-	213,757
<b>Total general revenues</b>				<u>3,870,046</u>	<u>13,424</u>	<u>3,883,470</u>
Change in net position				13,151	188,224	201,375
<b>Net position - beginning of year</b>				<u>12,234,207</u>	<u>4,147,459</u>	<u>16,381,666</u>
<b>Net position - end of year</b>				<u>\$ 12,247,358</u>	<u>\$ 4,335,683</u>	<u>\$ 16,583,041</u>

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

**TOWN OF HINESBURG, VERMONT**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	Major Funds				Nonmajor Special Revenue Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	VCDP Fund	ARPA Fund		
<b>Assets</b>						
Cash and cash equivalents	\$ 2,606,104	\$ -	\$ -	\$ -	\$ -	\$ 2,606,104
Cash - restricted	1,564	182,501	164,813	-	236,610	585,488
Investments - restricted	-	-	-	-	54,020	54,020
Accounts receivable	8,693	-	-	-	-	8,693
Due from other governments	202,791	-	-	-	-	202,791
Delinquent taxes, net	83,861	-	-	-	-	83,861
Delinquent tax interest	20,673	-	-	-	-	20,673
Note receivable	292,032	-	1,224,670	-	-	1,516,702
Prepaid expenses	1,929	-	-	-	-	1,929
Due from other funds	60,633	625,697	-	676,403	-	1,362,733
<b>Total assets</b>	<b>\$ 3,278,280</b>	<b>\$ 808,198</b>	<b>\$ 1,389,483</b>	<b>\$ 676,403</b>	<b>\$ 290,630</b>	<b>\$ 6,442,994</b>
<b>Liabilities</b>						
Accounts payable	\$ 129,548	\$ 5,055	\$ 210	\$ -	\$ 1,006	\$ 135,819
Accrued liabilities	6,258	-	-	-	-	6,258
Due to other funds	1,287,280	-	-	-	14,820	1,302,100
Total liabilities	1,423,086	5,055	210	-	15,826	1,444,177
<b>Deferred inflows of resources</b>						
Unavailable revenue - taxes	94,906	-	-	-	-	94,906
Unavailable revenue - community development	292,032	-	1,224,670	-	-	1,516,702
Unearned grant revenue	78,537	-	-	676,403	-	754,940
Taxes collected in advance	32,976	-	-	-	-	32,976
Total deferred inflows of resources	498,451	-	1,224,670	676,403	-	2,399,524
<b>Fund Balance</b>						
Nonspendable	1,929	-	-	-	-	1,929
Restricted	197,880	178,179	164,603	-	274,804	815,466
Assigned	196,842	624,964	-	-	-	821,806
Unassigned	960,092	-	-	-	-	960,092
Total fund balance	1,356,743	803,143	164,603	-	274,804	2,599,293
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 3,278,280</b>	<b>\$ 808,198</b>	<b>\$ 1,389,483</b>	<b>\$ 676,403</b>	<b>\$ 290,630</b>	<b>\$ 6,442,994</b>

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

**TOWN OF HINESBURG, VERMONT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2022**

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,606,104	\$ -	\$ -	\$ 2,606,104
Cash - restricted	585,488	-	-	585,488
Investments - restricted	54,020	-	-	54,020
Accounts receivable	8,693	-	-	8,693
Due from other governments	202,791	-	-	202,791
Delinquent taxes, net	83,861	-	-	83,861
Delinquent tax interest	20,673	-	-	20,673
Note receivable	1,516,702	-	-	1,516,702
Prepaid expenses	1,929	-	-	1,929
Due from other funds	1,362,733	-	(1,302,100)	60,633
Capital assets, net of accumulated depreciation	-	14,045,515	-	14,045,515
Right to use lease assets, net accumulated amortization	-	10,625	-	10,625
Total assets	<u>6,442,994</u>	<u>14,056,140</u>	<u>(1,302,100)</u>	<u>19,197,034</u>
<b>Deferred outflows of resources</b>				
VMERS - pensions	-	222,294	-	222,294
<b>Total assets and deferred outflows of resource</b>	<u>\$ 6,442,994</u>	<u>\$ 14,278,434</u>	<u>\$ (1,302,100)</u>	<u>\$ 19,419,328</u>
<b>Liabilities</b>				
Accounts payable	\$ 135,819	\$ -	\$ -	\$ 135,819
Accrued liabilities	6,258	24,000	-	30,258
Due to other funds	1,302,100	-	(1,302,100)	-
Bonds payable and notes payable	-	5,433,299	-	5,433,299
Lease liability	-	10,625	-	10,625
Compensated absences	-	133,661	-	133,661
Net pension liability - proportionate share	-	400,737	-	400,737
Total liabilities	<u>1,444,177</u>	<u>6,002,322</u>	<u>(1,302,100)</u>	<u>6,144,399</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - taxes	94,906	(94,906)	-	-
Unavailable revenue - community development	1,516,702	(1,516,702)	-	-
Unearned grant revenue	754,940	-	-	754,940
Taxes collected in advance	32,976	-	-	32,976
VMERS - pension	-	239,655	-	239,655
Total deferred inflows or resources	<u>2,399,524</u>	<u>(1,371,953)</u>	<u>-</u>	<u>1,027,571</u>
<b>Fund balance/net position</b>				
Total fund balance/net position	<u>2,599,293</u>	<u>9,648,065</u>	<u>-</u>	<u>12,247,358</u>
<b>Total liabilities, deferred inflows of resources, and fund balance/net position</b>	<u>\$ 6,442,994</u>	<u>\$ 14,278,434</u>	<u>\$ (1,302,100)</u>	<u>\$ 19,419,328</u>

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

**TOWN OF HINESBURG, VERMONT**  
**Statement of Revenues, Expenditures,**  
**And Changes in Fund Balance - Governmental Funds**  
**Year Ended June 30, 2022**

	<u>Major Funds</u>				<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>VCDP Fund</u>	<u>ARPA Fund</u>		
<b>Revenues</b>						
Property taxes	\$ 3,601,177	\$ -	\$ -	\$ -	\$ -	\$ 3,601,177
Penalties and interest	17,148	-	-	-	-	17,148
Licenses and permits	50,568	-	-	-	-	50,568
Impact fees	-	-	-	-	48,040	48,040
Intergovernmental	377,486	106,984	-	-	-	484,470
Charges for services	180,974	47,658	-	-	-	228,632
Fines and forfeits	25,091	-	-	-	-	25,091
Investment income	3,276	-	4,494	-	(3,712)	4,058
Miscellaneous	88,394	116,738	13,379	-	8,625	227,136
<b>Total revenues</b>	<u>4,344,114</u>	<u>271,380</u>	<u>17,873</u>	<u>-</u>	<u>52,953</u>	<u>4,686,320</u>
<b>Expenditures</b>						
General government	1,242,874	10,765	-	-	-	1,253,639
Public safety	1,080,713	19,969	-	-	7,314	1,107,996
Highway and streets	554,252	347,361	-	-	-	901,613
Culture and recreation	137,912	29,086	1,458	-	-	168,456
Health and cemetery	137,239	-	-	-	10,233	147,472
County tax	27,381	-	-	-	-	27,381
Agency request	317,444	-	-	-	-	317,444
Debt service:						
Principal	191,054	167,064	-	-	-	358,118
Interest	133,293	9,835	-	-	-	143,128
<b>Total expenditures</b>	<u>3,822,162</u>	<u>584,080</u>	<u>1,458</u>	<u>-</u>	<u>17,547</u>	<u>4,425,247</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>521,952</u>	<u>(312,700)</u>	<u>16,415</u>	<u>-</u>	<u>35,406</u>	<u>261,073</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	558,984	-	-	-	558,984
Transfers (out)	(558,984)	-	-	-	-	(558,984)
<b>Total other financing sources (uses)</b>	<u>(558,984)</u>	<u>558,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(37,032)	246,284	16,415	-	35,406	261,073
<b>Fund balance - beginning of year</b>	<u>1,393,775</u>	<u>556,859</u>	<u>148,188</u>	<u>-</u>	<u>239,398</u>	<u>2,338,220</u>
<b>Fund balance - end of year</b>	<u>\$ 1,356,743</u>	<u>\$ 803,143</u>	<u>\$ 164,603</u>	<u>-</u>	<u>\$ 274,804</u>	<u>\$ 2,599,293</u>

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

**TOWN OF HINESBURG, VERMONT**  
**Reconciliation of Governmental Funds Revenues, Expenditures, and**  
**Changes in Fund Balance to the Statement of Activities**  
**Year Ended June 30, 2022**

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
<b>Revenues</b>					
Property taxes	\$ 3,601,177	\$ 33,906	\$ -	\$ -	\$ 3,635,083
Penalties and interest	17,148	-	-	-	17,148
Licenses and permits	50,568	-	-	-	50,568
Impact fees	48,040	-	-	-	48,040
Intergovernmental	484,470	(21,347)	-	-	463,123
Charges for services	228,632	-	-	-	228,632
Fines and forfeits	25,091	-	-	-	25,091
Investment income	4,058	-	-	-	4,058
Miscellaneous	227,136	(13,379)	-	-	213,757
<b>Total revenues</b>	<u>4,686,320</u>	<u>(820)</u>	<u>-</u>	<u>-</u>	<u>4,685,500</u>
<b>Expenditures/Expenses</b>					
General government	1,253,639	108,644	-	(4,797)	1,357,486
Public safety	1,107,996	146,220	(19,969)	(2,425)	1,231,822
Highway and streets	901,613	489,262	(282,786)	-	1,108,089
Culture and recreation	168,456	176,441	-	-	344,897
Health and cemetery	147,472	-	-	-	147,472
County tax	27,381	-	-	-	27,381
Agency request	317,444	-	-	-	317,444
Debt service:					
Principal	358,118	-	-	(358,118)	-
Interest	143,128	(5,370)	-	-	137,758
<b>Total expenditures/expenses</b>	<u>4,425,247</u>	<u>915,197</u>	<u>(302,755)</u>	<u>(365,340)</u>	<u>4,672,349</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>261,073</u>	<u>(916,017)</u>	<u>302,755</u>	<u>365,340</u>	<u>13,151</u>
<b>Other financing sources (uses)</b>					
Transfers in	558,984	(558,984)	-	-	-
Transfers (out)	<u>(558,984)</u>	<u>558,984</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change for the year</b>	<u>\$ 261,073</u>	<u>\$ (916,017)</u>	<u>\$ 302,755</u>	<u>\$ 365,340</u>	<u>\$ 13,151</u>

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

**TOWN OF HINESBURG, VERMONT**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2022**

	<u><b>Water and Sewer Fund</b></u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,010,759
Accounts receivable	354,410
Total current assets	<u>1,365,169</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>7,725,095</u>
Total assets	<u>9,090,264</u>
<b>Deferred outflows of resources</b>	
Pensions	<u>59,091</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 9,149,355</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 86,131
Accrued liabilities	37,677
Due to general fund	60,633
Bonds and notes payable, current portion	166,213
Total noncurrent liabilities	<u>350,654</u>
Noncurrent liabilities	
Bonds and notes payable, less current portion	4,270,916
Compensated absences	21,871
Net pension liability	106,525
Total noncurrent liabilities	<u>4,399,312</u>
Total liabilities	<u>4,749,966</u>
<b>Deferred inflows of resources</b>	
Pensions	<u>63,706</u>
<b>Net position</b>	
Invested in capital assets	3,287,966
Unrestricted	1,047,717
Total net position	<u>4,335,683</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u><u>\$ 9,149,355</u></u>

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

**TOWN OF HINESBURG, VERMONT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**Year Ended June 30, 2022**

	<b>Water and Sewer Fund</b>
<b>Operating revenues</b>	
Charges for services:	
Water	\$ 691,648
Sewer	540,907
<b>Total operating revenues</b>	<b>1,232,555</b>
 <b>Operating expenses</b>	
Water department	202,798
Sewer department	245,989
Shared expenses	600,999
<b>Total operating expenses</b>	<b>1,049,786</b>
 <b>Income from operations</b>	<b>182,769</b>
 <b>Nonoperating revenues (expenses)</b>	
Investment income	13,424
Debt services	(7,969)
<b>Total nonoperating revenues</b>	<b>5,455</b>
 Change in net position	<b>188,224</b>
 <b>Net position - beginning of year</b>	<b>4,147,459</b>
 <b>Net position - end of year</b>	<b>\$ 4,335,683</b>

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

**TOWN OF HINESBURG, VERMONT**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**June 30, 2022**

	<u><b>Water and Sewer Fund</b></u>
<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from customers	\$ 1,204,083
Cash payments to suppliers for goods and services	(384,767)
Cash payments to employees for services and benefits	(380,648)
<b>Net cash (used in) operating activities</b>	<u>438,668</u>
<b>Cash flows (used in) noncapital financing activities:</b>	
(Increase) in interfund loans receivable	<u>(23,087)</u>
<b>Cash flows (used in) capital and related financing activities:</b>	
Acquisition of capital assets	(2,574,507)
Interest paid on bonds and notes	(7,969)
Proceeds from loans	2,519,403
Retirement of bonds and notes	(163,976)
<b>Net cash flows (used in) capital and related financing activities</b>	<u>(227,049)</u>
<b>Cash flows provided by investing activities:</b>	
Investment income	<u>13,424</u>
Net decrease in cash and cash equivalents	201,956
<b>Cash and cash equivalents - beginning of year</b>	<u>808,803</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,010,759</u>
<b>Reconciliation of income from operations to net cash from operating activities:</b>	
Income from operations	\$ 182,769
Adjustments to reconcile income from operations to net cash flow from operating activities	
Depreciation	176,910
(Increase) in accounts receivable	(28,472)
Decrease in prepaid expenses	10,762
Increase in accounts payable	70,312
Decrease in deferred outflows of resources	18,798
(Decrease) in net pension liability	(72,864)
Increase in deferred inflows of resources	61,517
increase in accrued liabilities	2,458
Increase in compensated absences	16,478
<b>Net cash (used in) operating activities</b>	<u>\$ 438,668</u>

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

**TOWN OF HINESBURG, VERMONT**  
**Statements of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2022**

		<b>Private Purpose Trust Peck Estate</b>
<b>Assets</b>		
Cash	\$	6,232
Investments		<u>945,871</u>
<b>Total assets</b>	<b>\$</b>	<b><u>952,103</u></b>
<b>Net position</b>		
Held in trust for others		<u>1,134,247</u>
Total net position		<u>1,134,247</u>
<b>Total liabilities and net position</b>	<b>\$</b>	<b><u>1,134,247</u></b>

**TOWN OF HINESBURG, VERMONT**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**Year Ended June 30, 2022**

		<b>Private Purpose Trust Peck Estate</b>
<b>Additions</b>		
Interest and dividends	\$	-
Unrealized investment gain		<u>-</u>
Total additions		<u>-</u>
<b>Deductions</b>		
Administrative expenses		-
General support		<u>-</u>
Total deductions		<u>-</u>
Excess of revenues over expenditures		-
<b>Net position - beginning of year</b>		<u>1,134,247</u>
<b>Net position - end of year</b>	<b>\$</b>	<b><u>1,134,247</u></b>

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

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

The Town of Hinesburg, Vermont (“the Town”) was incorporated in 1792. The Town operates under a Selectboard-Manager form of government. The Town’s major operations include police and fire protection, parks, library and recreation, public works, and general administrative services. In addition, the Town owns and operates a water and sewer system.

### Note 1. Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Town are described below:

#### a) Reporting Entity

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

#### b) Basis of Presentation

##### Government-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the Town’s governmental activities and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the Town at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Town’s governmental activities and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### b) Basis of Presentation (continued)

##### Fund Statements

The fund statements provide information about the Town's governmental, proprietary, and fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

##### Governmental funds

The Town reports the following governmental funds:

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

Capital Fund: This fund is used for major capital projects and loan payments related to those projects.

Vermont Community Development Project Fund: This fund is used to account for loans made through the VCDP.

ARPA Fund: This fund is used to account funds received under the American Rescue Plan Act.

##### Proprietary Funds

**Enterprise Funds** – Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the governing body is that of the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expense not meeting this definition are reported as non-operating revenue and expenses. The Town reports the following major enterprise funds:

Water and Sewer Fund: This fund is used to account for the operations of the water and sewer (wastewater) department.

##### Fiduciary Fund

Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

The Town reports the following fiduciary funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

#### c) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources be measured such as current financial resources or economic resources.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### c) Measurement Focus and Basis of Accounting (continued)

The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary funds, and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences and pensions, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease liabilities are reported as other financing sources.

#### d) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these Notes.

#### e) Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities, fiduciary funds and business-type activities). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the proprietary fund and the fiduciary fund.

The fund financial statements report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### e) Interfund Transactions (continued)

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

#### f) 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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### g) Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, each fund's equity on the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

#### h) Investments

The Town invest as allowed by State Statute. Investments with readily determinable fair values are reported at fair value on the balance sheet. Unrealized gains and losses are included in revenue.

#### i) Accounts Receivable

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgement of management and a review of the current status of existing receivables.

#### j) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the Government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Improvements	\$ 5,000	Straight line	10-20 years
Buildings	\$ 5,000	Straight line	20-50 years
Infrastructure	\$ 5,000	Straight line	24-30 years
Equipment and vehicles	\$ 5,000	Straight line	5-15 years

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

#### k) Right to Use Lease Assets

The Town has recorded right to use lease assets as a result of implementing GASB issued Statement No. 87, *Leases*. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### l) Deferred Outflows Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide and proprietary statements of net position. This represents the effect of the net change in Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

The second item is the Town's contribution to the pension systems (VMERS) subsequent to the measurement date.

#### m) Deferred Inflows Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category.

The first is related to unavailable revenues. The Town reports unavailable revenues on its governmental funds balance sheets. Unavailable revenues consist of property taxes and VCDP funds which are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item is related to unearned revenue. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies or property taxes are received prior to incurrence of qualifying expenditures. The Town reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

The third item is related to pensions. The Town reports the net change in the its proportion of the collective net pension liability (VMERS) and differences during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

#### n) Pensions

For the purpose of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' 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.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### o) **Compensated Absences**

It is the Town's policy to permit employees to accumulate unused vacation time. The accrual for unused compensated absence time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

#### p) **Long-term Liabilities**

Long-term liabilities include bonds payables, notes payable, lease liabilities, and other obligations such as compensated absences payable, and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheet.

#### q) **Equity Classifications**

##### **Government-wide and proprietary fund statements:**

In the government-wide statements and proprietary funds financial statements there are three classes of net position:

**Net investment in capital assets** – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

**Restricted net position** – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** – Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

##### **Fund statements:**

In the fund basis statements, there are five classifications of fund balance:

**Non-spendable** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2022, the Town's nonspendable fund balance consisted of \$1,929 in general fund.

**Restricted** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the Town's restricted fund balance consisted of the following:

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

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

**q) Equity Classifications (continued)**

General Fund:	
Reappraisal	\$ 105,569
Records restoration	92,311
Capital Projects Fund:	
Highway garage	178,179
VCDP Fund:	
VCDP	164,603
Nonmajor Special Revenue Funds:	
Cemetery	71,261
Impact fees	203,543
	\$ 815,466

**Committed** – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the Town’s highest level of decision making authority, i.e., the Selectboard. At June 30, 2022, the Town had no committed funds.

**Assigned** – Includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year. At June 30, 2022, the Town’s assigned fund balance consisted of the following:

General Fund:	
FY23 tax reduction	\$ 75,000
VT Gas easement	60,000
Fire department – landscaping	22,296
Land preservation	18,932
4 <sup>th</sup> of July	1,308
Conservation committee	3,556
Conservation committee – VT Gas	15,750
Capital Projects Fund:	
Highway roads and bridges	152,154
Highway gravel and culverts	30,143
Highway equipment	(7,308)
Buildings and grounds	237,620
Recreation	68,174
Planning and zoning	14,000
Fire department	104,211
Technology	11,917
Police department	14,053
	\$ 821,806

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### q) Equity Classifications (continued)

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town and could report a surplus or deficit. In the funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. At June 30, 2022, the Town's unassigned fund balance consisted of \$960,092 in the general fund.

#### Net Position/Fund Balance

Net position flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted – net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balance flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of use of fund balance – The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

#### r) Implementation of New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the Town implemented the following new standards issued by GASB.

GASB issued Statement No. 87, *Leases*, effective for the year ended June 30, 2022.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

#### Explanation of difference between Governmental Fund Balance and Government-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 2,599,293
Assets	
Long-term:	
Capital assets, net of related depreciation	14,045,515
Right to use lease assets, net of related amortization	10,625
Deferred outflows of resources:	
VMERS - pension	222,294
Liabilities:	
Long-term:	
Bonds payable and notes payable	(5,433,299)
Lease liability	(10,625)
Compensated absences	(133,661)
Net pension liability – proportionate share	(400,737)
Accrued interest	(24,000)
Deferred inflows of resources:	
Unavailable revenue – taxes	94,906
Unavailable revenue – community development	1,516,702
VMERS - pension	<u>(239,655)</u>
Ending net position reported in Statement of Position for governmental activities	\$ <u>12,247,358</u>

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements  
(continued)**

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four categories. The amounts shown below represent:

- i) Long-term revenue and expense differences:  
Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- ii) Capital related differences:  
Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- iii) Long-term debt transaction differences:  
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- iv) Pension differences:  
Pension differences occur as a result of changes in the Town’s proportion of the collective net pension asset/liability and difference between the Town’s contributions and its proportionate share of the total contributions to the pension system.

Explanation of Differences Between the Governmental Funds Operating Statements and the  
Government-wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$ 4,686,320
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents an increase in unavailable property taxes and a increase in unavailable revenue.	33,906
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents a decrease in unavailable revenues – community development and a decrease in unavailable revenues.	<u>(34,726)</u>
Total revenues of governmental activities in the Statement of Activities	<u>\$ 4,685,500</u>

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements (continued)

Total expenditures reported in governmental funds	\$ 4,425,247
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned 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).	(8,471)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Current year additions	(302,755)
Current year depreciation	910,618
Removal of assets sold	(8,721)
When the purchase of right to use lease assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those right to use lease assets is allocated over term of the lease and reported as amortization expense.	
Current year amortization	7,222
Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Principal	(365,340)
Accrued interest	(5,370)
Governmental funds report Town 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.	<u>19,919</u>
Total expenses of governmental activities in the Statement of Activities	\$ <u><u>4,672,349</u></u>

### Note 3. Stewardship, Compliance and Accountability

#### Budgetary information

The Town administration prepares a proposed budget for approval by the Selectboard for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the Town approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 3. Stewardship, Compliance and Accountability (continued)**

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Selectboard as a result of selected new revenue sources not included in the original budget (when permitted by law).

These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year determined at the time the budget was adopted.

Budgets are established annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2022.

**Note 4. Deposits and Investments**

The Town's cash and cash equivalents consisted of the following at June 30, 2022:

Cash and cash equivalents:  
Deposited with financial institutions   \$ 3,191,592

Custodial credit risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SPIC Insured	\$ 715,617	\$ 715,617
Uninsured, collateralized by U.S. government agencies securities held by the pledging financial institution's agent	<u>3,492,966</u>	<u>3,578,893</u>
Total	<u>\$ 4,208,583</u>	<u>\$ 4,294,510</u>

The difference between book and bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The Town's investments consisted of the following at June 30, 2022:

Investments	
Mutual funds – bonds	\$ 103,845
Mutual funds – stocks	54,020
Common stock	522,755
Corporate bonds	<u>319,271</u>
	<u>\$ 999,891</u>

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 5. Investments

#### Custodial credit risk

Custodial risk is the risk that in the event of a failure of the counter-party (e.g., Broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial risk. The certificates of deposits are in the name of the Town and are not exposed to custodial credit risk.

#### Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rate risk.

#### Credit risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The rating allows the investors to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk.

#### Fair value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, "Fair Value Measurement and Application". The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted price for similar instruments in active markets; quoted price for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurement as of June 30, 2022:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds – bonds	\$ 103,845	\$ -	\$ -	\$ 103,845
Mutual funds - stock	54,020	-	-	54,020
Common stock	522,755	-	-	522,755
Corporate bonds	319,271	-	-	319,271
Total	\$ <u>999,891</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>999,891</u>

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 6. Accounts Receivable**

Receivables at year-end for individual funds are as follows:

Description	General	Water and Sewer Fund	Total
Accounts receivable	\$ 8,693	\$ 354,410	\$ 363,103
Due from other governments	202,791	-	202,791
Delinquent taxes and interest	104,534	-	104,534
Total	<u>\$ 316,018</u>	<u>\$ 354,410</u>	<u>\$ 670,428</u>

**Note 7. Notes Receivable**

Notes receivables at June 30, 2022 consist of the following:

The Town has a note receivable at June 30, 2022 with Mountain View Park for \$292,032 with 2.0% interest. When this note is paid, it is immediately remitted to the Vermont Revolving Loan Fund.

The Town has a note receivable at June 30, 2022 with Kelley’s Field for \$470,000 with 0.0% interest, due in 30 years. When this note is paid, it will immediately be remitted to the Vermont Revolving Loan Fund.

The Town has a note receivable at June 30, 2022 with Green Street Housing Limited Partnership for \$675,000 with 0.0% interest, due in 30 years. When this note is paid, it will immediately be remitted to the Vermont Revolving Loan Fund.

The Town has a note receivable at June 30, 2022 with Shrubbly LLC for \$47,341 with 5.0% interest, due on June 6, 2025.

The Town has a note receivable at June 30, 2022 with TC Hospitality for \$32,329 with 5.0% interest, due on June 12, 2024.

On the balance sheet for the governmental funds, the note receivable balances stated above are offset by the same balance as unavailable revenue.

**Note 8. Interfund Balances and Activity**

Interfund balances and activity at June 30, 2022 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
Governmental Funds				
General Fund	\$ 60,633	\$ 1,287,280	\$ -	\$ 558,894
Capital Projects Fund	625,697	-	558,894	-
ARPA Fund	676,403	-	-	-
Non-Major Special Revenue Funds	-	14,820	-	-
Proprietary Funds				
Water and Sewer Fund	-	60,633	-	-
Total	<u>\$ 1,362,733</u>	<u>\$ 1,362,733</u>	<u>\$ 558,894</u>	<u>\$ 558,894</u>

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 8. Interfund Balances and Activity (continued)**

Interfund transfers are the result of legally authorized activity and are considered to be made in the course of normal operations.

**Note 9. Capital Assets**

Governmental activities capital assets for the year ended June 30, 2022 was as follows:

	6/30/21 Balance	Additions	Retirements Reclassify	6/30/22 Balance
Capital assets that are not depreciated:				
Land	\$ 2,353,157	\$ -	\$ -	\$ 2,353,157
Construction in progress	689,473	5,475	(539,682)	155,266
Total	<u>3,042,630</u>	<u>5,475</u>	<u>(539,682)</u>	<u>2,508,423</u>
Capital assets that are depreciated:				
Land improvements	459,003	539,682	-	998,685
Buildings	4,504,547	-	-	4,504,547
Infrastructure	9,896,007	227,545	-	10,123,552
Equipment and vehicles	4,273,385	69,734	(114,499)	4,228,620
Total	<u>19,132,942</u>	<u>836,961</u>	<u>(114,499)</u>	<u>19,855,404</u>
Less accumulated depreciation:				
Land improvements	281,824	47,989	-	329,813
Buildings	702,238	86,396	-	788,634
Infrastructure	3,869,300	487,898	-	4,357,198
Equipment and vehicles	2,677,553	288,335	(123,221)	2,842,667
Total	<u>7,530,915</u>	<u>910,618</u>	<u>(123,221)</u>	<u>8,318,312</u>
Governmental activities capital assets, net	<u>\$ 14,644,657</u>	<u>\$ (68,182)</u>	<u>\$ (530,960)</u>	<u>\$ 14,045,515</u>

Business-type activities capital assets activities for the year ended June 30, 2022 was as follows:

	6/30/21 Balance	Additions	Retirements Reclassify	6/30/22 Balance
Capital assets that are not depreciated:				
Land	\$ 341,619	\$ -	\$ -	\$ 341,619
Construction in progress	296,110	2,570,407	-	2,866,517
Total	<u>637,729</u>	<u>2,570,407</u>	<u>-</u>	<u>3,208,136</u>
Capital assets that are depreciated:				
Buildings	687,443	-	-	687,443
Infrastructure	6,142,447	-	-	6,142,447
Equipment and vehicles	998,668	4,100	-	1,002,768
Total	<u>7,828,558</u>	<u>4,100</u>	<u>-</u>	<u>7,832,658</u>
Less accumulated depreciation:				
Buildings	368,881	13,040	-	381,921
Infrastructure	1,968,729	135,457	-	2,104,186
Equipment and vehicles	801,179	28,413	-	829,592
Total	<u>3,138,789</u>	<u>176,910</u>	<u>-</u>	<u>3,315,699</u>
Business-type activities capital assets, net	<u>\$ 5,327,498</u>	<u>\$ 2,397,597</u>	<u>\$ -</u>	<u>\$ 7,725,095</u>

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 9. Capital Assets (continued)**

Depreciation expense was charged as follows:

Governmental activities		
General government	\$	102,917
Public safety		141,998
Highway and streets		489,262
Culture and recreation		176,441
	\$	<u>910,618</u>
Business-type activities		
Shared expenses	\$	<u>176,910</u>

**Note 10. Right to Use Assets**

Right to use lease asset balances and activity for the year ended June 30, 2022 were as follows:

	6/30/21 Balance	Additions	Reductions	6/30/22 Balance
Right to use assets:				
Leased equipment	\$ 36,115	\$ -	\$ -	\$ 36,115
Total	<u>36,115</u>	<u>-</u>	<u>-</u>	<u>36,115</u>
Less accumulated amortization:				
Leased equipment	18,268	7,222	-	25,490
Total	<u>18,268</u>	<u>7,222</u>	<u>-</u>	<u>25,490</u>
Total right to use assets - net	<u>\$ 17,847</u>	<u>\$ (7,222)</u>	<u>\$ -</u>	<u>\$ 10,625</u>

Amortization expense was charged to governmental functions as follows:

General government	\$	4,797
Public safety		2,425
	\$	<u>7,222</u>

**Note 11. Indebtedness**

Long-term liability balances and activity for the year ended June 30, 2022 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Bond and notes payable	\$ 5,791,417	\$ -	\$ 358,118	\$ 5,433,299
Lease liabilities	17,847	-	7,222	10,625
Other liabilities:				
Compensated absences	142,132	-	8,471	133,661
Net pension liability	688,892	-	288,155	400,737
Total	<u>\$ 6,640,288</u>	<u>\$ -</u>	<u>\$ 661,966</u>	<u>\$ 5,978,322</u>

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 11. Indebtedness (continued)**

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
Bond and notes payable	\$ 2,081,701	\$ 2,519,403	\$ 163,975	\$ 4,437,129
Other liabilities:				
Compensated absences	5,393	16,478	-	21,871
Net pension liability	179,389	-	72,864	106,525
Total	<u>\$ 2,266,483</u>	<u>\$ 2,535,881</u>	<u>\$ 236,839</u>	<u>\$ 4,565,525</u>

Long-term liabilities outstanding were comprised of the following at June 30, 2022:

Governmental activities:

Note Payable – Northfield Saving Bank, interest at 2.85%, maturing July 2022, payments of \$15,000 plus interest due annually.	15,000
Note Payable – National Bank of Middlebury, interest at 2.22%, maturing August 2022, payment of \$28,695 plus interest due annually.	28,695
Note Payable – National Bank of Middlebury, interest at 2.22%, maturing August 2022, payments of \$13,353 plus interest due annually.	13,352
Note Payable – National Bank of Middlebury, interest at 2.22%, maturing August 2022, payment of 26,758 plus interest due annually.	26,758
Note Payable – National Bank of Middlebury, interest at 2.22%, maturing August 2022, payments of \$2,659 plus interest due annually.	2,658
Note Payable – Clean Water State Revolving Loan, 2.00% interest, maturing December 2033, payments of \$27,614 including interest due annually.	292,032
Note Payable – Deere Credit, 2.00% interest, maturing December 2025, payments of \$30,502 including interest due annually.	113,965
Note Payable – Community Bank, 2.00% interest, maturing July 2025, payments of \$22,042 plus interest due annually.	88,168
Note Payable – National Bank of Middlebury, 1.84% interest, maturing June 2024, payments of \$30,000 plus interest due annually.	60,000
Note Payable – Vermont Community Development Program, 0.00% interest, maturing July 2045, no payments due until it is repaid from Kelley Field.	470,000
Note Payable – Vermont Community Development Program, 0.00% interest, maturing November 2047, no payments due until it is repaid from Green Street.	675,000

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 11. Indebtedness (continued)**

Bond payable – Vermont Municipal Bond Bank, interest from 0.444% - 4.954%, maturing November 2043, payments of \$35,173 plus interest due annually.	773,813
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Bond payable – Vermont Municipal Bond Bank, interest from 1.78% - 3.87%, maturing November 2047, payments of \$103,343 plus interest due annually.	2,686,722
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Bond payable– Vermont Municipal Bond Bank, interest from 1.78% - 3.87%, maturing November 2027, payments of \$31,200 plus interest due annually.	187,136
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Total bonds and notes payable	5,433,299
Less: current portion	(357,314)
Long-term portion	\$ <u>5,075,985</u>

Lease liability – SymQuest, 0.00% interest, maturing in November 2022, payments of \$2,425.	\$ 1,011
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Lease liability – SymQuest, 0.00% interest, maturing in February 2023, payments of \$1,830.	1,220
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Lease liability – SymQuest, 0.00% interest, maturing in April 2024, payments of \$1,431.	2,504
--	-------

Lease liability – SymQuest, 0.00% interest, maturing in April 2026, payments of \$1,536.	5,890
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Total lease liabilities	10,625
Less: current portion	(5,198)
Long-term portion	\$ <u>5,427</u>

Business-type activities:

Note Payable – National Bank of Middlebury, interest at 2.22%, maturing August 2022, payments of \$8,862 plus interest due annually.	6,204
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Bond Payable – Vermont Municipal Bond Bank, interest between 4.00% and 6.20%, maturing December 1, 2026, principal payments of \$70,000 due on December 1, interest due June 1 and December 1.	350,000
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Bond Payable – Vermont Revolving Loan Fund, interest at 1.00%, admin fee at 2.00%, maturing July 2037, annual payments of \$79,502 including interest beginning June, 2018, total available \$1,500,000.	998,633
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**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 11. Indebtedness (continued)**

Bond Payable – Vermont Municipal Bond Bank, \$125,111 at 0.00% interest, with a 2.00% admin fee, maturing July 1, 2031, annual payments of \$1,833 including interest. A principal payment of \$95,134 was made in January, 2010 utilizing Federal ARRA funds.	16,468
Bond Payable – Vermont Municipal Bond Bank, \$776,608 at 0.00% interest with a 2.00% admin. fee, maturing July 1, 2031, annual payments of \$47,495 including interest. This loan totaled \$1,553,216 and 50% was forgiven at the completion of the project through an ARRA loan subsidy.	426,626
VT EPA Revolving Loan Fund, \$80,400 at 0.00% interest, maturing November 2027 with first payment due November 2023 and annual payments of \$8,040.	183,639
VT EPA Revolving Loan Fund, \$42,000 at 0.00% interest, maturing November 2027 with first payment due November 2023 and annual payments of \$8,040.	42,000
VT EPA Revolving Loan Fund, \$458,200 at 0.00% interest, maturing October 2040 with first payment due October 2026 and annual payments of \$23,880 .	174,010
VT EPA Revolving Loan Fund, \$2,575,200 at 0.00% interest, maturing December 2052 with first payment due December 2023 and annual payments of \$34,170 .	<u>2,239,549</u>
Total bonds and notes payable	4,437,129
Less: current portion	<u>(166,212)</u>
Long-term portion	\$ <u><u>4,270,917</u></u>

The following is a summary of maturing debt service requirements:

	Governmental Activities			Business-type Activities		
	Principal	Interest and admin. fee	Total	Principal	Interest and admin. fee	Total
2023	\$ 362,511	\$ 143,424	\$ 505,935	\$ 166,213	\$ 34,425	\$ 200,638
2024	274,655	134,703	409,358	1,754,975	28,632	1,783,607
2025	244,809	125,410	370,219	207,231	45,007	252,238
2026	245,813	118,913	364,726	333,530	38,253	371,783
2027	193,277	111,828	305,105	256,033	31,435	287,468
2028-2032	848,773	467,650	1,316,423	843,031	106,719	949,750
2033-2037	746,147	330,646	1,076,793	587,861	44,019	631,880
2038-2042	1,367,532	203,509	1,571,041	248,036	2,316	250,352
2043- 2047	1,057,011	49,133	1,106,144	40,219	-	40,219
2048	103,396	1,999	105,395	-	-	-
	<u>\$ 5,443,924</u>	<u>\$ 1,687,215</u>	<u>\$ 7,131,139</u>	<u>4,437,129</u>	<u>330,806</u>	<u>4,767,935</u>

Interest paid on long-term debt for the year ended June 30, 2022 was \$146,756 and \$21,478 for government activities and business-types activities, respectfully.

**TOWN OF HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 12. Property Taxes**

Taxes are levied based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and excludes assessments on municipal, school and church properties. Tax payments are due November 15. Delinquent taxes are subject to interest of 1% per month for the first three months, then 1 ½ per month thereafter until paid. Tax not paid by July 1 following the due date, will result in action to sell the property to cover tax, cost and fees.

Town tax rate	\$	0.5705
Education tax rate – resident		1.5588
Education tax rate – nonresident		1.7167

**Note 13. Pension Plans**

All eligible employees of the Town are enrolled for coverage by the Vermont Municipal Employees' Retirement System (VMERS) immediately upon employment.

**Vermont Municipal Employees' Retirement System (VMERS)**

Plan description

The Vermont Municipal Employees' Retirement System (VMERS) – a cost-sharing, multiple-employer defined benefit pension plan administered by the State Treasurer and its Board of Trustees. It is designed for Towns and other municipal employees that work on a regular basis and also includes employees of museums and libraries it at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2021, the retirement plan consisted of 352 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group A, B, C, or D provisions.
Creditable Service	Service as a member plus purchased service.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 13. Pension Plans (continued)

Average Final Compensation (AFC)	<p>Group A – average annual compensation during the highest 5 consecutive years.</p> <p>Group B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance	<p>Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Group C and D – age 55 with 5 years of service.</p>
Eligibility	
Amount	<p>Group A – 1.4% of AFC x service.</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as a group A member x AFC.</p> <p>Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.</p> <p>Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC.</p> <p>Maximum benefit is 60% of AFC for Group A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.</p>
Early Retirement Allowance	
Eligibility	<p>Age 55 with 5 years of service for Group A and B; age 50 with 20 years of service for Group D.</p>
Amount	<p>Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.</p>
Vested Retirement Allowance	
Eligibility	<p>5 years of service.</p>
Amount	<p>Allowance beginning at normal retirement aged based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments” described below.</p>

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 13. Pension Plans (continued)

#### Disability Retirement Allowance

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.

#### Death Benefits

Eligibility	Death after 5 years of service.
Amount	For Groups A, B, and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

#### Optional Benefit and Death After Retirement

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

#### Refund of Contribution

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

#### Post-Retirement Adjustments

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but no more than 2% for Group A and 3% for Group B, C, and D.

#### Retirement Stipend

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

#### Member Contributions

Group A – 3.25%  
Group B – 5.625%  
Group C – 10.75%

#### Employer Contributions

Group D – 12.10%  
Group A – 4.75%  
Group B – 6.25%  
Group C – 8.00%  
Group D – 10.60%

## TOWN OF HINESBURG, VERMONT

### Notes to the Financial Statements

#### Note 13. Pension Plans (continued)

##### Significant actuarial assumptions and methods

Investment rate of return:	7.00%, net of pension plan investment expenses, including inflation.
Salary increases:	Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.
Mortality:	
Pre-retirement:	Group A, B, and 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:	<u>Retiree</u> Group A, B, and 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 retirees, with generational projection using scale MP-2019.  <u>Beneficiaries</u> Group A, B, and C – 70% PubG-2010 contingent survivor below-median and 30% of PubG-2010 contingent survivor, with generational projection using scale MP-2019.  Group D – PubG-2010 contingent survivor, with generational projection using scale MP-2019.
Disabled post-retirement:	All groups – PubNS-2010 non-safety disabled mortality table with generational projection using scale MP-2019.
Spouse's age:	Females three years younger than males
Cost-of-living adjustments:	1.10% for Group A members and 1.20% for Groups B, C, and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2021 COLA is 2.00% for Group A members and 2.30% for Group B, C, and D members.
Inflation:	2.30%

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 HINESBURG, VERMONT**

**Notes to the Financial Statements**

**Note 13. 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.

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 rates of return for each major class included in the pension plan’s target asset allocation at June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected</u>
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00	5.05
US Equities – Large Cap	4.00	4.00
US Equities – Small/Mid Cap	3.00	4.50
Non–US Developed US Equities	7.00	5.50
Emerging Markets Debts	4.00	3.00
Core Fixed Income	19.00	0.00
Private & Alternate Credit	10.00	4.75
US TIPS	3.00	(0.50)
Core Real Estate	4.00	3.75
Non–Core Real Estate	4.00	5.75
Private Equity	10.00	6.75
Infrastructure/Farmland	3.00	4.25
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## TOWN OF HINESBURG, VERMONT

### Notes to the Financial Statements

#### Note 13. Pension Plans (continued)

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

1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
\$ 1,002,633	\$ 507,262	\$ 99,923

#### Pension liability, pension expense, and deferred outflow of resources and deferred inflows of resources related to pensions

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and has a plan fiduciary net position of \$9,26,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position pension liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.34464% resulting in a net pension liability of \$507,262. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.34464% was an increase of 0.00141 from its proportion measured as of the prior year.

For the year ended June 30, 2022, the Town recognized pension expense of \$115,227. As of June 30, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 94,545	\$ -
Changes of assumptions	80,180	-
Difference between projected and actual investment earnings	-	299,096
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	17,928	4,265
Town's contributions subsequent to the measurement date	<u>88,732</u>	<u>-</u>
Total	<u>\$ 281,385</u>	<u>\$ 303,361</u>

The \$88,732 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

# TOWN OF HINESBURG, VERMONT

## Notes to the Financial Statements

### Note 13. Pension Plans (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended:	
2022	\$ 4,124
2023	(8,362)
2024	(26,166)
2025	(80,304)
Total	\$ <u>(110,708)</u>

Employer contribution history for the Town as of June 30, 2022 is as follows:

FY 21	\$ 76,626
FY 20	71,136
FY 19	62,362

#### Additional Information

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

### Note 14. 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. Settle claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

### Note 15. Contingencies

#### **Federal and State Grants**

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of such audits is not likely to have a material adverse effect on the Town's funds.

### Note 16. Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2022 and December 7, 2022 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**TOWN OF HINESBURG, VERMONT**  
**Statement of Revenues and Expenditures**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2022**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 3,610,377	\$ 3,601,177	\$ (9,200)
Penalties and interest	22,000	17,148	(4,852)
Licenses and permits	47,800	50,568	2,768
Intergovernmental	397,432	377,486	(19,946)
Charges for services	225,583	180,974	(44,609)
Fines and forfeits	40,000	25,091	(14,909)
Investment income	7,500	3,276	(4,224)
Miscellaneous income	38,000	88,394	50,394
	<b>4,388,692</b>	<b>4,344,114</b>	<b>(44,578)</b>
<b>Total revenue</b>			
<b>Expenditures</b>			
General government	1,054,527	1,242,874	(188,347)
Public safety	1,303,145	1,080,713	222,432
Highways and streets	710,997	554,252	156,745
Culture and recreation	123,511	137,912	(14,401)
Health and cemetery	37,115	137,239	(100,124)
County tax	27,027	27,381	(354)
Agency request	317,466	317,444	22
Debt service:			
Principal	169,707	191,054	(21,347)
Interest	133,711	133,293	418
	<b>3,877,206</b>	<b>3,822,162</b>	<b>55,044</b>
<b>Total expenditures</b>			
Excess of revenues over expenditures	<b>511,486</b>	<b>521,952</b>	<b>10,466</b>
<b>Other financing sources (uses)</b>			
Applied fund balance	45,498	-	(45,498)
Transfers in	2,000	-	(2,000)
Transfers (out)	(558,984)	(558,984)	-
	<b>(511,486)</b>	<b>(558,984)</b>	<b>(47,498)</b>
<b>Total other financing sources (uses)</b>			
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ (37,032)</b>	<b>\$ (37,032)</b>

See the independent auditor's report

**TOWN OF HINESBURG, VERMONT**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2022**

**VMERS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Town's proportion of the net pension liability (asset)	0.34%	0.34%	0.32%	0.34%	0.33%	0.34%	0.40%	0.34%
Town's proportionate share of the net pension liability (asset)	\$ 507,262	\$ 868,280	\$ 563,017	\$ 471,706	\$ 399,730	\$ 440,944	\$ 309,268	\$ 31,087
Town's covered-employee payroll	\$ 1,419,707	\$ 1,223,697	\$ 1,108,474	\$ 1,067,866	\$ 968,252	\$ 946,792	\$ 1,038,008	\$ 857,331
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.73%	70.96%	50.79%	44.17%	41.28%	46.57%	29.79%	3.63%
Plan fiduciary net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**TOWN OF HINESBURG, VERMONT**  
**Schedule of the Town's Pension Contributions**  
**Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	88,732	\$ 76,626	\$ 70,363	\$ 62,352	\$ 58,733	\$ 53,254	\$ 52,074	\$ 55,793
Contributions in relation to the contractually required contribution	<u>88,732</u>	<u>76,626</u>	<u>70,363</u>	<u>62,352</u>	<u>58,733</u>	<u>53,254</u>	<u>52,074</u>	<u>55,793</u>
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>						
Covered-employee payroll	1,419,707	\$ 1,277,103	\$ 1,223,697	\$ 1,108,474	\$ 1,067,866	\$ 968,252	\$ 946,792	\$ 1,038,008
Contributions as a percentage of covered-employee payroll	6.25%	6.00%	5.75%	5.63%	5.50%	5.50%	5.50%	5.38%

See Independent Auditor's Report

**TOWN OF HINESBURG, VERMONT**  
**Balance Sheet - Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2022**

	<u>Cemetery Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash - restricted	\$ 26,884	\$ 209,726	\$ 236,610
Investments - restricted	<u>54,020</u>	<u>-</u>	<u>54,020</u>
<b>Total assets</b>	<u>\$ 80,904</u>	<u>\$ 209,726</u>	<u>\$ 290,630</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 1,006	\$ 1,006
Due to other funds	<u>9,643</u>	<u>5,177</u>	<u>14,820</u>
Total liabilities	<u>9,643</u>	<u>6,183</u>	<u>15,826</u>
<b>Fund balance</b>			
Restricted	<u>71,261</u>	<u>203,543</u>	<u>274,804</u>
Total fund balance	<u>71,261</u>	<u>203,543</u>	<u>274,804</u>
<b>Total liabilities and fund balance</b>	<u>\$ 80,904</u>	<u>\$ 209,726</u>	<u>\$ 290,630</u>

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**TOWN OF HINESBURG, VERMONT**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2022**

	<u>Cemetery Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
<b>Revenues</b>			
Impact fees	\$ -	\$ 48,040	\$ 48,040
Investments income	(3,805)	93	(3,712)
Miscellaneous	<u>8,625</u>	<u>-</u>	<u>8,625</u>
<b>Total revenues</b>	<u>4,820</u>	<u>48,133</u>	<u>52,953</u>
<b>Expenditures</b>			
Health and Cemetery	10,233	-	10,233
Public safety	<u>-</u>	<u>7,314</u>	<u>7,314</u>
<b>Total expenditures</b>	<u>10,233</u>	<u>7,314</u>	<u>17,547</u>
Excess (deficiency) of revenues over expenditures	(5,413)	40,819	35,406
<b>Fund balance - beginning of year</b>	<u>76,674</u>	<u>162,724</u>	<u>239,398</u>
<b>Fund balance - end of year</b>	<u>\$ 71,261</u>	<u>\$ 203,543</u>	<u>\$ 274,804</u>

See Independent Auditor's Report.

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

### **Independent Auditor's Report**

Selectboard  
Town of Hinesburg, Vermont  
Hinesburg, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Hinesburg, Vermont, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hinesburg, Vermont's basic financial statements, and have issued our report thereon dated December 7, 2022.

#### **Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.  
License # 092.0131564  
Middlebury, Vermont  
December 7, 2022

