

TOWN OF NORWICH, VERMONT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF NORWICH, VERMONT
FOR THE YEAR ENDED JUNE 30, 2020
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Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Norwich
Norwich, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Norwich, Vermont ("Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, for the year ended June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9, 16 and 40-46, respectively, be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Batchelder Associates, PC

Batchelder Associates, PC
License #945
Barre, Vermont
October 29, 2020

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Our discussion and analysis of the Town of Norwich, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. This report should be read in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$30,977 as a result of this year's operations.
- The cost of all the Town's programs was \$5,345,201 this year, with no new programs added.
- The General Fund reported a surplus this year of \$1,179,924.
- The unassigned fund balance for the General Fund was \$651,069 as of June 30, 2020. This surplus is due to receipt of FEMA grant funds expended in prior years, net of repayment of the \$1,400,000 line of credit used to bridge the cash flow due to FEMA disaster expenses.
- The Public Safety Facilities Fund reported a surplus of \$107,216, which resulted in eliminating the prior year fund balance of (\$107,216) as of June 30, 2019, leaving a zero-fund balance at June 30, 2020.
- The Fire Apparatus Fund reported a surplus this year of \$30,592, which resulted in a fund balance of \$577,622 as of June 30, 2020.
- The Other Non-Major Governmental Funds reported surpluses of \$304,050 which increased the cumulative surplus to \$1,596,110.

Using This Annual Report

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government'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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and social services, culture, recreation, and community development.

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

The government-wide financial statements are designed to include not only the Town itself (*known as the primary government*), but also any legally separate entities for which the Town is financially accountable (*known as component units*). The Town has no such entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

a. 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 financing requirements.

Because the focus of 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 changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five (5) individual governmental funds, including the General Fund, the Public Safety Facilities Fund, the Fire Apparatus Fund and nine (9) Non-Major Special Revenue Funds and nineteen (19) Non-Major Capital Project Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Safety Facilities Fund, and the Fire Apparatus Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is presented in a supplementary schedule.

The basic governmental fund financial statements can be found in Exhibits C through F of this report.

b. Proprietary Funds

The Town has no Proprietary Funds.

c. Fiduciary Funds

The Town has two (2) Fiduciary Funds.

3. 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 to the financial statements can be found immediately following the basic financial statements in this report.

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Fund Financial Statements (continued)

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

The Town as a Whole

The Town's combined net position increased by \$30,977 from 2019, increasing from a balance of \$8,639,546 to \$8,670,523. Our analysis below focuses on the net position (Table I below) and changes in net position (Shown on page 6).

	Table I – Net Position	
	Governmental Activities	
	2020	2019
Cash and investments	\$ 2,937,657	\$ 1,631,418
Investments	-	-
Receivables, net of allowance for uncollectible	232,488	235,012
Other assets	302,531	2,407,219
Capital assets, non-depreciable	664,699	664,699
Capital assets, depreciable - net	7,005,070	7,341,325
Total Assets	11,142,445	12,279,673
Deferred outflows of resources	259,233	275,897
Long-term liabilities outstanding	2,522,732	2,187,270
Other liabilities	152,990	1,659,170
	2,675,722	3,846,440
Deferred inflows of resources	55,433	69,584
Total Liabilities	2,731,155	3,916,024
Net Position		
Invested in capital assets, net of related debt	6,003,769	5,105,524
Restricted and Non-spendable (restated)	211,331	61,082
Unrestricted, committed and assigned	2,455,423	3,472,940
Total Net Position	\$ 8,670,523	\$ 8,639,546

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from a \$3,472,940 surplus at June 30, 2019, to a \$2,455,423 surplus at June 30, 2020 for the governmental activities.

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Table II – Change in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Taxes	\$ 4,076,499	\$ 3,914,619
Intergovernmental	224,147	920,621
Grants	308,281	-
Charges for services	383,544	306,951
Permits, licenses and fees	17,611	7,623
Investment income	50,949	40,858
Donations	15,114	
Miscellaneous revenues	300,033	128,675
Total Revenues	<u>5,376,178</u>	<u>5,319,347</u>
Expenditures:		
General government	1,499,902	1,190,249
Public safety	1,043,515	1,022,601
Public Works	2,051,009	2,740,149
Culture, recreation and community development	688,758	647,975
Interest	62,017	63,618
Total Expenditures	<u>5,345,201</u>	<u>5,664,592</u>
Excess/(Deficiency) of Revenues Other Expenditures	<u>30,977</u>	<u>(345,245)</u>
Other Financing Sources:		
Issuance of debt		
Transfers in	299,299	616,610
Transfers out	(299,299)	(616,610)
Total Other Financing Sources	<u>-</u>	<u>-</u>
Net Change in Fund Balances	30,977	(345,245)
Fund Balances - July 1, 2019, restated	<u>8,639,546</u>	<u>8,984,791</u>
Fund Balances - June 30, 2020	<u>\$ 8,670,523</u>	<u>\$ 8,639,546</u>

Our analysis below separately considers the operations of governmental activities.

Governmental Activities

The increase in net position for governmental activities was \$30,977 in 2020. Revenues increased by \$56,841 or 1%, and expenses decreased by \$319,391 or 5.6%, compared to 2019. Most of this increase in revenue is from grants and contributions received during the year.

The cost of all governmental activities this year was \$5,345,201, however, as shown in the Statement of Activities on Exhibit B, the amount that our taxpayers ultimately financed for these activities through Town taxes was \$4,429,229. Some of the cost was

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

paid by those who directly benefited from the programs, totaling \$383,544 or by other governments and organizations that subsidized certain programs with grants and contributions, totaling \$532,428.

Table 3 presents the cost of each of the Town's five largest programs – general government, public safety, highways and street, health and welfare, and culture and recreation – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table III
Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,499,902	\$ 1,394,639	\$ 1,190,249	\$ 1,070,021
Public safety	1,043,515	1,042,195	1,022,604	1,021,979
Public Works	2,051,009	1,437,134	2,740,149	1,760,143
Culture, recreation and community development	688,758	493,244	647,975	154,607
Interest on long-term debt	62,017	62,017	63,618	63,618
	<u>\$ 5,345,201</u>	<u>\$ 4,429,229</u>	<u>\$ 5,664,595</u>	<u>\$ 4,070,368</u>

The Town's Funds

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$3,034,352 which represents an increase of \$1,621,782 from last year's total of \$1,412,570. Included in this year's total change in fund balance is an increase of \$1,179,924 in the Town's General Fund. This increase is the result of two significant items. During fiscal year 2020, funds expended in prior years for the Town's storm damage were received through FEMA grant revenue and costs were down from 2019.

Statement G compares actual to budget for the General Fund. The most significant variances of actual to budget were as follows:

	Budget	Actual	Favorable (Unfavorable)
Revenues			
General Budget	\$ 4,708,018	\$ 7,482,610	\$ 2,774,592
Expenditures			
General Budget	\$ 4,708,018	\$ 6,302,686	\$ (1,594,668)

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the Town had \$7,669,769 invested in a broad range of capital assets, including police and fire equipment, buildings, roads, and bridges net of accumulated depreciation. (See Table 4 below). This amount represents a net decrease (including additions, disposals, and depreciation) of \$336,255 from last year.

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

	Governmental Activities		Total	
	2020	2019	2020	2019
Non-depreciated assets:				
Land	\$ 653,559	\$ 653,559	\$ 653,559	\$ 653,559
Art	11,140	11,140	11,140	11,140
Depreciated assets:			-	
Buildings and improvements	2,800,638	2,861,901	2,800,638	2,861,901
Vehicles	706,928	812,915	706,928	812,915
Equipment	446,746	592,502	446,746	592,502
Mobile Equipment	620,770	665,228	620,770	665,228
Infrastructure	2,429,988	2,408,779	2,429,988	2,408,779
Total Assets	\$ 7,669,769	\$ 8,006,024	\$ 7,669,769	\$ 8,006,024

Debt Administration

At June 30, 2020, the Town had \$2,522,732 in bonds and notes outstanding, including other long-term liabilities, versus \$3,587,270 at June 30, 2019 – a decrease of \$1,064,538, as shown in Table 5 (below).

Table V
Outstanding Debt at Year-End

	Governmental Activities		Total	
	2020	2019	2020	2019
Bond and notes payable	\$ 1,666,000	\$ 2,900,500	\$ 1,666,000	\$ 2,900,500
Line of credit	-	-	-	-
Net pension liability	732,989	583,172	732,989	583,172
Uncompensated balances	123,743	103,598	123,743	103,598
Totals	\$ 2,522,732	\$ 3,587,270	\$ 2,522,732	\$ 3,587,270

TOWN OF NORWICH, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year 2020 budget, tax rates, and fees.

When adopting the budget for the 2020-2021 year, the Selectboard considered operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2021.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Norwich, Norwich, Vermont, 05043.

TOWN OF NORWICH, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT A

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,937,657
Accounts receivable (net of allowance for uncollectible):	19,002
Delinquent taxes receivable	213,486
Penalties receivable	66,721
Grant receivable	24,479
Prepaid expenses	164,730
Inventory	46,601
Capital assets:	
Land, infrastructure, and other assets not being depreciated	664,699
Buildings and vehicles net of accumulated depreciation	7,005,070
Total Assets	<u>11,142,445</u>
 DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflows of Resources Related to the Town's participation in VMERS	259,233
Total Deferred Outflows of Resources	<u>259,233</u>
 LIABILITIES	
Account payable	95,312
Accrued payroll and withholdings	57,678
Line of credit	-
Noncurrent liabilities:	
Compensated absences payable	123,743
Net pension liability	732,989
Bonds and notes payable, due within one year	122,500
Bonds and notes payable, due in more than one year	1,543,500
Total current liabilities	<u>2,675,722</u>
 DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	47,914
Unavailable grants	-
Deferred amount on pensions	7,519
Total Deferred Inflows of Resources	<u>55,433</u>
 NET POSITION	
Net investment in capital assets	6,003,769
Nonspendable	211,331
Restricted	-
Committed	355,934
Assigned	1,816,018
Unassigned	283,471
Total Net Position	<u>\$ 8,670,523</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

EXHIBIT C

	General Fund	Public Safety Facility	Fire Apparatus Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,937,657	\$ -	\$ -	\$ -	\$ 2,937,657
Accounts receivable (net of allowance for uncollectible)	19,002	-	-	-	19,002
Delinquent taxes receivable	213,486	-	-	-	213,486
Interest and penalties receivable	66,721	-	-	-	66,721
Grant receivable	19,032	-	-	5,447	24,479
Prepaid expenses	162,950	-	-	1,780	164,730
Inventory	46,601	-	-	-	46,601
Due from other funds	-	-	577,622	1,588,883	2,166,505
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,465,449</u>	<u>\$ -</u>	<u>\$ 577,622</u>	<u>\$ 1,596,110</u>	<u>\$ 5,639,181</u>
LIABILITIES					
Accounts payable	\$ 94,722	\$ -	\$ -	\$ -	\$ 94,722
Other payables	590	-	-	-	\$ 590
Payroll withholdings and accruals	57,678	-	-	-	57,678
Due to other funds	2,166,505	-	-	-	2,166,505
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,319,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,319,495</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid property taxes	47,914	-	-	-	47,914
Unavailable property taxes, interest and penalties	221,245	-	-	-	221,245
Unavailable fees	-	-	-	-	-
Unavailable grants	16,175	-	-	-	16,175
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>285,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,334</u>
FUND BALANCES					
Nonspendable	209,551	-	-	1,780	211,331
Restricted	-	-	-	-	-
Committed	-	-	-	355,934	355,934
Assigned	-	-	577,622	1,238,396	1,816,018
Unassigned	651,069	-	-	-	651,069
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>860,620</u>	<u>-</u>	<u>577,622</u>	<u>1,596,110</u>	<u>3,034,352</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources	<u>\$ 3,465,449</u>	<u>\$ -</u>	<u>\$ 577,622</u>	<u>\$ 1,596,110</u>	<u>\$ 5,639,181</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT D

	<u>Total Governmental Funds</u>
Total fund balances	\$ 3,034,352
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,669,769
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	221,245
Grants receivable	16,175
Deferred outflows and inflows of resources are not financial resources and therefore funds	251,714
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,666,000)
Accrued compensated absences	(123,743)
Net pension liability	<u>(732,989)</u>
Net position of governmental activities	<u><u>\$ 8,670,523</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT E

	General Fund	Public Safety Facility	Fire Apparatus Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 4,051,588	\$ -	\$ -	\$ -	\$ 4,051,588
Intergovernmental	211,813	-	-	178,714	390,527
Grants	2,473,869	-	-	-	2,473,869
Charges for services	383,544	-	-	-	383,544
Permits, licenses and fees	17,611	-	-	-	17,611
Investment income	44,262	-	1,887	4,800	50,949
Donations	-	-	-	15,114	15,114
Miscellaneous revenues	299,923	-	-	110	300,033
Total Revenues	<u>7,482,610</u>	<u>-</u>	<u>1,887</u>	<u>198,738</u>	<u>7,683,235</u>
Expenditures:					
General government	1,293,555	-	-	-	1,293,555
Public safety	932,988	-	1,295	20,306	954,589
Public Works	1,583,066	-	-	36,803	1,619,869
Culture, recreation and community development	655,481	-	-	24,639	680,120
Health and welfare	-	-	-	-	-
Capital outlay:					
General government	1,780	-	-	-	1,780
Public Safety	-	-	-	11,966	11,966
Public Works	-	-	-	203,057	203,057
Debt service:					
Principal	1,474,500	-	-	-	1,474,500
Interest	62,017	-	-	-	62,017
Total Expenditures	<u>6,003,387</u>	<u>-</u>	<u>1,295</u>	<u>296,771</u>	<u>6,301,453</u>
Excess/(Deficiency) of Revenues Other Expenditures	<u>1,479,223</u>	<u>-</u>	<u>592</u>	<u>(98,033)</u>	<u>1,381,782</u>
Other Financing Sources:					
Issuance of debt	-	107,216	-	132,784	240,000
Transfers in	-	-	30,000	269,299	299,299
Transfers out	(299,299)	-	-	-	(299,299)
Total Other Financing Sources	<u>(299,299)</u>	<u>107,216</u>	<u>30,000</u>	<u>402,083</u>	<u>240,000</u>
Net Change in Fund Balances	1,179,924	107,216	-	30,592	1,621,782
Fund Balances - July 1, 2019, restated	<u>(319,304)</u>	<u>(107,216)</u>	<u>547,030</u>	<u>1,292,060</u>	<u>1,412,570</u>
Fund Balances - June 30, 2020	<u>\$ 860,620</u>	<u>\$ -</u>	<u>\$ 577,622</u>	<u>\$ 1,596,110</u>	<u>\$ 3,034,352</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT F

Net change in the fund balances - total governmental funds (Statement E)	<u>\$ 1,621,782</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$216,803) is allocated over their estimated useful lives and reported depreciation expense (\$548,858). This is the amount by which depreciation exceeded outlays in the current period, less trade.</p>	(336,255)
<p>The issuance of long-term debt (\$240,000)(e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$1,474,500) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt items.</p>	1,234,500
<p>Revenues in the statement of activities that do not provide current financial resources are report as revenues in the funds.</p>	
Deferred property taxes	24,911
Deferred grant revenue	(2,331,968)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>	
Accrued compensated absences	(20,145)
Pension expense as a result of GASB 68	<u>(161,848)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 30,977</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 FIDUCIARY NET POSITION
 JUNE 30, 2020

EXHIBIT G

	Cemetery	Trust Funds	Total
ASSETS			
Cash	\$ 50,016	\$ 200	\$ 50,216
Investments	18,282	194,273	212,555
Total assets	\$ 68,298	\$ 194,473	\$ 262,771
LIABILITIES			
Accounts payable	\$ 7,084	\$ -	\$ 7,084
Due to other funds	61,214	194,473	255,687
Total liabilities	68,298	194,473	262,771
FUND BALANCES			
Restricted	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 68,298	\$ 194,473	\$ 262,771

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The Town of Norwich, Vermont (the Town), is organized according to Vermont State Law and Town Charter, under the governance of a five-member Selectboard to provide the following services for the Town of Norwich: public health and safety, highways and streets, culture and recreation, public improvements, planning and zoning, and general administration. Included in public health and safety are police and fire services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

This report includes all of the activity of the Town of Norwich, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the 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 these criteria, there are no other entities that should be combined with the financial statements of the Town.

Basic Financial Statements

Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town has no activities classified as business-type. All funds are governmental-type activities.

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

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

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (continued)

Government-Wide Statements (continued)

The net costs (by governmental function) are normally covered by general revenues (property taxes, intergovernmental revenue, interest income, etc.).

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

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows, fund equity, revenues, and expenditures/expenses. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenses/expenditures of the governmental funds) for the determination of major funds. The General Fund, the Public Safety Facilities Fund, the Fire Apparatus Fund, and the Permanent Fund are shown as major funds. All other funds are non-major and are combined in a single column in each of the respective fund financial statements.

Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current liabilities and deferred inflows and outflows are generally reported on their balance sheets. Their reported fund balances (net current assets – are considered a measure of available spendable resources and are segregated into nonspendable, restricted, committed, assigned and unassigned. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting

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

Accrual Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual Basis of Accounting

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

Budgetary Accounting

The Town approves an expenditure budget plus state and federal grants and gifts for the General Fund at an annual Town Meeting. The Selectboard, based on the budget and Grand List, determines the tax rate. If the expenditures exceed the budget vote, approval is required. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more, depending on asset type, are reported at historical cost, or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Building Improvements	10 - 50 years
Equipment, Vehicles and Machinery	5 - 20 years
Infrastructure	8 - 20 years

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets starting July 1, 2003. The Town has elected not to record infrastructure prior to this date. General infrastructure assets include roads and bridges.

Accrued Compensated Absences

Government-Wide Financial Statements

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

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2020, the Town expended \$1,594,668 more than appropriated in the General Fund. These excess expenditures were largely due to the \$1,400,000 repayment of the line of credit used to fund the town's storm and flooding disaster. These excess expenditures were offset by earned revenue over budgeted revenue of \$2,774,592.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value, (quoted market price, or the best available estimate).

Interfund Balances

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

Deferred Outflows of Resources

In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position 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 types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. The governmental funds balance sheet reports deferred inflows of resources from three sources: prepaid property taxes, unavailable property taxes, penalties and interest and unavailable receivables. The proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

Use of Estimates

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

New Pronouncement – Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND
GOVERNMENT-WIDE STATEMENTS**

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements, as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation expense as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND
GOVERNMENT-WIDE STATEMENTS (continued)**

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Elimination of Due To/From	Statement of Net Position Total
ASSETS						
Cash	\$ 2,937,657	\$ -	\$ -	\$ -	\$ -	\$ 2,937,657
Investments	-	-	-	-	-	-
Receivable (net of allowance for uncollectible accounts):	-	-	-	-	-	-
Taxes receivable	19,002	-	-	-	-	19,002
Interest and penalties	213,486	-	-	-	-	213,486
Grant receivable	66,721	-	-	-	-	66,721
Prepaid expenses	24,479	-	-	-	-	24,479
Inventory	164,730	-	-	-	-	164,730
Due from other funds	46,601	-	-	-	-	46,601
Capital assets	2,166,505	-	-	-	(2,166,505)	-
Total assets	<u>5,639,181</u>	<u>-</u>	<u>7,669,769</u>	<u>-</u>	<u>(2,166,505)</u>	<u>7,669,769</u>
			<u>7,669,769</u>	<u>-</u>	<u>(2,166,505)</u>	<u>11,142,445</u>
DEFERRED INFLOWS OF RESOURCES						
	-	259,233	-	-	-	259,233
LIABILITIES						
Accounts payable	94,722	-	-	-	-	94,722
Accrued expenses	590	-	-	-	-	590
Accrued payroll and withholdings	57,678	123,743	-	-	-	181,421
Line of credit	-	-	-	-	-	-
Net pension liability	-	732,989	-	-	-	732,989
Non-current obligations	-	-	-	1,666,000	-	1,666,000
Due from other funds	2,166,505	-	-	-	(2,166,505)	-
Total Liabilities	<u>2,319,495</u>	<u>856,732</u>	<u>-</u>	<u>1,666,000</u>	<u>(2,166,505)</u>	<u>2,675,722</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	47,914	-	-	-	-	47,914
Unavailable property taxes	221,245	(221,245)	-	-	-	-
Pension	-	7,519	-	-	-	7,519
Unavailable fees	-	-	-	-	-	-
Unavailable grants	16,175	(16,175)	-	-	-	-
Total Deferred Inflows of Resources	<u>285,334</u>	<u>(229,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,433</u>
NET ASSETS						
Invested in capital assets	-	-	7,669,769	(1,666,000)	-	6,003,769
Nonspendable	211,331	-	-	-	-	211,331
Restricted	-	-	-	-	-	-
Committed	355,934	-	-	-	-	355,934
Assigned	1,816,018	-	-	-	-	1,816,018
Unrestricted	651,069	(367,598)	-	-	-	283,471
Total Net Assets	<u>\$ 3,034,352</u>	<u>\$ (367,598)</u>	<u>\$ 7,669,769</u>	<u>\$ (1,666,000)</u>	<u>\$ -</u>	<u>\$ 8,670,523</u>

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Net Assets Total
REVENUES					
Taxes	\$ 4,051,588	\$ 24,911	\$ -	\$ -	\$ 4,076,499
Intergovernmental	390,527	-	-	-	390,527
Grants	2,473,869	(2,331,968)	-	-	141,901
Charges for current services	383,544	-	-	-	383,544
Permits and licenses	17,611	-	-	-	17,611
Interest	50,949	-	-	-	50,949
Donations	15,114	-	-	-	15,114
Other revenues	300,033	-	-	-	300,033
Total Revenues	<u>7,683,235</u>	<u>(2,307,057)</u>	<u>-</u>	<u>-</u>	<u>5,376,178</u>
EXPENDITURES					
Current expenditures					
General government	1,293,555	181,993	24,354	-	1,499,902
Public safety	954,589	-	88,926	-	1,043,515
Public works	1,619,869	-	431,140	-	2,051,009
Culture, recreation and community development	680,120	-	8,638	-	688,758
Capital outlay:					
General government	1,780	-	(1,780)	-	-
Public safety	11,966	-	(11,966)	-	-
Public works	203,057	-	(203,057)	-	-
Debt services:					
Principal	1,474,500	-	-	(1,474,500)	-
Interest	62,017	-	-	-	62,017
Total expenditures	<u>6,301,453</u>	<u>181,993</u>	<u>336,255</u>	<u>(1,474,500)</u>	<u>5,345,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,381,782</u>	<u>(2,489,050)</u>	<u>(336,255)</u>	<u>1,474,500</u>	<u>30,977</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	240,000	-	-	(240,000)	-
Transfers in	299,299	-	-	-	299,299
Transfers out	(299,299)	-	-	-	(299,299)
Total Other Financing Sources (Uses)	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>(240,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,621,782</u>	<u>\$ (2,489,050)</u>	<u>\$ (336,255)</u>	<u>\$ 1,234,500</u>	<u>\$ 30,977</u>

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2019, the carrying amount of the Town’s deposits with financial institutions was \$2,937,657. Of the funds on deposit, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and was collateralized. The Town has a collateralization agreement with Mascoma Bank, of which the remainder is collateralized to the extent its deposits exceed FDIC insurance limits.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

Balances held in each area are as follows:

	Book Balance	Bank Balance
Insured by FDIC	\$ 250,000	\$ 250,000
Category 3	\$2,687,657	\$2,811,915
Total Deposits	\$2,937,657	\$3,061,915

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

Balances in excess of FDIC insurance limits are collateralized by Mascoma Savings Bank Public Unit Deposit Irrevocable Stand-by Letter of Credit #377075 to a maximum of \$8,000,000.

None of the Town’s cash deposits at year end are subject to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The Town does not have policies regarding custodial credit risk, credit risk, concentration of credit risk, interest risk, or foreign currency risk.

GASB Statement No. 40 requires the Town’s investments be categorized indicating the level of risk assumed by the Town at year end. Category 1 includes investments that are insured or registered or securities that are held by the Town or its agent in the Town’s name. Category 2 includes uninsured and unregistered investments which are held by a trust department or agent in the Town’s name. At June 30, 2020, all the Town’s investments were in Category 3.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSET ACTIVITY

Capital asset activity of the Town for the year ended June 30, 2020, is as follows:

Governmental Activities	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 653,559	\$ -	\$ -	\$ 653,559
Art	11,140	-	-	11,140
Capital assets being depreciated:				
Buildings/improvements	3,939,964	-	-	3,939,964
Vehicles	1,816,682	-	-	1,816,682
Equipment	1,126,283	13,746	(126,134)	1,013,895
Mobile equipment	1,184,485	-	-	1,184,485
Infrastructure	6,144,002	203,057	-	6,347,059
Total capital assets, being depreciated	<u>14,211,416</u>	<u>216,803</u>	<u>(126,134)</u>	<u>14,302,085</u>
Less Accumulated Depreciation:				
Buildings/improvements	1,078,063	61,263		1,139,326
Vehicles	1,003,767	105,987		1,109,754
Equipment	533,781	33,368		567,149
Mobile equipment	519,257	44,458		563,715
Infrastructure	3,735,223	303,782	(121,934)	3,917,071
Total Accumulated Depreciation	<u>6,870,091</u>	<u>548,858</u>	<u>(121,934)</u>	<u>7,297,015</u>
Net Assets	<u>\$ 8,006,024</u>	<u>\$ (332,055)</u>	<u>\$ (4,200)</u>	<u>\$ 7,669,769</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 24,354
Public works	431,140
Public safety	84,726
Recreation	8,638
	<u>\$ 548,858</u>

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2020 are as follows:

	Receivables	Payables
General fund	\$ -	\$ 2,166,596
Public Safety Facility	-	-
Fire Apparatus	577,622	-
Special Revenue	368,335	-
Capital Project	1,232,949	-
Permanent Funds	-	-
Total	\$ 2,178,906	\$ 2,166,596

Operating Interfund Transfers

The Town occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. Interfund transfers during the year ending June 30, 2020 are detailed below.

	Transfers in				Total
	Fire	Special	Capital	Permanent	
Transfers out:					
General Fund	\$ 30,000	\$ 28,189	\$ 241,110	\$ -	\$ 299,299
Total	\$ 30,000	\$ 28,189	\$ 241,110	\$ -	\$ 299,299

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of \$259,233 of required employer pension contributions made subsequent to the measurement date, as further described in Note 9.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities (Exhibit A) consists of \$47,914 from prepaid property taxes and \$7,519 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 9. Total deferred inflows of resources in the Governmental Activities is \$55,433.

Deferred inflows of resources in the General Fund (Exhibit C) consists of \$47,914 of prepaid property taxes, \$221,245 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, and \$16,175 in deferred grants receivable. Total deferred inflows of resources in the General Fund \$285,334.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities					
Bonds and notes payable					
2013 Bond	\$ 137,500	\$ -	\$ 27,500	\$ 110,000	\$ 27,500
2017 Bond	1,363,000	-	47,000	1,316,000	47,000
Note payable		240,000	-	240,000	48,000
Line of Credit	1,400,000	-	1,400,000	-	-
	<u>2,900,500</u>	<u>240,000</u>	<u>1,474,500</u>	<u>1,666,000</u>	<u>122,500</u>
Accrued compensated absences	103,598	20,145	-	123,743	-
Net pension liability	<u>583,172</u>	<u>149,817</u>	<u>-</u>	<u>732,989</u>	<u>-</u>
Government activities long-term debt	<u>\$ 2,130,329</u>	<u>\$ 409,962</u>	<u>\$ 1,474,500</u>	<u>\$ 2,522,732</u>	<u>\$ 122,500</u>

Detail of the long-term liabilities are as follows:

\$275,000 - General obligation bond payable, due in annual installments of \$27,500 through November, 2023, including variable interest currently at 2.823%.	\$ 110,000
\$1,410,000 - General obligation bond payable, due in annual installments of \$47,000 through November, 2047, including variable interest currently at 3.99%.	\$ 1,316,000
\$240,000 - Note payable, Mascoma Bank, dated June 26, 2019. Five annual installments of \$48,000, bearing interest at 2.95%, maturing August, 2024. Release of funds in 2020 Budget.	\$ 240,000
	<u>\$ 1,666,000</u>

Long-term debt will mature approximately as follows:

Years ending	Principal	Interest	Total
June 30, 2021	122,500	58,734	181,234
June 30, 2022	122,500	54,531	177,031
June 30, 2023	122,500	51,161	173,661
June 30, 2024	122,500	47,608	170,108
June 30, 2025-2029	283,000	22,353	305,353
June 30, 2030-2034	235,000	132,945	367,945
Thereafter	658,000	340,892	998,892
Total	<u>\$ 1,666,000</u>	<u>\$ 708,225</u>	<u>\$ 2,374,225</u>

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - FUND BALANCE/NET POSITION CATEGORIES

The fund balances/net position of the Town are categorized as follows:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total Fund Balances
General Fund	\$ 209,551	\$ -	\$ -	\$ -	\$ 651,069	\$ 860,620
Public Safety Facilities Fund	-	-	-	-	-	-
Fire Apparatus Fund	-	-	-	577,622	-	577,622
Special Revenues Fund						
Conservation Commission Fund	-	-	133,612	-	-	133,612
Recreation Facility Fund	-	-	65,751	-	-	65,751
Affordable Housing Fund	-	-	46,299	-	-	46,299
Land Management Council Fund	-	-	9,126	-	-	9,126
Citizen Assistance Fund	-	-	7,492	-	-	7,492
Recreation Scholarships Fund	-	-	5,051	-	-	5,051
General Administration Fund	1,780	-	33,055	-	-	34,835
Town Reappraisal Fund	-	-	28,149	-	-	28,149
Granite Bench Fund	-	-	1,528	-	-	1,528
Records Restoration Fund	-	-	25,871	-	-	25,871
Total Special Projects Fund	1,780	-	355,934	-	-	357,714
Capital Projects Fund						
Highway Equipment Fund	-	-	-	188,641	-	188,641
Highway Garage Fund	-	-	-	52,247	-	52,247
Solid Waste Equipment Fund	-	-	-	34,048	-	34,048
Police Station Fund	-	-	-	10,668	-	10,668
Police Cruiser Fund	-	-	-	91,032	-	91,032
Tracy Hall Fund	-	-	-	65,945	-	65,945
Recreation Fund	-	-	-	1,298	-	1,298
Recreation Tennis Court Fund	-	-	-	8,310	-	8,310
Police Spec Equipment Fund	-	-	-	5,499	-	5,499
Fire Station Fund	-	-	-	231	-	231
Fire Equipment Fund	-	-	-	105,822	-	105,822
Sidewalk Fund	-	-	-	80,865	-	80,865
Long-term Facility Study Fund	-	-	-	547	-	547
DPW Bridge Fund	-	-	-	338,242	-	338,242
DPW Paving Fund	-	-	-	172,900	-	172,900
Buildings and Grounds Fund	-	-	-	33,720	-	33,720
Generator Fund	-	-	-	48,381	-	48,381
Total Capital Projects Fund	-	-	-	1,238,396	-	1,238,396
Total Fund Balances	\$ 211,331	\$ -	\$ 355,934	\$ 1,816,018	\$ 651,069	\$ 3,034,352

NOTE 10 – CONTINGENT LIABILITIES

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2020 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - PROPERTY TAXES

Property taxes are assessed based on valuations as of April 1, annually. Property taxes are due in two installments on August and February. All late payments are subject to an 8% penalty and interest is calculated at 1 1/2% per month. Payments received after February 15th are assessed an 8% penalty. All other late payments are assessed 1% per month for three months and 1.5% per month thereafter.

Town property tax revenue is recognized in the General Fund for the period for which the tax is levied to the extent they result in current receivables, which will be collected within 60 days of the fiscal year end. The tax rates for fiscal year 2019/2020 were as follows:

	Homestead	Non-Residential
Homestead education tax	\$ 1.8068	\$ -
Non-residential education tax	-	1.6250
Municipal	0.5066	0.5066
Voted Exempt	0.0024	0.0024
County Tax	0.0075	0.0075
Total	\$ 2.3233	\$ 2.1415

NOTE 12 - PENSION PLANS

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2019, the retirement system consisted of 423 participating employers. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net pension liability of \$173,491,807. As of June 30, 2019, the Town's proportionate share of this was 0.42249% resulting in a liability of \$732,989.

The net pension liability was measured as of June 30, 2019, 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

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - PENSION PLANS (Continued)

participating entities actuarially determined. As of June 30, 2019, the Town's proportion of 0.42249% was an increase of 0.00789% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$161,848.

As of June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	\$ 94,966	\$ 6,336
Changes in assumptions	24,473	-
Difference between projected and actual earnings on pension plan investments	49,925	-
Changes in proportional share of contributions	-	-
Difference between the employer contributions and proportionate share of total contributions	14,984	1,183
Town's required employer contributions made subsequent to the measurement date	74,885	-
	\$ 259,233	\$ 7,519

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$74,885 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year end June 30	Liability
2020	\$ 69,017
2021	38,597
2022	43,204
2023	26,010
Thereafter	-
	\$ 176,828

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - PENSION PLANS (Continued)

Summary of System Provisions

Membership:

Full time employees of participating municipalities. The Town elected coverage under Groups B and C.

Creditable Service:

Service as a member plus purchased service.

Average Final Compensation (AFC):

Group B and C – Average annual compensation during highest 3 consecutive years.

Service Retirement Allowance:

Eligibility: Group B – The earlier of age 62 with 5 years of service or age 55 with thirty 30 years of service.

Group C – Age 55 with 5 years of service.

Amount: Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Group C. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with 5 years of service for Group B.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility: 5 years of service.

Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

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.

Death Benefit:

Eligibility: Death after 5 years of service.

Amount: For Groups 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.

Optional Benefit and Death after Retirement:

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - PENSION PLANS (Continued)

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 not more than 3% Groups B and C.

Member Contributions:

Group B – 5.125%
Group C – 10.250%

Employer Contributions:

Group B – 5.750%
Group C – 7.500%

Retirement Stipend:

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

Significant Actuarial Assumptions and Methods

Investment rate of return:

7.5%, net of pension plan investment expenses, including inflation.

Salary increases:

5% per year.

Mortality:

Death in Active Service: Group B and C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-retirement: Group B and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disability Post-retirement: All Groups – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.3% per annum for Groups B and C members. (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group B, who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit.). The January 1, 2019 is assumed to be 0.75% for all groups.

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

Asset Valuation Method – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - PENSION PLANS (Continued)

Inflation: 2.5%

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, is summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity-Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity-Large Cap	5.00%	6.81%
Non-US Equity-Small Cap	2.00%	7.31%
Emerging Market Debt	4.00%	4.26%
Core Bond	14%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectations that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability calculated, using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$1,201,992	\$732,989	\$344,742

TOWN OF NORWICH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - PENSION PLANS (Continued)

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 13 - RISK MANAGEMENT

The Town of Norwich is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting, and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

NOTE 14 – SUBSEQUENT EVENTS

Events of the Town have been evaluated from July 1, ²⁰²⁰ through the date of these financial statements for subsequent events which would impact the financial standing.

TOWN OF NORWICH, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 1

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Plan Net Pension Liability	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613	\$ -
Town's Proportion of the Net Pension Liability	0.4225%	0.4146%	0.3957%	0.4003%	0.4098%	0.4059%	0.41%
Town's Proportionate Share of the Net Pension Liability	\$ 732,989	\$ 583,172	\$ 479,378	\$ 515,194	\$ 315,943	\$ 37,041	\$ 147,563.00
Town's Covered Employee Payroll	\$ 1,225,087	\$ 1,357,896	\$ 1,240,363	\$ 1,090,845	\$ 1,024,685	\$ 996,414	\$ 956,992.00
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	59.8316%	42.9467%	38.6482%	47.2289%	30.8332%	3.7174%	15.4195%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%	
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability maintained at 7.50%.

Fiscal year 2014 was the first year of implementation, therefore, only seven years are shown.

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$ 74,885	\$ 81,175	\$ 72,611	\$ 60,842	\$ 57,825	\$ 52,352	\$ 48,648
Contributions in Relation to the Actuarially Determined Contributions	<u>(74,885)</u>	<u>(81,175)</u>	<u>(72,611)</u>	<u>(60,842)</u>	<u>(57,825)</u>	<u>(52,352)</u>	<u>\$ (48,648)</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 1,225,087	\$ 1,357,896	\$ 1,240,363	\$ 1,090,845	\$ 1,024,685	\$ 996,414	956,992
Contributions as a Percentage of Town's Covered Employee Payroll	6.11%	5.98%	5.85%	5.58%	5.64%	5.25%	5.10%

Notes to Schedule

Valuation Date: June 30, 2019

Fiscal year 2014 was the first year of implementation, therefore, only seven years are shown.

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 3

Page 1 of 9

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes:			
Current	\$ 3,833,517	\$ 3,799,347	\$ (34,170)
Interest and penalties	42,000	64,378	22,378
Payments in lieu of taxes	12,500	9,900	(2,600)
Current use program	180,196	187,863	7,667
Other taxes	168,300	172,193	3,893
Total property taxes	<u>4,236,513</u>	<u>4,233,681</u>	<u>(2,832)</u>
Licenses and permits:			
Dog licenses	2,750	1,421	(1,329)
Liquor licenses	670	670	-
Hunt and fishing	220	(60)	(280)
Building permits	8,000	4,812	(3,188)
Other	450	195	(255)
Total licenses and permits	<u>12,090</u>	<u>7,038</u>	<u>(5,052)</u>
Charges for services:			
Recording fees	23,000	29,988	6,988
Document fees	2,200	3,298	1,098
Rental fees	7,000	5,240	(1,760)
Field rental	32,000	26,710	(5,290)
Police fines	10,450	10,573	123
Other	56,565	351,364	294,799
Total charges for services	<u>131,215</u>	<u>427,173</u>	<u>295,958</u>
Grant revenue:			
FEMA	-	2,426,059	2,426,059
General government	-	22,140	22,140
Public works	-	18,123	18,123
Historic Preservation Grant	-	7,500	7,500
Total grant revenue	<u>-</u>	<u>2,473,822</u>	<u>2,473,822</u>
Total recreation	<u>171,300</u>	<u>192,195</u>	<u>20,895</u>
Sanitation			
User fees	151,900	147,479	(4,421)
Recycling Income	5,000	1,317	(3,683)
Total sanitation	<u>156,900</u>	<u>148,796</u>	<u>(8,104)</u>
Total revenues	<u>\$ 4,708,018</u>	<u>\$ 7,482,705</u>	<u>\$ 2,774,687</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
Town administration:			
Salaries	\$ 146,282	\$ 146,607	\$ (325)
Payroll taxes and benefits	64,953	58,874	6,079
Professional services	51,667	70,615	(18,948)
Dues and subscriptions	6,917	5,895	1,022
Office, printing, publications	5,950	4,316	1,634
Other	3,975	271,931	(267,956)
Total town administration	279,744	558,238	(278,494)
BCA/BOA:			
Salaries	450	341	109
Other	475	7	468
Total BCA/BOA	925	348	577
Stat Mtgs Expenditures:			
Salaries	400	214	186
Voting machine	2,920	1,198	1,722
Printing	2,000	2,054	(54)
Other	425	247	178
Total Stat Meetings	5,745	3,713	2,032
Town Clerk expenditures:			
Salaries	111,714	112,740	(1,026)
Payroll taxes and benefits	47,104	43,581	3,523
Software	3,120	3,010	110
Designated Fund - Record Restoration	-	5,886	(5,886)
Supplies, other	2,815	1,760	1,055
Total Town Clerk	164,753	166,977	(2,224)
Finance department:			
Salaries	99,910	117,480	(17,570)
Payroll taxes and benefits	59,865	8,537	51,328
Audit	10,815	11,740	(925)
Supplies, software, other	3,645	3,621	24
Total Finance department	174,235	141,378	32,857
General administrative expenditures:			
Postage	3,000	3,793	(793)
Server maintenance	7,000	5,082	1,918
Office supplies	3,500	2,727	773
Computers/website	-	1,447	(1,447)
Utilities and other	\$ 2,000	\$ 2,280	\$ (280)
Total general administrative	15,500	15,329	171

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Assessor/Lister expenditures:			
Salaries	\$ 21,455	\$ 20,646	\$ 809
Payroll taxes and benefits	2,825	1,631	1,194
Professional services	45,000	32,251	12,749
Software	6,100	5,751	349
Designated fund - Reappraisal	21,700	21,700	-
Office, supplies, other	2,410	784	1,626
Total Assessor/Lister	99,490	82,763	16,727
Planning Department expenditures:			
Salaries	95,088	94,790	298
Payroll taxes and benefits	27,490	27,654	(164)
Planning and mapping	16,587	6,000	10,587
Historic preservation	1,000	16,005	(15,005)
Office, supplies, other	5,713	4,718	995
Total Planning	145,878	149,167	(3,289)
Recreation Department expenditures:			
Administration			
Salaries	64,165	64,148	17
Payroll taxes and benefits	31,252	33,334	(2,082)
Dues, meeting, education	850	405	445
Office, supplies, other	1,575	1,108	467
Total Administration	97,842	98,995	(1,153)
Program:			
Instructor/umpire fees	85,000	29,755	55,245
Summer program salaries	13,000	33,957	(20,957)
Payroll taxes and benefits	995	3,097	(2,102)
Rental fees	13,500	6,615	6,885
Equipment and materials	4,450	2,065	2,385
Registration fees	9,300	15,282	(5,982)
Entry fees and special events	9,800	8,067	1,733
Total Program	136,045	98,838	37,207
Recreation facilities:			
Field care	10,750	2,648	8,102
Line markings	4,000	917	3,083
Grants	-	14,213	(14,213)
Repairs & Maintenance	2,000	158	1,842
Other	750	1,651	(901)
Total Recreation	17,500	19,587	(2,087)
Total Recreation	251,387	217,420	33,967

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Police Station expenditures:			
Telephone	\$ -	\$ 3,921.00	\$ (3,921)
Electricity	6,250	11,431	(5,181)
Heating	2,500	(535)	3,035
Repairs and maintenance	1,500	2,568	(1,068)
Other	11,570	17,363	(5,793)
Total Police Station	21,820	34,748	(12,928)
Police Department expenditures:			
Salaries and benefits:			
Salaries	340,278	329,022	11,256
Payroll taxes and benefits:	123,100	117,331	5,769
	463,378	446,353	17,025
Community policing:			
Animal containment	800	1,978	(1,178)
Community relations	1,700	483	1,217
Speed signs	1,200	3,214	(2,014)
	3,700	5,675	(1,975)
Equipment and Maintenance:			
Petroleum products	8,000	2,181	5,819
Cruiser maintenance and supplies	8,500	6,621	1,879
Repairs & Maintenance	800	315	485
	17,300	9,117	8,183
DUI equipment grant	-	952	(952)
Support:			
Dispatch services	62,817	61,673	1,144
Administration	7,000	4,634	2,366
Training and supplies	3,000	1,966	1,034
Uniforms and cleaning	4,000	5,493	(1,493)
VIBRS	3,500	2,404	1,096
Other	950	789	161
	81,267	76,959	4,308
Capital expenditures:			
Designated Fund - Special Equipment	2,500	2,885	(385)
Designated Fund - Cruiser	10,000	10,000	-
	12,500	12,885	(385)
 Total Police Department	 578,145	 551,941	 26,204

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire/FAST Department expenditures:			
Fire wages:			
Salaries	\$ 100,730	\$ 94,900	\$ 5,830
Payroll taxes and benefits	28,313	28,160	153
	<u>129,043</u>	<u>123,060</u>	<u>5,983</u>
EMS wages:			
Salaries	7,800	8,864	(1,064)
Payroll taxes and benefits	597	667	(70)
	<u>8,397</u>	<u>9,531</u>	<u>(1,134)</u>
Education and training	<u>3,150</u>	<u>1,302</u>	<u>1,848</u>
Tools and equipment	<u>6,900</u>	<u>6,391</u>	<u>509</u>
Maintenance:			
Fire truck	14,000	14,203	(203)
Petroleum products	3,000	1,914	1,086
Other maintenance	3,350	1,654	1,696
	<u>20,350</u>	<u>17,771</u>	<u>2,579</u>
Support:			
Hydrant rental	22,500	22,499	1
Dispatch service	20,985	20,985	-
Firefighter casualty insurance	4,900	8,746	(3,846)
OSHA compliance	1,100	136	964
Other	2,900	1,595	1,305
	<u>52,385</u>	<u>53,961</u>	<u>(1,576)</u>
Capital expenditures:			
Designated Fund - Apparatus	30,000	30,000	-
Designated Fund - Equipment	20,610	20,610	-
	<u>50,610</u>	<u>50,610</u>	<u>-</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 3

Page 6 of 9

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Grant expenditures:			
VLCT Grant	\$ -	\$ 1,643	\$ (1,643)
Dry Hydrant grant	-	2,585	(2,585)
	-	4,228	(4,228)
Ambulance services:			
Ambulance contract	130,235	126,113	4,122
Ambulance bills	12,000	9,038	2,962
	142,235	135,151	7,084
Total Fire/FAST	413,070	402,005	11,065
Emergency management:			
Debt service principal	32,078	27,500	4,578
Debt service interest	-	3,910	(3,910)
Emergency general maintenance and supplies	7,750	7,404	346
Designated fund - Generator	25,000	25,000	-
Total Emergency Management	64,828	63,814	1,014
Conservation:			
Trails	3,000	934	2,066
Dues, meetings, education	850	50	800
Natural resources intervention	1,000	-	1,000
Project restoration	1,000	-	1,000
Other	2,100	851	1,249
Total Conservation	7,950	1,835	6,115
Cemetery Commission	-	-	-
Public Works department:			
Highway division:			
Salaries and benefits:			
Salaries	374,182	390,440	(16,258)
Payroll taxes and benefits	163,670	147,727	15,943
	537,852	538,167	(315)
Materials:			
Salt and chemicals	120,000	102,574	17,426
Sand	65,000	92,113	(27,113)
Gravel and stone	50,000	47,986	2,014
Dust control	18,000	14,233	3,767
Culverts, road supplies, asphalt	10,000	8,128	1,872
Other	10,000	1,139	8,861
	273,000	266,173	6,827

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Contracted services:			
Plowing and sanding	\$ 24,000	\$ 20,488	\$ 3,512
Crack sealing	35,000	-	35,000
Street lights	11,500	12,823	(1,323)
Paving	30,000	6,360	23,640
Pavement marking	21,000	19,652	1,348
Tree cutting and removal	12,500	4,450	8,050
Other projects	26,000	19,709	6,291
	160,000	83,482	76,518
Equipment:			
Petroleum products	43,000	48,498	(5,498)
Outside repairs	45,000	30,124	14,876
Parts and supplies	42,250	50,334	(8,084)
	130,250	128,956	1,294
Highway garage:			
Utilities	17,500	13,432	4,068
Repairs and maintenance	5,000	5,440	(440)
Administration	5,000	3,468	1,532
Tools and supplies	13,000	17,209	(4,209)
	40,500	39,549	951
Capital expenditures:			
Designated fund - Equipment	40,000	43,754	(3,754)
Designated fund - Bridges	88,000	88,000	-
Designated fund - Garage	35,000	35,000	-
	163,000	166,754	(3,754)
Grants:			
FEMA grant	-	98,024	(98,024)
VT Trans - TAP Grant	-	28,704	(28,704)
2017 Vtrans Bike & Ped Grant	-	524	(524)
	-	127,252	(127,252)
Total Highway Division	1,304,602	1,350,333	(45,731)
Buildings and Grounds Division:			
Salaries and benefits:			
Salaries	90,805	87,194	3,611
Payroll taxes and benefits	44,213	48,698	(4,485)
	135,018	135,892	(874)
Garden supplies	1,600	643	957

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Contracted services	\$ 6,750	\$ 4,295	\$ 2,455
Equipment	7,400	7,104	296
Designated fund - Equipment	-	-	-
Total Buildings and Grounds Division:	150,768	147,934	2,834
Solid Waste Division:			
Salaries and benefits:			
Salaries	38,838	39,910	(1,072)
Payroll taxes and benefits	2,971	3,168	(197)
	41,809	43,078	(1,269)
Contracted services:			
GUVSWMD assessment	37,554	37,554	-
Municipal solid waste	46,000	51,641	(5,641)
Recycling	45,000	39,326	5,674
Waste disposal and other	12,000	17,461	(5,461)
	140,554	145,982	(5,428)
Equipment parts and supplies	3,500	5,316	(1,816)
Transfer station expenditures	7,870	8,406	(536)
Designated fund - Equipment	-	-	-
Total Solid Waste Division	193,733	202,782	(9,049)
Tracy Hall:			
Heating	11,000	11,096	(96)
Other utilities	14,050	18,408	(4,358)
Repairs, maintenance, and supplies	17,400	15,513	1,887
Designated fund - Tracy Hall	20,000	20,000	-
	62,450	65,017	(2,567)
Total Public Works Department	1,711,553	1,766,066	(54,513)
Debt service:			
Repayment - line of credit	-	1,400,000	(1,400,000)
Interest expense	113,269	105,108	8,161
	113,269	1,505,108	(1,391,839)
Appropriation expenditures:			
Norwich Public Library	333,000	333,000	-
Norwich Cemetery Association	20,000	20,000	-
Visiting Nurse/HSP APPR	15,600	15,600	-
Advance Transit	13,514	13,514	-
Norwich Historical Society	8,000	8,000	-
Other	46,112	46,112	-
Total Appropriations	436,226	436,226	-

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 3

Page 9 of 9

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Tax abatements/adjustments	\$ 3,500	\$ 2	\$ 3,498
Insurance:			
Unemployment insurance rate assessment	2,000	2,526	(526)
Property and casualty insurance	86,000	72,432	13,568
Workers' compensation insurance	132,000	130,380	1,620
Cobra and Other	-	365	(365)
Total insurance	<u>220,000</u>	<u>205,703</u>	<u>14,297</u>
Total Expenses	<u>4,708,018</u>	<u>6,302,781</u>	<u>(194,763)</u>
Debt:			
Line of Credit Proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>1,179,924</u>	<u>\$ 1,179,924</u>
Fund Balance - July 1, 2019		<u>(319,304)</u>	
Fund Balance - June 30, 2020		<u>\$ 860,620</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

SCHEDULE 4

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
ASSETS:			
Cash	\$ -	\$ -	\$ -
Accounts receivable		-	-
Prepaid expenses	1,780	-	1,780
Grant receivable	-	5,447	5,447
Due from other funds	355,934	1,232,949	1,588,883
	<u>355,934</u>	<u>1,232,949</u>	<u>1,588,883</u>
Total Assets	<u>\$ 357,714</u>	<u>\$ 1,238,396</u>	<u>\$ 1,596,110</u>
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ -
FEMA grant receivable	-	-	-
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable receivables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:			
Nonspendable	1,780	-	1,780
Committed	355,934	-	355,934
Assigned	-	1,238,396	1,238,396
	<u>-</u>	<u>1,238,396</u>	<u>1,238,396</u>
Total Fund Balances	<u>357,714</u>	<u>1,238,396</u>	<u>1,596,110</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 357,714</u>	<u>\$ 1,238,396</u>	<u>\$ 1,596,110</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 5

	Special Revenue Fund	Capital Project Fund	Total
REVENUES:			
Intergovernmental	\$ 11,902	\$ 166,812	\$ 178,714
Donations	15,114	-	15,114
Miscellaneous		110	110
Interest income	1,120	3,680	4,800
Total revenues	28,136	170,602	198,738
EXPENDITURES:			
General government	-	-	-
Public safety	-	20,306	20,306
Public works	-	36,803	36,803
Culture, recreation and community development	24,639		24,639
Capital outlay:			
Public safety	2,609	9,357	11,966
Public works	-	203,057	203,057
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	27,248	269,523	296,771
Excess (Deficiency) of Revenues			
Over Expenditures	888	(98,921)	(98,033)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	132,784	132,784
Transfers in	28,189	241,110	269,299
Total other financing sources (uses)	28,189	373,894	402,083
Net Change in Fund Balances	29,077	274,973	304,050
Fund Balances - July 1, 2019, restated	328,637	963,423	1,292,060
Fund Balances - June 30, 2020	\$ 357,714	\$ 1,238,396	\$ 1,596,110

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBININB BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

SCHEDULE 6

	Conservation Commission Fund	Recreation Facility Fund	Affordable Housing Fund	Land Management Council Fund	Citizen Assistance Fund	Recreation Scholarships Fund	General Administration Fund	Town Reappraisal Fund	Granite Bench Fund	Records Restoration Fund	Total
ASSETS:											
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid expenses	-	-	-	-	-	-	1,780	-	-	-	1,780
Due from other funds	133,612	65,751	46,299	9,126	7,492	5,051	33,055	28,149	1,528	25,871	355,934
Total Assets	\$ 133,612	\$ 65,751	\$ 46,299	\$ 9,126	\$ 7,492	\$ 5,051	\$ 34,835	\$ 28,149	\$ 1,528	\$ 25,871	\$ 357,714
LIABILITIES:											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES:											
Nonspendable	-	-	-	-	-	-	1,780	-	-	-	1,780
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	133,612	65,751	46,299	9,126	7,492	5,051	33,055	28,149	1,528	25,871	355,934
Total Fund Balances	133,612	65,751	46,299	9,126	7,492	5,051	34,835	28,149	1,528	25,871	357,714
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 133,612	\$ 65,751	\$ 46,299	\$ 9,126	\$ 7,492	\$ 5,051	\$ 34,835	\$ 28,149	\$ 1,528	\$ 25,871	\$ 357,714

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE 7

	Conservation Commission Fund	Recreation Facility Fund	Affordable Housing Fund	Land Management Council Fund	Citizen Assistance Fund	Recreation Scholarships Fund	General Administration Fund	Town Reappraisal Fund	Granite Bench Fund	Records Restoration Fund	Total
REVENUES:											
Donations	\$ -	\$ 13,569	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 1,525	\$ -	\$ 15,114
Intergovernmental	-	-	-	845	-	-	-	-	-	11,057	11,902
Interest income	529	186	123	71	3	13	129	22	3	41	1,120
Total revenues	529	13,755	123	916	3	33	129	22	1,528	11,098	28,136
EXPENDITURES:											
General government	-	-	-	-	-	-	-	-	-	-	-
Culture, recreation and community development	20,000	1,450	-	1,922	1,200	67	-	-	-	-	24,639
Capital outlay:											
Public safety	-	-	-	-	-	-	2,609	-	-	-	2,609
Debt service:	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	20,000	1,450	-	1,922	1,200	67	2,609	-	-	-	27,248
Excess (Deficiency) of Revenues Over Expenditures	(19,471)	12,305	123	(1,006)	(1,197)	(34)	(2,480)	22	1,528	11,098	888
OTHER FINANCING SOURCES (USES)											
Transfers from General Fund	-	-	-	-	6,489	-	-	21,700	-	-	28,189
Total other financing sources (uses)	-	-	-	-	6,489	-	-	21,700	-	-	28,189
Net Change in Fund Balances	(19,471)	12,305	123	(1,006)	5,292	(34)	(2,480)	21,722	1,528	11,098	29,077
Fund Balances - July 1, 2019, restated	153,083	53,446	46,176	10,132	2,200	5,085	37,315	6,427	-	14,773	328,637
Fund Balances - June 30, 2020	\$ 133,612	\$ 65,751	\$ 46,299	\$ 9,126	\$ 7,492	\$ 5,051	\$ 34,835	\$ 28,149	\$ 1,528	\$ 25,871	\$ 357,714

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2020

	Highway Equipment Fund	Highway Garage Fund	Solid Waste Equipment Fund	Police Station Fund	Police Cruiser Fund	Tracy Hall Fund	Recreation Fund	Recreation Tennis Court Fund	Police Spec Equipment Fund	Fire Station Fund
ASSETS										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	188,641	52,247	34,048	10,668	91,032	65,945	1,298	8,310	5,499	6,232
Total Assets	\$ 188,641	\$ 52,247	\$ 34,048	\$ 10,668	\$ 91,032	\$ 65,945	\$ 1,298	\$ 8,310	\$ 5,499	\$ 6,232
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FEMA Grant receivable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable grants	-	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	188,641	52,247	34,048	10,668	91,032	65,945	1,298	8,310	5,499	6,232
Total Fund Balances	188,641	52,247	34,048	10,668	91,032	65,945	1,298	8,310	5,499	6,232
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 188,641	\$ 52,247	\$ 34,048	\$ 10,668	\$ 91,032	\$ 65,945	\$ 1,298	\$ 8,310	\$ 5,499	\$ 6,232

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2020

	Fire Equipment Fund	Sidewalk Fund	Long-term Facility Study Fund	DPW Bridge Fund	DPW Paving Fund	Buildings and Grounds Fund	Communications Construction Fund	Generator Fund	Other Funds	Total
ASSETS										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	5,447	-	-	-	-	-	5,447
Due from other funds	99,821	80,865	547	332,795	172,900	33,720	-	48,381	-	1,232,949
Total Assets	\$ 99,821	\$ 80,865	\$ 547	\$ 338,242	\$ 172,900	\$ 33,720	\$ -	\$ 48,381	\$ -	\$ 1,238,396
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FEMA Grant receivable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable grants	-	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	99,821	80,865	547	338,242	172,900	33,720	-	48,381	-	1,238,396
Total Fund Balances	99,821	80,865	547	338,242	172,900	33,720	-	48,381	-	1,238,396
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 99,821	\$ 80,865	\$ 547	\$ 338,242	\$ 172,900	\$ 33,720	\$ -	\$ 48,381	\$ -	\$ 1,238,396

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Highway Equipment Fund	Highway Garage Fund	Solid Waste Equipment Fund	Police Station Fund	Police Cruiser Fund	Tracy Hall Fund	Recreation Fund	Recreation Tennis Court Fund	Police Spec Equipment Fund	Fire Station Fund
REVENUES:										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432	\$ -
Interest income	592	24	117	37	278	158	6	22	39	36
Miscellaneous	107	3	-	-	-	-	-	-	-	-
Total revenues	<u>699</u>	<u>27</u>	<u>117</u>	<u>37</u>	<u>278</u>	<u>158</u>	<u>6</u>	<u>22</u>	<u>471</u>	<u>36</u>
EXPENDITURES:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	7,000	-	-	-	-	-	-	500	4,799
Public works	24,189	-	-	-	-	-	600	-	-	-
Capital outlay:										
Public works	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	9,357	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>24,189</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>9,857</u>	<u>4,799</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,490)</u>	<u>(6,973)</u>	<u>117</u>	<u>37</u>	<u>278</u>	<u>158</u>	<u>(594)</u>	<u>22</u>	<u>(9,386)</u>	<u>(4,763)</u>
OTHER FINANCING SOURCES (USES)										
Loan proceeds	-	132,784	-	-	-	-	-	-	-	-
Transfers in	40,000	35,000	-	-	10,000	20,000	-	-	2,500	-
Total other financing sources (used)	<u>40,000</u>	<u>167,784</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Net Change in Fund Balances	16,510	160,811	117	37	10,278	20,158	(594)	22	(6,886)	(4,763)
Fund Balances - July 1, 2019	<u>172,131</u>	<u>(108,564)</u>	<u>33,931</u>	<u>10,631</u>	<u>80,754</u>	<u>45,787</u>	<u>1,892</u>	<u>8,288</u>	<u>12,385</u>	<u>10,995</u>
Fund Balances - June 30, 2020	<u>\$ 188,641</u>	<u>\$ 52,247</u>	<u>\$ 34,048</u>	<u>\$ 10,668</u>	<u>\$ 91,032</u>	<u>\$ 65,945</u>	<u>\$ 1,298</u>	<u>\$ 8,310</u>	<u>\$ 5,499</u>	<u>\$ 6,232</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fire Equipment Fund	Sidewalk Fund	Long-term Facility Study Fund	DPW Bridge Fund	DPW Paving Fund	Buildings and Grounds Fund	Communications Construction Fund	Generator Fund	Other Funds	Total
REVENUES:										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 166,380	\$ -	\$ -	\$ -	\$ -	\$ 166,812
Interest income	229	284	84	609	784	307	-	74	-	3,680
Miscellaneous	-	-	-	-	-	-	-	-	-	110
Total revenues	<u>229</u>	<u>284</u>	<u>84</u>	<u>609</u>	<u>167,164</u>	<u>307</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>170,602</u>
EXPENDITURES:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	8,007	-	-	-	-	-	-	-	-	20,306
Public works	-	-	-	-	12,014	-	-	-	-	36,803
Capital outlay:										
Public works	-	-	-	-	203,057	-	-	-	-	203,057
Public safety	-	-	-	-	-	-	-	-	-	9,357
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>8,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,778)</u>	<u>284</u>	<u>84</u>	<u>609</u>	<u>(47,907)</u>	<u>307</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>(98,921)</u>
OTHER FINANCING SOURCES (USES)										
Loan proceeds	-	-	-	-	-	-	-	-	-	132,784
Transfers in	20,610	-	-	88,000	-	-	-	25,000	-	241,110
Total other financing sources (used)	<u>20,610</u>	<u>-</u>	<u>-</u>	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>373,894</u>
Net Change in Fund Balances	12,832	284	84	88,609	(47,907)	307	-	25,074	-	274,973
Fund Balances - July 1, 2019, restated	<u>86,989</u>	<u>80,581</u>	<u>463</u>	<u>249,633</u>	<u>220,807</u>	<u>33,413</u>	<u>-</u>	<u>23,307</u>	<u>-</u>	<u>963,423</u>
Fund Balances - June 30, 2020	<u>\$ 99,821</u>	<u>\$ 80,865</u>	<u>\$ 547</u>	<u>\$ 338,242</u>	<u>\$ 172,900</u>	<u>\$ 33,720</u>	<u>\$ -</u>	<u>\$ 48,381</u>	<u>\$ -</u>	<u>\$ 1,238,396</u>

The accompanying notes are an integral part of this financial statement.



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Select Board
Town of Norwich, Vermont
Norwich, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Norwich, Vermont ("Town"), as of and for the year ended June 30, 2020, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 29, 2020. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the management recommendation letter included with the audit report, we identified certain deficiencies in internal control over financial reporting that we consider to be immaterial weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2020-01 to be a material weaknesses.

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. We consider all items to be immaterial weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we

performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* for year ending June 30, 2020, other than finding discussed in 2020-01.

We noted certain other matters that we reported to management of the Town in a separate letter. There are no documented responses included with this audit.

This report is intended solely for the information and use of management, Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Batchelder Associates, PC

Batchelder Associates, PC
Barre, Vermont
October 29, 2020
Vermont License # 945

TOWN OF NORWICH, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2020

Deficiencies in Internal Control:

Material Weaknesses:

2020-01 Safeguarding of Assets:

Criteria: Internal controls should be in place to provide safeguarding of assets. Policies and procedures should be in place that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the organization's assets that could have a material effect on the financial statements.

Condition: During August 2019, four fraudulent payments were made approximating \$250,000 by the Finance Director as a result of fraudulent emails sent in the Town Manager's name. These transactions were in direct violation of Town policies, specifically, the Purchasing policy, general financial policies and procedures, Selectboard financial policy and accounts payable procedure policy.

Cause: Lack of proper controls, oversight and proper authorization of Town Finance Director and Town Officials

Effect: Town funds in the amount of \$250,000 were fraudulently wired to an unknow source.

Recommendation: We recommend, and the Town has instituted a new internal control policy for all staff and elected officials to follow. Training regarding detection of cyber fraud should be a part of all staff and elected positions that work with financial data, bank transfers and online banking. All staff should be trained in types of cyber fraud and able to detect them, such as "Family Emergency", "IRS Fraud" and "Phishing" scams. No wires should be completed without a verbal conversation and confirmation with requestor of the wire.

Follow Up: As of November 2019, VLCT reimbursed the Town \$168,995 and a sum of \$79,795 was recovered from the Town's bank for a total recovery of \$248,790. Extensive measures have and are being taken to increase already strong internal controls to avoid such activity in future fiscal years.