

TOWN OF DORSET, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2021
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF DORSET, VERMONT

JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor’s Report.....	1 - 3
Management’s Discussion and Analysis.....	4 - 7
Basic Financial Statements:	
Government-wide Financial Statements -	
Government-wide Statement of Net Position.....	8
Government-wide Statement of Activities.....	9
Fund Financial Statements -	
Balance Sheet - Governmental Funds.....	10 - 12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	13 - 15
Statement of Revenues and Expenditures - Budget and Actual - General Fund.....	16 - 17
Statement of Net Position - Fiduciary Funds.....	18
Statement of Changes in Net Position - Fiduciary Funds.....	19
Notes to Financial Statements.....	20 - 27
Supplementary Schedules:	
Schedule 1 - Combining Balance Sheet - Other Governmental Funds.....	28
Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds.....	29
Compliance Reports:	
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 <i>Government Auditing Standards</i>	30 - 31

INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Dorset, Vermont

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

We have expressed a qualified opinion on the governmental activities.

We have expressed unmodified opinions on the General Fund, Equipment Replacement Fund, Highway Paving Fund, Reappraisal Fund, Town Buildings Fund and the aggregate remaining fund information.

Basis for Qualified Opinion on the Governmental Activities

As described in note 1.J., the Town has used appraisal values for certain land and buildings that are included in the capital assets reported in the Government-wide Statement of Net Position.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Dorset, Vermont as of June 30, 2021, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Equipment Replacement Fund, Highway Paving Fund, Reappraisal Fund, Town Buildings Fund, and the aggregate remaining fund information of the Town of Dorset, Vermont as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis 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.

Supplementary 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 accompanying schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules 1 and 2 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 and 2 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2021 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
July 28, 2021

Melgett Jennett 9
Shosh-Nisa, P.L.

**TOWN OF DORSET, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This discussion and analysis is intended to serve as an introduction of the Town of Dorset's (the Town) basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities at June 30, 2021, by \$5,892,449 compared to \$5,673,014 at June 30, 2020. This represents an increase of \$219,435.

Long-term Debt

The Town borrowed a \$30,000 note payable from the State of Vermont's Municipal Equipment Revolving Loan Fund to partially fund the purchase of a 2016 wheel loader. This note was fully repaid at June 30, 2021, compared to the balance of \$6,000 at June 30, 2020.

The Town obtained a capital lease to partially fund the purchase of a grader. The balance due on this note at June 30, 2021, was \$72,884, compared to the balance of \$95,400 at June 30, 2020.

FINANCIAL STATEMENTS

The accompanying financial statements for the year ended June 30, 2021, include two separate presentations of financial statements. Government-wide financial statements (the Statement of Net Position and the Statement of Activities) present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities focuses on the programs of the Town and presents information showing how the Town's net position changed during the year.

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 Town does not have any business-type activities.

Fund financial statements include statements that present activities by fund. 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 funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds primarily focus on near-term inflows and outflows of spendable resources and their balance at the end of the fiscal year. The Town's governmental funds are the General Fund, Equipment Replacement Fund, Highway Paving Fund, Reappraisal Fund, Town Buildings Fund, and various other nonmajor governmental funds as reported in schedules 1 and 2.

Fiduciary Funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town reports the Dillon Fund as a fiduciary fund.

FINANCIAL ANALYSIS

Government-wide Financial Analysis

Dorset's Net Position June 30, 2021 and 2020

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 588,791	\$ 450,750
Noncurrent assets	<u>5,533,572</u>	<u>5,482,524</u>
Total assets	<u>6,122,363</u>	<u>5,933,274</u>
Current liabilities	180,413	187,376
Long-term liabilities	<u>49,501</u>	<u>72,884</u>
Total liabilities	<u>229,914</u>	<u>260,260</u>
Net position:		
Net investment in capital assets	5,158,903	5,090,946
Restricted	287,838	215,135
Unrestricted	<u>445,708</u>	<u>366,933</u>
Total net position	<u>\$ 5,892,449</u>	<u>\$ 5,673,014</u>

The Statement of Net Position shows total assets of the Town as of June 30, 2021, are \$6,122,363; total assets as of June 30, 2020, were \$5,933,274. Of these totals, \$588,791 and \$450,750 represent current assets. The noncurrent assets of \$5,533,572 and \$5,482,524 at June 30, 2021, and June 30, 2020, respectively, are notes receivable and the net capital assets including land, buildings and equipment.

Capital Assets as of June 30, 2021 and 2020 (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 2,759,802	\$ 2,759,802
Buildings and improvements	567,344	578,724
Office equipment and furnishings	4,999	5,499
Computer systems	727	727
Infrastructure	813,616	724,567
Machinery and equipment	<u>1,085,299</u>	<u>1,123,027</u>
Net capital assets	<u>\$ 5,231,787</u>	<u>\$ 5,192,346</u>

The liabilities of the Town as of June 30, 2021, are \$229,914; liabilities as of June 30, 2020, were \$260,260. Of these totals, \$180,413 and \$187,376 represent current liabilities, and \$49,501 and \$72,884 represent noncurrent liabilities, respectively, which consist of long-term obligations.

Change in Net Position for Fiscal Years Ended in 2021 and 2020

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues		
Grants and contributions	\$ 260,811	\$ 327,003
Charges for services	115,658	90,928
Other	21,821	36,138
General Revenues		
Property taxes	11,790,311	11,369,277
Sale of capital assets	500	-
Investment income	48,595	49,377
Total Revenues	<u>12,237,696</u>	<u>11,872,723</u>
Expenses		
Governmental Activities		
General government	883,089	827,650
Highways and roads	706,535	1,247,038
Education	9,598,124	9,277,646
Other	826,720	801,003
Interest	3,793	240
Total Expenses	<u>12,018,261</u>	<u>12,153,577</u>
Change in net position	219,435	(280,854)
Net position - Beginning	<u>5,673,014</u>	<u>5,953,868</u>
Net position - Ending	<u>\$ 5,892,449</u>	<u>\$ 5,673,014</u>

The Statement of Activities reports that the 2021 educational expenses for the Town were 79.9% (\$9,598,124) of the total operating expenses of \$12,018,261 for the year; the 2020 educational expenses were 76.3% (\$9,277,646) of the total operating expenses of \$12,153,577 for the year. The accrual basis total includes all fund expenditures plus depreciation of capital assets but excludes capital asset purchases. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as state and federal grants or fees charged for specific services.

Total revenues, mainly property taxes, totaled \$12,237,696 for 2021, and \$11,872,723 for 2020. The 2021 revenues were \$219,435 more than expenses. The 2020 revenues were \$280,854 less than expenses, which decreased net position in 2020. At June 30, 2021, net position totaled \$5,892,449. At June 30, 2020, net position totaled \$5,673,014.

Fund Financial Analysis

At June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$331,761, an increase of \$139,871 from the combined fund balance at the end of the prior year. At June 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$191,890, a decrease of \$210,664 from the combined fund balance at the end of the prior year. Of the 2021 fund balance, \$2,990 constitutes unassigned fund balance of the General Fund, which is available for future use at the Town's discretion. We believe that the Town should maintain an unreserved surplus in fund equity from year to year for unanticipated expenditures and to limit the Town's need for borrowing to provide working capital for normal operations. The remainder of the fund balance is classified as described in note 11.

General Fund - At June 30, 2021, assets of the General Fund were \$602,738, liabilities were \$157,030 and deferred inflows of resources were \$401,785; at June 30, 2020, assets of the General Fund were \$611,786, liabilities were \$158,860 and deferred inflows of resources were \$390,178. General Fund revenues for 2021 were more than budgeted by \$51,308; the total expenditures were more than budgeted by \$70,133. Details of revenues and expenditures compared to the 2021 budget are shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund.

Fiduciary Funds - These financial statements separately report the trust fund, totaling \$20,000 as fiduciary funds. The Town is responsible for maintenance of these funds in accordance with the Trust requirements.

Capital Assets and Debt Administration

The Town has maintained an inventory of capital assets and reports depreciation of those assets in the government-wide financial statements. Machinery and equipment, office furniture, and computer systems have been recorded at their cost and depreciated over their estimated useful lives. The Town has used appraisal values instead of historical cost to record land and buildings as historical cost information was not readily available when the current reporting model was adopted. While the acquisition dates and historical costs for some assets have been researched, management has chosen to continue to report these assets at their appraisal values. Since 2010, the Town has recorded new infrastructure improvements and will depreciate them over their estimated useful lives; the Town was not required, as a small government, to record the cost and depreciation associated with infrastructure improvements that occurred prior to its implementation of the current reporting model.

The Town had no short-term debt at June 30, 2021, or June 30, 2020.

At June 30, 2021, the Town has no long-term debt outstanding, compared to \$6,000 at June 30, 2020. This long-term debt consisted of a \$30,000 note payable from the State of Vermont's Municipal Equipment Revolving Loan Fund to partially fund the purchase of a 2016 wheel loader.

At June 30, 2021, the Town has \$72,884 in a capital lease obligation, compared to \$95,400 at June 30, 2020. This capital lease was obtained to partially fund the purchase of a grader.

Requests for Information

This financial report is designed to provide a general overview of the Town of Dorset's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager, Town of Dorset, P.O. Box 715, Dorset, Vermont 05253-0715.

TOWN OF DORSET, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Current assets -	
Cash	\$ 448,305
Property taxes receivable	123,023
Prepaid expenditures	3,933
Restricted asset - cash	<u>13,530</u>
Total current assets	<u>588,791</u>
Noncurrent assets -	
Note receivable	301,785
Capital assets	7,673,853
less - accumulated depreciation	<u>(2,442,066)</u>
Total noncurrent assets	<u>5,533,572</u>
Total assets	<u>6,122,363</u>
LIABILITIES:	
Current liabilities -	
Accounts payable	133,825
Accrued payroll liabilities	9,675
Cash held in escrow	13,530
Current portion - Capital lease	<u>23,383</u>
Total current liabilities	<u>180,413</u>
Noncurrent liabilities -	
Capital lease	<u>49,501</u>
Total liabilities	<u>229,914</u>
NET POSITION:	
Net investment in capital assets	5,158,903
Restricted	287,838
Unrestricted	<u>445,708</u>
Total net position	\$ <u>5,892,449</u>

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues				Net (Expense)
	Expenses	Grants and Contributions	Charges for Services	Other		Revenue and Change in Net Position
FUNCTIONS/PROGRAMS:						
Governmental activities -						
General government	\$ 883,089	\$ 137,257	\$ 115,658	\$ 21,821	\$	(608,353)
Highways and roads	706,535	123,554	-	-		(582,981)
Education	9,598,124	-	-	-		(9,598,124)
Other	826,720	-	-	-		(826,720)
Interest	3,793	-	-	-		(3,793)
 Total governmental activities	 \$ 12,018,261	 \$ 260,811	 \$ 115,658	 \$ 21,821		 (11,619,971)
 GENERAL REVENUES - PROPERTY TAXES						11,790,311
- SALE OF CAPITAL ASSETS						500
- INVESTMENT INCOME						48,595
						11,839,406
 CHANGE IN NET POSITION						 219,435
 NET POSITION, July 1, 2020						 5,673,014
 NET POSITION, June 30, 2021						 \$ 5,892,449

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(Page 1 of 3)

	<u>General Fund</u>	<u>Equipment Replacement Fund</u>	<u>Highway Paving Fund</u>	<u>Reappraisal Fund</u>	<u>Town Buildings Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS							
Cash	\$ 448,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,305
Property taxes receivable	123,023	-	-	-	-	-	123,023
Due (to) from other funds	(287,838)	34,666	14,860	131,800	11,384	95,128	-
Note receivable	301,785	-	-	-	-	-	301,785
Prepaid expenditures	3,933	-	-	-	-	-	3,933
Restricted asset - cash	<u>13,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,530</u>
Total assets	<u>\$ 602,738</u>	<u>\$ 34,666</u>	<u>\$ 14,860</u>	<u>\$ 131,800</u>	<u>\$ 11,384</u>	<u>\$ 95,128</u>	<u>\$ 890,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ 133,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,825
Accrued payroll liabilities	9,675	-	-	-	-	-	9,675
Cash held in escrow	<u>13,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,530</u>
Total liabilities	<u>157,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,030</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred property taxes	100,000	-	-	-	-	-	100,000
Deferred housing loan	<u>301,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,785</u>
Total deferred inflows of resources	<u>401,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,785</u>

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(Page 2 of 3)

	<u>General Fund</u>	<u>Equipment Replacement Fund</u>	<u>Highway Paving Fund</u>	<u>Reappraisal Fund</u>	<u>Town Buildings Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
FUND EQUITY:							
Fund balances -							
Nonspendable	3,933	-	-	-	-	-	3,933
Restricted	-	-	-	131,800	11,384	65,922	209,106
Committed	-	34,666	14,860	-	-	29,206	78,732
Assigned	37,000	-	-	-	-	-	37,000
Unassigned	2,990	-	-	-	-	-	2,990
Total fund balances	<u>43,923</u>	<u>34,666</u>	<u>14,860</u>	<u>131,800</u>	<u>11,384</u>	<u>95,128</u>	<u>331,761</u>
 Total liabilities, deferred inflows of resources and fund equity	 \$ <u>602,738</u>	 \$ <u>34,666</u>	 \$ <u>14,860</u>	 \$ <u>131,800</u>	 \$ <u>11,384</u>	 \$ <u>95,128</u>	 \$ <u>890,576</u>

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(Page 3 of 3)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:**

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 331,761
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	7,673,853
Accumulated depreciation	(2,442,066)
Liabilities not due and payable in the current period are not reported in the governmental funds.	
Capital lease	(72,884)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
	100,000
Deferred revenue - housing loan is reported in the governmental funds to offset present value of long-term note receivable which is not an available financial resource.	
	<u>301,785</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u><u>5,892,449</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

(Page 1 of 3)

	<u>General</u> <u>Fund</u>	<u>Equipment</u> <u>Replacement</u> <u>Fund</u>	<u>Highway</u> <u>Paving</u> <u>Fund</u>	<u>Reappraisal</u> <u>Fund</u>	<u>Town</u> <u>Buildings</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
REVENUES:							
Taxes	\$ 11,790,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,790,311
Licenses and permits	19,800	-	-	-	-	-	19,800
Intergovernmental	246,190	-	-	14,621	-	-	260,811
Charges for services	70,770	-	-	-	-	15,652	86,422
Interest and dividends	36,988	-	-	-	-	-	36,988
Fines and forfeits	9,436	-	-	-	-	-	9,436
Sale of capital assets	500	-	-	-	-	-	500
Miscellaneous	3,652	-	-	-	-	18,169	21,821
Total revenues	<u>12,177,647</u>	<u>-</u>	<u>-</u>	<u>14,621</u>	<u>-</u>	<u>33,821</u>	<u>12,226,089</u>
EXPENDITURES:							
Current -							
General government	837,413	-	-	-	33,046	7,423	877,882
Public safety	560,307	-	-	-	-	-	560,307
Highways and streets	572,522	2,222	-	-	-	-	574,744
Health and welfare	160,008	-	-	-	-	-	160,008
Culture and recreation	106,405	-	-	-	-	-	106,405
Education	9,598,124	-	-	-	-	-	9,598,124
Debt service principal	22,516	6,000	-	-	-	-	28,516
Debt service interest	3,673	120	-	-	-	-	3,793
Capital outlay	136,689	39,750	-	-	-	-	176,439
Total expenditures	<u>11,997,657</u>	<u>48,092</u>	<u>-</u>	<u>-</u>	<u>33,046</u>	<u>7,423</u>	<u>12,086,218</u>
EXCESS OF REVENUES OR (EXPENDITURES)	179,990	(48,092)	-	14,621	(33,046)	26,398	139,871

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

(Page 2 of 3)

	<u>General Fund</u>	<u>Equipment Replacement Fund</u>	<u>Highway Paving Fund</u>	<u>Reappraisal Fund</u>	<u>Town Buildings Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
OTHER FINANCING SOURCES (USES):							
Interfund transfers, net	<u>(198,815)</u>	<u>88,611</u>	<u>95,000</u>	<u>13,704</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(18,825)	40,519	95,000	28,325	(33,046)	27,898	139,871
FUND BALANCES, July 1, 2020	<u>62,748</u>	<u>(5,853)</u>	<u>(80,140)</u>	<u>103,475</u>	<u>44,430</u>	<u>67,230</u>	<u>191,890</u>
FUND BALANCES, June 30, 2021	\$ <u>43,923</u>	\$ <u>34,666</u>	\$ <u>14,860</u>	\$ <u>131,800</u>	\$ <u>11,384</u>	\$ <u>95,128</u>	\$ <u>331,761</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF DORSET, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

(Page 3 of 3)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

Net change in fund balance - total governmental funds	\$ 139,871
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net of dispositions	362,532
Depreciation	(323,091)
Government-wide investment revenue includes the increase in the present value of the note receivable.	11,607
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.	
Payments on long-term debt	6,000
Payments on capital lease	22,516
Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year	(100,000)
Current year	<u>100,000</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>219,435</u>

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

(Page 1 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
REVENUES:			
Taxes, net of education and fire taxes	\$ 2,167,265	\$ 2,192,188	\$ 24,923
Delinquent tax fees (8% penalty)	32,000	17,578	(14,422)
Lister's income	250	-	(250)
Town Clerk fees	28,000	52,372	24,372
Vital records	-	820	820
State aid - highways	95,000	123,554	28,554
State aid - Vtrans grants in aid	-	7,373	7,373
State aid - municipal planning	800	9,450	8,650
State aid - mapping	-	8,520	8,520
FEMA grant	-	16,345	16,345
Liquor licenses	1,000	1,085	85
Dog licenses	2,000	2,162	162
Interest - delinquent taxes	35,000	21,371	(13,629)
- other	2,500	1,185	(1,315)
Zoning income	10,000	15,998	5,998
State owned properties	22,000	23,255	1,255
Federal land entitlement	13,500	16,272	2,772
State land use tax	35,000	41,420	6,420
Traffic fines	10,000	9,436	(564)
Weight permits	400	505	105
Solid waste income	-	50	50
Sale of capital assets	-	500	500
Fire reimbursements	13,500	14,432	932
Other	-	3,652	3,652
Reappraisal reserve funding	35,000	-	(35,000)
Prior year surplus	25,000	-	(25,000)
Total revenues	<u>2,528,215</u>	<u>2,579,523</u>	<u>51,308</u>
EXPENDITURES:			
Selectboard	23,999	14,625	(9,374)
Town Manager	159,041	173,802	14,761
Town Clerk	86,600	83,498	(3,102)
Meetings and elections	6,500	9,054	2,554
Town Treasurer	3,700	448	(3,252)
Assessment department	114,000	109,566	(4,434)
Planning and zoning	46,750	56,719	9,969

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Auditors	14,800	14,385	(415)
Town office building	32,225	24,114	(8,111)
Public safety	452,500	463,140	10,640
Insurance and bonds	211,600	207,044	(4,556)
General services	327,450	320,876	(6,574)
Budgeted appropriations	80,725	96,539	15,814
Petitioned appropriations	114,200	114,200	-
Road crew wages	239,900	230,603	(9,297)
Equipment Replacement Fund	-	88,611	88,611
Town sheds	161,225	80,929	(80,296)
Equipment maintenance	84,000	87,108	3,108
Bridge maintenance	1,500	1,500	-
Highway and road maintenance	<u>367,500</u>	<u>421,587</u>	<u>54,087</u>
Total expenditures	<u>2,528,215</u>	<u>2,598,348</u>	<u>70,133</u>
EXCESS OF REVENUES OR (EXPENDITURES)/			
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(18,825)</u>	\$ <u>(18,825)</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF DORSET, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Dillon Fund</u>
ASSETS:	
Certificate of deposit	\$ 20,000
 LIABILITIES	
	<u>-</u>
 NET POSITION:	
Restricted	\$ <u>20,000</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF DORSET, VERMONT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Dillon Fund</u>
ADDITIONS	\$ -
DEDUCTIONS	<u>-</u>
CHANGE IN NET POSITION	-
NET POSITION, July 1, 2020	<u>20,000</u>
NET POSITION, June 30, 2021	\$ <u><u>20,000</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies:

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

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

In the government-wide Statement of Net Position, the financial position of the Town is consolidated and incorporates capital assets as well as all long-term debt and obligations. The government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds, if any, are summarized in a single column.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues and expenditures or expenses, as appropriate.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Equipment Replacement Fund - The Equipment Replacement Fund is used to account for voter approved commitments for future equipment related capital outlay.

Highway Paving Fund - The Highway Paving Fund is used to account for voter approved commitments for future paving projects.

Reappraisal Fund - The Reappraisal Fund is used to account for funds set aside for future reappraisal costs.

Town Buildings Fund - The Town Buildings Fund is used to account for voter approved commitments for future building related capital outlay.

Additionally, the Town reports as other governmental funds several funds which are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified services. The Town also reports fiduciary funds which are used to account for assets held in a trustee capacity (trust funds) or as an agent (agency funds) for the benefit of parties outside of the Town. The Town's fiduciary fund is the Dillon Fund.

D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

Assets are reported at fair value using observable market data (level 1 inputs) for current assets or corroborated by observable market data (level 2 inputs) for noncurrent assets except for appraisal values assigned in prior years and used to report the basis of certain land and buildings.

Property taxes are recorded as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Penalties and interest related to property taxes, licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies (continued):

- E. Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Board based on the education, municipal and fire grand lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP, except for the reconciling items in note 12. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.
- F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Board sets the tax rate required to raise the tax revenue authorized by Town, Fire, and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2021, were payable in two installments due September 8, 2020, and March 9, 2021.
- G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- H. Risk management - The Town 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 others; environmental liability; and natural disasters. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.
- I. Cash and cash equivalents - The Town considers all cash on hand, demand deposits, and short-term investments to be cash and cash equivalents.
- J. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than thresholds listed below and an estimated useful life in excess of one year. Appraisal values are used to report the value of certain land and buildings. Except as described above, such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets since the implementation of GASB Statement No. 34. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the asset's useful life.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies (continued):

J. Capital assets (continued) - The useful lives and thresholds for capital assets are as follows:

	<u>Years</u>	<u>Thresholds</u>
Buildings and improvements	20 - 50	\$ 20,000
Infrastructure improvements	10 - 50	\$ 20,000
Machinery and equipment	5 - 20	\$ 2,000
Office furniture and equipment	5 - 10	\$ 2,000
Computer systems	3 - 5	\$ 2,000

K. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

L. Compensated absences - The Town has a policy under which unused compensated absences are paid at year-end up to a maximum of ten days. No amounts vest for future use or payment.

M. Long-term obligations - Governmental activities report long-term debt and other long-term obligations as liabilities in the statement of net position. Governmental funds report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

N. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Board.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

The Town's policy is to apply expenditures against unassigned fund balance unless motions by the Board specify otherwise.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. Deposits:

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk; however, the Town addresses this risk by depositing cash in FDIC insured banks. As of June 30, 2021, the Town's depository accounts were fully insured or collateralized.

3. Note receivable:

The Town holds a mortgage note for \$525,000 from the Dorset Community Housing Limited Partnership with zero percent interest and a single payment of the outstanding principal balance due on August 11, 2035. The Town received a Vermont Community Development Grant of \$525,000 to fund the loan. The Town holds a subordinate interest in assets of the limited partnership. The note is reported as a General Fund asset with offsetting deferred revenue of \$301,785, which represents the discounted present value of the note using an estimated market interest rate of 4%.

4. Capital assets:

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

	Balance July 1, <u>2020</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2021</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ <u>2,759,802</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,759,802</u>
Capital assets, depreciated:				
Buildings and improvements - appraisal	741,121	-	-	741,121
Office equipment and furnishings	26,954	-	-	26,954
Computer systems	18,327	-	-	18,327
Infrastructure	1,933,149	272,410	-	2,205,559
Machinery and equipment	<u>1,831,968</u>	<u>90,122</u>	-	<u>1,922,090</u>
Total capital assets, depreciated	<u>4,551,519</u>	<u>362,532</u>	<u>-</u>	<u>4,914,051</u>
Less accumulated depreciation -				
Buildings and improvements	162,397	11,380	-	173,777
Office equipment and furnishings	21,455	500	-	21,955
Computer systems	17,600	-	-	17,600
Infrastructure	1,208,582	183,361	-	1,391,943
Machinery and equipment	<u>708,941</u>	<u>127,850</u>	-	<u>836,791</u>
Total accumulated depreciation	<u>2,118,975</u>	<u>323,091</u>	<u>-</u>	<u>2,442,066</u>
Total capital assets, depreciated, net	<u>2,432,544</u>	<u>39,441</u>	<u>-</u>	<u>2,471,985</u>
Total capital assets, net	\$ <u>#NAME?</u>	\$ <u>39,441</u>	\$ <u>-</u>	\$ <u>5,231,787</u>

Depreciation expense of \$323,091 in the governmental activities was allocated to expenses of the general government (\$5,207), and highways and roads (\$317,884) programs based on the capital assets assigned to those functions.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2021, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds -		
General Fund	\$ -	\$ 287,838
Equipment Replacement Fund	-	(34,666)
Highway Paving Fund	14,860	-
Reappraisal Fund	131,800	-
Town Buildings Fund	11,384	-
Other Governmental Funds	<u>95,128</u>	<u>-</u>
	<u>\$ 253,172</u>	<u>\$ 253,172</u>

6. Interfund transfers:

Transfers made from the General Fund to the Equipment Replacement Fund, Highway Paving Fund, Reappraisal Fund and Other Governmental Funds of \$88,611, \$95,000, \$13,704, and \$1,500, respectively, were in accordance with the voter approved budget, and as approved by management.

7. Related parties:

The Town has entered into a Fire Protection Agreement with the Dorset Fire District No. 1 (DFD#1) and East Dorset Fire District No. 1 (EFD#1) to purchase fire services based on a uniform tax rate assessed on all property in Dorset, set at the necessary amount to fund the DFD#1 and EFD#1 budgets. During FY21, payments under this agreement to the DFD#1 and EFD#1 totaled \$183,700 and \$147,000, respectively.

During the year, the Town reimbursed DFD#1 for dispatch in the amount of \$4,300.

The Town has entered into a Financial and Administrative Services Agreement with DFD#1 to perform its financial administration and provide administrative support. Duties under this contract include bookkeeping, annual budget preparation, reporting, warrant preparation, and meeting attendance. The Town received \$14,432 during FY21 for services provided under this contract.

8. Long-term obligations:

Long-term obligations activity for the year ended June 30, 2021, was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental activities -					
Long-term debt	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ -
Capital lease	<u>95,400</u>	<u>-</u>	<u>22,516</u>	<u>72,884</u>	<u>23,383</u>
	<u>\$ 101,400</u>	<u>\$ -</u>	<u>\$ 28,516</u>	<u>\$ 72,884</u>	<u>\$ 23,383</u>

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. Debt:

Long-term - The Town had no outstanding long-term debt as of June 30, 2021. Long-term debt activity for the year ended June 30, 2021, was as follows:

Governmental activities -	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
Notes from direct borrowings:	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>One Year</u>
2016 Wheel Loader	\$ <u>6,000</u>	\$ <u>-</u>	\$ <u>6,000</u>	\$ <u>-</u>	\$ <u>-</u>

Conduit debt - The Town has obtained conduit debt on behalf of the Manchester Rescue Squad, Inc. in the form of a capital lease for an ambulance in the amount of \$176,505. Annual payments of \$62,388, including interest, are required through FY21. This capital lease is not reported in the government-wide financial statements, as payments on this lease are made by the Manchester Rescue Squad, Inc. This capital lease was fully repaid at June 30, 2021.

The Town has obtained conduit debt on behalf of the Manchester Rescue Squad, Inc. in the form of a capital lease for an ambulance in the amount of \$182,772. Annual payments of \$64,231, including interest, are required through FY24. This capital lease is not reported in the government-wide financial statements, as payments on this lease are made by the Manchester Rescue Squad, Inc. The principal balance on this lease at June 30, 2021, was \$182,772.

10. Capital lease:

The Town has entered into a lease agreement as lessee for financing the acquisition of a grader. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the cost and depreciation of this asset is included with other capital assets of the Town. The cost of the asset acquired by the capital lease is the present value of the future minimum lease payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

Year ending June 30,	
2022	\$ 26,189
2023	26,189
2024	<u>26,189</u>
Total minimum lease payments	78,567
Less: amount representing interest	<u>(5,683)</u>
Present value of minimum lease payments	\$ <u><u>72,884</u></u>

11. Fund balances:

As of June 30, 2021, the General Fund reported an assigned fund balance (\$37,000) for voter approved 2021 surplus to be used in the 2022 fiscal year, and a nonspendable fund balance related to prepaids.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

12. Budgetary basis of accounting:

These financial statements include totals for General Fund revenues and expenditures on the Town's budgetary basis of accounting, which vary from the totals of revenues and expenditures recognized on the basis of accounting prescribed by U.S. GAAP, as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Governmental activities -		
U.S. GAAP basis	\$ 12,177,647	\$ 11,997,657
Education	(9,598,124)	(9,598,124)
Transfers to other funds	-	198,815
Budget basis	\$ 2,579,523	\$ 2,598,348

13. Pension plan:

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS or the Plan) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. Town employees participate in the VMERS defined contribution plan. The State statutory provisions, found in Title 24, Chapter 125 of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6200, by calling (802) 828-2305 or online at <http://www.vermonttreasurer.gov>.

Benefits provided: The VMERS defined contribution plan is available to, and utilized by, Town employees. Fidelity Investments is the administrator of member accounts for this retirement plan. Benefits for defined contribution plan members and beneficiaries are determined by the contributions to member accounts and investment returns on those accounts.

Contributions: Defined contribution plan members are required to contribute 5.0% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2021, 2020, and 2019, were \$26,247, \$25,259, and \$25,708, respectively, which were equal to the required contributions for each year.

14. Post-employment health care:

The Town provides certain health care benefits for specific retired employees and their spouses under an agreement dated April 21, 1992. Currently there are four individuals receiving these benefits. No other employees may become eligible for these benefits. The cost of retiree health care is recognized as premiums are paid. For the year ended June 30, 2021, those costs totaled \$20,944.

15. Subsequent events:

The Town has evaluated subsequent events through July 28, 2021, the date on which the financial statements were available to be issued.

TOWN OF DORSET, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2021

Schedule 1

	<u>Highway Reconstruction</u>	<u>Conservation Commission</u>	<u>Records Preservation</u>	<u>Unemployment Insurance</u>	<u>Totals</u>
ASSETS					
Due from other funds	\$ <u>8,641</u>	\$ <u>20,565</u>	\$ <u>15,040</u>	\$ <u>50,882</u>	\$ <u>95,128</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
FUND EQUITY:					
Fund balances -					
Restricted	-	-	15,040	50,882	65,922
Committed	<u>8,641</u>	<u>20,565</u>	<u>-</u>	<u>-</u>	<u>29,206</u>
Total fund balances	<u>8,641</u>	<u>20,565</u>	<u>15,040</u>	<u>50,882</u>	<u>95,128</u>
 Total liabilities and fund equity	 \$ <u>8,641</u>	 \$ <u>20,565</u>	 \$ <u>15,040</u>	 \$ <u>50,882</u>	 \$ <u>95,128</u>

TOWN OF DORSET, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

	<u>Highway Reconstruction</u>	<u>Conservation Commission</u>	<u>Records Preservation</u>	<u>Unemployment Insurance</u>	<u>Totals</u>
REVENUES:					
Other revenue	\$ <u>-</u>	\$ <u>18,169</u>	\$ <u>15,652</u>	\$ <u>-</u>	\$ <u>33,821</u>
EXPENDITURES:					
General government	<u>-</u>	<u>-</u>	<u>7,365</u>	<u>58</u>	<u>7,423</u>
EXCESS OF REVENUES OR (EXPENDITURES)	-	18,169	8,287	(58)	26,398
OTHER FINANCING SOURCES OR (USES):					
Transfers in (out)	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
NET CHANGE IN FUND BALANCES	1,500	18,169	8,287	(58)	27,898
FUND BALANCES, July 1, 2020	<u>7,141</u>	<u>2,396</u>	<u>6,753</u>	<u>50,940</u>	<u>67,230</u>
FUND BALANCES, June 30, 2021	\$ <u>8,641</u>	\$ <u>20,565</u>	\$ <u>15,040</u>	\$ <u>50,882</u>	\$ <u>95,128</u>

**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***

The Selectboard
Town of Dorset, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Dorset, Vermont (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 28, 2021 in which our opinion was qualified for valuation of capital assets.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Montpelier, Vermont
July 28, 2021

Melgeth Bennett 9
Shosh-Nisa, P.L.